

Natural Resources Fund

Fiscal Year 2009 Annual Report

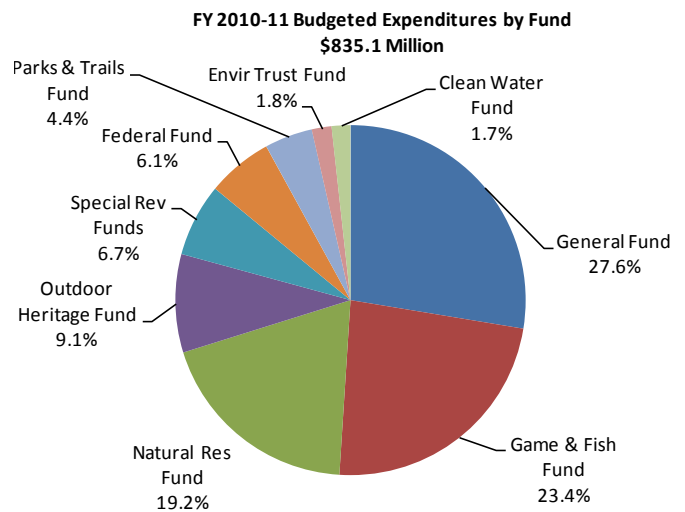
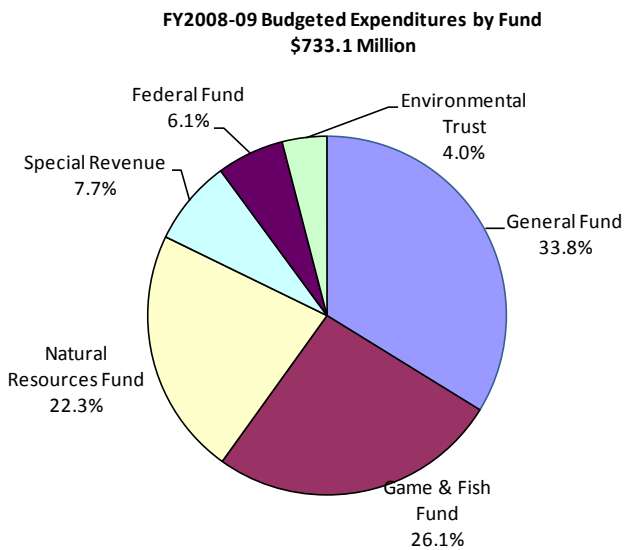


Creation and Purpose of the Fund

The Legislature created the Natural Resources Fund (NR) in the state treasury in 1989 as a Special Revenue Fund for deposit of certain receipts from fees and services associated with natural resource management by the state. (M.S. 16A.53, subd. 2) Special revenue funds are dedicated to a variety of purposes specified in the legislation. In general, fees collected for certain activities are used by the Department of Natural Resources (DNR) to fund development, maintenance, operations, and enforcement of the laws with respect to those activities.

Natural Resources Fund within the DNR's funding structure

For Fiscal Years 2008-2009, the Natural Resources Fund comprised 22.3 percent (\$163.5 million) of the total DNR budgeted expenditures. For Fiscal Years 2010-2011, the Natural Resources Fund will comprise 19.2 percent (\$160.0 million) of budgeted expenditures.



Accounts in the Natural Resources Fund

For Fiscal Year 2009, the Natural Resources Fund is made up of accounts dedicated for a specific purpose. These accounts include:

Account Name	Sources and Uses of the Account Funding
All-Terrain Vehicle Account (ATV)	<ul style="list-style-type: none"> Revenues include fees from registration of all-terrain vehicles, unrefunded gasoline taxes, and ATV safety training fees. Funds pay for acquisition, maintenance, and development of ATV trails and enforcement activities. (M.S. 84.927)
Cross-Country Ski Account	<ul style="list-style-type: none"> Revenues include fees from cross-country ski passes. Funds pay for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts. (M.S. 85.43)
Forestry Management Investment Account	<ul style="list-style-type: none"> Revenues include timber sales from consolidated conservation area lands and state forest lands. Funds pay for reforestation and timber stand improvement including forest pest management, timber sales administration and costs, and state forest road maintenance. (M.S. 89.039, 89.035)
Invasive Species Account	<ul style="list-style-type: none"> Revenues include surcharges on watercraft licenses and civil penalties for violations. Funds pay for management of invasive species programs including control, public awareness, law enforcement, assessment, monitoring, management planning, and research. (M.S. 84D.15)
Land Acquisition Account	<ul style="list-style-type: none"> Revenues include easements on DNR lands, sale of land, sale of standing timber, leases on wild rice farming and interest. Account is used for the acquisition of natural resource lands within the outdoor recreation system. (M.S. 94.165)
Local Trails Grants Account (LIL)	<ul style="list-style-type: none"> Revenues include lottery payments in lieu of sales tax on lottery tickets. Funds are used for local trail grants. (M.S. 297A.65, 297A.94 (e)(4))
Metro Parks and Trails Account (LIL)	<ul style="list-style-type: none"> Revenues include lottery payments in lieu of sales tax on lottery tickets. Funds are used for metropolitan park and trail grants. (M.S. 297A.65, 297A.94(e)(3))
Minerals Management Account	<ul style="list-style-type: none"> Revenues include mineral lease income related to management of the state's mineral assets. Funds are spent for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities. (M.S. 93.2236, 93.22)
Mining Administration Account	<ul style="list-style-type: none"> Revenues consist of mining administrative fees charged to owners, operators, or managers of mines. Funds pay for costs of providing and monitoring permits to mine. (M.S. 93.481, subd 7)
Natural Resources Misc. Statutory Account	<ul style="list-style-type: none"> Account includes various dedicated revenues within the Natural Resource Fund for which the appropriations are statutory – burning permits account, forest bough account, forest resource assessment products and services account, and land management account. Sources and uses of the funds are specified in the individual statutes for the component accounts. (M.S. 88.17, 88.6435, 89.421, 92.685, 103G.301)
Nongame Wildlife Management Account	<ul style="list-style-type: none"> Revenues are from the check-off on income tax and property tax refund claim forms. Funds pay for non-game wildlife programs. (M. S. 290.431)
Off-Highway Motorcycle Account	<ul style="list-style-type: none"> Revenues include fees for registration of off-highway motorcycles and unrefunded gasoline tax attributable to off-highway motorcycle use. Funds pay for administration, enforcement, and acquisition, maintenance and development of off-highway motorcycle trails. (M.S. 84.794)

Account Name	Sources and Uses of the Account Funding
Off-Highway Vehicle Damage Account	<ul style="list-style-type: none"> • Money was appropriated to pay for repair and restoration of property damaged by the illegal operation of off-highway vehicles. (M.S. 84.780)
Off-Road Vehicle Account	<ul style="list-style-type: none"> • Revenues include fees for the registration of off-road vehicles and the unrefunded gasoline tax attributable to off-road vehicles use. • Funds pay for administration, enforcement, and acquisition, maintenance and development of off-road vehicle trails. (M.S. 84.803)
Snowmobile Trails and Enforcement Account	<ul style="list-style-type: none"> • Revenues include fees for registration of snowmobiles, unrefunded gasoline tax, and training fees. • Funds pay for snowmobile programs and acquisition, maintenance and development of trails, training, and enforcement. (M. S. 84.83)
State Land and Water Conservation (LAWCON) Account	<ul style="list-style-type: none"> • Federal grant reimbursement funds that are received under the Land and Water Conservation Fund Act. • Half is distributed for projects of local units of government. The state share is for land acquisition and development of the state outdoor recreation system. (M. S. 116P.14)
State Parks Account	<ul style="list-style-type: none"> • Revenues include fees for state park permits. • Funds pay for operation and maintenance of the state park system. (M. S. 85.055)
State Parks and Trails Account (LIL)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used for state parks and trails. (M. S. 297A.65, §297A.94 (e) (2))
Water Recreation Account	<ul style="list-style-type: none"> • Revenues include fees for titling and licensing watercraft, mooring, and sale of marine gas at state-operated small craft harbors and mooring facilities, unrefunded gasoline tax attributable to boating, fees for permits to control or harvest aquatic plants. • Funds pay for water recreation programs such as acquisition, development and maintenance of public water access and boating facilities on public waters, lake and river improvements; maintenance, operation, replacement, and expansion of small craft harbors and mooring facilities, water safety programs, management of aquatic invasive species and aquatic plants. (M.S. 86B.706)
Zoos Account (LIL)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used by the Minnesota Zoological Garden, Como Zoo and Conservatory, and Duluth Zoo. (M.S. 297A.65, 297A.94 (e) (5))

Cross functional programs and activities

Some DNR activities or programs are supported by multiple Natural Resource Funds. Some of these activities include:

Land Records Management System

The DNR manages 5.6 million acres of state-owned land and 12 million acres of state mineral rights. Effective management of the state's land and mineral resources requires that DNR staff have access to accurate land records and related financial records for specific state-owned parcels of land, and the ability to integrate this information with public records of local government.

In FY2007, the DNR was appropriated money to reengineer its land records management system. The new system will enhance access to public information about state land assets, improve integrated natural resource management, and streamline legislatively mandated reporting requirements. The new land records management system is scheduled for completion in June 2011.

In FY2009, the DNR contracted with a professional services company to analyze business processes and develop applications for the new system. Also in FY2009, the DNR scanned and indexed 66,000 deeds and provided Web-based access for DNR and the public, obtained forty county parcel layers from local government, created Web-based tabular reports for the current land records information, and purchased initial hardware and application software licenses.

Legislative appropriations to fund the Land Records Management System are provided from the Game and Fish Fund and the Forest Management Investment, Snowmobile, and Water Recreation accounts in the Natural Resources Fund. FY2009 expenditures for the Land Records Management System were \$547,120 from the Natural Resources Fund.

Electronic Licensing System (ELS)

The DNR Division of Fish & Wildlife maintains the Electronic Licensing System. Issuing fees charged on the sales of licenses, permits, and registrations are used to support licensing activities and maintain the system.

The money collected is deposited in the account within the Natural Resources Fund that issues the license, permit, or registration. The accounts using ELS and collecting issuing fees include: Water Recreation, Snowmobile, All-Terrain Vehicle (ATV), Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), State Parks, Cross Country Ski, and Natural Resource Misc Statutory. The total ELS expenditures for FY2009 from the Natural Resources Fund account were \$1.33 million.

Conservation Corps Minnesota

The DNR has worked with Conservation Corps Minnesota (formerly Minnesota Conservation Corps) for 24 years to preserve and improve the natural resources of the State of Minnesota. This organization, which began in the 1930s, restores natural resources, conserves energy, responds to emergencies, and offers programs for youth and young adults.

In FY2009, Conservation Corps Minnesota received funds from various NR Fund accounts to support the following DNR activities:

- Develop and maintain public access and boating facilities on public waters; lake and river improvements; develop water access sites within state parks; watercraft safety; and exotic species inspections and control (Water Recreation);
- Construct, maintain, and groom state trails (Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle);
- Accomplish objectives of nongame wildlife programs (Nongame Wildlife Management); and Accomplish objectives of forest management programs (Forest Management Investment

Revenues that Support Multiple Funds

Unrefunded Gasoline Tax Revenue

The Minnesota Department of Transportation transfers to the DNR, twice annually, the estimated portion of the unrefunded gasoline tax that was used by boaters, snowmobiles, and all-terrain vehicles. The amounts are transferred to several accounts in the Natural Resources Fund based on a formula written in statute (296A.18). As the table shows, approximately 3.1 percent of unrefunded gasoline tax revenues – the portion attributed to use by boaters, snowmobile, and ATVs – are transferred into natural resources accounts and are appropriated annually for the purposes described in law.

	Portion of unrefunded gasoline tax transferred to the account	To be used for
Water Recreation	1.50%	Acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; and boat and water safety
Snowmobile	1.00%	To fund snowmobile programs and the maintenance and development of snowmobile trails
All-Terrain Vehicle	0.27%	Maintenance and development of ATV trails
Off-Highway Motorcycle	0.046%	Maintenance and development of OHM trails
Off-Road Vehicle	0.164%	Maintenance and development of ORV trails
Special Revenue Fund	0.116% including 0.0555%	Maintenance of state forest roads Maintenance of county forest roads (transfer to counties)

Police State Aid Revenue

The DNR receives police state aid to apply to the employer's contribution to law enforcement (conservation officers) pensions. Tax receipts from a surcharge on auto insurance gross premiums determine the amount of the aid.

In FY2009, the accounts in the Natural Resource Fund that received an apportionment (based on the amount of conservation officer salaries paid from each account) were Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle.

Permanent School Fund and University Fund

The Permanent School Fund is a trust fund created by the Minnesota State Constitution and designated as a long-term source of revenue for public schools. The goal of the Permanent School Fund is to secure the maximum long-term economic return from the school trust lands consistent with the fiduciary responsibilities imposed by the trust relationship established in the Minnesota Constitution, with sound natural resource conservation and management principles, and with other specific policy provided in state law. M.S.127A.31.

The State of Minnesota owns 2.5 million acres of school trust land and an additional one million acres of mineral rights. The DNR manages these lands to produce the maximum revenue to benefit schools. The DNR places a high importance on their role to improve education in the State of Minnesota through fiscal responsibility.

The Permanent University account was created in the late 1800s. The U.S. Congress reserved 144 sections of land for the use and support of a state university. The DNR manages these lands – 25,891 acres of land and 21,089 acres of mineral rights, as of March 2009.

Two accounts in the Natural Resources Fund are involved in the operation of the Permanent School Fund and the University Fund:

- **Forest Management Investment Account (FMIA).** Revenue attributable to forestry related products on acquired state land is deposited in the FMIA. Likewise, revenue from forestry related products on permanent school and university lands is deposited into the permanent school and university funds. The amount of certified costs incurred by the state to generate the revenues received by the permanent school and university funds is transferred to the general fund and FMIA based on type of cost. Certified costs to the general fund include protection and administration. Certified costs to the FMIA include improvement and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. M.S. 16.125.
- **Minerals Management Account.** 20% of revenue generated from minerals mining is deposited in the minerals management account to cover costs incurred by the state to generate revenue. The other 80% is directed to the permanent school or university funds based on the type of land the revenue was generated from. At the end of each year, any balance in excess of \$3,000,000 in the minerals management account is transferred to the permanent school and university funds in proportion to the revenue generated. M.S. 93.22 and 93.2236.

2008 legislation requires the DNR to report biannually on how it is managing school lands efficiently; reducing management expenditures and maximizing the revenue deposited in the trust fund; managing sale, exchange, and commercial leasing; and managing school lands to maximize long-term economic return while maintaining sound natural resource conservation and management principles. M.S. 84.027, subd. 18.

Interest Earnings

Minnesota statutes allow interest earnings to be earned on balances in several DNR funds and accounts. Interest is credited to the fund or account and available for appropriation for the purpose for which it was received. The NR fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. (M.S. 16A.72)

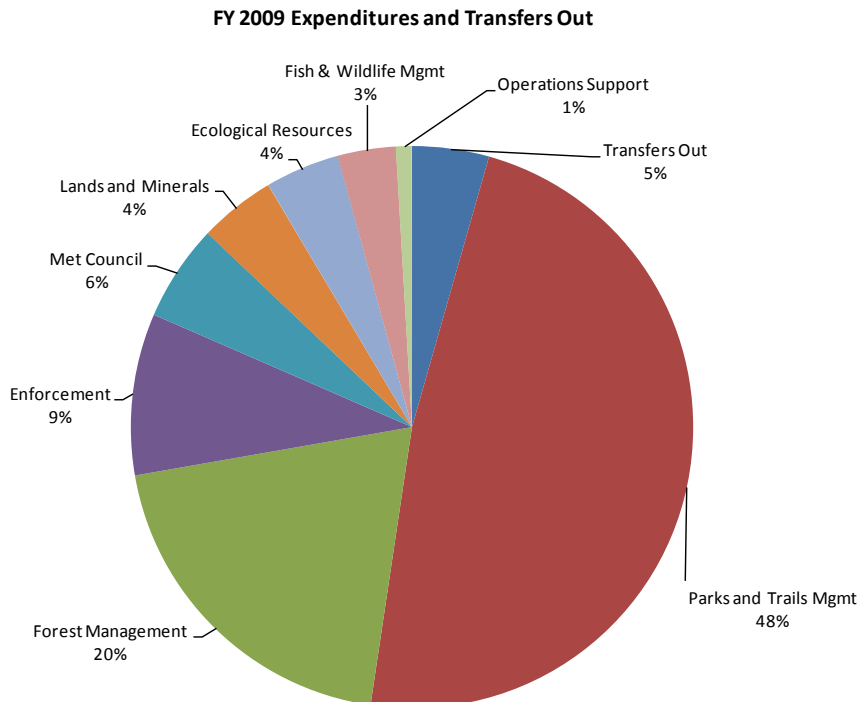
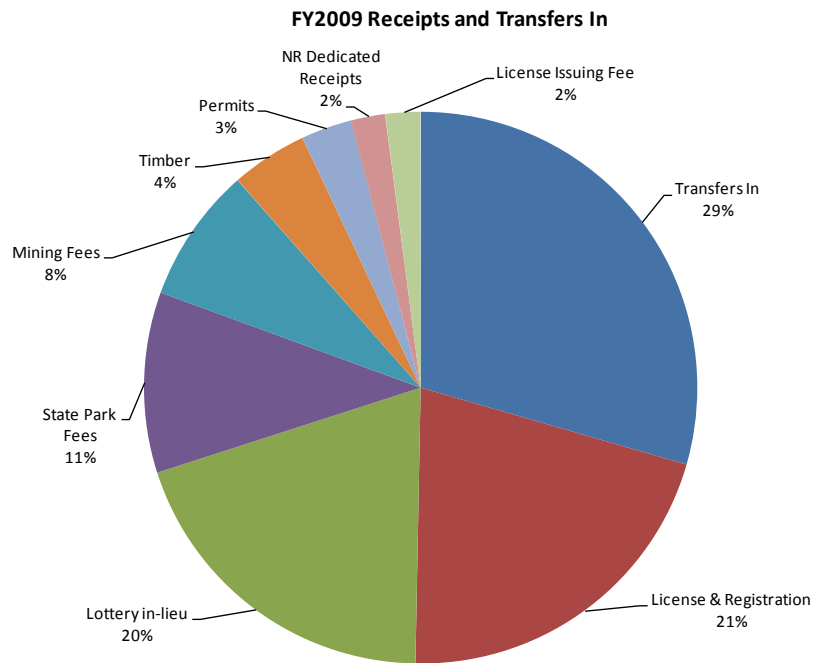
Minnesota Department of Natural Resources

	Planning Est FY 2013	Planning Est FY 2012	Planning Est FY 2011	Planning Est FY 2010	Actual FY 2009	Actual FY 2008	Actual FY 2007	
164,781,140	171,743,111	181,136,970	201,158,049	263,325,478	34,220,134	35,021,085		
86,755,510	86,755,338	87,280,834	91,433,740	89,032,137	82,860,461	74,563,803		To F
2,225,063	2,225,438	2,225,934	2,005,791	3,879,841	2,798,474	13,755		To F
1,374,540	1,374,540	1,374,614	1,237,894	2,385,261	1,728,892			To F
842,460	842,460	842,507	758,709	1,485,017	1,059,644			To F
8,063	8,438	8,813	9,188	9,563	9,938	10,313		To F
0	0	0	0	0	0	3,442		
84,530,447	84,529,900	85,054,900	89,427,949	85,152,296	80,061,988	74,550,048		State
549,200	549,200	549,200	549,200	547,262	459,260	334,461		State
490,000	490,000	490,000	490,000	490,000	490,000	490,000		State
160,000	160,000	160,000	160,000	138,000	137,000	135,000		State
5,070,000	5,070,000	5,070,000	5,070,000	4,870,000	4,570,000	4,570,000		State
743,000	743,000	743,000	1,375,264	809,691	1,148,138	2,722,068		State
8,602,000	8,602,000	8,622,000	8,622,000	8,160,420	7,535,566	7,476,296		State
3,998,000	3,998,000	3,998,000	3,998,000	3,757,309	2,997,298	3,701,241		State
101,000	101,000	101,000	101,000	48,329	252,670	242,006		State
2,450,000	2,450,000	2,450,000	2,442,327	2,206,464	1,918,678	1,974,344		State
626,700	626,700	626,700	626,700	671,600	588,971	562,904		State
28,110,547	28,110,000	28,610,000	30,560,459	26,192,180	25,026,968	25,058,496		State
15,258,000	15,258,000	15,258,000	15,258,000	15,491,442	14,483,566	14,451,846		State
12,624,000	12,624,000	12,624,000	13,724,000	17,424,010	17,519,459	10,271,623		State
285,000	285,000	290,000	300,000	504,866	229,812	283,837		State
5,463,000	5,463,000	5,463,000	6,151,000	3,840,724	2,704,601	2,275,928		State
103,233,649	103,929,649	105,417,804	111,591,789	115,357,615	117,080,595	109,584,888		State
28,006,438	27,954,779	27,776,255	27,834,098	23,654,096	24,529,473	21,502,633		Fund
4,500,000	4,900,000	5,000,000	5,700,000	5,180,834	3,940,487	4,088,530		Fund
0	0	0	0	0	0	3,597		Fund
35,000	35,000	35,000	35,000	40,385	30,743	31,898		Fund
20,602,438	20,278,779	20,030,255	19,440,098	15,629,447	14,857,165	14,865,449		Fund
2,160,000	2,032,000	2,002,000	1,950,000	1,874,581	5,615,730	2,428,469		Fund
309,000	309,000	309,000	309,000	308,851	85,348	84,690		Fund
58,052,900	57,837,900	57,483,500	57,432,213	56,140,474	56,675,370	53,780,700		Fund
1,583,100	1,583,100	1,583,100	1,995,020	2,731,415	1,353,517	1,342,676		Fund
7,000	7,000	7,000	7,000	5,152	9,062	12,457		Fund
764,600	764,600	764,600	723,000	518,538	1,041,801	1,256,145		Fund
209,000	209,000	209,000	872,976	400,676	760,780	958,080		Fund
11,716,000	11,716,000	11,716,000	11,480,000	11,328,390	10,864,132	9,948,175		Fund
43,773,200	43,558,200	43,203,800	42,354,217	41,156,302	42,646,077	40,263,167		Fund
17,174,311	18,136,970	20,158,049	26,325,478	35,563,044	35,875,752	34,301,555		Fund
0	0	0	0	1,342,911	854,667	1,695,361		Fund
17,174,311	18,136,970	20,158,049	26,325,478	34,220,134	35,021,085	32,606,194		Fund

Revenues and Expenditures for Fiscal Year 2009

The sources of revenues in the Natural Resources Fund principally include receipts from operations and transfers in to the accounts from other sources.

The five largest sources of operating revenues are licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of transfers in. In FY2009, DNR collected \$79,794,570 in total receipts and transfers in. For details see individual funds.



Additional Resources

DNR reports

<http://www.dnr.state.mn.us/aboutdnr/reports/index.html>

Strategic Conservation Agenda 2009-2013

<http://www.dnr.state.mn.us/conservationagenda/index.html>

State Comprehensive Outdoor Recreation Plan

<http://www.dnr.state.mn.us/aboutdnr/reports/scorp/index.html>

Minnesota State Parks Strategic Plan 2006-2011

http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf

Long range conservation plans and strategies – all DNR

<http://www.dnr.state.mn.us/strategies/index.html>

DNR Budget

<http://www.dnr.state.mn.us/aboutdnr/budget/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

Contacts

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Water Recreation Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The Water Recreation Account was created in 1985. The account was established to fund water recreation programs such as public water access, boating facilities, small craft harbors, and water safety (M.S. 86B.706).

Sources and Uses of the Funds

Money deposited in the Water Recreation Account comes from these sources:

- Fees from registration and titling of watercraft
- Unrefunded gasoline tax attributable to watercraft use
- Mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities
- Fees for permits issued to control or harvest aquatic plants other than wild rice
- Fines and other payments collected from persons convicted of violations of the law under Minnesota Statutes Chapter 86B (Water Safety, Watercraft, and Watercraft Titling)

Money in the Water Recreation Account can be used for these purposes:

- Acquisition, development, maintenance, and rehabilitation of public water access and boating facilities on public waters; lake and river improvements; and boat and water safety
- Maintenance, operation, replacement, and expansion of state-operated or state-assisted small craft harbors and mooring facilities, and the debt service on state bonds sold to finance these facilities
- Administration and enforcement of Chapter 86B as it pertains to watercraft titling and licensing and the use and safe operation of watercraft
- Grants for county-sponsored and administered boat and water safety programs
- State boat and water safety efforts
- Management of aquatic invasive species
- Management of aquatic plants through permitting to gather or harvest (other than wild rice from public waters), to transplant, or to destroy harmful or undesirable vegetation

Within these statutory requirements, the Legislature directs, through funding bills, that specific amounts of money from the Water Recreation Account will be used for particular projects or purposes.

FY2009 Activities and Accomplishments



Division of Parks & Trails

Parks & Trails operates 1,585 public water access sites providing water access to the public. Through these water access sites, Minnesota State Parks provide gateway opportunities for aquatic recreation, fishing, and other activities. Water Recreation Program funding supports the development, ongoing maintenance, and improvement of these sites.



Parks & Trails also develops, maintains, and manages 4,350 miles of public water trails for canoeing and kayaking on 30 rivers and the North Shore of Lake Superior. Parks & Trails operates the program of small craft harbors/safe harbors on Lake Superior, including two Department of Natural Resources (DNR) owned marinas.

<http://www.dnr.state.mn.us/parks/index.html>



Enforcement

The Enforcement Division conducts boat and water safety patrols on Minnesota's lakes and waterways. In 2009, over 27,300 hours of Conservation Officer patrol time were logged for boating safety enforcement activities. The components include enforcing personal watercraft laws, preventing introduction of invasive species in state waters, and public access enforcement. Water Recreation funds cover personnel costs related to water recreation activities, radio, vehicle, and watercraft expenses.

<http://www.dnr.state.mn.us/enforcement/index.html>



Division of Fish & Wildlife – Fish Management

Fisheries' aquatic plant management program protects native vegetation in public waters and the aquatic environment, while allowing lakeshore owners to control some aquatic vegetation in order to get recreational water access. Healthy aquatic vegetation is essential for fish and wildlife, water clarity, limiting shoreline erosion, and preventing establishment of non-native invasive aquatic plants.

<http://www.dnr.state.mn.us/fisheries/index.html>



Division of Fish & Wildlife – Electronic Licensing Center (ELS)

The License Center issues all watercraft registrations and titles through a Web based ELS available from 173 registration agents (deputy registrars). The St. Paul headquarters has a walk-up license service counter and mail-in for registration and title renewal transactions. Currently 135 different transactions are available online. In FY2009, 868,000 boats were registered statewide.

<http://www.dnr.state.mn.us/fishwildlife/license/index.html>



Ecological Resources

Ecological Resources coordinates delivery of the DNR's aquatic plant management and the aeration permit programs that are administered by the Section of Fisheries. Ecological Resources also conducts environmental review activities directed toward conserving aquatic habitat, enhancing water recreation opportunities, and providing aquatic resource information to decision makers for hydropower and hydroelectric plants and facilities and metropolitan water management planning activities. In 2009, 4400 aquatic plant management permits were issued to 10,600 lakeshore property owners living on 900 lakes; 300 aeration permits were also issued. Ecological Resources supported these regulatory efforts by responding to 30 requests to review permit decisions, issuing 20 variances, conducting 40

pesticide use inspections, and investigating 4 citizen complaints of pesticide misuse. Environmental review was provided on 25 hydropower plant/facility operation and seven metropolitan water management plan reviews.

<http://www.dnr.state.mn.us/eco/index.html>



Division of Lands and Minerals

Lands and Minerals provide real estate and land survey services for the ongoing management of publicly-owned water recreation properties. The services include initial acquisition of land by purchase or lease and ongoing real estate support related to the ownership and leasing.

http://www.dnr.state.mn.us/lands_minerals/index.html



Division of Waters

The Land Use Unit's activities are primarily to design and develop small scale backwater dredging projects to provide recreational boating opportunities on the Mississippi River; dredging to maintain recreational watercraft access during large scale Mississippi River drawdowns; participate in interstate and interagency recreation management planning and activities for the Upper Mississippi River, conduct research regarding recreational boating use on major rivers, develop and oversee regulations to improve and protect the scenic, recreational and ecological values of wild, scenic and recreational rivers; educate the boating public regarding wake-induced erosion to help maintain riverbank stability and overall river quality. The Engineering and Surface Water Unit's activities provide for the maintenance of water levels and flows for recreation, economic, and environmental purposes. Maintenance activities related to water level control structures and dams include structural repairs, debris removal, and removal of illegal modifications to a control structure, and water level gage installation and replacement. These activities prolong the life of the water level control structure and help to maintain lake levels and authorized runoff elevations at lake outlets. Staff also coordinates the development of dam operating plans and monitor drought/flood conditions, hydropower dam operations, and stream flows. Lake level and stream flow information are available at www.mndnr.gov/waters.

<http://www.dnr.state.mn.us/waters/index.html>

FY2009 Financial Summary

Receipts

Fees for watercraft registration, license issuance, and watercraft titling collectively made up approximately 45 percent of the available funds in the Water Recreation Account. Unrefunded gasoline taxes on watercraft (transfers in to the account) made up slightly more than half of the available funds. Total receipts and transfers in were about \$16.1 million.

Expenditures

The Division of Parks and Trails expenditures were approximately 58 percent of total expenditures in the Water Recreation Account. The Enforcement Division expenditures were about 15 percent of total expenditures.

Grants

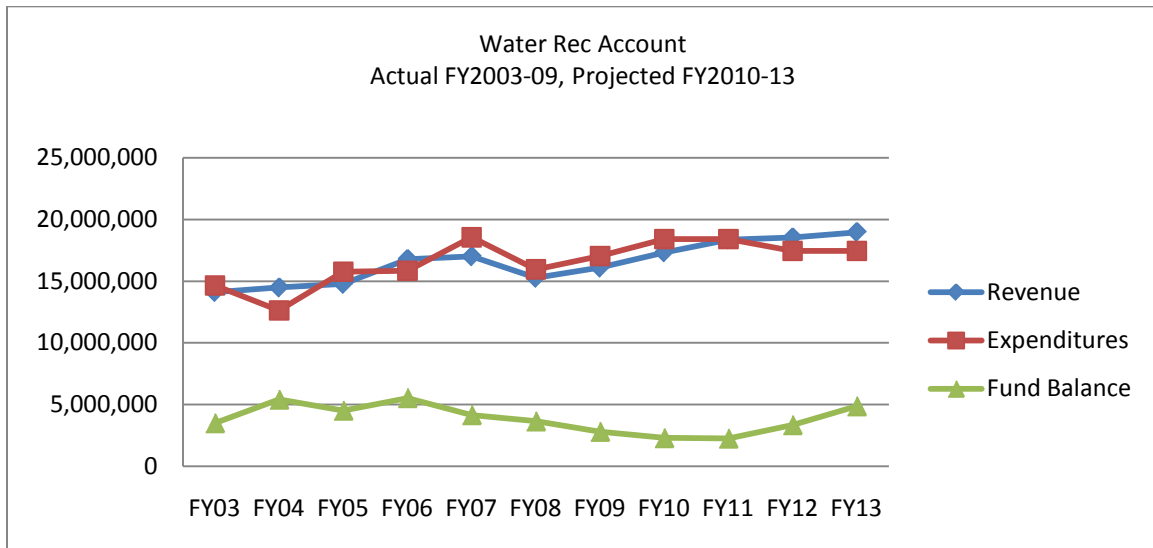
Division of Enforcement's boat and water safety grants, totaling about \$1.1 million, represented about 6 percent of expenditures from the Water Recreation Account.

Fund Balance

The fund balance decreased by approximately 23 percent in FY2009. Revenues slightly increased from last year but expenditures were also increased for Waters, Parks & Trails, Fish & Wildlife and Enforcement.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$3,657,981
Prior year adjustments	114,940
Receipts	
Watercraft registration	\$6,323,807
License issuing fee	631,638
Watercraft titling	358,697
Aquatic plant management	289,921
Watercraft fines	38,248
Interest earnings	26,756
Harbor and marina fees	23,944
Other receipts	73,242
Transfers in	
Unrefunded gas tax revenue	8,197,263
Police State Aid	<u>126,361</u>
Total receipts and transfers in	\$16,089,877
Expenditures	
Parks and Trails	\$9,844,767
Enforcement	2,580,894
Boat and water safety grants	1,078,831
Fish & Wildlife	2,064,000
Ecological Resources	480,767
Waters	415,883
Operations Support & Regional	218,889
Lands & Minerals	158,391
Conservations Corps Minnesota	<u>200,000</u>
Total expenditures	\$17,042,422
FY2009 Ending fund balance	
	\$2,820,376
Net change for FY2009	(837,605)

Minnesota Department of Natural Resources



Additional Resources

Strategic Conservation Agenda 2009-2013

<http://www.dnr.state.mn.us/conservationagenda/index.html>

State Comprehensive Outdoor Recreation Plan

<http://www.dnr.state.mn.us/aboutdnr/reports/scorp/index.html>

Minnesota State Parks Strategic Plan 2006-2011

http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf

Long range conservation plans and strategies – all DNR

<http://www.dnr.state.mn.us/strategies/index.html>

Contacts

E-mail:

info.dnr@state.mn.us

Website:

<http://www.dnr.state.mn.us/contact/index.html>

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Location:

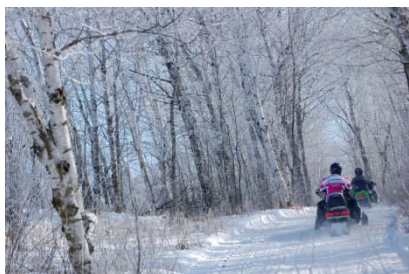
500 Lafayette Road

St. Paul, MN 55155-4040

Snowmobile Trails and Enforcement Account

Natural Resources Fund

Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The first legislation for the registration of snowmobiles in Minnesota was enacted in 1967. The Snowmobile Trails and Enforcement Account was established in 1982 to pay for grants to counties and municipalities for construction and maintenance of snowmobile trails; to acquire, develop, and maintain state trails; to provide snowmobile safety programs; and to administer and enforce snowmobile laws (M.S. 84.83).

Sources and Uses of the Funds

Fees from the registration of snowmobiles, trail pass, and unrefunded gasoline taxes attributable to snowmobile use are the main sources of funding in the Snowmobile Trails and Enforcement Account. The account's funds may be spent only as appropriated by law, for:

- A grant-in-aid program to local units of government for construction and maintenance of snowmobile trails;
- Acquisition, development, and maintenance of state recreational snowmobile trails;
- Snowmobile safety programs; and
- Administration and enforcement of the laws concerning snowmobiles in M.S. 84.81 to 84.91, and grants to local law enforcement agencies.

FY2009 Financial Summary

Receipts

The principal sources of revenues for the Snowmobile account were snowmobile registrations, trail permits and license issuing fees (51 percent), and unrefunded gasoline taxes attributable to snowmobile use (45 percent).

Expenditures

The Division of Parks & Trails made up 84 percent of the expenditures. Expenditures by the Enforcement Division, including grants to local enforcement agencies, made up 12 percent of the expenditures.

Grants

Grants in aid to local units of government, through the Division of Parks & Trails, totaled nearly \$8.3 million. Enforcement Division grants to law enforcement agencies totaled approximately \$315,000.

Fund Balance

The fund balance declined by approximately 26 percent this year and has been decreasing due to lack of snow for the last few years. Snowmobile activity is dependent on weather conditions.

FY2009 Activities and Accomplishments

The Division of Parks & Trails developed, managed, and maintained snowmobile recreational trails that were open to the public. More than 1,000 miles of snowmobile trails were open for public use. Parks & Trails administered grants-in-aid that were available to counties, cities, and towns to create and maintain locally initiated trails totaling 21,283 miles, through 183 grants.

The Enforcement Division provided law enforcement activities and safety and training services for snowmobilers at state parks, forests, and recreational trails. Approximately 15,000 hours of enforcement activities were provided including information, education and training, and law enforcement. Grants were made to local units of law enforcement to enforce state laws and rules for snowmobile use.

The Electronic Licensing System (ELS) operated from the Division of Fish & Wildlife, collected fees for snowmobile related activities in state parks, trails, and use areas. The expenditures from the snowmobile account paid for development and operation of the licensing system attributable to snowmobile activities.

In FY2009, Conservation Corps Minnesota received funds from various Natural Resources Fund accounts to support the Department of Natural Resources (DNR) program activities, including constructing, maintaining, and signing state trails including snowmobile trails.

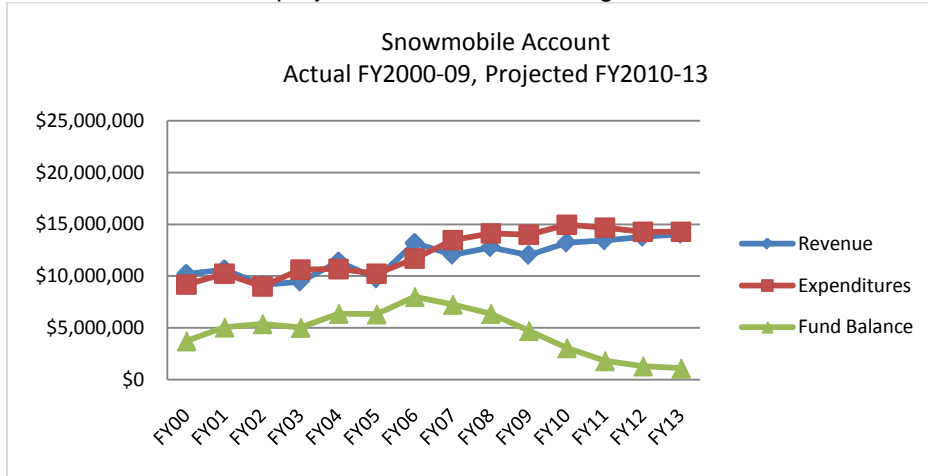
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$6,367,673
Prior year adjustments	\$311,285
Receipts	
Snowmobile registration	\$3,735,211
Snowmobile trail permit	2,179,659
License issuing fee	249,669
Interest earnings	221,595
Snowmobile training	64,467
Fines and Citations	26,368
Other receipts ¹	9,520
Transfer in: Unrefunded gas tax revenue	5,464,842
Transfer in: Police State Aid	<u>76,673</u>
Total receipts and transfers in	\$12,028,004
Expenditures	
Parks and Trails	\$3,299,590
Grants in aid to local governments	\$8,298,525
Enforcement	1,398,961
Enforcement grants	314,996
Fish & Wildlife	446,441
Lands & Minerals	22,000
Conservations Corps Minnesota	115,000
Transfer Out: Debt Service	<u>9,563</u>
Total expenditures and transfers out	<u>\$13,992,102</u>
FY2009 Ending fund balance	\$4,714,859
Net change for FY2009	(\$1,652,814)

Notes

¹ Other receipts: license credit card service charge, credit agreement rebate, agency indirect cost, and refunds

Budget Trends FY2000 to FY2013

Expenditures have exceeded revenues since FY2007. The fund balance has been declining since FY2006, and the trend is projected to continue through FY2013.



Additional Resources

Snowmobiling home page

<http://www.dnr.state.mn.us/snowmobiling/index.html>

Snowmobile registration procedures and fees

<http://www.dnr.state.mn.us/licenses/snowmobile/index.html>

Online licenses

<https://www4.wildlifelicense.com/mn/>

Snowmobile state trail sticker

<http://www.dnr.state.mn.us/licenses/snowmobile/trailpermit.html>

Snowmobile safety training

<http://www.dnr.state.mn.us/safety/vehicle/snowmobile/index.html>

Snowmobile grants – trails assistance program (maintenance and grooming)

http://www.dnr.state.mn.us/grants/recreation/gia_snowmobile.html

Snowmobile trail maps

<http://www.dnr.state.mn.us/snowmobiling/maps.html>

Snow depth and trail conditions

http://www.dnr.state.mn.us/current_conditions/index.html

MN Snowmobilers Association

<http://www.mnsnowmobiler.org/>

Conservation Corps Minnesota

<http://www.conservationcorps.org/>

Contacts

Snowmobile program

Contact the local DNR Parks & Trails Area Supervisor

http://www.dnr.state.mn.us/grants/contacts_trails.html

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

E-mail: info.dnr@state.mn.us

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All-Terrain Vehicle Account (ATV) Off-Highway Motorcycle Account (OHM) Off-Road Vehicle Account (ORV)

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

Three types of recreational vehicles are classified under statutes as Off-Highway Vehicles. Each has its own separate account in the Natural Resources Fund. They have common requirements for permitting and safe operations under M.S. 84.773 to 84.781. In addition, an Off-Highway Vehicle Damage (OHVD) Account was created to help pay for damage from illegal operation of off-highway vehicles.

1. All-Terrain Vehicle Account

The ATV Account was established in 1984. Sources of funding for this account include fees from the registration of all-terrain vehicles, the unrefunded gasoline tax attributable to ATV use, and the net proceeds from the sale of ATVs forfeited for certain violations of statutes under M.S.84.927 and M.S. 169A.63. Funds in the ATV Account may be used, within guidelines of the Statewide Comprehensive Outdoor Recreation Plan, only for:

- Acquisition, maintenance, and development of trails and use areas;
- Administration, enforcement, and implementation of applicable statutes;
- Grant-in-aid programs to counties and municipalities to construct and maintain ATV trails and use areas;
- Education and training program;
- Grant-in-aid to local safety programs;
- Enforcement and public education grants to local law enforcement agencies; and
- Maintenance of certain forest roads and county forest roads that are part of a designated trail system within state forest boundaries.

FY2009 Financial Summary

Receipts

78 percent of the revenues in the ATV account are from registrations. Transfers in to the account, mostly unrefunded gas tax revenues for gas sales attributable to ATV usage, represent about 16 percent of the revenues.

Expenditures

The Division of Parks and Trails, including the grants in aid projects, made up approximately 47 percent of the expenditures. The Enforcement Division expenditures, including enforcement grants, comprised approximately 43 percent of the total.

Grants

Grants to local units of government through the Division of Parks & Trails totaled approximately \$670,000. Enforcement grants totaled another \$616,000.

Fund Balance

The fund balance declined by approximately 12 percent this year. Revenues and expenditures increased slightly from FY08 to FY09. The unrefunded gas tax amount will be increasing for this fund in FY10 and the fund balance is expected to increase because of this change.

FY2009 Activities and Achievements

Parks & Trails developed, managed, and maintained ATV recreational trails that are open to the public. Approximately 69 miles of winter use ATV trails and 869 motorized miles of ATV/OHM trails in state forests were open for public use. Parks & Trails administered 41 grants to counties, cities, and towns to encourage maintenance, development, and acquisition on 1,292 miles of public, locally controlled ATV trails.

Enforcement provided law enforcement activities and safety and training services for ATVs at state parks, forests, and recreational trails. Approximately 19,000 hours of enforcement activities were provided including information, education and training, and law enforcement. Grants were also made to local law enforcement to enforce state laws and rules for ATV use.

The Electronic Licensing System (ELS), operated by the Division of Fish & Wildlife, collected fees for ATV registration and activities in state recreation areas and trails. Expenditures from the ATV Account paid for development and operation of the licensing system attributable to ATV activities.

Conservation Corps Minnesota received funds from various Natural Resources Fund accounts to support the Department of Natural Resources (DNR) program activities, including constructing, maintaining, and signing state trails including ATV trails.

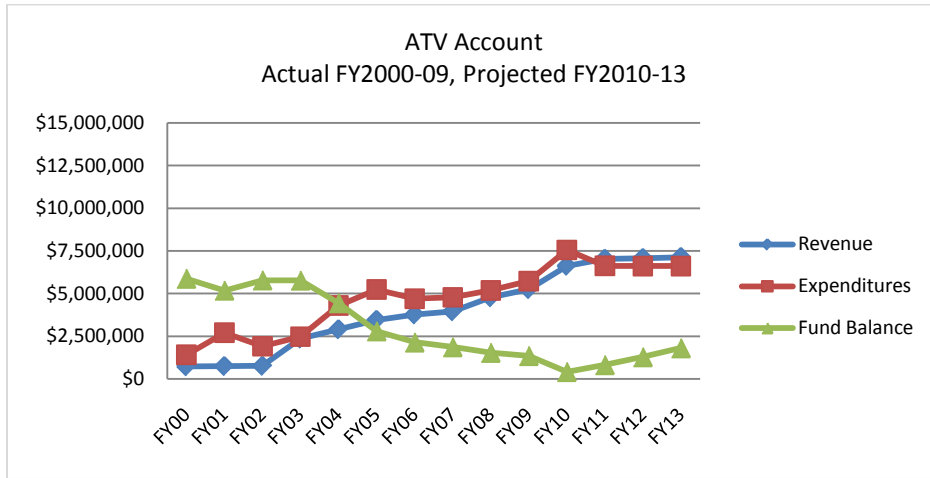
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$1,544,989
Prior year adjustment	\$292,662
Receipts	
ATV registrations	\$4,071,283
License issuing fee	198,028
ATV safety training	55,777
Interest earnings	6,204
Citations	3,952
Other receipts ¹	867
Transfer in: Unrefunded gas tax	819,726
Transfer in: Police State Aid	<u>97,176</u>
Total receipts and transfers in	\$5,253,013
Expenditures	
Parks and Trails	\$2,019,214
Grants in aid to local government	671,348
Enforcement	1,866,090
Enforcement grants	615,918
Fish & Wildlife	325,177
Ecological Resources	134,626
Conservations Corps Minnesota	<u>100,000</u>
Total expenditures	<u>\$5,732,373</u>
FY2009 Ending fund balance	<u>\$1,358,292</u>
Net change for FY2009	(\$186,697)

Notes

¹ Other receipts: license credit card service charges, credit agreement rebate, agency indirect cost, and refunds.

Budget Trends FY2000 to FY2013

The fund balance has been declining since FY2003, but is projected to begin increasing again in FY2011 to FY2013 after dropping lower in FY2010. Both revenues and expenditures have been increasing since FY2002 and that trend is expected to continue in FY2010 through FY2013.



2. Off-Highway Motorcycle Account

The OHM Account was established in 1993. (M.S. 84.794) The sources of funding for the account include registration fees for OHMs and the unrefunded gas taxes attributable to OHM use. Money in the account may only be spent for:

- Administration, enforcement, and implementation of OHM sections of statutes (M.S. 84.787 to 84.795);
- Acquisition, maintenance, and development of OHM trails and use areas; and
- Grants-in-aid to counties and municipalities to construct and maintain OHM trails and use areas. Grants must be guided by the Statewide Comprehensive Outdoor Recreation Plan.

FY2009 Financial Summary

Receipts

Unrefunded gas tax revenues from the use of OHMs accounted for 60 percent of all FY2009 receipts (including revenues and transfers in). Registrations and the license issuing fees made up 38 percent of the total receipts.

Expenditures

Parks & Trails, including grants in aid projects, made up 71 percent of the FY2009 expenditures. The Enforcement Division's expenditures, including grants, made up 26 percent of the total.

Grants

Grants to counties totaled approximately \$55,000 in FY2009.

Fund Balance

The fund balance increased by approximately 1 percent in FY2009. Revenues and expenditures have been holding steady.

FY2009 Activities and Accomplishments

Parks & Trails developed, managed, and maintained OHM trails that were open to the public. More than 869 motorized miles of ATV/OHM trails and 140 single-track OHM miles were open for public use. Parks & Trails administered grants to counties to encourage maintenance, development, and acquisition of public, locally controlled OHM trails and areas.

Enforcement provided law enforcement activities and safety and training services for OHMs at state parks, forests, and recreational trails. Approximately 1,300 hours of enforcement activities were provided including information, education and training, and law enforcement. Grants were also made to local law enforcement to enforce state laws and rules for OHM use.

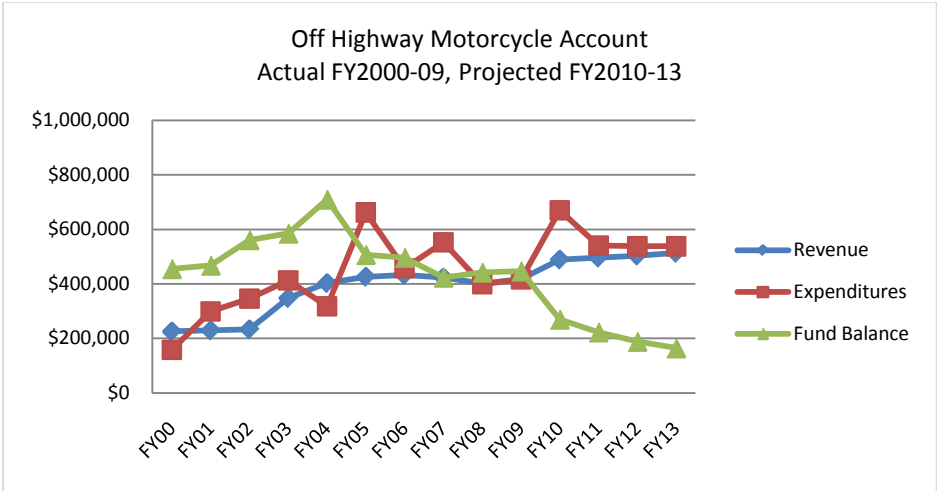
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$442,346
Prior year adjustment	\$2,697
Receipts	
Off highway motorcycle registration	\$148,347
License issuing fee	10,282
OHM safety training	1,335
Interest earnings	610
Other receipts ¹	780
Transfer in: Unrefunded gas tax	251,383
Transfer in: Police state aid	4,873
Total receipts and transfers in	\$417,610
Expenditures	
Parks and Trails	\$241,818
Grants in aid to local government	54,903
Fish & Wildlife	10,491
Enforcement	98,953
Enforcement grants	10,000
Total expenditures	\$416,165
FY2009 Ending fund balance	\$446,489
Net change for FY2009	\$4,143

Notes

¹ Other receipts: license credit card service charge, citations, and credit agreement rebate

Budget Trends FY2000 to FY2013

The fund balance has been declining since FY2004 and is projected to continue that trend through FY 2013.



3. Off-Road Vehicle Account

The ORV Account was established in 1993. Fees from the registration of off-road vehicles and revenues from unrefunded gasoline tax attributable to off-road vehicle use are the principal revenue sources. Money in the ORV Account may only be spent for:

- Administration, enforcement, and implementation of M.S. 84.773 to 84.805;
- Acquisition, maintenance, and development of off-road vehicle trails and use areas;
- Grant-in-aid programs to counties and municipalities to construct and maintain off-road vehicle trails and use areas;
- Grants-in-aid to local safety programs; and
- Enforcement and public education grants to local law enforcement agencies.

FY2009 Financial Summary

Receipts

Revenues from unrefunded gas taxes attributable to ORV vehicle use made up 95 percent of the available funds. ORV registrations accounted for four percent of revenues

Expenditures

Parks and Trails expenditures made up 79 percent of total expenditures from the ORV account. Enforcement Division expenditures represented approximately 20 percent of the total.

Grants

Grants to local units of government totaled about \$5,700.

Fund Balance

The fund balance declined by approximately two percent this year. Revenues and expenditures have been steady.

FY2009 Activities and Accomplishments

Parks and Trails developed, managed, and maintained ORV recreational trails that were open to the public. In FY2009, 23 motorized miles of ORV trails in state forests were open for public use. Parks and Trails administered grants to counties to encourage maintenance, development, and acquisition of public, locally controlled ORV trails and areas.

Enforcement provided law enforcement activities and safety and training services for ORVs at state parks, forests, and recreational trails. Approximately 1,100 hours of enforcement activities were provided including information, education and training, and law enforcement. Grants were also made to local law enforcement to enforce state laws and rules for ORV use.

The Electronic Licensing System (ELS) operated from the Division of Fish & Wildlife collected fees for ORV related activities in state parks, trails, and use areas. The FY2009 expenditures from the ORV account paid for operation of the licensing system attributable to these activities.

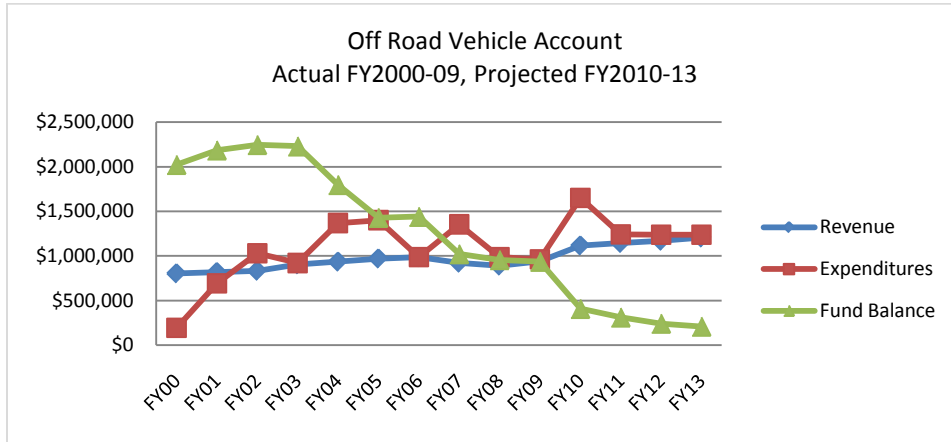
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$955,731
Prior year adjustment	\$2,799
Receipts	
Off road vehicle registration	\$34,767
License issuing fee	3,830
Interest earnings	401
Other receipts ¹	724
Transfer in: Unrefunded gas tax	896,234
Transfer in: Police state aid	3,768
Total receipts and transfers in	\$939,724
Expenditures	
Parks and Trails	\$754,960
Grants in Aid to local governments	\$5,271
Fish & Wildlife	5,534
Enforcement	194,778
Enforcement grants	1,000
Total expenditures	\$961,543
FY2009 Ending fund balance	\$936,710
Net change for FY2009	(\$19,021)

Notes

¹ Other receipts: license credit card service charge, citations, and credit agreement rebate.

Budget Trends FY2000 to FY2013

The fund balance has been declining since FY2003 and is projected to continue that trend through FY2013.



Off-Highway Vehicle Damage Account

The OHVD account was created in 2003. Money was appropriated to the DNR for the repair and restoration of property damaged by operation of off-highway vehicles in unauthorized or unpermitted areas. Funds are available to repair damage to private or public lands caused by off-highway vehicle operation in unauthorized or unpermitted areas. Cities and towns are eligible to receive the funds. Claims may come from ATV, OHM, or ORV operation.

The legislature appropriated \$500,000 in FY2004, and that amount is available until spent. The budgeted amount for FY2009 was \$392,784. FY2009 claims totaled \$237, and the end of year fund balance was \$392,547.

Additional Resources

Off-Highway Vehicles Regulations 2009-2010

http://files.dnr.state.mn.us/rlp/regulations/ohv/ohv_regs.pdf

ATV safety training

<http://www.dnr.state.mn.us/safety/vehicle/atv/index.html>

ATV grants-in-aid

http://www.dnr.state.mn.us/grants/recreation/gia_atv.html

OHM safety training

<http://www.dnr.state.mn.us/safety/vehicle/ohm/index.html>

OHM grants-in-aid

http://www.dnr.state.mn.us/grants/recreation/gia_ohm.html

ORV safety training

<http://www.dnr.state.mn.us/safety/vehicle/orv/index.html>

ORV grants-in-aid

http://www.dnr.state.mn.us/grants/recreation/gia_fourwheel.html

Contacts

Parks & Trails

http://www.dnr.state.mn.us/parks_recreation/index.html

http://www.dnr.state.mn.us/trails_waterways/index.html

Enforcement

<http://www.dnr.state.mn.us/enforcement/index.html>

DNR divisions and offices

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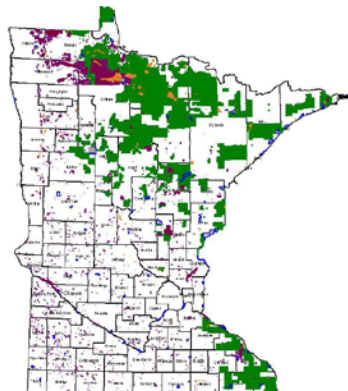
TTY: (651) 296-5484

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Land Acquisition Account

Natural Resources Fund

Fiscal Year 2009 Annual Report



(Green = State Forest, Purple = WMA's, Orange = SNAs and Blue = State Parks)

Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.5 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Land Acquisition Account was established in 1984 under M.S. 94.165 and 94.16 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in M.S. Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land are returned to this fund to provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The fund helps the DNR reach the goals of consolidating state forest land into large contiguous blocks that are more efficient to manage for timber and wildlife resources; consolidating holdings in state parks; and acquiring critical forest habitat, recreation access, and significant resources lands.

FY2009 Financial Summary

Receipts

Three acquired forest land parcels totaling 49.52 acres were sold. Land sale revenues, except sale expenses, went to the state general fund, as legislatively mandated, for budget balancing. \$193,000 went to the general fund and \$11,613 was deposited in the land acquisition account from the sale of standing timber and to reimburse land sale expenses.

Expenditures

Parks and Trails expended 55 percent of the expenditures in this account. Forestry and Fish & Wildlife spent approximately 22 percent of the funds.

Fund Balance

This account is dependent upon land sales. Land sales are down due to a depressed real estate market. The Legislature directed that state agencies sell \$6.44 million of state owned lands by June 30, 2011, and most proceeds from the sale of acquired lands since 2003 have been deposited in the state general fund rather than in the Land Acquisition Account. A law enacted in 2009 prohibits the sale of land within the Outdoor Recreation System to meet the budget balancing law. The fund balance declined approximately 17 percent in FY2009.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$222,196
Prior year adjustment	\$4,828
Receipts	
Sale of land	\$161,347
Land sale service charge	29,900
Sale of standing timber	5,702
Other receipts ¹	<u>1,773</u>
Total receipts	\$198,722
Expenditures	
Parks and Trails	\$133,807
Forestry	53,031
Fish & Wildlife	<u>54,763</u>
Total expenditures	<u>\$241,601</u>
FY2009 Ending fund balance	<u>\$184,144</u>
Net change for FY2009	(\$38,052)

Notes

¹Other receipts: easements on DNR lands and loan interest.

FY2009 Activities and Accomplishments

Parks and Trails acquisition: Parks and Trails acquired lands with funds from the account including approximately 31 acres in Houston County for the Beaver Creek Valley State Park.

State Forest acquisition: The Division of Forestry used \$53,031 of the fund to acquire 62 miles of public access and 22 miles of forest management access to over 11,000 acres of state forest land in the Kabetogama State Forest in northern St. Louis County.

Fish & Wildlife Habitat acquisition: Wildlife acquires and manages a system of 1,429 Wildlife Management Areas (WMAs) totaling more than 1,277 acres, and Aquatic Management Areas (AMAs) that provide both habitat and angling access. These expenditures funded professional services related to WMA and AMA acquisitions.

Budget Trends FY2000 to FY2013

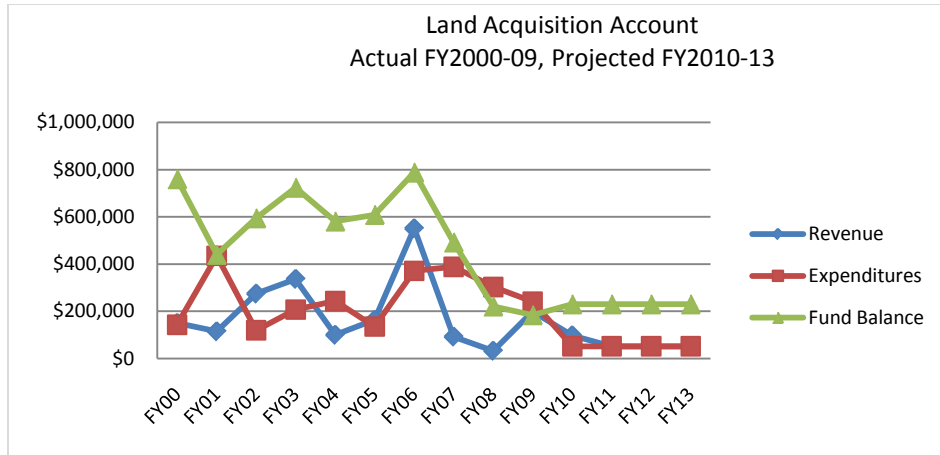
Land Acquisition Account revenues vary considerably from year to year. Revenues show a strong correlation to the real estate market. Since the real estate market essentially crashed in 2008, few of the land tracts offered for sale have sold, resulting in a marked decrease in the fund balance.

Legislation passed in 2005 and re-passed in 2007 and 2009 shifted revenues from land sales on acquired lands from this fund to the general fund to help balance the state budget (Laws of 2009, Ch. 37, Art. 2, Sec. 45) . Until the \$6.44 million in land sales statutory requirement is met, there will be a marked decrease in revenue to this fund, at least until June 30, 2011.

With a continued soft real estate market, expectations for fund revenues are low. A net decrease in the fund balance is expected, with land sale preparatory costs needing to be paid

Minnesota Department of Natural Resources

from other funding sources. The smaller fund balance is expected to result in no new land acquisitions in the near future. In future years, the fund balance is expected to remain below \$100,000 because amounts greater than that will be used to make real estate purchases when opportunities arise.



Additional Resources

Land Acquisitions

http://www.dnr.state.mn.us/lands_minerals/acquisitions.html

FY2009 report to the Legislature – land purchases and sales for the Land Acquisition Account

http://files.dnr.state.mn.us/lands_minerals/land_acquisition_account_report_09.pdf

DNR Acquisitions Informational Brochure

http://files.dnr.state.mn.us/lands_minerals/acquisitions_brochure2.pdf

Land Sale

http://www.dnr.state.mn.us/lands_minerals/landsale/index.html

State Forests

http://www.dnr.state.mn.us/state_forests/index.html

State Parks

http://www.dnr.state.mn.us/state_parks/index.html

Wildlife Management Areas

<http://www.dnr.state.mn.us/wmas/index.html>

Scientific and Natural Areas

<http://www.dnr.state.mn.us/snas/index.html>

Contacts

Division of Land and Minerals

http://www.dnr.state.mn.us/lands_minerals/contacts.html

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500 Lafayette Road

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Nongame Wildlife Management Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The Nongame Wildlife program was started in 1977. The Nongame Wildlife Checkoff and the Nongame Wildlife Management Account were established in 1980 legislation under M.S. 290.431. The principal objectives are the conservation of nongame wildlife species and management and conservation of their habitats. The program works to protect over 800 species of nongame wildlife including birds, mammals, reptiles, amphibians, fishes, and selected invertebrates such as butterflies and dragonflies. Examples of species that have benefited from the Nongame Wildlife's Program are the osprey, common loon, peregrine falcon, trumpeter swan, and bald eagle.

Sources and Uses of Funds

The principal source of funding for this program is contributions by taxpayers on their state income tax and property tax forms, sometimes referred to as the "Chickadee Checkoff." Individuals who file a state income tax return (M-1) or property tax refund claim (M1-PR) may donate to the Nongame Wildlife Program. Individuals designate on the form that \$1 or more will be added to the tax or deducted from a refund and credited to the Nongame Wildlife Management Account. These donations are tax deductible on the following year's tax form. Since 1989, corporations can also designate a contribution to the account (M.S. 290.432). The Nongame Wildlife Fund also benefits from direct donations to the account. These donations can be made through the DNR website and through estate donations that designate the Nongame Wildlife Program as a beneficiary.

The Nongame Wildlife Management Account is used solely for nongame wildlife management.

The Nongame Wildlife Management Program obtains additional project funds that match and supplement the funding received from state tax forms. Sources of additional money have included matching funds from federal State Wildlife Grants and from the Reinvest in Minnesota Critical Habitat Fund "Private Sector Matching Account" – which is derived primarily from the sale of conservation license plates. Other supplemental sources of funding have included DNR "lottery-in-lieu of tax" sales tax proceeds from the sale of state lottery tickets and Environmental Trust Fund allocations for projects recommended to be funded by the Legislative-Citizen Commission on Minnesota Resources (LCCMR) and approved by the Legislature. One such special project has been the creation of native plantings on lakeshores to enhance wildlife habitat and water quality.

FY2009 Financial Summary

Receipts

Revenues peaked in FY2007 and have continued to decline since then. The 2008 economic downturn is assumed to be largely responsible.

Expenditures

Expenditures in FY2009 exceeded revenues, by approximately \$92,500.

Fund Balance

The fund balance reached a peak in FY2008 and declined by approximately 6 percent in FY2009.

FY2009 Activities and Accomplishments

The six areas of emphasis for the Nongame Wildlife Program were:

- Habitat protection, bird conservation and management;
- Technical assistance;
- Educational programs, publications, and wildlife tourism;
- Research, surveys, and monitoring,
- Fundraising; and
- Operational planning.

Program priorities were aligned with Tomorrow's Habitat for the Wild and Rare, the State Wildlife Action Plan, which identifies species of greatest conservation need and key habitats on which they depend. The Nongame Wildlife Program collaborates with a large number of partners to carry out its work. For FY2009, habitat protection accomplishments included working with DNR forest managers for wildlife conservation on state forest lands, advising on proposals for land exchanges and conservation easements, nominating Important Bird Areas, and participating in the Lights Out/Bird Safe Program in cooperation with Audubon Minnesota. Staff time funded by the Nongame Wildlife Management Account was supplemented by project funds (State Wildlife Grants, Landowner Incentive Program, and Environmental Trust Fund) to install lakeshore buffer zones of native vegetation and conduct bluffland management for timber rattlesnakes in southeast Minnesota.

Technical assistance was provided in support of state forest planning and management, to private landowners for management of blufflands and savanna habitats, and to other governmental agencies related to wind energy development, off-highway vehicle planning, and peatland management planning.

Educational programs included six new nongame episodes of Venture North produced with WDSE-TV in Duluth. The website www.wildlifeviewingareas.com was expanded by 43 locations, making information for a total of 92 locations in Minnesota available for those seeking wildlife viewing opportunities over the web. The first-ever international birding trail in North America (the Pine to Prairie International Birding Trail) was created through collaboration with Conservation Manitoba, chambers of commerce in northwest Minnesota, and Explore Minnesota.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$1,457,386
Prior year adjustment	\$375
Receipts	
Donations from income tax return	\$1,091,819
Interest earnings	24,026
Other receipts ¹	47
Total receipts	\$1,115,892
Expenditures	
Ecological Resources	\$1,183,786
Conservations Corps Minnesota	25,000
Total expenditures	\$1,208,786
FY2009 Ending fund balance	\$1,364,866
Net change for FY2009	(\$92,520)

Notes

¹ Other receipts: credit agreement rebate.

Minnesota Department of Natural Resources

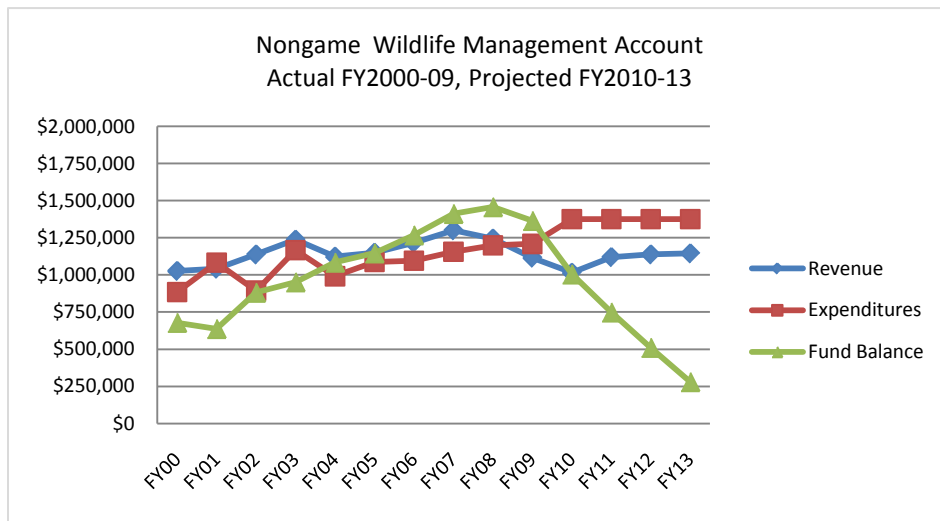
Research and surveys were conducted for a variety of nongame wildlife species of conservation concern, including northern goshawk, common loon, timber rattlesnake, Topeka shiner, and wood turtle. Information from these and other studies is being used to revise the state list of threatened and endangered species.

In the area of fundraising, in addition to continuing publicity for the tax checkoff, the Nongame Wildlife Program became responsible for promotion of Minnesota's conservation license plates. Revenue from the sale of conservation license plates is deposited in the Minnesota Critical Habitat Private Sector Matching Account, and some of those proceeds can be matched to Nongame Wildlife Checkoff donations.

Budget Trends FY2000 to FY2013

From FY2000 through FY2007, the number of contributors to the tax checkoff declined but the average contribution increased, resulting in a slight upward trend in revenue. Expenditures have increased more slowly, but have also trended slightly upwards. Minnesota's checkoff has been very successful compared to those in other states, currently generating more revenues than similar checkoffs in the states of New York and California combined. Contributing factors to this success have been a strong conservation ethic among Minnesota citizens, a strong state economy, and annual dedicated investments in publicizing program accomplishments and needs.

The fund balance is projected to decline further through FY2013. Continued use of creative strategies to increase checkoff revenue and supplemental funding will be needed to sustain or grow program efforts and outcomes.



Additional Resources

Nongame Wildlife Program

<http://www.dnr.state.mn.us/eco/nongame/index.html>

Statewide Nongame Projects

<http://www.dnr.state.mn.us/eco/nongame/projects/index.html>

Habitat projects

http://www.dnr.state.mn.us/eco/nongame/land_preservation/index.html

Research reports

http://www.dnr.state.mn.us/eco/nongame/projects/research_reports/index.html

Wildlife rehabilitation home page, organizations

<http://www.dnr.state.mn.us/eco/nongame/rehabilitation/organizations.html>

Tomorrow's Habitat for the Wild and Rare: Action Plan

<http://www.dnr.state.mn.us/cwcs/index.html>

License plates

<http://www.dnr.state.mn.us/features/plates/index.html>

Online donation to Nongame Wildlife program

<http://www.dnr.state.mn.us/eco/nongame/checkoff.html>

Contacts

Nongame Wildlife Program

Carrol Henderson

Carrol.henderson@state.mn.us

(651) 259-5104

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

E-mail: info.dnr@state.mn.us

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Telephone:

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(888) 646-6367

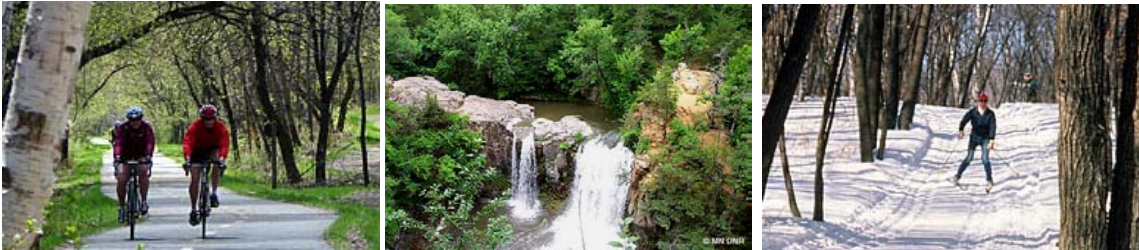
TTY: (651) 296-5484

TTY: (800) 657-3929

State Parks & Trails Account Metro Parks & Trails Grants Account Local Trails Grants Account Zoos Account

The “*Lottery in Lieu*”
accounts

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

Legislation enacted in 2000 provided that sales of state lottery tickets would be exempt from the sales tax. The legislation also provided that the lottery would make payments to the state treasury in lieu of the sales tax equal in amount to what would have been the sales tax on the gross proceeds of lottery ticket sales. These revenues are credited to various funds and accounts, among them the accounts listed above. These are the four DNR “lottery in lieu” (LIL) accounts in M.S. 297A.65.

Sources and Uses of the Funds

Under M.S. 297A.94 (e), 50 percent of the “lottery in lieu” receipts are credited to these four accounts. State Parks & Trails Account receives 22.5 percent; Metro Parks & Trails Account receives 22.5 percent; Local Trails Grants Account receives 3 percent; and the Zoos Account receives 2 percent. The funds must be used for specified purposes:

- State Parks and Trails Account (LIL) – money is spent only for state parks and trails
- Metropolitan Parks and Trails Account (LIL) – money is spent only for metro park and trails grants
- Local Trails Grants Account (LIL) – money is spent only for local trail grants and
- Zoos Account (LIL) – money is spent only by:
 - the Minnesota Zoological Garden,
 - the Como Zoo and Conservatory, and
 - the Duluth Zoo.

1. State Parks and Trails Lottery in Lieu (LIL)

The State Parks & Trails LIL account provides funds to maintain and operate state parks and trails.

FY2009 Financial Summary

Receipts

The State Parks & Trails LIL funding provided over \$5 million to help operate state parks and trails.

Expenditures

Expenditures by Parks and Trails for operations and maintenance of parks totaled approximately \$4.9 million.

Fund Balance

The fund balance increased by approximately 28 percent. Lottery receipts have been increasing for the last several years.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$721,127
Prior year adjustment	\$16,623
Receipts	
State Parks and Trails - Lottery in lieu	\$5,097,776
Other receipts ¹	34
Total receipts	\$5,097,810
Expenditures	
Parks and Trails	\$4,910,528
Total expenditures	\$4,910,528
FY2009 Ending fund balance	\$925,032
Net change for FY2009	\$203,905

Notes

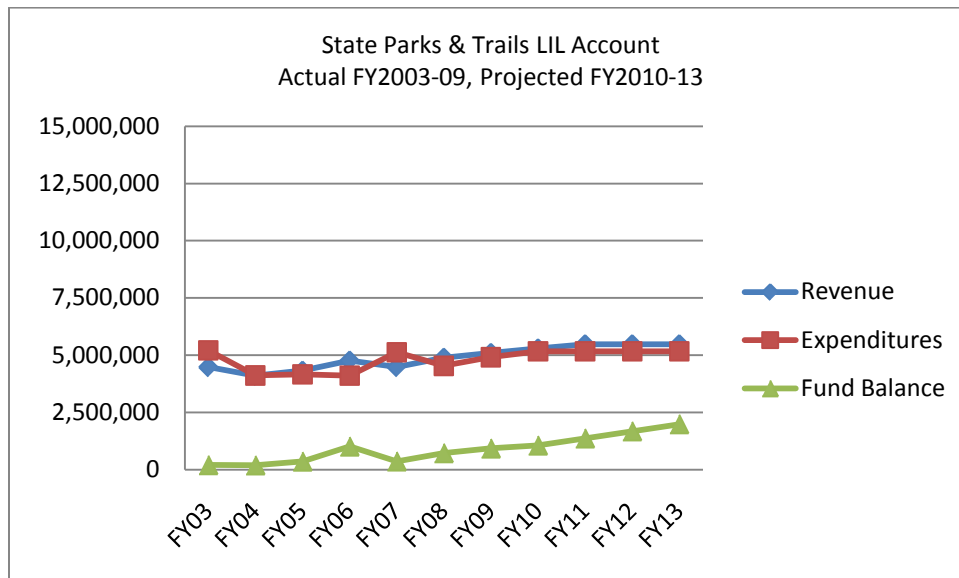
¹ Other receipts: credit agreement rebate.

FY2009 Activities and Accomplishments

The funding paid for staffing and other resources needed for management, protection, renewal, and rehabilitation of the state park and state trail system. The funds were also used for education, interpretation, and outdoor skills training to engage people in outdoor activities and encourage natural resource stewardship.

Budget Trends FY2000 to FY2013

Revenues and expenditures have been steady since FY2002. The fund balance has grown during the years since FY2002 and is projected to continue the growth through FY2013.



2. Metro Parks and Trails Lottery in Lieu (LIL)

The Metro Parks and Trails LIL funds are used by the Metropolitan Council to support the seven-county regional park system. This parks system includes 49 parks and park reserves and 6 special recreation features totaling about 53,000 acres open for public use. The system also has 29 regional trails totaling 177 miles. The funding pays for operational and maintenance costs on a cost reimbursement basis.

FY2009 Financial Summary

Receipts

Receipts in the Metro Parks and Trails LIL account were approximately \$5.1 million.

Expenditures

The Metropolitan Council received approximately \$4.9 million to support the metro parks and trails systems. In FY2009, the lottery-in-lieu funds represented about 56 percent of the funding provided by the legislature for metro parks (the other part is state general funds). The Metro Council allocated the Metro Parks & Trails funds to the metro region park boards. Recipients include the counties of Anoka, Washington, Ramsey, Scott, Carver, and Dakota; cities of St. Paul and Bloomington; the Minneapolis Park and Recreation Board; and the Three Rivers Park District.

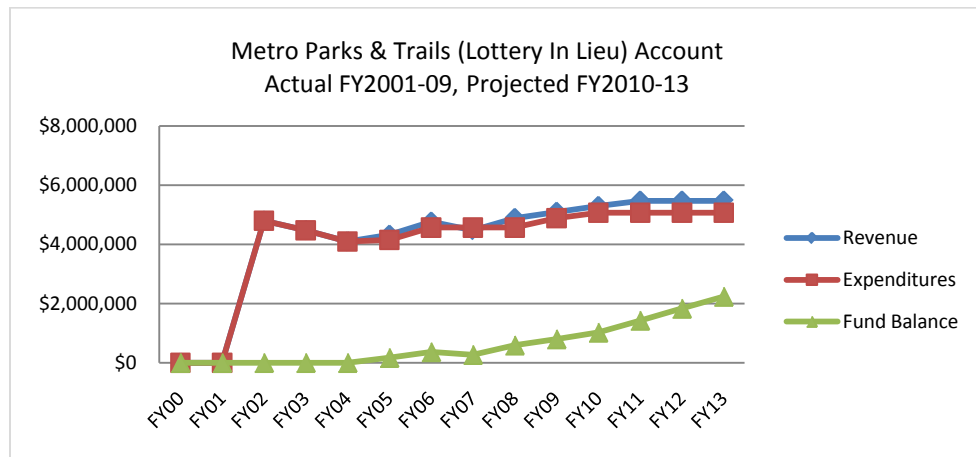
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$591,128
Prior year adjustment	0
Receipts	
Metro Parks - Lottery in lieu	\$5,097,776
Total receipts	\$5,097,776
Expenditures	
Parks and Trails	\$17,575
Met Council	4,870,000
Total expenditures	\$4,887,575
FY2009 Ending fund balance	\$801,329
Net change for FY2009	\$210,201

Fund Balance

The fund balance increased approximately 36 percent this year. Lottery receipts have been increasing for the last several years.

Budget Trends FY2000 to FY2013

Revenues and expenditures have been steady since FY2002. The fund balance has gradually increased since about FY2007 and is projected to continue to increase through FY2013.



Additional Resources

Metropolitan Council – Regional Parks

<http://www.metrocouncil.org/parks/index.htm>

<http://www.metrocouncil.org/parks/map/parksmmap.htm>

Contacts

Metropolitan Council

<http://www.metrocouncil.org/contact/contact.htm>

3. Local Parks and Trails Lottery in Lieu (LIL)

The Local Parks and Trails LIL grants are made to local units of government for the maintenance and operations of local parks and trails. Counties, cities, and towns are eligible for the grants. The FY2009 budgeted amount for the grants was \$750,000.

FY2009 Financial Summary

Receipts

The Local Parks & Trails LIL account receipts included the LIL funds and refunds of prior year expenditures, totaling approximately \$713,000.

Expenditures/Grants

Parks & Trails grants to local units of government totaled approximately \$714,000.

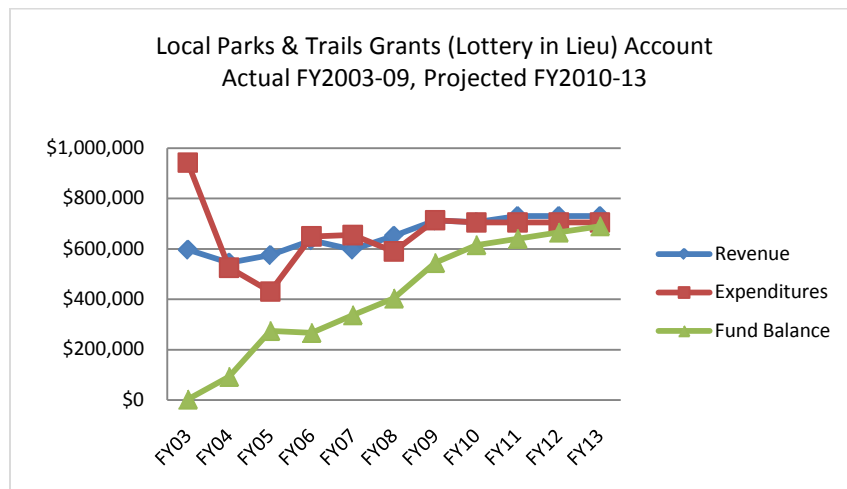
Fund Balance

The fund balance increased approximately 35 percent in FY2009. Lottery receipts have been increasing for the last several years.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$403,386
Prior year adjustment	\$142,776
Receipts	
Local Trails Grants - Lottery in lieu	\$679,703
Refunds of prior year expenditures	32,883
Total receipts	\$712,586
Expenditures	
Parks and Trails	\$714,363
Total expenditures	\$714,363
FY2009 Ending fund balance	\$544,385
Net change for FY2009	\$140,999

Budget Trends FY2000 to FY2013

Revenues and expenditures have been steady since FY2006. That trend is projected to continue through FY2013. The fund balance has been increasing steadily since FY2003, and that trend is projected to continue through FY2013.



4. Zoo Grants Lottery in Lieu (LIL) Account

The Zoo Grants LIL account is used to fund a portion of the operations of three zoos in the state – the Minnesota Zoo, Como Zoo, and the Duluth Zoo.

FY2009 Financial Summary

Receipts

Receipts for the Minnesota zoos LIL account totaled approximately \$453,000.

Expenditures

The three zoos named in the legislation receive pass-through appropriations to support operations and activities of the zoos. The Minnesota Zoo received \$138,000 and Como Zoo and the Duluth Zoo each received \$135,000. The Minnesota Zoo, Como Zoo, and the Duluth Zoo use the Zoo grant funds to help support general operations at the zoos.

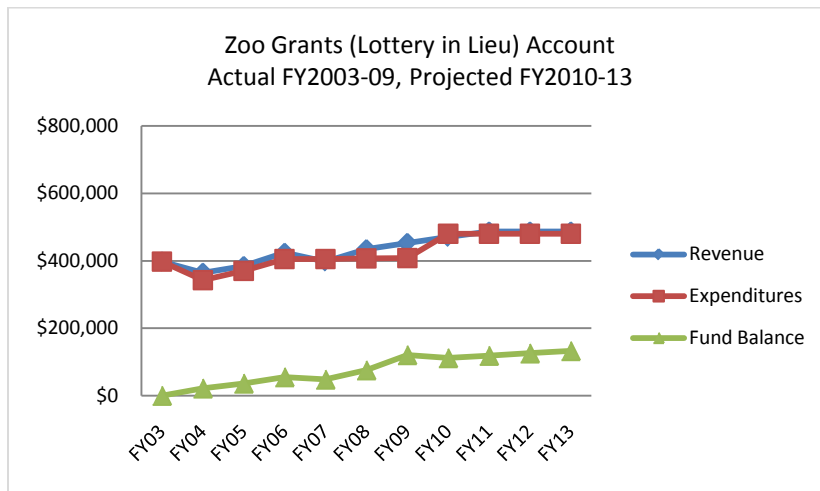
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$75,630
Prior year adjustment	0
Receipts	
Minnesota Zoos - Lottery in lieu	\$453,136
Total receipts	\$453,136
Expenditures	
Como and Duluth Zoos	\$270,000
Minnesota Zoo	138,000
Total expenditures	\$408,000
FY2009 Ending fund balance	\$120,766
Net change for FY2009	\$45,136

Fund Balance

The fund balance increased approximately 60 percent this year, to approximately \$121,000. Lottery receipts have been increasing for the last several years.

Budget Trends FY2000 to FY2013

Revenues and expenditures have increased from FY2003 to FY2009 and are projected to level off for FY2010 to FY2013. The fund balance has increased and is projected to further increase during this historical and projected period.



Additional Resources

DNR reports

<http://www.dnr.state.mn.us/aboutdnr/reports/index.html>

Strategic Conservation Agenda 2009-2013

<http://www.dnr.state.mn.us/conservationagenda/index.html>

State Comprehensive Outdoor Recreation Plan

<http://www.dnr.state.mn.us/aboutdnr/reports/scorp/index.html>

Minnesota State Parks Strategic Plan 2006-2011

http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf

Long range conservation plans and strategies – all DNR

<http://www.dnr.state.mn.us/strategies/index.html>

DNR publications

<http://www.dnr.state.mn.us/publications/index.html>

Management & Budget Services, Local Grants and Pass Through Appropriations

<http://www.dnr.state.mn.us/grants/index.html>

Recreation Grants

<http://www.dnr.state.mn.us/grants/recreation/index.html>

Parks & Trails

http://www.dnr.state.mn.us/trails_waterways/index.html

Contacts

Grants assistance

<http://www.dnr.state.mn.us/grants/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

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TTY: (800) 657-3929

State Parks Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



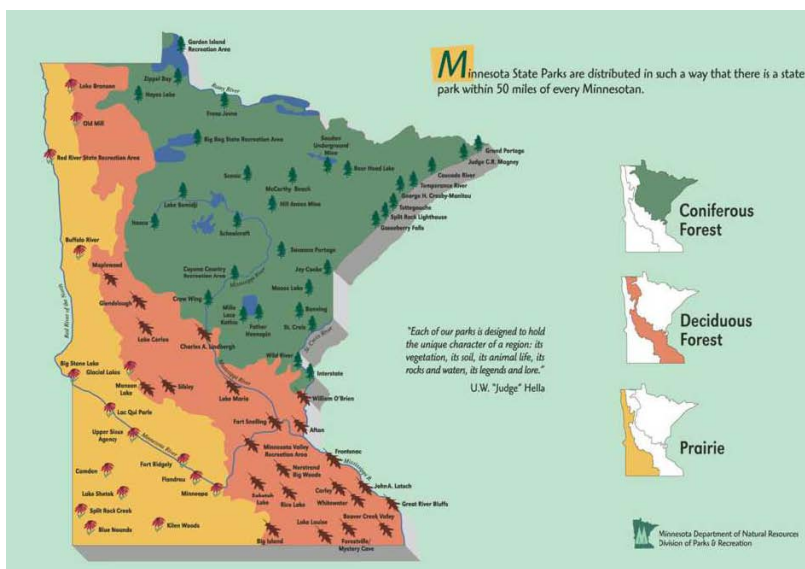
Creation and Purpose of the Account

The Department of Natural Resources (DNR) manages 67 state parks, 7 state recreation areas, 8 state waysides, and 54 state forest campgrounds/day use areas. The State Parks Account was established in statutes in 2000 under M.S. 85.052, subd. 4.

Sources and Uses of the Funds

Fees paid by visitors who purchase products and services within a state park, state recreation area, or wayside, and for special state park uses under M.S. 85.052, are credited to the State Parks Account. The fees are from sales of permits, camping fees, and other visitor-paid fees.

Money in the State Parks Account is available to operate and maintain the state park system, under M.S. 85.055, subd. 2, when appropriated by the legislature. Costs of the DNR electronic licensing system attributable to state park permits also comes out of this account. Funds from this account represented approximately 30 percent of the total budget for the state park system in FY2009.



State Parks System

FY2009 Financial Summary

Receipts

Receipts were from three principle sources: camping fees (49 percent), park permits (37 percent), and park facility rentals and concessions (13 percent).

Expenditures

Parks and Trails used the funds to operate and maintain the state's parks system, as directed by the legislature.

Fund Balance

The fund balance increased by approximately one percent this year. Revenues and expenditures have increased since last year.

FY2009 Activities and Accomplishments

The Division of Parks and Trails manage state parks, state recreation areas, state waysides, and state forest campgrounds/day use areas. The services provided included visitor services, resource management, interpretive services and environmental education, land acquisition, park development, park operations, archaeology, management and geographic information systems, emergency maintenance, and others.

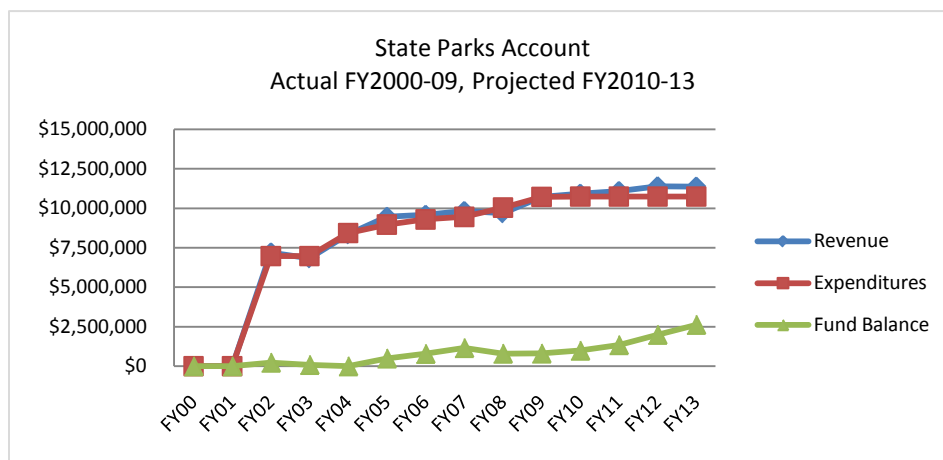
Budget Trends FY2000 to FY2013

Revenues and expenditures in the State Parks Account have grown at a steady pace since FY2002 and are projected to continue that trend from FY2010 to FY2013. The fund balance is projected to increase from FY2010 to FY2013.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$799,629
Prior year adjustment	0
Receipts	
Camping fees	\$5,195,994
Park permits	3,878,905
Park facilities rentals and concessions	1,301,340
Reservations and tours/golf/misc income	500,923
License issuing fee	691
Parks credit card service charges	(146,217)
Other receipts ¹	(3,426)
Total receipts	\$10,728,210
Expenditures	
Parks and Trails	\$10,694,625
Fish & Wildlife	592
Conservations Corps Minnesota	25,000
Total expenditures	\$10,720,217
FY2009 Ending fund balance	\$807,621
Net change for FY2009	\$7,993

Notes

¹ Other receipts: license credit card service charge, NSF charges.



Additional Resources

Minnesota State Parks

http://www.dnr.state.mn.us/state_parks/index.html

Minnesota State Parks Strategic Plan 2006-2011

http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf

Executive summary

http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan_exec.pdf

A Strategic Conservation Agenda

<http://www.dnr.state.mn.us/conservationagenda/index.html>

State Comprehensive Outdoor Recreation Plan (SCORP)

http://files.dnr.state.mn.us/aboutdnr/reports/scorp_final_3308.pdf

State Parks Recreation Grid

http://www.dnr.state.mn.us/state_parks/recgrid.html

State Parks Permits

http://www.dnr.state.mn.us/state_parks/permit.html

Reservations

http://www.dnr.state.mn.us/state_parks/reservations.html

State Park Studies

<http://www.dnr.state.mn.us/aboutdnr/reports/index.html#parks>

Outdoor Recreation Act

<https://www.revisor.mn.gov/statutes/?id=86A&view=chapter>

What's New at Minnesota State Parks?

http://www.dnr.state.mn.us/state_parks/whats_new.html

Contacts

Parks and Trails

http://www.dnr.state.mn.us/parks_recreation/staff.html

http://www.dnr.state.mn.us/trails_waterways/index.html

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

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State Land & Water Conservation (LAWCON) Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The State Land and Water Conservation (LAWCON) Account was established in 2001 under M.S. 116P.14. The law designates the Department of Natural Resources (DNR) as the state agency to apply for, accept, receive, and disburse federal reimbursement funds granted to Minnesota from the federal Land and Water Conservation Fund Act. The DNR's Division of Parks and Trails oversees the program and is the main liaison between the state and the National Park Service. To be eligible for funding, Minnesota prepares a Statewide Comprehensive Outdoor Recreation Plan (SCORP) that is updated every five years. The current plan covers 2008-2012.

Sources and Uses of the Funds

From 1965 to 2010, Minnesota has received \$70 million from the federal Land & Water Conservation Fund (approximately \$220 million in 2008 dollars). Minnesota Statute 116P.14 distributes fifty percent of each annual apportionment to projects developed, acquired, or maintained by local units of government. The State distributes these funds through the Outdoor Recreation, Regional Park, and Natural and Scenic Areas grant programs. The other fifty percent is allocated to state acquisition and development projects of the state outdoor recreation system as defined in M.S. 86A, and for administrative expenses necessary to maintain the state's eligibility for the federal Land & Water Conservation Fund grant program. Most of the state projects have been sponsored by the Department of Natural Resources, although some projects have been sponsored by the MN Historical Society, the University of Minnesota, and the MN Department of Transportation.

Each year, the State identifies the specific acquisition and development projects to which its annual federal LAWCON apportionment will be obligated. As the projects are completed, the federal LAWCON funds are reimbursed to the State. All money received by the State for local units of government is appropriated annually and reimbursed to the project sponsor. All money received for state agency projects is deposited in the State LAWCON account.

FY2009 Financial Summary

Receipts

LAWCON reimbursement for projects and costs was approximately \$199,000, and for local projects, approximately \$202,000.

Expenditures/Grants

The state portion was used by the Parks and Trails Division to fund an acquisition project at Splitrock Lighthouse State Park, a monitoring project for permanent easements along the state wild and scenic river corridors (26 percent), and for administrative expenses (28 percent). The local portion went entirely to local grants (46 percent).

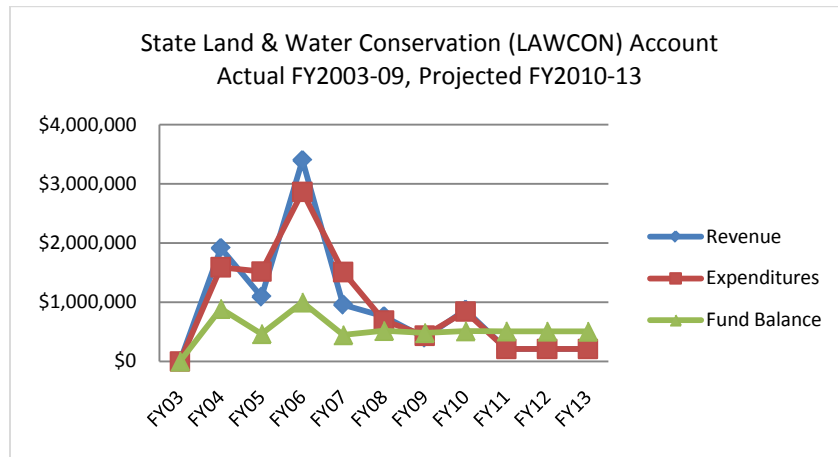
Balances	
FY2009 Beginning fund balance	\$518,478
Prior year adjustment	0
Receipts	
Federal Reimbursement	\$198,727
LAWCON Local reimbursement	201,949
Total receipts	\$400,676
Expenditures	
Parks and Trails	\$113,154
Operations Support	322,542
Total expenditures	\$435,696
FY2009 Ending fund balance	\$483,459
Net change for FY2009	(\$35,019)

Fund Balance

The fund balance declined by approximately seven percent this year. Expenditures exceeded revenues.

Budget Trends FY2000 to FY2013

The fund balance is projected to stay level through FY2013.



Additional Resources

Land and Water Conservation Fund (LAWCON) information page

<http://www.dnr.state.mn.us/aboutdnr/lawcon/index.html>

National Park Service, Land & Water Conservation Fund

<http://www.nps.gov/ncrc/programs/lwcf/index.htm>

2009 Land and Water Conservation Fund Annual Report (federal)

<http://www.nps.gov/ncrc/programs/lwcf/index.htm>

Statewide Comprehensive Outdoor Recreation Plan 2008-2012 (SCORP)

http://files.dnr.state.mn.us/aboutdnr/reports/scorp_final_3308.pdf

Parks and Natural Areas Funded by the Land & Water Conservation Fund (LAWCON) and MN Local Grants Programs

http://files.dnr.state.mn.us/aboutdnr/lawcon/lawcon_1.pdf

Contacts

DNR local grants managers

http://www.dnr.state.mn.us/grants/local_grants.html

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

For additional information about the Natural Resources Fund, contact the DNR:

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Cross-Country Ski Account

Natural Resources Fund

Fiscal Year 2009 Annual Report



Photos © Explore Minnesota Tourism, MN DNR

Creation and Purpose of the Account

The cross-country ski program was established in 1983 and moved to the Natural Resources Fund in 2004. Receipts from cross-country ski passes are deposited into this account and used for maintenance and grooming of cross country ski trails.

Sources and Uses of the Funds

M.S. 85.43 provides that money deposited in the Cross-Country Ski Account is to be used for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts.

The Minnesota Department of Natural Resources (DNR) administers 1,400 miles of state-operated and grant-in-aid cross-country ski trails statewide. By purchasing a ski pass, cross-country skiers support the maintenance and grooming of these cross-country ski trails. Most grant-in-aid cross-country ski trails are maintained by local ski club volunteers.

FY2009 Financial Summary

Receipts

Revenue was down from last fiscal year by approximately 13 percent. This activity is dependent upon snowfall.

Expenditures

Grants-in-aid are approximately 91 percent of the expenditures in this account. Issuance fees retained by the DNR License Center/Electronic Licensing System (ELS) or merchants based on where ski permits are purchased make up 7 percent of expenditures. This money is used for maintenance of the ELS.

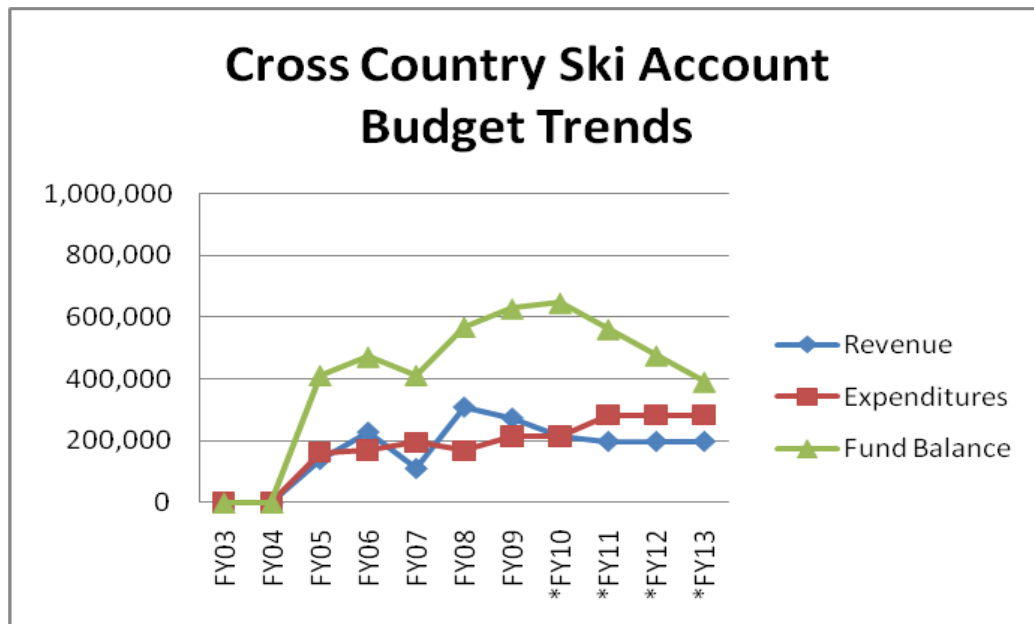
Grants

Grants-in-aid recipients for this year included fifteen counties, nine cities and one township.

Fund Balance

The fund balance increased by approximately 10 percent this year. Revenues were down this year but they exceeded expenditures.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$569,967
Prior Year Adjustments	1,000
Receipts	
Cross-Country Ski permits	\$249,362
License issuing fee	23,525
Interest earnings	368
Other receipts	(729)
Total receipts	\$272,526
Expenditures	
Parks and Trails	\$201,045
Fish & Wildlife	13,327
Total expenditures	\$214,372
FY2009 Ending fund balance	\$629,121
Net change for FY2009	59,154



Minnesota Department of Natural Resources

Additional Resources

Minnesota DNR cross-country ski link
www.mndnr.gov/skiing/index.html

Purchase a cross-country ski pass online
<http://www.dnr.state.mn.us/licenses/skipass/index.html>

Cross Country Ski Trail Grants-in-Aid (GIA)
Ski capital improvement grants 2010
Non-DNR Websites
http://www.dnr.state.mn.us/grants/recreation/gia_crosscountry.html

Contacts

Program Coordinator
Andrew.Korsberg@state.mn.us

DNR Home Page
<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices
<http://www.dnr.state.mn.us/aboutdnr/index.html>

E-mail: info@dnr.state.mn.us

Website:
<http://www.mndnr.gov/contact/index.html>

Telephone:
(651) 296-6157
(888) 646-6367
TTY: (651) 296-5484
TTY: (800) 657-3929

Location:
500 Lafayette Road
St. Paul, MN 55155-4040

Forestry Management Investment Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The Forestry Management Investment Account (FMIA) was established in 2004 in M.S. 89.039 to create a direct connection between state timber program revenues and expenditures. Prior to the establishment of FMIA, state timber receipts were deposited in the state general fund and the Division of Forestry's timber program was supported entirely from the general fund.

Sources and Uses of the Funds

The primary source of FMIA funds are revenues earned from state land timber management and related activities. The Division of Forestry manages 4.2 million acres of state owned forest land including approximately 2.9 million acres of commercial timberland. Some 800,000 to 900,000 cords of wood are offered for sale annually with harvests focused on maintaining and improving forest health and productivity. On average, 40,000 acres of commercial timberland are harvested each year, supplying the state's forests with quality wood fiber. Some timber sales and related activities generate direct revenues for the Division of Forestry, Division of Fish & Wildlife, the School/University Trust, and northern Minnesota counties.

FMIA dollars can be spent, subject to appropriation by the Legislature, in accordance with the forest management policy and plan, for these purposes:

- State timber sales planning, layout, and administration, contract marking of commercial thinning sales, cultural resource reviews, and other timber sales costs;
- State land reforestation and timber stand improvement, including forest pest management; and
- State forest road maintenance costs that exceed appropriations under M.S. 89.70.

FY2009 Financial Summary

Receipts

The Forest Management Investment Account (FMIA) received \$4.3 million in revenue attributable to forestry products on acquired state land. Other timber revenue is deposited into the school/university trust accounts, game & fish fund, general fund, and to Minnesota counties, based on the type of land the timber was harvested from.

Expenditures

The FMIA incurs costs associated with forest management and related activities on all land types, then collets reimbursement from other accounts based on costs certified through the "Transfer Certification Report" required by M.S. 16A.125.

The legislature appropriated \$18.3 million from the FMIA in 2009 to support these activities. In mid-2008, the division implemented a fiscal strategy that reduced planned expenditures by \$5.4 million through FY2009 because of the dramatic downturn in Minnesota's forest-based economy and lower than anticipated FMIA receipts. An additional \$1 million in spending reductions were implemented for FY 2010.

Fund Balance

In FY2009, the fund balance declined from \$5.8 million to \$1.4 million (approximately 76 percent) due to a combination of reduced timber revenues and increased costs.

FY2009 Activities and Accomplishments

State timber sales generated gross stumpage revenues of \$19.5 million. \$4.3 million was generated on state lands and deposited into the FMIA. An additional \$1.87 million is 50% of the revenue generated from tax forfeited lands and was transferred to the FMIA in 2009. The other 50% of revenue generated from tax forfeited lands was transferred to the counties in 2009.

Forest management activities supporting the generation of this timber sales revenue include issuing permits to harvest timbers, reforestation, site preparation for regeneration, seedling protection, timber stand improvement, native plant community classifications, and state forest road maintenance.

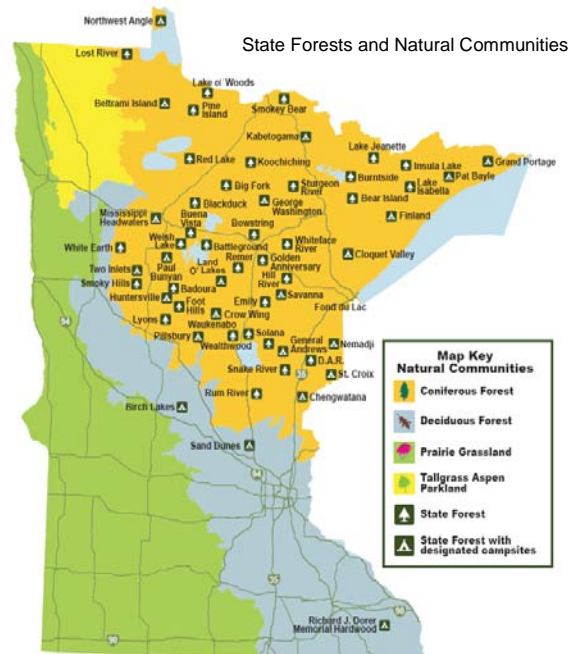
Budget Trends FY2000 to FY2013

The FMIA was created at a time when state timber revenues were spiking upward as a result of the U.S. housing construction boom and general economic prosperity. The account balance peaked near the end of FY2007 at approximately \$9 million. Declines followed in FY2008 and FY2009 as forest products manufacturing and timber values dropped along with housing and financial markets. Planned expenditures are being adjusted to accommodate flat revenue expectations through FY2013.

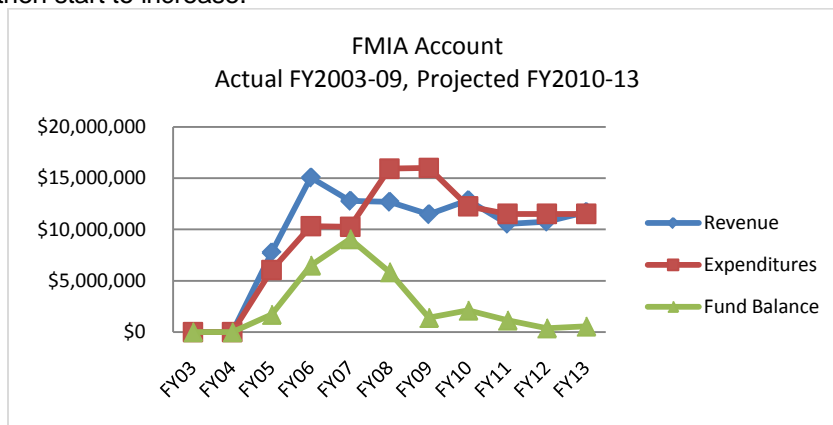
Revenues, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$5,848,635
Prior year adjustment	\$78,404
Receipts	
Timber sales, interest & penalty	\$4,327,630
Interest earnings	62,324
Other receipts ¹	72
Transfer in: CON CON areas account	1,874,581
Transfer in: University susp account	40,385
Transfer in: School suspense account	5,180,834
Total receipts and transfers in	\$11,485,826
Expenditures	
Forestry	\$15,990,180
Conservations Corps Minnesota	25,000
Total expenditures	\$16,015,180
FY2009 Ending fund balance	\$1,397,685
Net change for FY2009	(\$4,450,951)

Notes

¹ Other receipts: credit agreement rebate.



Wood demand and pricing are dependent on economic trends, financial markets, and housing starts. As of May 2010, the Division of Forestry had 2.1 million cords under permit with a book value of \$45.5 million, or an average of \$21.84 per cord book value. Approximately 100,000 cords under permit are expected to forfeit in FY2011. Based on a risk adjusted volume and value of wood under permit, state timber revenues are expected to be flat at approximately \$17 million for the next three fiscal years, then start to increase.



Additional Resources

Minnesota Forests for the Future, April 2008

http://files.dnr.state.mn.us/assistance/backyard/forestlegacy/forestsfortheFutureReport_2008.pdf

Forest Management Investment Account, Quarterly Report/Financial Statement, September 30, 2009

http://files.dnr.state.mn.us/aboutdnr/reports/legislative/quarterly_fmia_909.pdf

June 30, 2009

http://files.dnr.state.mn.us/aboutdnr/reports/legislative/quarterly_fmia_0609.pdf

April 30, 2009

http://files.dnr.state.mn.us/aboutdnr/reports/legislative/quarterly_fmia_409.pdf

January 28, 2009

http://files.dnr.state.mn.us/aboutdnr/reports/legislative/forest_mgt_09.pdf

2010-2011 Biennial Budget Fact Sheet – Forest Management Activities

<http://files.dnr.state.mn.us/aboutdnr/legislativeinfo/biennial-budget-factsheets/2009/for-forest-management-activities.pdf>

Contacts

Division of Forestry

<http://www.dnr.state.mn.us/forestry/index.html>

<http://www.dnr.state.mn.us/areas/forestry/index.html>

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

E-mail:

info.dnr@state.mn.us

Website:

<http://www.dnr.state.mn.us/contact/index.html>

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Natural Resource Dedicated Receipts Account

Natural Resources Fund
Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The Natural Resources Dedicated Receipts Account is the repository for the statutorily-appropriated dedicated accounts in the Natural Resources Fund. Each individual component account is accounted for separately according to its statutory authorities and requirements.

Account:

- Forest Resource Assessment Products and Services Account
- Horse Trail Account
- Burning Permit Account
- Forest Bough Account
- Water Permit and Inspection Account
- Land Management Account
- License Center and Electronic Licensing System

Statute

M.S. 89.421
M.S. 85.46
M.S. 88.17
M.S. 88.6435
M.S. 103G.301
M.S. 92.685
M.S. 84.027, subd. 15

Sources and Uses of the Funds

Fund sources and uses for the accounts are described in the following pages. Revenues, expenditures, and fund balances are also included in the combined and individual account descriptions.

FY2009 Financial Summary

The two charts show the combined NR Dedicated Receipts accounts, first, totaled by DNR divisions in which they operate and, second, in a consolidated account statement. The individual accounts are presented after the charts.

Receipts

Approximately 88 percent of the total receipts in the Dedicated Receipts Account were from the Forestry Resource Assessment Products and Services Account. Next largest are the Horse Trail Pass Account (8 percent) and the Water Inspection Account (3 percent).

Expenditures

Approximately 89 percent of the expenditures in the NR Dedicated Receipts Account were made by the Division of Forestry (Resource Assessment account). The Division of Parks & Trails and the Division of Waters each had accounts that totaled about 5 percent of the total expenditures in the combined Dedicated Receipts Account.

Fund Balance

The fund balance increased by approximately 6 percent this year, due to the carryover of unexpended funds from FY2008. Without the carryover, expenditures exceeded revenues by approximately \$5,200.

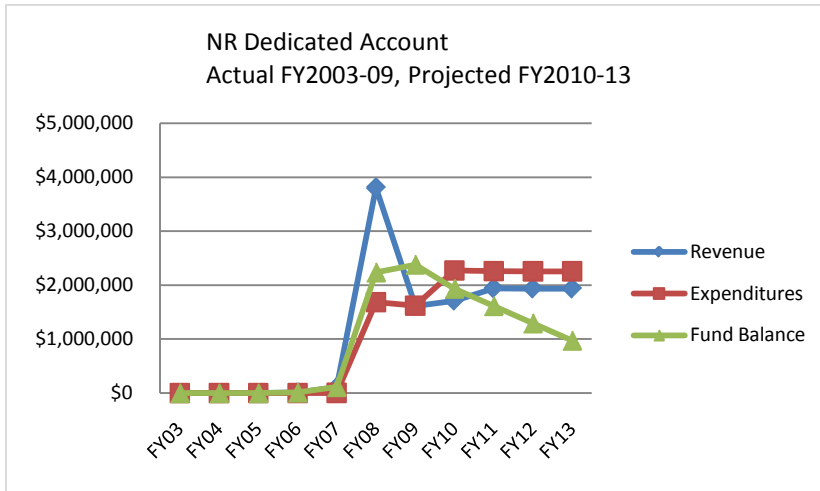
Receipts, Expenditures, and Fund Balances <i>Combined Accounts, Grouped by DNR Division</i>				
	Beg. Bal.	Receipts	Expenditures	End Bal.
Lands & Minerals	\$20,230	\$640	\$0	\$20,870
Waters	\$38,748	50,235	88,983	0
Forestry	\$2,157,974	1,426,875	1,443,523	\$2,141,326
Parks & Trails	\$149,733	121,689	80,982	\$190,440
Fish & Wildlife	\$18,964	14,914	6,068	\$27,810
Totals	\$2,385,650	\$1,614,353	\$1,619,556	\$2,380,447

Note: Beginning balances include prior year adjustments.

Receipts, Expenditures, and Fund Balances <i>Consolidated Accounts</i>	
FY2009 Beginning fund balance	\$2,236,587
Prior year adjustment	\$149,063
Receipts	
Water fees, inspection fees	\$50,235
Easement, water & land crossing licenses on DNR lands	640
Fire burn permits	19,626
Decorative bough balsam permit	1,019
Other forestry receipts	1,406,231
Horse trail pass	121,687
License issuing fee	14,230
Interest earnings	684
Total receipts	\$1,614,352
Expenditures	
Lands and Minerals	0
Waters	\$88,983
Forestry	1,443,523
Parks and Trails	80,982
Fish & Wildlife , License Center/ELS	6,068
Total expenditures	\$1,619,556
FY2009 Ending fund balance	\$2,380,447
Net change for FY2009	\$143,859

Budget Trends FY2000 to FY2013

Projected expenditures which are based on current law from FY2010 through FY2013 exceed projected revenues, resulting in a projected declining fund balance through FY2013.



1. Forest Resource Assessment Products and Services Account

Division of Forestry

Statutory Authority

The Forestry Resource Assessment Products and Services Account were established in 2007 in M.S. 89.421. Sales of forest resource assessment products and services to internal DNR customers and to organizations/persons outside the department are authorized in three sections of statutes (M.S. 84.025, subd. 9; M.S. 84.026; and M.S. 84.0855).

Sources and Uses of Funds

The Resource Assessment Office provides “core” forestry resource assessment services for the Division of Forestry and conducts similar projects for DNR programs and outside organizations on a fee-for-service basis. The office also sells photographic and map products to the general public. Products and services include forest inventory survey design, data collection, and compilation; creation of data layers; and remote sensing (aerial photography, satellite imagery, and analysis, GIS services, image processing, aerial photo rectification). Revenues from all sales are credited to the Forest Resource Assessment Products and Services Account. The funds credited to the account pay for the operations of the program.

FY2009 Financial Summary

Receipts

Total receipts from sales of products and services totaled about \$1.4 million in FY2009. Most of the work was conducted for the Division of Forestry (core services), although other divisions in the DNR, other state agencies and units of local government, and others, purchased forest resource assessment services and products. In FY2009, the Resource Assessment Office received 22 percent of Forestry core program support funding.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$2,142,434
Receipts	
Resource Assessment forestry receipts	\$1,406,231
Expenditures	\$1,443,503
FY2009 Ending fund balance	\$2,105,162
Net Change for FY2009	(\$37,272)

Expenditures

Expenditures in FY2009 were approximately \$1.4 million. The office conducted more than 20 projects in FY2009 for a variety of customers and purposes. For example, as part of state land asset management, the DNR's goal is to conduct a complete re-inventory of DNR commercial forestlands every 15 years. Toward that goal, the Resource Assessment Office in FY2009 re-inventoried about 126,000 acres. The office also conducts annual surveys of forest land for the National Forest Inventory and Analysis (FIA) Program. The office acquired aerial photographs of 12,000 square miles of forestland and provided technical services for remote sensing (satellite) and forest resource data collection.

Fund Balance

The ending fund balance for FY2009 was approximately 2 percent lower than the starting balance, reflecting that expenditures exceeded revenues for the year by approximately \$37,000.

Additional Resources

Citizens Guide to Forestry: Resource Assessment

http://files.dnr.state.mn.us/forestry/citizens_guide/citizensguide_chapter6.pdf

View Air Photos Online

<http://www.dnr.state.mn.us/airphotos/index.html>

View Satellite Images Online

<http://www.ra.dnr.state.mn.us/imageview/>

Contacts

Resource Assessment Office and ForNet Applications

<http://www.ra.dnr.state.mn.us/>

<http://www.dnr.state.mn.us/forestry/fornet/index.html>

Resource Assessment Office

Grand Rapids

(218) 327-4449

(218) 327-4517 (fax)

2. Horse Trail Account

Division of Parks and Trails

Statutory Authority

The Horse Trail Account was authorized in 2006 and effective Jan. 1, 2007 (M.S. 85.46). The horse trail pass is similar to other DNR passes, such as cross-country skiing passes. Persons 16 years old or older must have in their immediate possession a valid horse trail pass when they ride, lead, or drive a horse on land administered by the commissioner of the DNR (passes are not required on forest roads. A new commercial annual horse trail pass was established, effective January 2, 2010. The new pass will enable commercial riding facility owners to purchase horse trail passes that can be issued to riders that hire or rent horses from the facility.

Sources and Uses of Funds

Revenues from the sale of the horse trail passes are deposited into a dedicated account to address equestrian needs in the state-owned areas where the pass is required. The DNR manages more than 1,000 miles of horse trails and more than 500 horse campsites. The DNR works with an Equestrian Advisory Group on the horse trail pass program.

FY2009 Financial Summary

Receipts

Horse trail pass receipts in FY2009 totaled approximately \$122,000.

Expenditures

Expenditures in FY2009 from the account were approximately \$81,000. In the first three years of the account's operation, the horse trail pass generated \$318,272 for horse trail and equestrian facility improvements at state-owned facilities. The location of projects paid from this account included ten locations in state forests, parks and recreation areas. See the descriptions of projects in the resource list below.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$149,733
Receipts	
Horse trail pass	\$121,687
Expenditures	<u>\$80,982</u>
FY2009 Ending fund balance	\$190,439
Net Change for FY2009	\$40,705

Fund Balance

Revenues exceeded expenditures by approximately 50 percent, and the fund balance increased by approximately \$41,000, or 27 percent, in FY2009.

Additional Resources

Horseback riding

http://www.dnr.state.mn.us/horseback_riding/index.html

Frequently asked questions about the horse trail pass

http://www.dnr.state.mn.us/horseback_riding/horsepass.html

Horse Trail Pass at Work (list of projects for FY2009)

http://files.dnr.state.mn.us/recreation/horseback_riding/horse_pass_projects.pdf

State Forest Horse Campgrounds and Trails

http://files.dnr.state.mn.us/recreation/horseback_riding/stateforest_horse_camp_trails.pdf

Purchase horse trail passes (electronic licensing center)

<http://www.dnr.state.mn.us/licenses/agents.html>

Contacts

DNR Information Center, 651-296-6157 (888-646-6367 toll-free)

3. Burning Permit Account

Division of Forestry

Minnesota's first forest protection efforts began in 1895 when the legislature enacted the Forest Preservation Act. The law was passed after the Hinckley fire of 1894 that killed more than 450 people. The Burning Permit Law was passed in 1918 after another forest fire destroyed Cloquet and most of Moose Lake. Before that, people could burn without restrictions. In 1993, the Division of Forestry of DNR was given complete responsibility for all aspects of open burning in Minnesota. The system of permits and fire warden enforcement reduces the incidence of wildfires.

Statutory Authority

The burning permit account was established in 2004 legislation (M.S. 88.17).

Sources and Uses of Funds

All burning permit fees collected pursuant to M.S. 88.17 are deposited in the Burning Permit Account. The funds are used to cover the costs of operating the burning permit system.

FY2009 Financial Summary

Receipts

Burning permits receipts in FY2009 were approximately \$20,000.

Expenditures

No expenditures were incurred in 2009. The balance will cover burning permit system expenditures in the 2010-11 biennium.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$7,871
Receipts	
Fire burn permits	\$19,626
Expenditures	\$0
FY2009 Ending fund balance	\$27,497
Net Change for FY2009	\$19,626

Fund Balance

The sale of more than \$19,000 of burning permits – and no expenditures in FY2009 – increased the year-end fund balance to approximately \$27,500.

Additional Resources

Burning permits information

<http://www.dnr.state.mn.us/forestry/fire/questions.html>

Apply for a burning permit

http://webapps1.dnr.state.mn.us/burning_permits/

Statewide fire danger

http://www.dnr.state.mn.us/forestry/fire/firerating_restrictions.html

Contacts

Any DNR Forestry Office

<http://www.dnr.state.mn.us/areas/forestry/index.html>

4. Forest Bough Account

Division of Forestry

Statutory Authority

Bough buyers permitting were created in law in 2002 to help guide the sustainable harvest of boughs. The Forest Bough Account was established in 2004, in M.S. 88.6435.

Sources and Uses of Funds

Fees from the sale of permits issued to bough buyers are deposited in the forest bough account. The funds are used to pay the costs associated with balsam bough educational programs for harvesters and buyers. Permits are available through the DNR's Electronic Licensing System at any location where hunting and fishing licenses are sold.

FY2009 Financial Summary

Receipts

Receipts from the sale of forest boughs totaled approximately \$1,000 in FY2009.

Expenditures

The money in this account is used for educational programs and information provided to harvesters and buyers.

Fund Balance

The fund balance increased by approximately \$1,000, approximately 13 percent, during FY2009.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$7,670
Receipts	
Decorative bough balsam permit	\$1,019
Expenditures	\$20
FY2009 Ending fund balance	\$8,669
Net Change for FY2009	\$999

Additional Resources

Balsam Bough Harvesting: Doing it Right for the Future

<http://www.dnr.state.mn.us/treecare/maintenance/balsamharvest.html>

Balsam Bough Regulations: Pocket Guide

http://files.dnr.state.mn.us/forestry/um/balsamboughregulation_pocketguide.pdf

Taking a Bough: Minnesota's Balsam Bough Industry

<http://files.dnr.state.mn.us/forestry/um/takingbalsambough.pdf>

Minnesota Special Forest Products Harvest-to-Market Directory, Sep. 2008 (harvesters and buyers)

http://files.dnr.state.mn.us/forestry/um/sfp_hm_directory.pdf

Contacts

Any DNR Forestry Office

<http://www.dnr.state.mn.us/areas/forestry/index.html>

5. Water Permit and Inspection Account

Division of Waters

Statutory Authority

The DNR is required to review proposed projects that need water in excess of 100 million gallons per year, and to assess fees to recover the costs of review and inspections (M.S. 103G.301). This permitting and inspection work is necessary to ensure the long-term sustainability of Minnesota's surface water and groundwater resources.

Sources and Uses of Funds

Fees are charged to applicants who propose to use large quantities of water as specified in the legislation. The responsibilities of Water Resource Management include project planning, environmental reviews, permit application reviews, and studies to assess the adequacy of the water resource and potential natural resource impacts. The receipts are credited to the Water Permit and Inspection Account to recover the costs incurred for the environmental review and permitting activities.

FY2009 Financial Summary

Receipts

Water permitting and inspection fees, charged according to a standard fee schedule, totaled a little over \$50,000 in FY2009. The Division of Waters permits and monitors about 7,000 large water users.

Expenditures

Expenditures for all activities in the program for FY2009 totaled approximately \$89,000.

Fund Balance

Expenditures exceeded revenues by approximately \$39,000, and the fund balance at the end of the year was brought to zero.

Additional Resources

DNR water permits

<http://www.dnr.state.mn.us/permits/water/index.html>

Water use permits

http://www.dnr.state.mn.us/waters/watermgmt_section/appropriations/permits.html

Water permit applications and other forms

<http://www.dnr.state.mn.us/waters/forms.html>

Division of Waters – home page

<http://www.dnr.state.mn.us/waters/index.html>

Contacts

Water-related permit contacts

http://www.dnr.state.mn.us/permits/water/water_permit_contacts.html

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$38,748
Receipts	
Water fees, inspection fees	\$50,235
Expenditures	<u>\$88,983</u>
FY2009 Ending fund balance	\$0
Net Change for FY2009	(\$38,748)

6. Land Management Account

Division of Lands and Minerals

Statutory Authority

The Land Management Account was created in 2005 to cover the costs for the DNR to administer the road easement program under M.S. 84.631 (road easements across state lands). Starting in FY2009, the statutory language was amended to add responsibilities to issue and monitor utility licenses under M.S. 84.415; prepare conveyances of interests in lands to state, local, or federal governments under M.S. 84.63; prepare conveyances of unneeded state easements (easement releases) under M.S. 84.632; and prepare easements for access and egress to state trails under M.S. 85.015, subd. 1b. (M.S. 92.685).

Sources and Uses of Funds

Fees collected and credited to this account are received in conjunction with the services provided in reviewing easement applications and supplemental applications, preparing easements or easement releases, monitoring, and related actions. The account funds are expended to cover the costs of activities specified in each section of the statutes listed above.

FY2009 Financial Summary

Receipts

FY2009 receipts into this account totaled \$640.

Expenditures

No expenditures were made from the account in FY2009.

Fund Balance

The fund balance increased by the amount of revenues collected, \$640, increasing the fund balance by approximately 3 percent.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$20,230
Receipts	
Easement, water & land crossing licenses on DNR lands	\$640
Expenditures	\$0
FY2009 Ending fund balance	\$20,870
Net Change for FY2009	\$640

Additional Resources

Acquisitions

http://www.dnr.state.mn.us/lands_minerals/acquisitions.html

Information brochure

http://files.dnr.state.mn.us/lands_minerals/acquisitions_brochure2.pdf

Easement across state land

http://www.dnr.state.mn.us/permits/road_crossing/index.html

Leases, licenses, and easements

http://www.dnr.state.mn.us/lands_minerals/leases.html

Application for easement across state land

http://files.dnr.state.mn.us/rlp/permits/road_crossing/easement_application.pdf

Utility crossing licenses

http://www.dnr.state.mn.us/permits/utility_crossing/index.html

Contacts

Lands and Minerals regional operations staff

http://www.dnr.state.mn.us/lands_minerals/regionalops.html

7. License Center and Electronic Licensing System (ELS)

Division of Fish & Wildlife – License Center and ELS

Statutory Authority

The Division of Fish & Wildlife maintains the License Center and Electronic Licensing System authorized in M.S. 84.027.

The License Center issues licenses, permits, registrations, passes, and processes other transactions through a Web-based Electronic Licensing System available from 173 registration agents (deputy registrars). The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Currently 135 types of transactions are available online.

Sources and Uses of Funds

Several of the Natural Resources Fund accounts make use of the ELS: Water Recreation, Snowmobile, All-Terrain Vehicle (ATV), Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), State Parks, Cross Country Ski, and Natural Resource Dedicated Receipts.

The money deposited into this account comes from issuing fees collected on the sale of licenses and permits deposited into the NR Dedicated Receipts account to provide support for operation of the licensing system.

FY2009 Financial Summary

Receipts

Receipts from the issuing fees and interest on the account totaled approximately \$15,000.

Expenditures

The online licensing system had expenditures from this account of approximately \$6,000.

Fund Balance

Receipts exceeded expenditures in FY2009, resulting in an increase in the fund balance of approximately \$8,800, or 47 percent.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$18,964
Receipts	
License issuing fee & interest earnings	\$14,914
Expenditures	\$6,068
FY2009 Ending fund balance	\$27,810
Net Change for FY2009	\$8,846

Additional Resources

Online licenses

https://jc.activeoutdoorsolutions.com/mn_customer/app/goHome.do

Online permits

<http://www.dnr.state.mn.us/permits/index.html>

License agents

<http://www.dnr.state.mn.us/licenses/agents.html>

License Center statistics

http://files.dnr.state.mn.us/rlp/stats_2009.pdf

Contacts

Division of Fish & Wildlife (DNR Central Office)

500 Lafayette Road, Box 20

St. Paul, MN 55155

email: info.dnr@state.mn.us

phone: 651-259-5180

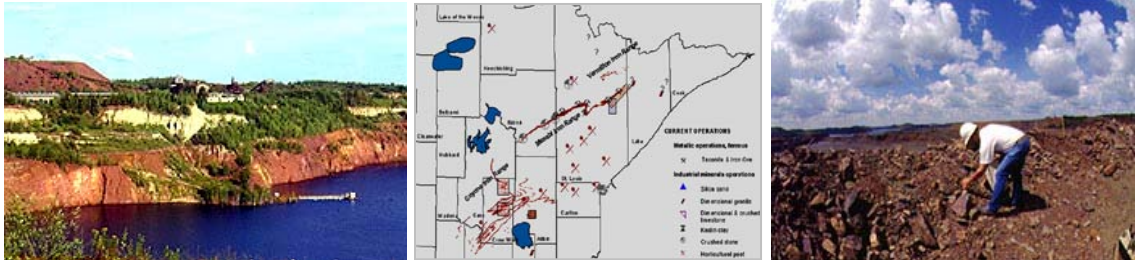
DNR Home Page

<http://www.dnr.state.mn.us/index.html>

Minerals Management Account

Natural Resources Fund

Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The 2005 legislature created the Minerals Management Account in M.S. 93.2236. Mineral management responsibilities include issuing leases for exploration and mining, negotiating lease rates and managing revenue transactions related to mining and exploration. The program also provides technical assistance to local governments on mineral resources and mining issues.

Sources and Uses of the Funds

Revenues from state mineral leases are collected from mining companies and distributed in accordance with state law to benefit the schools, the university, and the local taxing districts. The Minerals Management program objective is to maximize mineral lease revenues for the Permanent School Fund, the Permanent University Fund, and local units of government.

The funds and accounts that directly benefit from mineral income pay for a portion of the costs of state minerals lease and ownership activities. Twenty percent of the payments made under all state mineral leases are credited to this account to pay the costs associated with the administration and management of the state's mineral resources. Money in the account is appropriated by the legislature to the commissioner for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Permanent School Fund

The DNR manages 2.5 million acres of school trust lands, and an additional one million acres of school trust mineral rights. The school trust lands derive from three federal land grants in the early years of statehood. Sections 16 and 36 of each public land survey township area were granted to the state for the purpose of being applied to the schools of the state. Swamplands were granted to the state for the purpose of selling the lands to construct levees and drains. Internal improvement lands were granted for sale and use in infrastructure. By 1990, most of the high value agricultural, timber, and mineral lands had been sold. From that point on, the remaining lands were managed for leasing mining and timber, with minor amounts sold. The remaining lands from the three land grants were combined into what is known today as school trust lands, from which revenue goes into the Permanent School Fund. The net interest and dividends are distributed annually from the Permanent School Fund to the school districts throughout the state.

Permanent University Fund

Within a few years after Minnesota statehood, the federal government conveyed 144 sections of land to the state for the use and support of a state university. These federal grant lands are managed by the DNR for the state. Most of the lands have been sold, but 25,891 acres remain, along with an additional 21,319 acres of mineral rights. A significant portion of the permanent university fund lands contain valuable deposits of iron ore and taconite. Revenues from sales and leases are deposited in the Permanent University Fund.

FY2009 Financial Summary

Receipts

20% of Iron ore and taconite rents and royalties receipts are deposited into the minerals management account each year. The other 80% is deposited into the permanent school and university trust funds based on land type.

Expenditures

Expenditures in this account support permitting activity. 70% of the costs are personnel, the remainder are rental, maintenance, communications, travel, and equipment costs.

At the end of each fiscal year the amount of the fund balance that exceeds \$3 million is distributed to the permanent school and university funds in proportion to the revenue received into these two accounts.

Fund Balance

The fund balance declined by approximately 27 percent during FY2009. Weak steel demand combined with idled mining facilities and blast furnaces owned by integrated steel producers resulted in reduced revenue. Longer term production at integrated producers remains uncertain given global economic conditions. Earlier in the calendar year, all Minnesota taconite mines were closed. During the last four fiscal years, USS Keetac was the primary producer of taconite from University owned ore. The idled Keetac facility accounts for the reduction of University mineral royalties for FY09. At the end of May 2010, all Minnesota taconite plants were open.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$6,877,198
Prior year adjustment	\$224,768
Receipts	
Iron ore rents & royalties	\$4,935,991
Interest earnings	175,298
Non-ferrous metallic minerals	121,835
Industrial Minerals	10,315
Other receipts ¹	2,117
Total receipts	\$5,245,556
Expenditures	
Lands and Minerals	\$3,480,640
Transfer out: University susp account	1,485,017
Transfer out: School susp account	2,385,261
Total expenditures and transfers out	\$7,350,918
FY2009 Ending fund balance	\$4,996,604
Net change for FY2009	(\$1,880,594)

Notes

¹ Other receipts: credit agreement rebate and stockpiled iron ore.

FY09 Activities and Accomplishments

The Division of Lands and Minerals negotiated new taconite leases with ArcelorMittal and renegotiated taconite leases with United States Steel. These new and renegotiated taconite leases established a new royalty escalator that will result in increased state mineral royalty income from taconite. In total, the division managed 124 iron ore and taconite leases that resulted in about \$25.0 million in royalty and rental income from state mineral lands.

A new iron ore lease was negotiated with Magnetation, Inc. to recovery iron ore from iron ore tailings basins. Magnetation is using new technology that was originally evaluated as an Iron Ore Cooperative Research project.

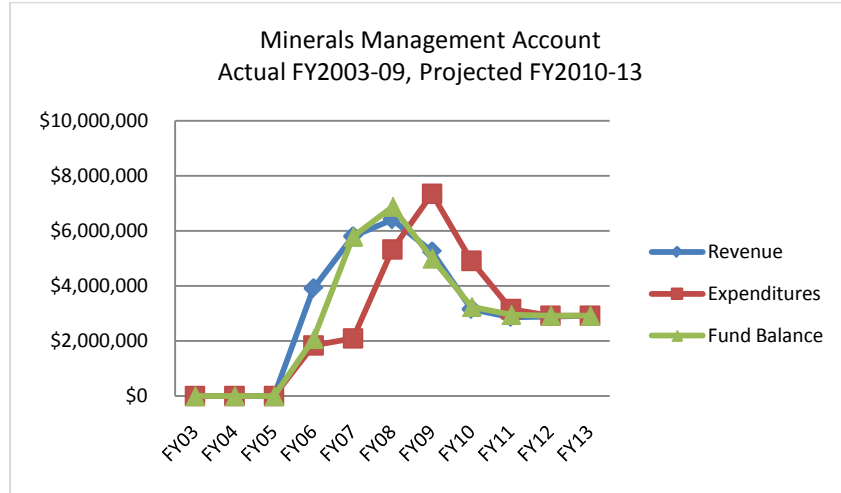
The division conducted one of its most successful non-ferrous mineral lease sales in January 2009. One hundred twenty-three bids were received that resulted in new state mineral leases. As of June 30, 2009, there were 306 state Metallic Mineral leases covering 101,213 acres in nine counties. The division inspected 158 exploration drill holes throughout the state during the fiscal year.

Minnesota Department of Natural Resources

The division also managed ten peat leases, six industrial mineral leases, and several stockpile sales, which resulted in \$556,884 in state rental and royalty income.

Budget Trends FY2000 to FY2013

The fund balance is projected to remain at \$3,000,000 for FY2010 through FY2013.



Additional Resources

Lands and Mineral publications

http://www.dnr.state.mn.us/lands_minerals/pubs.html

Minnesota's School Trust Lands Fiscal Year 2008-2009

http://files.dnr.state.mn.us/lands_minerals/school_trust_land_biennial_report_fy_0809.pdf

Minnesota's Permanent University Land and Fund (revised 2009)

http://files.dnr.state.mn.us/lands_minerals/permanent_university_handout_FY08.pdf

Land Acquisition Account Report FY2009

http://files.dnr.state.mn.us/lands_minerals/land_acquisition_account_report_09.pdf

Biennial Report on School Trust Lands for FY2008-2009

http://files.dnr.state.mn.us/lands_minerals/school_trust_land_biennial_report_fy_0809.pdf

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Invasive Species Account

Natural Resources Fund Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The 1991 Legislature directed the Department of Natural Resources (DNR) to establish the Invasive Species Program and to implement actions to prevent the spread and manage invasive species of aquatic plants and wild animals. Invasive (non-native) species threaten the state's natural resources and the local economies that depend on natural resources. The Invasive Species Account was established in 2007 to help fund the program (M.S. 84D.15). The first funding in the account was received in FY2008.

Sources and Uses of the Funds

Money received from a \$5 surcharge on watercraft licenses under M.S. 86B.415, subd. 7, and civil penalties for violations of the law related to prohibited invasive species under M.S. 84D.13 are deposited into the account. Receipts from an annual \$2 surcharge on nonresident fishing licenses under M.S. 97A.475, subd. 7 are transferred each year from the Game & Fish Fund to the Invasive Species Account. In addition to the funds from the Invasive Species Account, in FY2009 the Invasive Species Program also received funding from the state general fund, the Environment and Natural Resources Trust Fund, and local contributions.

Funds from the Invasive Species Account are used for management of invasive species and implementation of Chapter 84D as it pertains to invasive species. Major activities include control of invasive species, watercraft inspection, public awareness, law enforcement, assessment and monitoring, management planning, and research.

FY2009 Financial Summary

Receipts

The \$5 watercraft surcharge was the largest source of revenue (69 percent) in FY2009. The \$2 surcharge on nonresident fishing licenses generated 31 percent of revenues. Revenue received from surcharges on watercraft licenses deposited into the Game and Fish Fund and transferred to the Invasive Species Account are now a major source of income for this account.

Expenditures

Major expenditures were for watercraft inspections and enforcement (40 percent), management/control activities for specific invasive species (32 percent), and state/regional coordination (15 percent). Administration and education/public awareness comprised the remainder (13 percent) of FY2009 expenditures.

Fund Balance

The fund balance increased by approximately 4 percent.

FY2009 Activities and Accomplishments

In FY2009, the main program goals were:

- Prevent introductions of new invasive species,
- Prevent the spread of invasive species, and
- Reduce the impacts caused by invasive species.

Of the total program expenditures in FY2009, approximately 41 percent were from the Invasive Species Account. Staff paid with these funds conducted field surveys and monitoring, provided technical assistance to lake associations and citizens, enhanced public awareness to prevent the spread of invasive species, implemented control, and managed contracts for control that were funded with other sources of funds.

Control efforts for purple loosestrife included monitoring and oversight of chemical control at 57 sites, and release and/or monitoring at 209 sites where beetles are being used as biocontrol agents. At 25 lakes, pre- and post-treatment surveys for curly leaf pondweed were conducted and contracts for control (funded with other dollars) were administered. Pre-treatment surveys for Eurasian water milfoil were conducted at 26 lakes, and contracts for control (funded with other dollars) were administered. At Leech Lake and Mille Lacs Lake, staff surveyed and chemically treated selected harbors infested with Eurasian water milfoil to prevent/slow its spread. Zebra mussel infestations were monitored statewide and control strategies implemented where feasible. In addition, more than 66,000 watercraft were inspected statewide to prevent the spread of invasive species.

Budget Trends FY2000 to FY2013

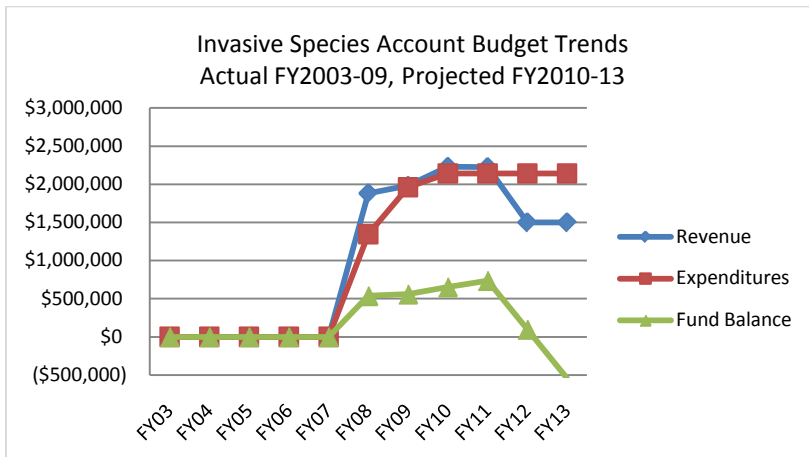
Expenditures have mirrored the increase in revenue through FY2009. Fund balances were relatively stable in FY2008 and FY2009.

The fund balance is projected to remain stable or to slightly increase through FY2011, and then to decrease in FY2012 and FY2013. Current projections show a negative fund balance in FY2013. An increase in fees or other sources of revenue will be needed to sustain funding at appropriated levels to achieve program objectives.

Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	\$537,282
Prior year adjustment	\$691
Receipts	
Watercraft surcharge	\$1,359,672
Fines	1,742
Other receipts ¹	119
Transfer in: Fish & wildlife license surcharge	<u>619,998</u>
Total receipts and transfers in	\$1,981,531
Expenditures	
Ecological Resources	<u>\$1,960,832</u>
Total expenditures	\$1,960,832
FY2009 Ending fund balance	\$558,672
Net change for FY2009	\$21,390

Notes
¹ Other receipts: credit agreement rebate.

Minnesota Department of Natural Resources



Additional Resources

Invasive species program

<http://www.dnr.state.mn.us/eco/invasives/index.html>

Minnesota State Management Plan for Invasive Species

http://www.anstaskforce.gov/Meetings/2009_November/MN_ANSTF_Draft_10-20.pdf

Aquatic invasive species grants and partnerships

http://www.dnr.state.mn.us/grants/aquatic_invasive/index.html

Invasive Species of Aquatic Plants and Wild Animals in Minnesota, Annual Report 2009

http://files.dnr.state.mn.us/eco/invasives/annual_report_2009.pdf

Summary Report

http://files.dnr.state.mn.us/eco/invasives/annual_report_summary_2009.pdf

Contacts

Program contacts

http://files.dnr.state.mn.us/contact/eco_invasivesstaff.pdf

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Mining Administration Account

Natural Resources Fund

Fiscal Year 2009 Annual Report



Creation and Purpose of the Account

The Mining Administration Account was established in 2008 in M.S. 93.481. The account collects fees charged to owners, operators, or managers of mine for the costs associated with mine permitting.

Sources and Uses of the Funds

The 2008 law provided that ferrous mining (taconite and iron ore) administrative fees would be charged to owners, operators, or managers of mines and the revenues deposited to the new account. The revenues were appropriated to the commissioner of the Department of Natural Resources (DNR) to cover the costs of administering and monitoring permits to mine ferrous metals.

In the last months of FY2009, the law was amended to provide that deposits to the account would include all fees charged to owners, operators, or managers of mines under M.S. 93.481 and a new section, M.S. 93.482 (Reclamation Fees). The mining administrative fee was extended to include ferrous, nonferrous, peat, and scam mining.

Mineland Reclamation activities are directed toward controlling adverse environmental impacts of mining, preserving natural resources, and encouraging future land utilization planning, while at the same time promoting the orderly development of mining, encouraging good mining practices, and recognizing the beneficial aspects of mining. Supporting activities within mineland reclamation include (1) mine permitting, (2) site inspections, (3) wetland impact avoidance, minimization, and mitigation, (4) annual report and operating plan review, (5) research toward reclamation practice improvement, and (6) environmental review, on existing operations, which is otherwise unfunded. The costs of these mineland reclamation activities are paid by the users of the services – the permit holders.

FY2009 Financial Summary

Receipts

FY2009 was the first year that this account was used. Due to timing of the legislation, the fee revenues due at the end of FY2008 totaling approximately \$200,000 were collected in FY2009. Fees for the next fiscal year totaling approximately \$460,000 were collected in advance of July 1, 2009 (as required by law) and deposited in FY2009 for use in FY2010.

Expenditures

The Division of Lands & Minerals expended approximately \$200,000 in for costs of the Mining Administration program. These costs include issuing permits to mine reviewing annual operating plans and site inspections.

Fund Balance

The end of year fund balance was approximately \$462,000.

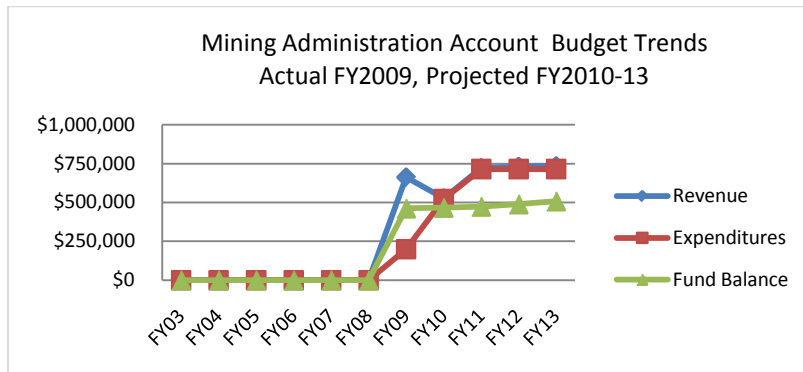
Receipts, Expenditures, and Fund Balances	
FY2009 Beginning fund balance	0
Prior year adjustment	0
Receipts	
Mineland reclamation fees	\$661,472
Interest earnings	273
Total receipts	\$661,745
Expenditures	
Lands and Minerals	\$199,675
Total expenditures	\$199,675
FY2009 Ending fund balance	\$462,071
Net change for FY2009	\$462,071

FY09 Activities and Accomplishments

Accomplishments of the program included: (1) administering and monitoring seven taconite permits which resulted in 40 million tons of pellet production in 2008; (2) administering and monitoring two closure status taconite permits; (3) administering and monitoring one active scam permit; (4) administering and monitoring ten peat mining permits resulting in over 361,000 cubic yards of production in 2009; (5) amending numerous wetland mitigation and replacements plans; (6) planning for long-range hydrologic changes and in-pit stockpile at several operations; and (7) initiation of innovative reclamation projects at two facilities. The Mineland Reclamation program enforces mineland reclamation regulations at taconite, scam, and peat mining operations affecting over 250,000 acres of public and private land. In calendar year 2008, in conjunction with taconite permits, 222 acres of stockpiles and 600 acres of tailings basins were reclaimed, nearly 80,000 seedlings planted, and 18 acres seeded with trees. In calendar year 2009, almost 650 acres were reclaimed with the peat permit to mine.

Budget Trends FY2000 to FY2013

Each year the annual permit to mine fees are collected based on the number of companies holding permits in the previous calendar year, whether or not there was production at the facilities. For FY2010, the annual permit to mine fees collected were approximately \$460,000. For FY2011, the revenue will be \$461,500 and expenditures are projected to remain at the same level. For FY2012 and FY2013, revenues and expenditures are projected to remain relatively stable.



Additional Resources

Mining and Mineral Resources of Minnesota

http://www.dnr.state.mn.us/lands_minerals/mining.html

Lands and Mineral publications

http://www.dnr.state.mn.us/lands_minerals/pubs.html

Establishment of a Permit to Mine Administration and Application Fee Schedule (report to legislative committees, published Jan. 2009)

http://files.dnr.state.mn.us/lands_minerals/Permit_to_Mine_Administration_and_Application_Fee_Schedule.pdf

Reclamation section publications

http://files.dnr.state.mn.us/lands_minerals/reclamation/reclamation_publication_list.pdf

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