



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 1, 2006

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

Dear Mr. Howell:

Please accept this amended letter as a correction to our original letter report dated February 14, 2006. Subsequent to our report dated February 14, 2006 on the Payments In Lieu of Taxes (PILT) Act disbursements to Virginia localities during federal fiscal year 2005, we discovered additional payments relating to the FERC Power Sales in the amount of \$19,265.61. The explanation is excluded in Note 2 on the Schedule of Federal Land Payments.

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 during the period
October 1, 2004 through September 30, 2005

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. There were undistributed funds remaining from federal fiscal year 2004 that were distributed during federal fiscal year 2005. There is an explanation in Note 1 on the Statement 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 2006; therefore, it was not disbursed by the Virginia Department of Education during federal fiscal year 2005. There is an explanation in Note 2 on the Statement of Federal Land Payments.

Should you have any questions concerning the report, please contact Nannette Williams at (804) 225 3350.

AUDITOR OF PUBLIC ACCOUNTS

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, 2004 through September 30, 2005

<u>Governmental Unit</u>	<u>Forest Service Timber Payments</u>	<u>Mineral Management Service Timber Payments¹</u>	<u>FERC Power Sales²</u>	<u>Total Recommended For Acceptance</u>
Alleghany County	\$ 81,440.31	\$ -	\$ -	\$ 81,440.31
Amherst County	32,973.89	-	82.32	33,056.21
Augusta County	111,901.92	-	-	111,901.92
Bath County	99,968.52	-	18,494.89	118,463.41
Bedford County	10,153.85	1,034.58	-	11,188.43
Bland County	39,254.65	4,305.35	-	43,560.00
Botetourt County	43,546.47	3,742.81	-	47,289.28
Carroll County	3,663.75	400.32	-	4,064.07
Charlotte County	-	-	70.50	70.50
Craig County	62,493.39	6,396.83	-	68,890.22
Dickenson County	4,501.18	44,140.85	740.88	49,382.91
Fairfax County	-	-	14,874.29	14,185.89
Frederick County	2,826.33	-	-	2,826.33
Giles County	34,230.06	3,515.05	1,050.00	38,795.11
Grayson County	17,795.43	1,828.35	-	19,623.78
Halifax County	-	-	203.25	203.25
Highland County	33,287.93	-	-	33,287.93
Lee County	6,071.37	622.73	-	6,694.10
Mecklenburg County	-	-	1,427.25	1,427.25
Montgomery County	3,355.12	1,068.82	-	4,423.94
Nelson County	10,781.93	-	-	10,781.93
Page County	15,597.17	-	-	15,597.17
Pulaski County	10,467.90	1,059.78	-	11,527.68
Roanoke County	1,674.85	172.48	-	1,847.33
Rockbridge County	37,684.45	1,183.68	-	38,868.13
Rockingham County	80,184.16	-	-	80,184.16
Scott County	18,632.86	1,899.94	-	20,532.80
Shenandoah County	43,651.17	-	-	43,651.17
Smyth County	39,882.72	4,147.54	-	44,030.26
Tazewell County	5,129.26	540.06	-	5,669.32
Warren County	1,919.80	-	-	1,919.80
Washington County	12,038.08	1,225.37	-	13,263.45
Wise County	19,470.30	2,015.04	-	21,485.34
Wythe County	<u>31,089.67</u>	<u>3,207.97</u>	<u>-</u>	<u>34,297.64</u>
TOTAL	<u>\$915,668.49</u>	<u>\$82,507.55</u>	<u>\$36,943.38</u>	<u>\$1,035,119.42</u>

¹During federal fiscal year 2005, the amount reported for Mineral 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 is in agreement with the amount confirmed as disbursed to the Commonwealth by Mineral Revenue Management.

Actual amounts disbursed by the Commonwealth to the localities, as 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 2004, we received \$21,000 in cash payments, but did not further disburse these funds to the localities. During federal fiscal year 2005, these funds were disbursed. Additionally, payments made from the federal fiscal year 2005 amounts received were disbursed to the localities on June 15, 2005 (those payments listed above) and again on December 19, 2005. The funds disbursed in December were from the fiscal year 2005 revenues received, but are not included here as the actual disbursement did not occur until after the end of the fiscal year. The amount of funds disbursed in December was \$21,429.76. These payments will be included in our report for federal fiscal year 2006.

²FERC electronically submits Power Sales funds to the Virginia Secretary of Administration office, who in turn transfers the funds to the Virginia Department of Education to be disbursed to the localities. The amount reported as FERC Power Sales receipts on Enclosure 2 from the Department of the Interior was \$18,989. The amount reported of \$18,989 was not received by the Commonwealth until October 2005, and therefore was undistributed at federal fiscal year 2005 end. This amount will be included in our report for federal fiscal year 2006.

Actual payments received during federal fiscal year 2005 were \$18,366. Actual disbursements totaled \$36,943.38 due to the distribution of previously unrecorded federal fiscal year 2004 revenue in the amount of \$18,577.21.

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 whose boundaries there is located any 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 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. (Code 1950, § 22-119; 1960, c. 463; 1980, c. 559.)