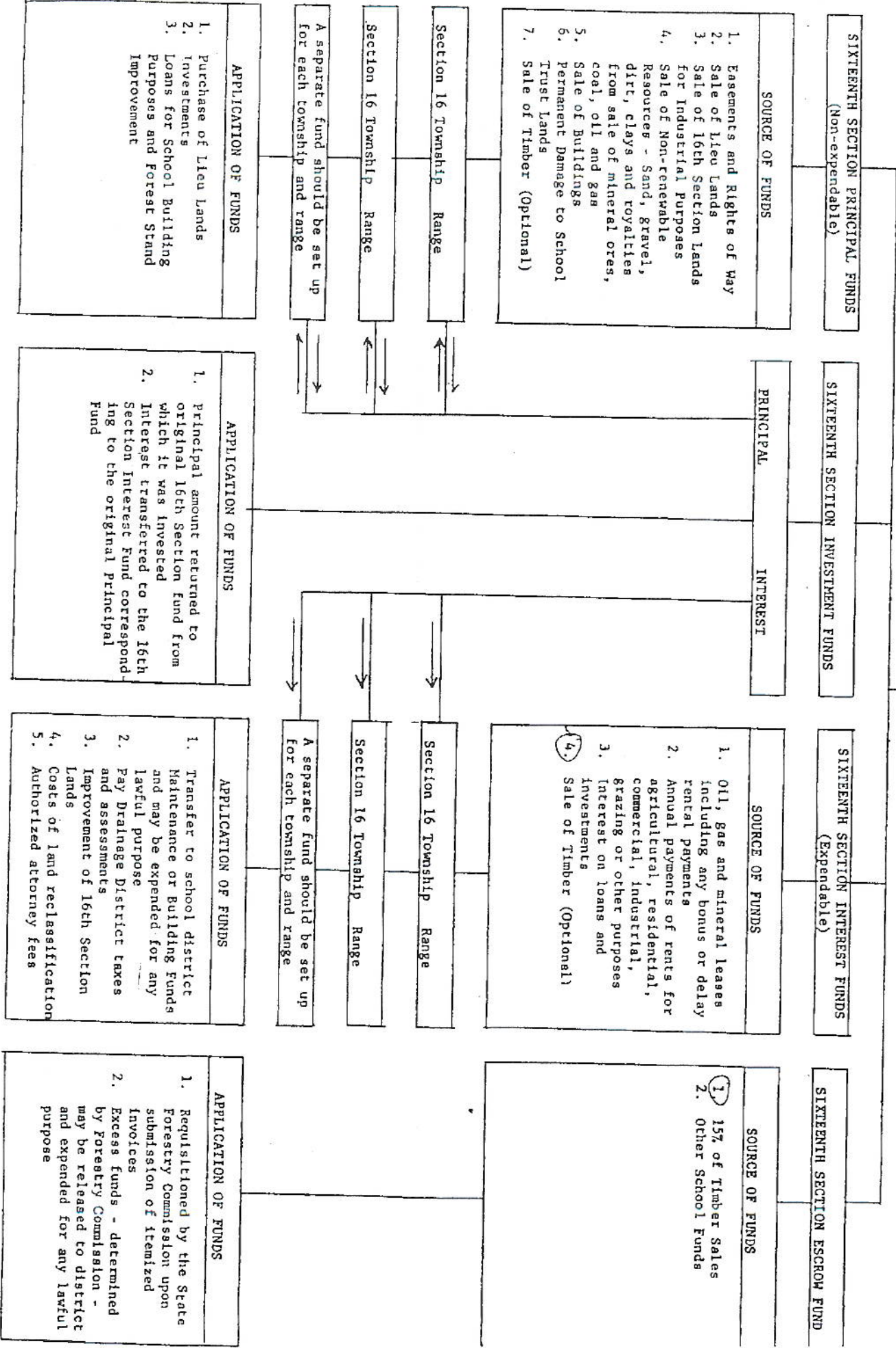


SIXTEENTH SECTION FUNDS - A GUIDE



SIXTEENTH SECTION PRINCIPAL FUNDS
(Non-expendable)

SIXTEENTH SECTION INVESTMENT FUNDS

SIXTEENTH SECTION INTEREST FUNDS
(Expendable)

SIXTEENTH SECTION ESCROW FUND

SOURCE OF FUNDS

PRINCIPAL

SOURCE OF FUNDS

SOURCE OF FUNDS

1. Easements and Rights of Way
2. Sale of Lieu Lands
3. Sale of 16th Section Lands for Industrial Purposes
4. Sale of Non-renewable Resources - Sand, gravel, dirt, clays and royalties from sale of mineral ores, coal, oil and gas
5. Sale of Buildings
6. Permanent Damage to School Trust Lands
7. Sale of Timber (Optional)

1. Oil, gas and mineral leases including any bonus or delay rental payments
2. Annual payments of rents for agricultural, residential, commercial, industrial, grazing or other purposes
3. Interest on loans and investments
4. Sale of Timber (Optional)

1. 15% of Timber Sales
2. Other School Funds

Section 16 Township Range

Section 16 Township Range

Section 16 Township Range

Section 16 Township Range

A separate fund should be set up for each township and range

Section 16 Township Range

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APPLICATION OF FUNDS

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1. Purchase of Lieu Lands
2. Investments
3. Loans for School Building Purposes and Forest Stand Improvement

1. Principal amount returned to original 16th Section fund from which it was invested
2. Interest transferred to the 16th Section Interest Fund corresponding to the original Principal Fund

1. Transfer to school district Maintenance or Building Funds and may be expended for any lawful purpose
2. Pay Drainage District taxes and assessments
3. Improvement of 16th Section Lands
4. Costs of land reclassification
5. Authorized attorney fees

1. Requisitioned by the State Forestry Commission upon submission of itemized invoices
2. Excess funds - determined by Forestry Commission - may be released to district and expended for any lawful purpose