



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

November 1, 2006

William Howell, PILT Specialist
Department of Interior
Office of Budget
1849 C Street N.W., Room 4116
Washington, D.C. 20240-9998

Dear Mr. Howell:

In compliance with Chapter 69, Title 31 U.S. Code, §6901-6907, commonly referred to as the Payments in Lieu of Taxes (PILT) Act, we are enclosing the following requested information:

Attachment 1 Statement of Federal Land Payments for the period
October 1, 2005 through September 30, 2006

Attachment 2 Code of Virginia Chapter 8, Public School Funds, Article 3
§ 22.1-108, *Money derived from forest reserve*

The amount disbursed for MMS Timber payments is in excess of the amount received during the federal fiscal year. The Virginia Department of Education had undistributed funds remaining from federal fiscal year 2005 that were distributed during Federal fiscal year 2006. There is an explanation in Note 1 on the Schedule of Federal Land Payments.

The amount for FERC Power Sales will not match the amount reported in Enclosure 2 of the PILT reporting requirements. The amount reported on Enclosure 2 was received during Federal fiscal year 2007; therefore, Virginia Department of Education will disburse this amount during Federal fiscal year 2007. In addition, there were undistributed funds remaining from Federal fiscal year 2005 that the Virginia Department of Education distributed during Federal fiscal year 2006. There is an explanation in Note 2 on the Schedule of Federal Land Payments.

Should you have any questions concerning the report, please contact James Adee at:

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AUDITOR OF PUBLIC ACCOUNTS

JEA:jab

cc: The Honorable Timothy Kaine, Governor of Virginia
Marie Williams, Department of Education
Francis Campbell, Department of Environmental Quality

COMMONWEALTH OF VIRGINIA
STATEMENT OF FEDERAL LAND PAYMENTS
For the Period October 1, 2005 through September 30, 2006

<u>Governmental Unit</u>	<u>Forest Service Timber Payments</u>	<u>Mineral Management Service Timber Payments^{1*}</u>	<u>FERC Power Sales^{2*}</u>	<u>Total Recommended For Acceptance</u>
Alleghany County	\$ 83,313.46	\$ 343.67	\$ -	\$ 83,657.13
Amherst County	33,732.31	140.20	-	33,872.51
Augusta County	114,475.69	474.90	-	114,950.59
Bath County	102,267.81	420.79	-	102,688.59
Bedford County	10,387.41	1,999.23	-	12,386.64
Bland County	40,157.52	8,137.87	-	48,295.39
Botetourt County	44,548.07	7,265.76	-	51,813.83
Carroll County	3,745.03	774.00	-	4,522.03
Charlotte County	-	-	70.50	70.50
City of Chesapeake	-	-	2,345.63	2,345.63
Craig County	63,930.76	12,363.92	-	76,294.68
Dickenson County	4,604.73	918.47	776.68	6,299.88
Fairfax County	-	-	14,185.89	14,185.89
Frederick County	2,891.34	8.89	-	2,900.23
Giles County	35,017.35	6,766.51	1,050.00	42,833.86
Grayson County	18,204.74	3,524.89	-	21,729.63
Halifax County	-	-	41.25	41.25
Highland County	34,053.57	141.15	-	34,194.72
Lee County	6,211.03	1,204.12	-	7,415.15
Mecklenburg County	-	-	227.25	227.25
Montgomery County	4,251.08	2,066.60	-	6,317.68
Nelson County	11,029.93	48.02	-	11,077.95
Page County	15,955.92	65.60	-	16,021.52
Pulaski County	10,708.67	2,048.99	-	12,757.66
Roanoke County	1,713.39	333.50	-	2,046.89
Rockbridge County	38,551.21	2,383.08	-	40,934.29
Rockingham County	82,028.42	338.62	-	82,367.04
Scott County	19,061.43	3,673.40	-	22,734.83
Shenandoah County	44,655.16	184.24	-	44,839.40
Smyth County	40,800.04	7,951.84	-	48,751.88
Tazewell County	5,247.25	1,042.84	-	6,290.09
Warren County	2,225.75	11.42	-	2,237.14
Washington County	12,314.97	2,369.03	-	14,684.00
Wise County	19,918.13	3,875.46	86.30	23,879.89
Wythe County	<u>31,804.75</u>	<u>6,202.19</u>	<u>-</u>	<u>38,006.94</u>
Total	<u>\$937,809.89</u>	<u>\$77,079.19</u>	<u>\$ 18,783.50</u>	<u>\$1,033,672.58</u>

* See Attached Notes Below

¹During federal fiscal year 2005, the amount reported for Minerals Management Service Payments on Enclosure 2 from the Department of the Interior was \$84,000. Actual cash payments received during federal fiscal year 2005 were \$83,553.77, which agree with the amounts confirmed as disbursed to the Commonwealth by Mineral Revenue Management. The actual amounts that the Commonwealth disbursed to the localities noted above differ from amounts received due to a previous cash balance, and a timing difference between receipt and disbursement of funds which crossed the federal fiscal year.

As we reported last year during federal fiscal year 2005, we received \$21,429.76 in cash payments, but did not further disburse these funds to the localities. During federal fiscal year 2006, the Commonwealth disbursed these funds in December 2005. Additionally, payments made from the federal fiscal year 2006 were disbursed to the localities on June 15th, 2006. They are included in the amounts reported above.

²FERC electronically submits Power Sales funds to the Virginia Secretary of Administration; who in turn transfers the funds to the Virginia Department of Education for disbursement to the localities. An amount of \$19,595 is reported as FERC Power Sales receipts on Enclosure 2 from the Department of the Interior. The Commonwealth received a reported amount of \$19,595, which was not received by the Commonwealth until October, 2006. This amount was therefore undistributed at federal fiscal year end 2006, and will be included in our report for federal fiscal year 2007. Actual payments received and disbursed during federal fiscal year 2006 were \$18,783.

Attachment 2

§ 22.1-108. **Money Derived from Forest Reserve** - All federal funds paid to the Commonwealth arising from the forest reserve shall be paid to the State Treasurer to be distributed and disposed of as provided in this section.

The treasurer of each school division within boundaries located on land owned by the United States government and held as a forest reserve, shall ascertain the area of such land so situated in the school division and the reserve in which the same is located and must make a report thereof to the Comptroller. Upon receipt of such information from the treasurer, the Comptroller shall apportion all federal funds arising from such forest reserve among the school divisions in which such forest reserve is located according to the area in each school division. The Comptroller shall keep separate accounts of all federal forest reserve funds received by him.