

Natural Resources Fund

Fiscal Year 2010 Annual Report



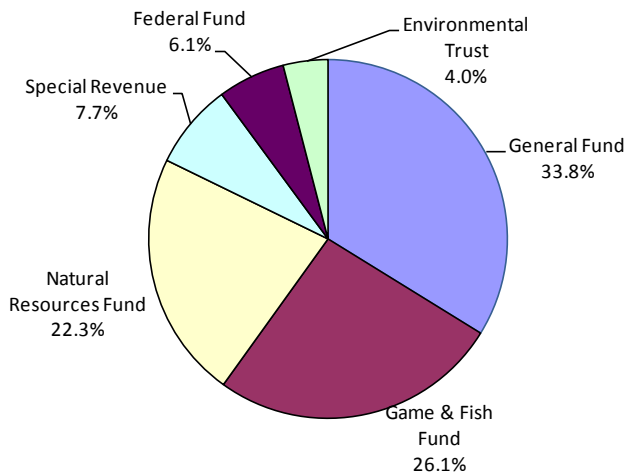
Creation and Purpose of the Fund

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.

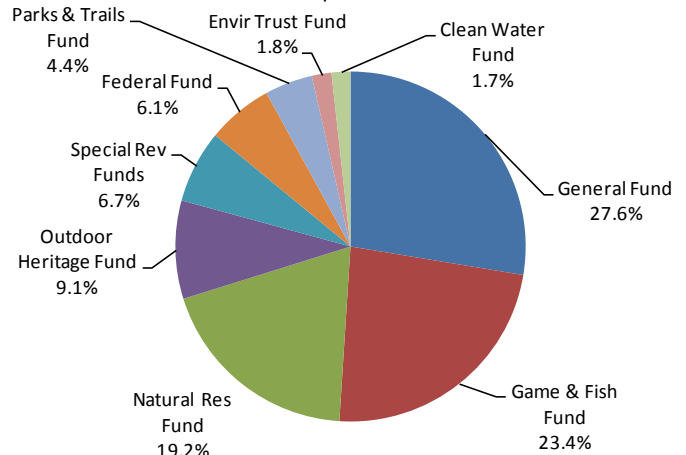
Natural Resources Fund within the DNR's funding structure

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.

FY2008-09 Budgeted Expenditures by Fund
\$733.1 Million



FY 2010-11 Budgeted Expenditures by Fund
\$835.1 Million



Accounts in the Natural Resources Fund

For Fiscal Year 2010, 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)
Lottery in Lieu (Local Trails Grants Account)	<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))
Lottery in Lieu (Metro Parks and Trails Account)	<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 (Dedicated Receipts 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)

Account Name	Sources and Uses of the Account Funding
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)
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 and for administrative expenses necessary to maintain the state's eligibility for the program. (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)
Lottery in Lieu (State Parks and Trails Account)	<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)
Lottery in Lieu (Zoos Account)	<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 FY2010, Five "Proof of Concept" work flows (PILT, Monitoring Conservation Easements, Acquisition Process, WIRE/MAPS Interface, and Earthen Material leases) were delivered and reviewed. DNR staff's expertise was compiled into detailed design artifacts for the development of the 32 distinct system business processes. The project created Crystal Reports on the DNR Intranet for commonly requested current land records information, scanned and indexed Utility Licenses and Easements, and finished integrating county parcel data from nearly half of Minnesota's counties.

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. FY2010 expenditures for the Land Records Management System were \$880,337 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 FY2010 from the Natural Resources Fund account were \$1.36 million.

Conservation Corps Minnesota

The DNR has worked with Conservation Corps Minnesota (formerly Minnesota Conservation Corps) for 25 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 FY2010, Conservation Corps Minnesota received funds from various NR Fund accounts pursuant to Laws of 09, Chapter 37, Article 1, Section 7 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);
- 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 FY2010, 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.

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)

Natural Resources Fund
Close of FY 2010

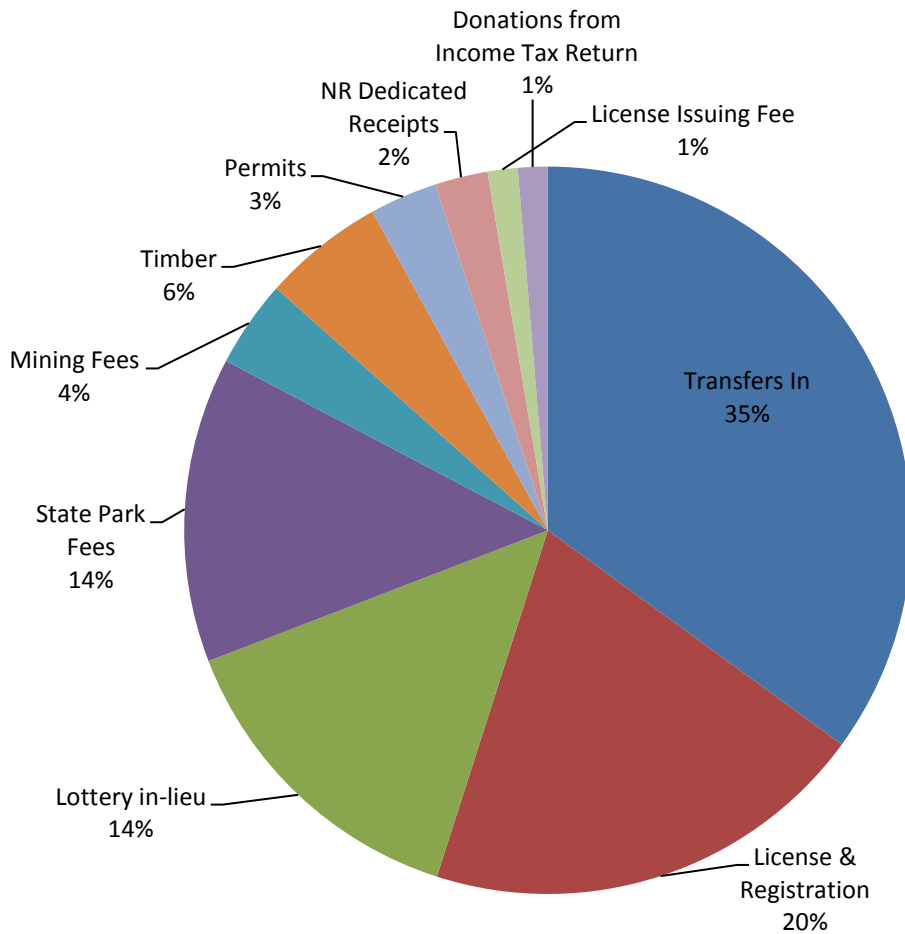
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Actual	Actual	Actual	Planning Est	Planning Est	Planning Est
M.S. 16A.531, Subd. 2							
Balance Forward In	32,606,194	35,021,085	34,220,134	26,325,478	29,287,301	24,991,353	23,494,081
Prior Year Adjustments	<u>1,695,361</u>	<u>854,667</u>	<u>1,342,911</u>	<u>1,877,649</u>	<u>0</u>	<u>0</u>	<u>0</u>
	34,301,555	35,875,752	35,563,044	28,203,127	29,287,301	24,991,353	23,494,081
Receipts							
Department Earnings	40,263,167	42,646,077	41,156,302	40,346,523	41,123,661	42,140,810	42,340,810
Sales Taxes	9,948,175	10,864,132	11,328,390	11,722,312	12,167,000	12,167,000	12,167,000
Federal Grants	958,080	760,780	400,676	238,225	654,983	209,000	209,000
Investment Income	1,256,145	1,041,801	518,538	124,114	164,900	585,300	270,900
Fines, and Surcharges	12,457	9,062	5,152	10,869	9,800	9,000	9,000
Other Revenues	<u>1,342,676</u>	<u>1,353,517</u>	<u>2,731,415</u>	<u>2,355,040</u>	<u>3,152,095</u>	<u>1,330,100</u>	<u>1,330,100</u>
	53,780,700	56,675,370	56,140,474	54,797,082	57,272,439	56,441,210	56,326,810
Transfer In							
Fund 100, Police State Aid	84,690	85,348	308,851	268,800	268,000	268,000	268,000
Fund 181, Water Recreation Account	0	0	0	725,000	725,000	0	0
Fund 200, Forestry Receipts	2,428,469	5,615,730	1,874,581	2,223,868	2,004,000	2,040,000	2,160,000
Fund 230, Invasive Species/Non_Residence Fish	0	0	619,998	461,790	400,000	400,000	400,000
Fund 280, Unrefunded Gas Tax	14,865,449	14,857,165	15,629,447	18,830,085	19,879,896	20,244,007	21,000,975
Fund 610, Forest Susp Account	31,898	30,743	40,385	54,998	35,000	35,000	35,000
Fund 690, MN Wild Bird Feed Prog	3,597	0	0	0	0	0	0
Fund 860, Forest Susp Account	<u>4,088,530</u>	<u>3,940,487</u>	<u>5,180,834</u>	<u>7,055,455</u>	<u>4,800,000</u>	<u>4,900,000</u>	<u>5,500,000</u>
	21,502,633	24,529,473	23,654,096	29,619,996	28,111,896	27,887,007	29,363,975
TOTAL RESOURCES AVAILABLE:	109,584,888	117,080,595	115,357,615	112,620,205	114,671,636	109,319,570	109,184,866
Expenditures							
Land and Minerals	2,275,928	2,704,601	3,840,724	4,423,521	5,885,894	5,463,000	5,463,000
Waters Resource Mgmt	283,837	229,812	504,866	322,851	290,000	285,000	285,000
Forest Management	10,271,623	17,519,459	17,424,010	12,713,966	12,624,000	12,624,000	12,624,000
Parks and Trails Mgmt	14,451,846	14,483,566	15,491,442	15,348,859	16,033,000	15,933,000	15,933,000
Trails and Waterways	25,058,496	25,026,968	26,192,180	26,232,594	30,730,242	28,012,000	28,012,000
Fish & Wildlife Mgmt, Fish Management	562,904	588,971	671,600	618,843	626,700	626,700	626,700
Fish & Wildlife Mgmt, Licensing	1,974,344	1,918,678	2,206,464	2,082,388	2,450,000	2,450,000	2,450,000
Fish & Wildlife Mgmt, Wildlife Management	242,006	252,670	48,329	172,150	101,000	101,000	101,000
Ecological Resources	3,701,241	2,997,298	3,757,309	3,677,126	3,998,000	3,998,000	3,998,000
Enforcement	7,476,296	7,535,566	8,160,420	8,243,499	8,622,000	8,602,000	8,602,000
Operations Support	2,722,068	1,148,138	809,691	570,396	986,983	743,000	743,000
Met Council	4,570,000	4,570,000	4,870,000	5,070,000	5,370,000	5,370,000	5,370,000
Minnesota Zoo	135,000	137,000	138,000	160,000	160,000	160,000	160,000
Minnesota Conservation Corps	490,000	490,000	490,000	490,000	490,000	490,000	490,000
Statewide Indirect Cost	<u>334,461</u>	<u>459,260</u>	<u>547,262</u>	<u>475,918</u>	<u>549,200</u>	<u>549,200</u>	<u>549,200</u>
	74,550,048	80,061,988	85,152,296	80,602,112	88,917,019	85,406,900	85,406,900
Transfer Out							
To Fund 100, Aprr 704, Drive for Excellence Savings	3,442	0	0	0	0	0	0
To Fund 18M, Invasive Species	0	0	0	725,000	725,000	0	0
To Fund 400, Debt Service	10,313	9,938	9,563	9,188	8,813	8,438	8,063
To Fund 610, Permanent University	0	1,059,644	1,485,017	638,827	9,417	131,140	0
To Fund 860, Permanent School	<u>0</u>	<u>1,728,892</u>	<u>2,385,261</u>	<u>1,357,777</u>	<u>20,034</u>	<u>279,011</u>	<u>0</u>
	13,755	2,798,474	3,879,841	2,730,791	763,264	418,589	8,063
TOTAL EXPENDITURES AND TRANSFERS OUT	74,563,803	82,860,461	89,032,137	83,332,903	89,680,283	85,825,489	85,414,963
FUND BALANCE	<u>35,021,085</u>	<u>34,220,134</u>	<u>26,325,478</u>	<u>29,287,301</u>	<u>24,991,353</u>	<u>23,494,081</u>	<u>23,769,904</u>

Revenues and Actual Expenditures for Fiscal Year 2010

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

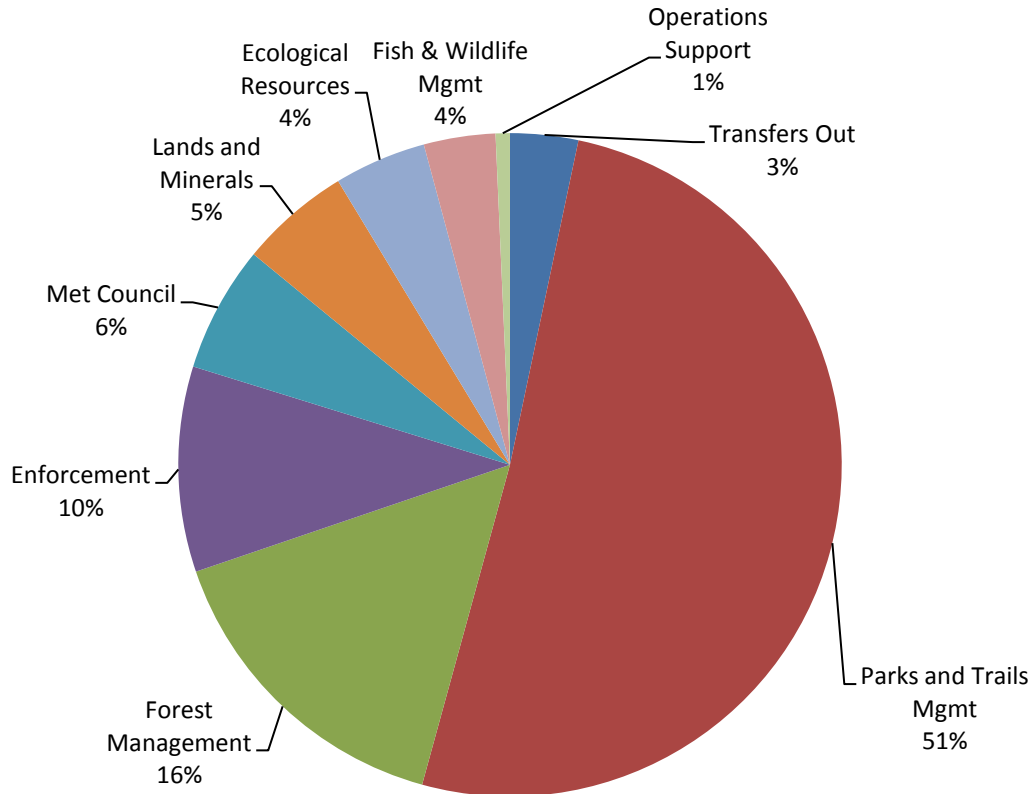
In FY2010, DNR collected \$83,692,078 in total receipts and transfers in. The five largest sources of operating revenues are licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of transfers in. For details see individual funds.

FY2010 Receipts and Transfers In



In FY2010, DNR spent \$82,607,904 in total expenditures and transfers out. The Division of Parks and Trails spent the majority of these funds.

FY 2010 Actual Expenditures and Transfers Out



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

Natural Resources Fund
Fiscal Year 2010 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; see [Grants Outcomes website](#)
- Education and training program;
- Grant-in-aid to local safety programs; see [Grants Outcomes website](#)
- 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.

FY2010 Financial Summary

Receipts

63 percent of the revenues in the ATV account are from registrations. Transfers in to the account, mostly unrefunded gasoline tax revenues for gas sales attributable to ATV usage, represent about 31 percent of the revenues this year. New revenue for non-resident ATV trail passes was effective this year taking in \$12,878. Interest earnings have declined due to the economy.

Expenditures

The Division of Parks and Trails, including the grants in aid projects, made up approximately 52 percent of the expenditures. The Enforcement Division expenditures, including enforcement grants, comprised approximately 40 percent of the total.

Fund Balance

The fund balance increased by approximately 42 percent this year. Revenues remain constant and expenditures increased slightly from FY09 to FY10. The unrefunded gasoline tax amount has been increasing for this fund and is expected to increase through FY2013.

FY2010 Activities and Accomplishments

Parks & Trails developed, managed, and maintained ATV recreational trails that are open to the public. Approximately 69 miles of winter use ATV trails and 1091 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 1,319 miles of public, locally controlled ATV trails.

Enforcement provided law enforcement activities and safety and training services for ATVs in communities around the state. 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 Trail Ambassador grant program provided 5,134 hours of trail monitoring while observing over 5,000 miles of trail.

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 pursuant to Laws of 09, Chapter 37, Article 1, Section 7 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.

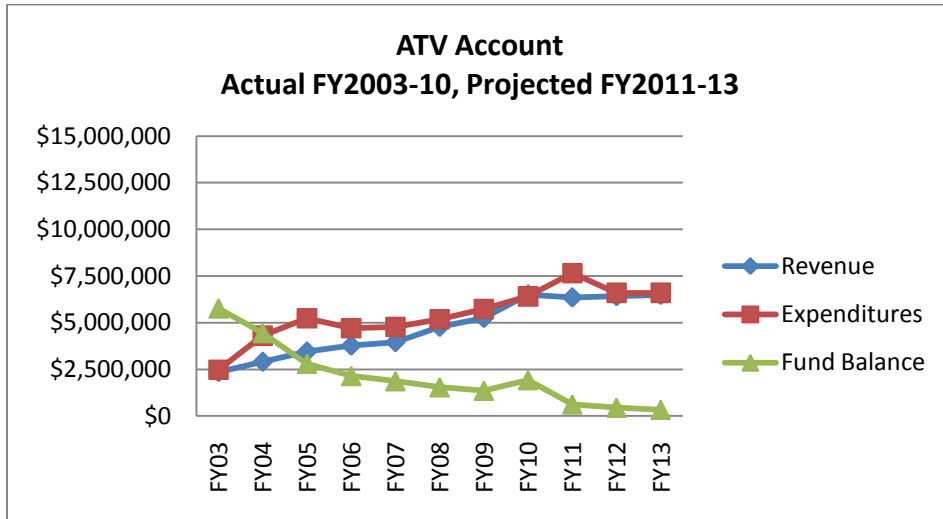
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$1,358,292
Prior year adjustment	\$478,071
Receipts	
ATV registrations	\$4,116,936
License issuing fee	193,675
ATV safety training	56,747
Non res ATV trail pass	12,878
Citations	8,643
Interest earnings	2,022
Other receipts ¹	6,002
Transfer in: Unrefunded gas tax	2,023,482
Transfer in: Police State Aid	<u>80,390</u>
Total receipts and transfers in	\$6,500,775
Expenditures	
Parks and Trails	\$2,310,857
Grants in aid to local government	1,055,251
Enforcement	1,966,727
Enforcement grants	596,332
Fish & Wildlife	290,521
Ecological Resources	67,788
Conservations Corps Minnesota	<u>125,000</u>
Total expenditures	<u>\$6,412,476</u>
FY2010 Ending fund balance	<u>\$1,924,664</u>
Net change for FY2010	\$566,372

Notes

¹ Other receipts: license credit card service charges, forfeited property, settlements, credit agreement rebate, agency direct cost, cash overage/shortage, m leases nonmag taconite and refunds.

Budget Trends FY2003 to FY2013

The fund balance has been declining since FY2003, but increased in FY2010 due to increases in unrefunded gasoline tax. Both revenues and expenditures have been increasing since FY2002 and that trend is expected to continue in 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 gasoline 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.

FY2010 Financial Summary

Receipts

Unrefunded gasoline tax revenues from the use of OHMs accounted for 65 percent of all FY2010 receipts (including revenues and transfers in). Registrations and the license issuing fees made up 34 percent of the total receipts.

Expenditures

Parks & Trails, including grants in aid projects, made up 66 percent of the FY2010 expenditures. The Enforcement Division's expenditures, including grants, made up 32 percent of the total.

Fund Balance

The fund balance increased by approximately 10 percent in FY2010. The unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2013.

FY2010 Activities and Accomplishments

Parks & Trails developed, managed, and maintained OHM trails that were open to the public. More than 858 motorized miles of ATV/OHM trails and 143 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.

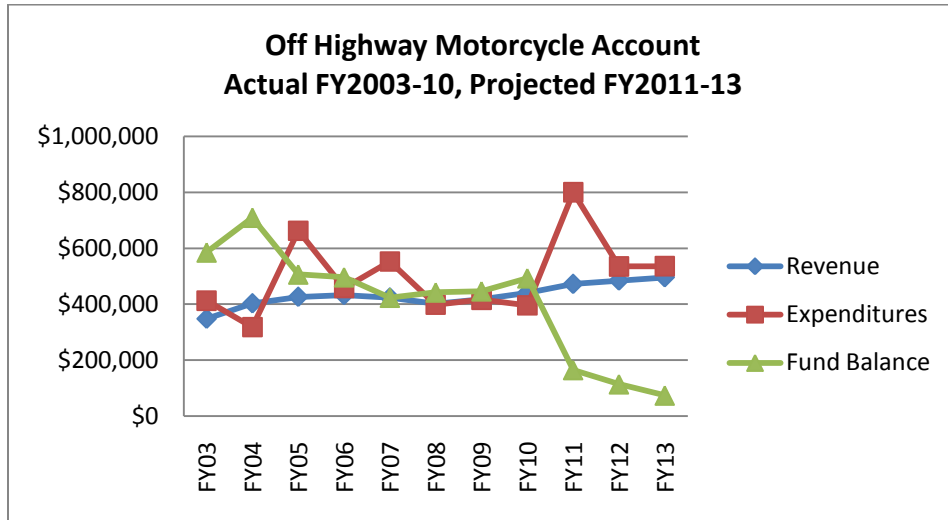
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$446,489
Prior year adjustment	\$2,064
Receipts	
Off highway motorcycle registration	\$139,514
License issuing fee	9,204
OHM safety training	1,320
Interest earnings	246
Other receipts ¹	913
Transfer in: Unrefunded gas tax	285,278
Transfer in: Police state aid	4,092
Total receipts and transfers in	\$440,567
Expenditures	
Parks and Trails	\$189,808
Grants in aid to local government	70,636
Fish & Wildlife	10,666
Enforcement	114,999
Enforcement grants	10,000
Total expenditures	\$396,109
FY2010 Ending fund balance	\$493,012
Net change for FY2010	\$46,523

Notes

¹ Other receipts: license credit card service charge, citations, credit agreement rebate, agency direct costs and cash overage/shortage

Budget Trends FY2003 to FY2013

The fund balance has been declining since FY2004 and except for FY2010 which increased because of unrefunded gasoline tax, it is expected to continue to decline 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.

FY2010 Financial Summary

Receipts

Revenues from unrefunded gasoline taxes attributable to ORV vehicle use made up 96 percent of the available funds. ORV registrations accounted for three percent of revenues

Expenditures

Parks and Trails expenditures made up 80 percent of total expenditures from the ORV account. Enforcement Division expenditures represented approximately 18 percent of the total.

Fund Balance

The fund balance increased by approximately 25 percent this year. Expenditures have been decreasing slightly and the unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2013.

FY2010 Activities and Accomplishments

Parks and Trails developed, managed, and maintained ORV recreational trails that were open to the public. In FY2010, 27 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 FY2010 expenditures from the ORV account paid for operation of the licensing system attributable to these activities.

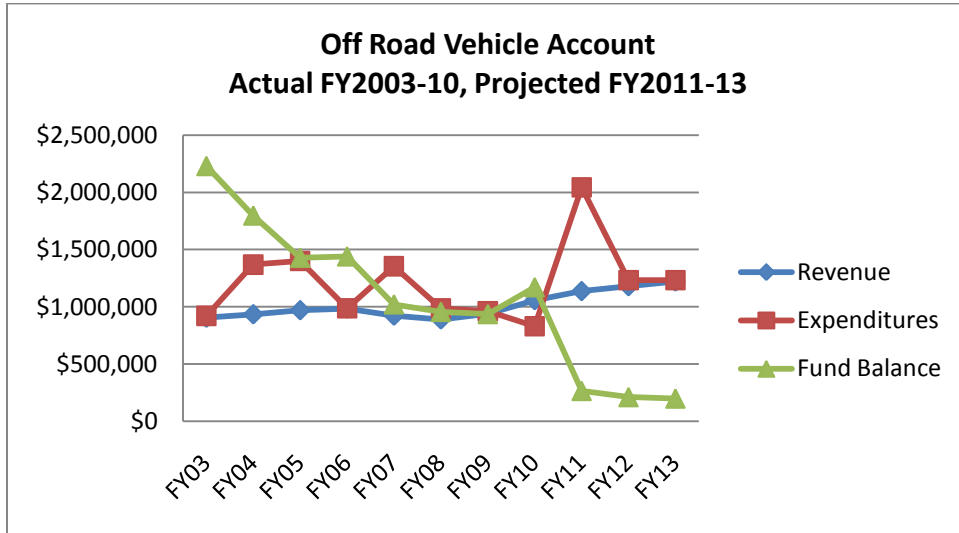
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$936,710
Prior year adjustment	\$6,292
Receipts	
Off road vehicle registration	\$31,720
License issuing fee	3,949
Interest earnings	161
Other receipts ¹	1,431
Transfer in: Unrefunded gas tax	1,017,079
Transfer in: Police state aid	3,430
Total receipts and transfers in	\$1,057,770
Expenditures	
Parks and Trails	\$611,869
Grants in Aid to local governments	\$55,466
Fish & Wildlife	9,266
Enforcement	152,013
Enforcement grants	1,000
Total expenditures	\$829,614
FY2010 Ending fund balance	\$1,171,159
Net change for FY2010	\$234,448

Notes

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

Budget Trends FY2003 to FY2013

The fund balance has been declining since FY2003 and is projected to continue that trend through FY2013 with the exception of FY2010. FY2010 fund balance increased due to an increase in unrefunded gasoline tax and a reduction in expenditures.



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 FY2010 was \$392,547. There were no claims in FY2010.

Additional Resources

Off-Highway Vehicles Regulations 2010-11

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>

Welcome to the Grants Outcomes website

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

Enforcement

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

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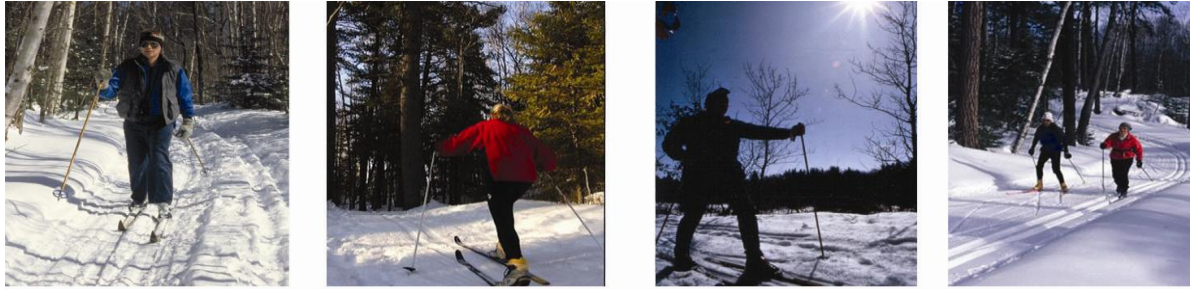
(888) 646-6367

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Cross-Country Ski Account

Natural Resources Fund
Fiscal Year 2010 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.

FY2010 Financial Summary

Receipts

Revenue was down from last fiscal year by approximately three 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 nine percent of expenditures. This money is used for maintenance of the ELS.

Fund Balance

The fund balance decreased by approximately one percent this year. Revenues were slightly lower than last year and expenditures exceeded revenue. Increase in expenditures was due largely to offering one time capital improvement grants resulting in an additional \$25,000 out of the account.

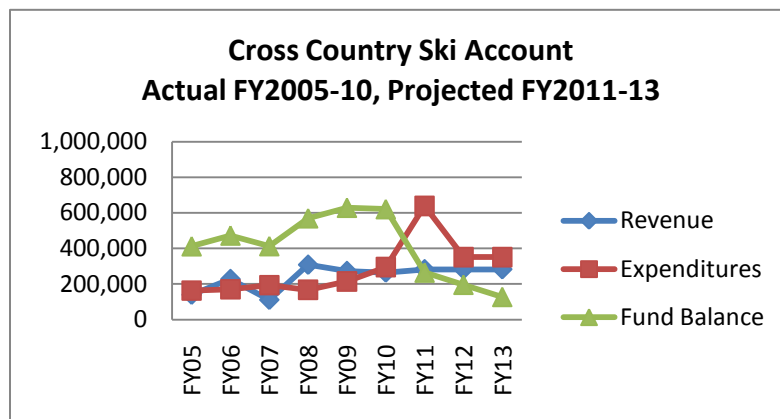
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$629,121
Prior Year Adjustments	23,031
Receipts	
Cross-Country Ski permits	\$239,756
License issuing fee	24,673
Interest earnings	148
Other receipts	(373)
Total receipts	\$264,204
Expenditures	
Parks and Trails	\$272,880
Fish & Wildlife	22,186
Total expenditures	\$295,066
FY2010 Ending fund balance	\$621,290
Net change for FY2010	(\$7,831)

FY2010 Activities and Accomplishments

Grants-in-aid recipients for this year included 25 counties, 12 cities and one township.

Budget Trends FY2005 to FY2013

Revenues & expenditures vary considerably from year to year. Revenues are tied to the amount of snow received in a year.



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

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

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Forestry Management Investment Account

Natural Resources Fund
Fiscal Year 2010 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. State acres subject to forest management activities total 5.4 million acres including approximately 2.8 million acres of commercial timberland. Approximately 800,000 cords of roundwood 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 forest industry with quality wood fiber used for the manufacture of paper, lumber, structural panels, and specialty products. 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.

FY2010 Financial Summary

Receipts

The Forest Management Investment Account (FMIA) received \$4.4 million in revenue attributable to forestry products on acquired state land. Other timber revenue was deposited into the school/university trust accounts, game & fish fund, general fund, and distributed to Minnesota counties, based on the type of land the timber was harvested from.

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

State timber sales generated gross revenues of \$18.9 million including \$8.6 million from School and University Trust lands. Some \$4.4 million timber revenue originating from acquired state forestry lands was deposited into the FMIA. An additional \$2.2 million, 50% of the revenue generated from consolidated conservation (con-con) tax forfeited lands, was transferred to the FMIA. The other 50% of timber revenue generated from con-con lands was transferred to the counties. As authorized under M.S. 16A.125, subd. 5(d)(1), \$4.9 million in forest management and related expenditures directly attributable to School and University Trust lands management were transferred into the FMIA.

Expenditures

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

FMIA expenditures decreased from \$16 million in 2009 to \$11.8 million in 2010 as a result of the recession driven downturn in Minnesota's forest-based economy and strategic adjustments made to compensate for dramatically reduced revenues.

Fund Balance

The FY2010, ending fund balance was \$3.6 million, an increase approximately 2.2 million or 157 percent over last year. Timber sales increased slightly from last year. This account is dependent on the timber market. Expenditures were reduced to accommodate revenue changes.

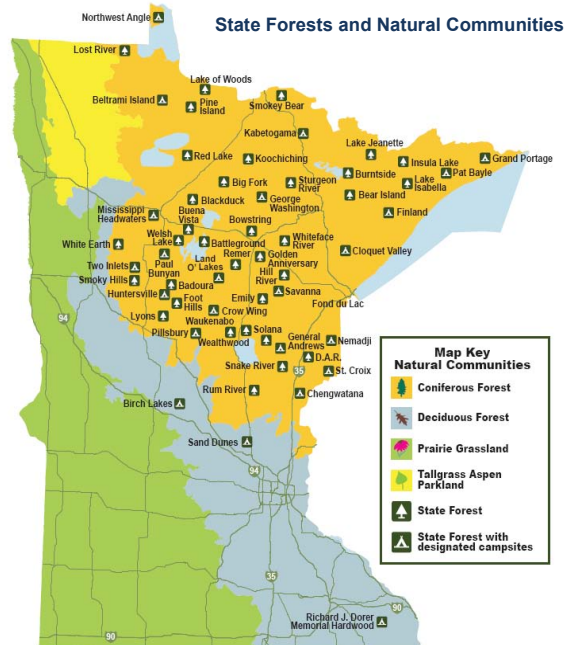
FY2010 Activities and Accomplishments

In FY2010, the Division of Forestry offered 928,300 cord equivalents for sale with 769,350 cords sold and 826,300 cords harvested including biomass. All harvested lands were reforested including about 5,800 acres planted and 7,300 acres direct seeded. Some 1,240 miles (62 percent) of the state's 2,000 miles of

Revenues, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$1,397,685
Prior year adjustment	\$126,257
Receipts	
Timber sales, interest & penalty	\$4,428,442
Interest earnings	15,613
Other receipts ¹	91,942
Transfer in: CON CON areas account	2,223,868
Transfer in: University susp account	54,998
Transfer in: School suspense account	<u>7,055,455</u>
Total receipts and transfers in	\$13,870,318
Expenditures	
Forestry	\$11,165,962
Lands & Minerals	611,106
Conservations Corps Minnesota	<u>25,000</u>
Total expenditures	\$11,802,068
FY2010 Ending fund balance	\$3,592,192
Net change for FY2010	\$2,194,507

Notes

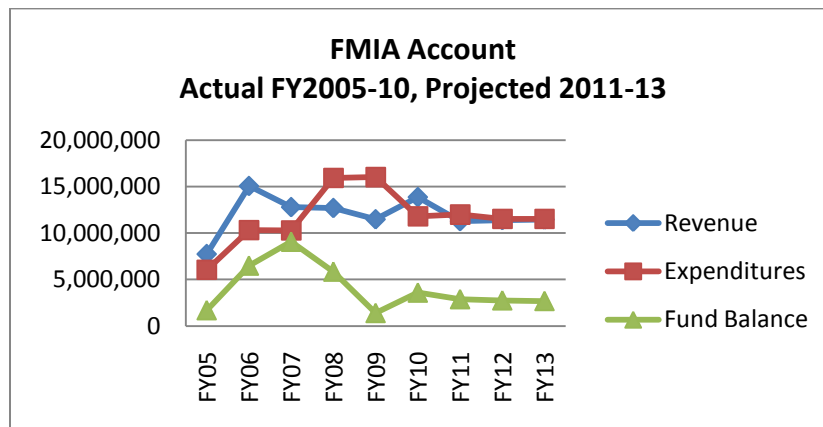
¹ Other receipts: credit agreement rebate, agency indirect & direct costs, and refunds of prior year expenditures.



system roads were graded at least once with total graded miles equal to 6,970. Forest inventory was updated on approximately 150,000 acres. In addition, about 70,000 acres were surveyed for native plant community (NPC) designation.

Budget Trends FY2005 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 followed by declines in FY2008 and FY2009 as forest products manufacturing output and stumpage values dropped along with housing and financial markets. Planned expenditures continue to be adjusted to accommodate flat revenue expectations through FY2013. Planned FY2011 expenditures are \$11.9 and planned FY2012-13 expenditures are \$11.5 million. As of December 31, 2010, the Division of Forestry had 2.2 million cords under permit with a book value of \$45.1 million, an average of \$20.96 per cord. Based on the volume and value of wood under permit, annual gross timber revenues are expected to be flat at approximately \$18 million through 2013. The FMIA balance is expected to decline slightly each year through 2013. Both timber revenues and the FMIA balance are expected to start increasing in 2014 as the average value of wood harvested starts to increase.



Additional Resources

Minnesota Forests for the Future, April 2008
http://files.dnr.state.mn.us/assistance/backyard/forestlegacy/forestsfortheFutureReport_2008.pdf
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-activitites.pdf>

Contacts

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

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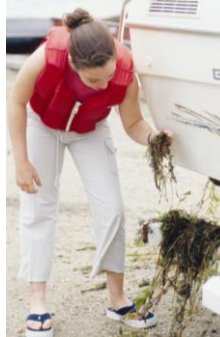
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 TTY: (800) 657-3929

Invasive Species Account

Natural Resources Fund

Fiscal Year 2010 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 FY2010 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.

FY2010 Financial Summary

Receipts

The \$5 watercraft surcharge was the largest source of revenue (54 percent) in FY2010. The \$2 surcharge on nonresident fishing licenses generated 18 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 (42 percent), management/control activities for specific invasive species (34 percent), and state/regional coordination (11 percent). Administration and education/public awareness comprised the remainder (13 percent) of FY2010 expenditures.

Fund Balance

The fund balance increased by approximately 111 percent in FY10. \$725,000 was transferred from the Water Recreation Account to the Invasive Species account per M.S. 84D.15

FY2010 Activities and Accomplishments

In FY2010, 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 FY2010, approximately 43 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 74 sites, and release and/or monitoring at 130 sites where beetles are being used as biocontrol agents. At 24 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 25 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 FY2008 to FY2013

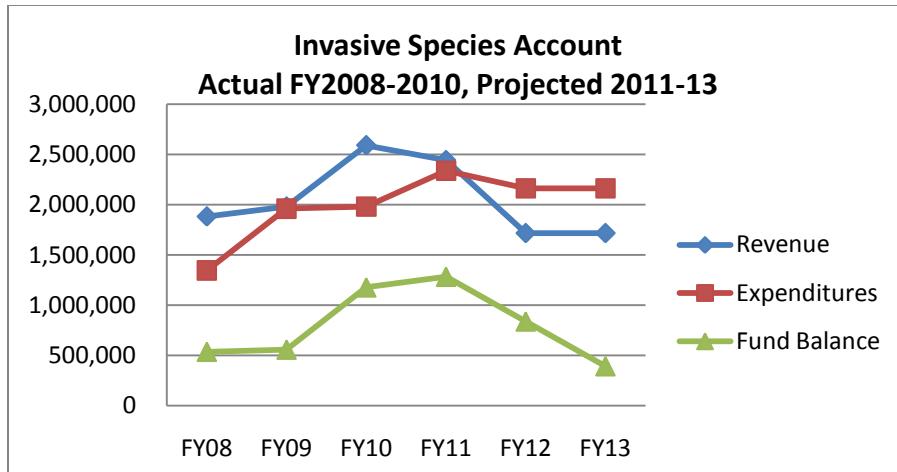
Expenditures have mirrored the increase in revenue through FY2010. Fund balances increased in FY10 & FY11 due to the transfer from the Water Recreation Account.

The fund balance is projected to decrease in FY2012 and FY2013. In 2012-13 biennial budget the governor recommends increasing watercraft license and non-resident fishing license surcharges to generate more funding for aquatic invasive species management.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$558,672
Prior year adjustment	\$10,217
Receipts	
Watercraft surcharge	\$1,397,685
Fines	3,600
Other receipts ¹	2,826
Transfer in: Fish & wildlife license surcharge	461,790
Transfer in:Water Recreation	<u>725,000</u>
Total receipts and transfers in	\$2,590,901
Expenditures	
Ecological Resources	<u>\$1,981,705</u>
Total expenditures	<u>\$1,981,705</u>
FY2010 Ending fund balance	\$1,178,086
Net change for FY2010	\$619,414

Notes

¹ Other receipts: credit agreement rebate.



Additional Resources

Invasive species program

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

Minnesota State Management Plan for Invasive Species

tp://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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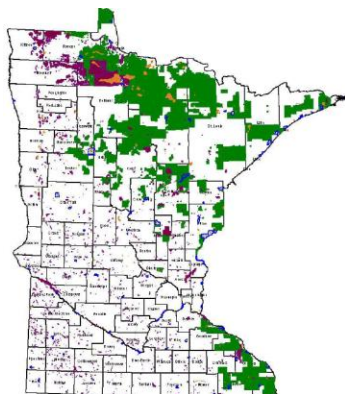
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Land Acquisition Account

Natural Resources Fund

Fiscal Year 2010 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 Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits 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 Account helps the DNR reach the goals of: (1) consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat; (2) acquiring privately owned "in-holdings" within state parks; (3) acquiring recreation access; and (4) acquiring lands with significant natural resource characteristics.

FY2010 Financial Summary

Receipts

In FY10, the DNR credited \$27,638 to the Land Acquisition Account that it received from the sale of standing timber. The DNR sold two acquired parcels and credited \$12,365 in sale proceeds to the Land Acquisition Account. An internal audit revealed two discrepancies totaling \$76,503 in FY10 sales receipts credited to the Land Acquisition Account: \$47,503 in proceeds were from the sale of school trust fund land and \$29,000 was refunded to the buyer due to the State's inability to consummate the sale. The adjustments of \$76,503 were made in FY11 and will be reflected on the FY11 Land Acquisition Account Report.

The DNR sold an additional four acquired parcels in FY10. However, the net sale proceeds were credited to the general fund as mandated by the Legislature. (see Laws of Minnesota 2005, Chapter 156, Art. 2, Sec. 45, as amended by Laws of Minnesota 2007, Chapter 148, Art. 2, Sec. 73, and as amended by Laws of Minnesota 2009, Chapter 37, Art. 1, Sec. 59). Without the legislative mandate, the

sale of these four acquired parcels would have resulted in a \$192,000 credit to the Land Acquisition Account in FY10.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account to pay for appraisals and professional services. The DNR reimbursed the Land Acquisition Account from the gross proceeds from all sales when the DNR paid for these services from the Land Acquisition Account during the sale process.

Expenditures

Fish & Wildlife spent approximately 70 percent of the funds in FY10, Forestry spent 22 percent and Parks and Trails spent 8 percent. Divisions utilize the Land Acquisition Account to pay for the sale costs (e.g. appraisals, legal notifications, and professional / technical services). There is a direct correlation to the percentage of the account spent by a particular Division to the number of parcels offered for sale as the majority of the sale parcels offered in FY10 were administered by Fish & Wildlife and Forestry

Fund Balance

The account balance increased approximately 19 percent in FY2010. Nevertheless, the account is dependent upon land sales. Land sales receipts are down due to a depressed real estate market. Additionally, the legislative mandate directing state agencies to sell \$6.44 million of state owned lands by June 30, 2011 has redirected sale proceeds from the Land Acquisition Account to the general fund. Since 2005, the DNR has contributed \$2.46 million in net sale proceeds to the general fund instead of the Land Acquisition Account.

FY2010 Activities and Accomplishments

In FY10, the account supported land sale preparatory costs and land acquisition professional services costs. The DNR utilized \$96,251 of the \$130,840 in expenditures to offer parcels for sale and to complete land acquisitions. The remaining \$34,589 is an ongoing encumbrance for site cleanup within the Bayport WMA complex.

Budget Trends FY2003 to FY2013

Land Acquisition Account revenues vary from year to year. Due to the downturn in the real estate market since 2008, and until the budget balancing law requirement is met, the DNR has had very few opportunities to sell surplus state land that would provide receipts for the Land Acquisition Account.

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 Minnesota 2009, Chapter 37, Art. 2, Sec. 45). As stated previously, since 2005 the DNR has contributed \$2.46 million in net sale proceeds to the general fund rather than the Land Acquisition Account. All state agencies have raised \$4.3 million through the sale of state-owned land, leaving \$2.1 million to raise through sales by June 30, 2011.

A 2009 law prohibits the use of the proceeds from the sale of land within the Outdoor Recreation System as of May 8, 2009 to meet the 2005 budget balancing law. Thus, proceeds from the sale of acquired lands within the outdoor recreation system will now be deposited into the Land Acquisition Account. With the continued

Receipts, Expenditures, and Fund Balances

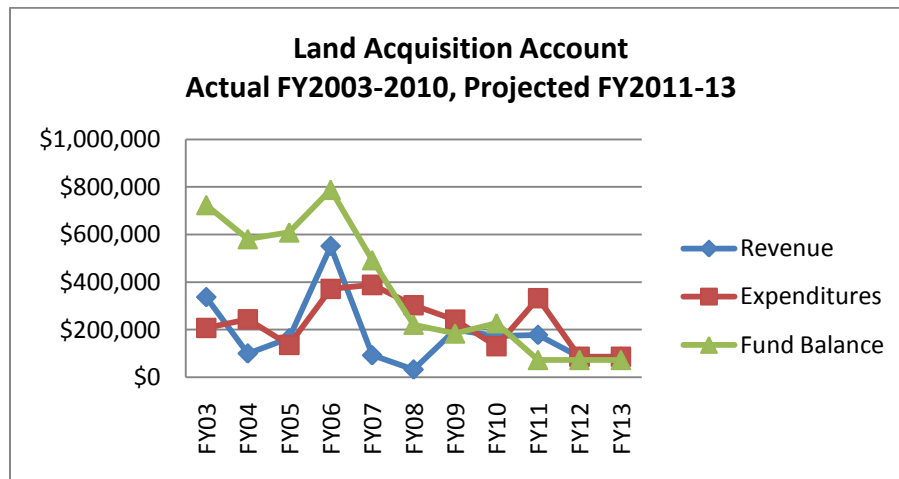
FY2010 Beginning fund balance	\$184,144
Prior year adjustment	\$0
Receipts	
Sale of land ¹	\$88,868
Land sale service charge	53,331
Sale of standing timber	27,638
Other receipts ²	<u>3,788</u>
Total receipts	\$173,625
Expenditures	
Parks and Trails	\$10,512
Forestry	28,484
Fish & Wildlife	<u>91,844</u>
Total expenditures	<u>\$130,840</u>
FY2010 Ending fund balance	<u>\$226,929</u>
Net change for FY2010	\$42,785

Notes

¹ An internal audit revealed that \$47,503 of the \$88,868 sales receipts should have been credited to the Permanent School Trust Fund and that \$29,000 were refunded to a buyer. These corrections will be reflected in FY11 Land Acquisition Account.

² Other receipts: easements on DNR lands, lease wild rice farming, late charges and loan interest.

soft real estate market, expectations for the Land Acquisition Account revenues remain low. The smaller account balance is expected to result in only a few small land acquisitions in the near future.



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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Lottery in Lieu Accounts

Natural Resources Fund
Fiscal Year 2010 Annual Report

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



Creation and Purpose of the Account

Legislation enacted in 2000 provided that sales of state lottery tickets would be exempt from 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 the sales tax would have been 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 “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.

FY2010 Financial Summary

Receipts

Receipts in State Parks & Trails LIL were approximately \$5.2 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 32 percent. Lottery receipts have been increasing for the last several years and exceed expenditures.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$925,032
Prior year adjustment	\$1,121
Receipts	
State Parks and Trails - Lottery in lieu	\$5,285,520
Other receipts ¹	3,515
Total receipts	\$5,289,035
Expenditures	
Parks and Trails	\$4,986,144
Total expenditures	\$4,986,144
FY2010 Ending fund balance	\$1,229,045
Net change for FY2010	\$304,013

Notes

¹ Other receipts: credit agreement rebate and agency direct costs.

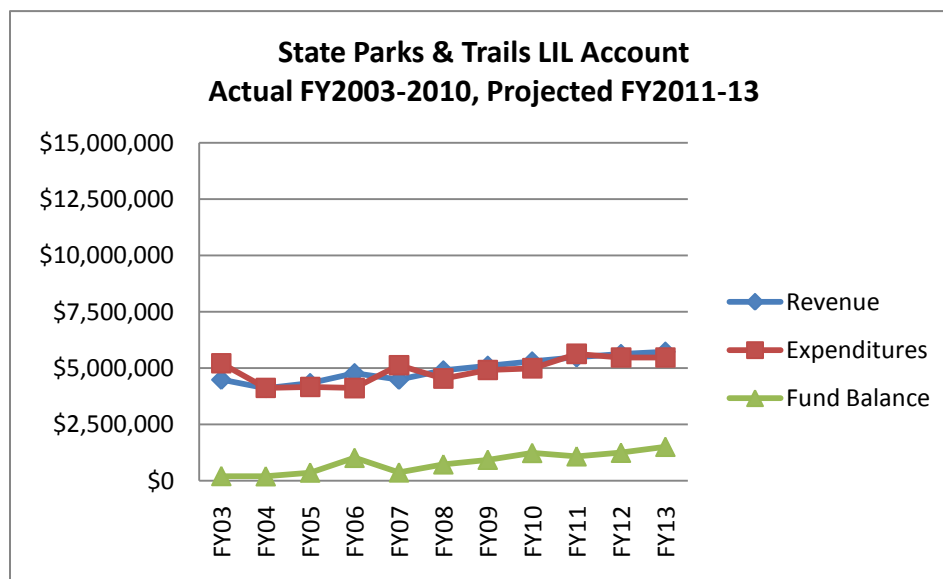
FY2010 Activities and Accomplishments

Funds from this account are used to manage state parks and trails by maintaining the buildings and grounds for day and overnight use, paying labor costs and purchase supplies for these activities, providing a safe environment for visitors, providing orientation and visitor services, providing environmental education, resource management and interpretive services and emergency maintenance when floods occur or the infrastructure fails (i.e. broken water and sewer lines, power failure, etc).

These activities and accomplishments are carried out with a combination of funds from the State Parks, Lottery in Lieu, General Fund and State Parks Working Capital accounts.

Budget Trends FY2003 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.

FY2010 Financial Summary

Receipts

Receipts in the Metro Parks and Trails LIL account were approximately \$5.2 million.

Expenditures

The Metropolitan Council spent approximately \$5 million to support the metro parks and trails systems. The Met Council allocates 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.

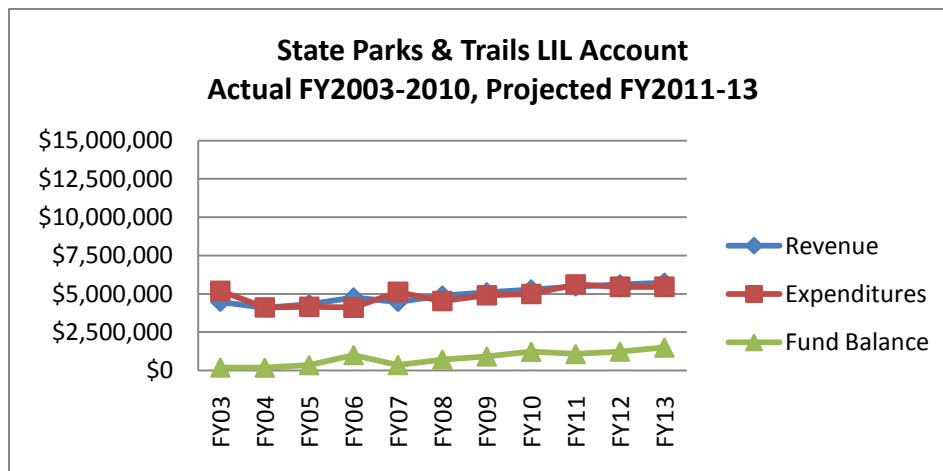
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$801,329
Prior year adjustment	0
Receipts	
Metro Parks - Lottery in lieu	\$5,285,520
Total receipts	\$5,285,520
Expenditures	
Parks and Trails	\$0
Met Council	5,070,000
Total expenditures	\$5,070,000
FY2010 Ending fund balance	\$1,016,849
Net change for FY2010	\$215,520

Fund Balance

The fund balance increased approximately 26 percent this year. Lottery receipts and expenditures have been increasing for the last several years.

Budget Trends FY2003 to FY2013

Revenues and expenditures have been steady since FY2003. The fund balance has gradually increased 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 FY2010 budgeted amount for the grants was \$705,000.

FY2010 Financial Summary

Receipts

The Local Parks & Trails LIL account receipts totaled approximately \$704,000.

Expenditures/Grants

Parks & Trails grants to local units of government totaled approximately \$811,000.

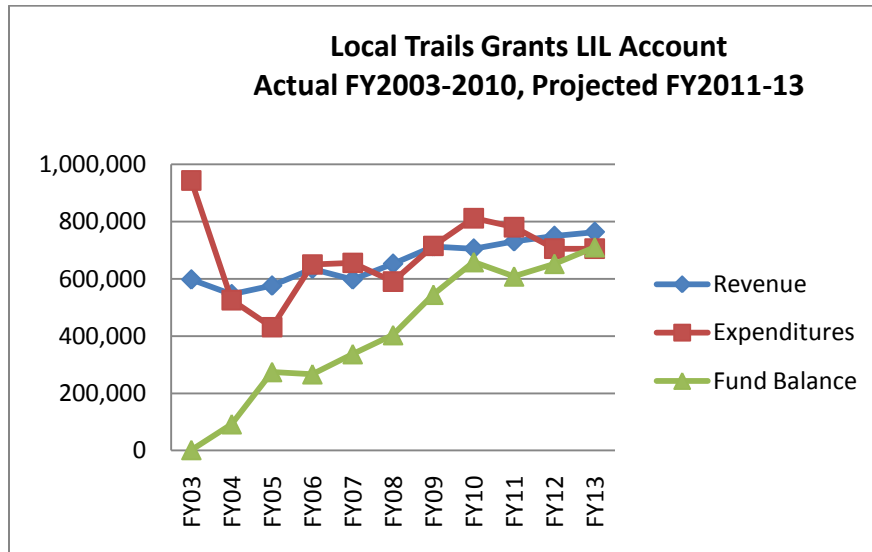
Fund Balance

The fund balance increased approximately 21 percent in FY2010. Lottery receipts have been increasing for the last several years.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$544,385
Prior year adjustment	\$220,477
Receipts	
Local Trails Grants - Lottery in lieu	\$704,736
Refunds of prior year expenditures	0
Total receipts	\$704,736
Expenditures	
Parks and Trails	\$811,239
Total expenditures	\$811,239
FY2010 Ending fund balance	\$658,359
Net change for FY2010	\$113,974

Budget Trends FY2003 to FY2013

Revenues and expenditures have been steady since FY2006. 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.

FY2010 Financial Summary

Receipts

Receipts for the Minnesota Zoos LIL account totaled approximately \$469,000.

Expenditures

The three zoos named in the legislation receive pass-through appropriations to support operations and activities of the zoos. The Minnesota Zoo received \$160,000 and Como Zoo and the Duluth Zoo each received \$160,000. The Minnesota Zoo, Como Zoo, and the Duluth Zoo use the zoo grant funds to help support general operations at the zoos.

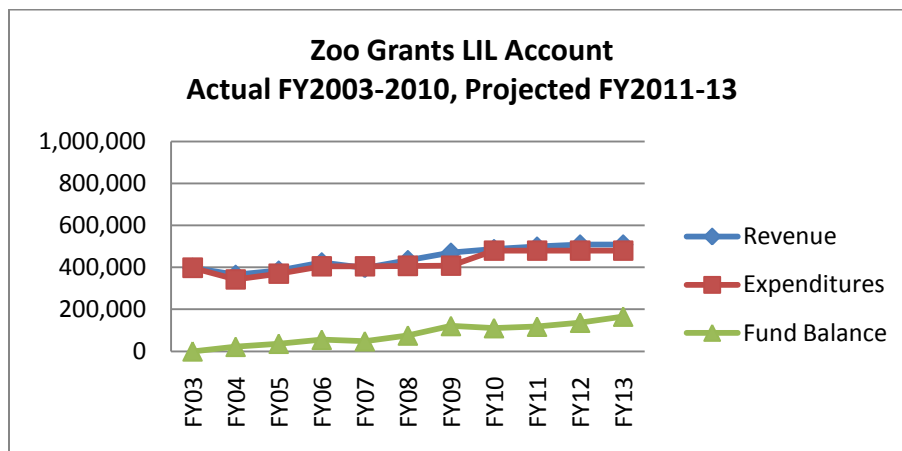
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$120,766
Prior year adjustment	0
Receipts	
Minnesota Zoos - Lottery in lieu	\$469,824
Total receipts	\$469,824
Expenditures	
Como and Duluth Zoos	\$320,000
Minnesota Zoo	160,000
Total expenditures	\$480,000
FY2010 Ending fund balance	\$110,590
Net change for FY2010	(\$10,176)

Fund Balance

The fund balance declined approximately 9 percent this year. Lottery receipts have been increasing for the last several years but expenditures exceeded revenue in FY2010.

Budget Trends FY2003 to FY2013

Revenues and expenditures have increased from FY2003 to FY2010 and are projected to level off for FY2010 to FY2013. The fund balance decreased slightly for FY2010 but is projected to increase through FY2013.



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>

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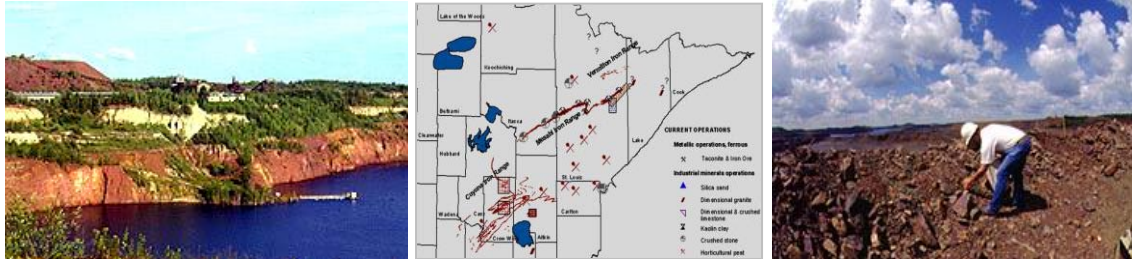
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Minerals Management Account

Natural Resources Fund

Fiscal Year 2010 Annual Report



Creation and Purpose of the Account

The 2005 legislature created the Minerals Management Account in M.S. 93.2236 to maximize mineral revenue from state mineral trust lands. Mineral management responsibilities include state mineral evaluation and promotion, issuing leases for exploration and mining, negotiating royalty rates and rentals, 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.

School Trust Lands

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.

University Trust Lands

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.

FY2010 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. Total receipts deposited into this account for FY10 were \$2.7 million.

Expenditures

Expenditures in this account support evaluation of state minerals, state mineral leasing, and state mineral lease administration. 70% of the costs are personnel, the remainder are rental, maintenance, communications, travel, and equipment costs. FY10 expenditures were \$2.7 million.

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. In FY10 \$2 million was transferred out.

Fund Balance

Weak steel demand combined with idled mining facilities and blast furnaces owned by integrated steel producers resulted in reduced revenue. The fund balance declined by approximately 39 percent during FY2010 which will result in less money being transferred to the trust accounts in October. During the last four fiscal years, USS Keetac was the primary producer of taconite from University owned ore. The idled Keetac facility for most of FY2010 accounts for the reduction of University mineral royalties for FY2010. All six Minnesota taconite plants were back in production by May 2010 and by the end of FY2010, all six taconite plants were operating at full capacity. It is expected that all six plants will continue full capacity production through the FY2012-FY2013 biennium.

FY10 Activities and Accomplishments

The Division of Lands and Minerals negotiated new taconite leases with Northshore Mining Company and renegotiated taconite leases with Northshore Mining Company and Essar Steel. These new and renegotiated leases use a royalty escalator that will result in increased state mineral royalty income from taconite. In total, the division managed 121 iron ore and taconite leases that resulted in about \$13.0 million in royalty and rental income from state mineral lands.

A new iron ore lease was negotiated with Magnetation, Inc. to recover iron ore from an iron ore tailings basin. Magnetation is using new technology that was originally evaluated as an Iron Ore Cooperative Research project. Magnetation currently holds two state mineral leases to recover iron ore from natural iron ore tailings that were deposited more than 50 years ago.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$4,996,604
Prior year adjustment	\$2,209
Receipts	
Iron ore rents & royalties	\$2,522,560
Non-ferrous metallic minerals	175,262
Interest earnings	30,861
Stockpiled Iron Ore	1,925
Other receipts ¹	5,226
Total receipts	\$2,735,834
Expenditures	
Lands and Minerals	\$2,708,592
Transfer out: University trust account	638,827
Transfer out: School trust account	1,357,777
Total expenditures and transfers out	\$4,705,196
FY2010 Ending fund balance ²	\$3,029,452
Net change for FY2010	(\$1,967,152)

Notes

¹ Other receipts: credit agreement rebate and agency indirect costs.

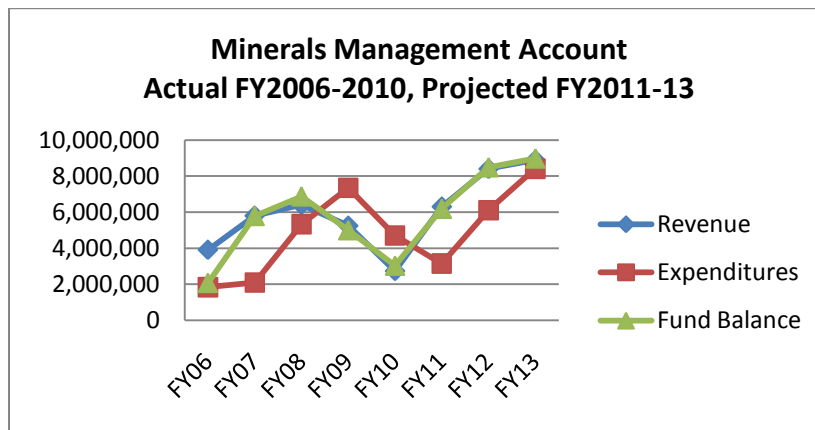
² \$29,452 (the amount that exceeds \$3 million) will be transferred to the trust accounts in October.

The division conducted one of its most successful non-ferrous mineral lease sales in January 2010. One hundred twenty-three bids were received that resulted in new state mineral leases. As of June 30, 2010, there were 426 state Metallic Mineral leases covering 151,525 acres in nine counties. Income from metallic mineral leases during FY2010 was \$889,610, approximately 20% or \$175,262 was deposited into this account. The division inspected 112 exploration drill holes throughout the state during the fiscal year.

The division also managed ten peat leases, six industrial mineral leases, and several stockpile sales, which resulted in \$166,756 in state rental and royalty income.

Budget Trends FY2006 to FY2013

The fund balance is projected to increase substantially FY2011 through FY2013 due to an expected increase in mineral revenue as shown below. However, the fund balance never exceeds \$3 million. Any balance over this amount is transferred to state trust funds.



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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Mining Administration Account

Natural Resources Fund

Fiscal Year 2010 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.

FY2010 Financial Summary

Receipts

The fee revenues due at the end of FY2010 totaling approximately \$500,000 were collected in advance of July 1, 2010 (as required by law) and deposited in FY2010 for use in FY2011.

Expenditures

The Division of Lands & Minerals expended approximately \$424,000 for costs of the Mining Administration program. These costs include issuing permits to mine, reviewing annual operating plans and site inspections.

Fund Balance

The fund balance increased approximately 16 percent for FY10. FY09 was the first year that this account was used. Revenues exceeded expenditures in the first two years of operation.

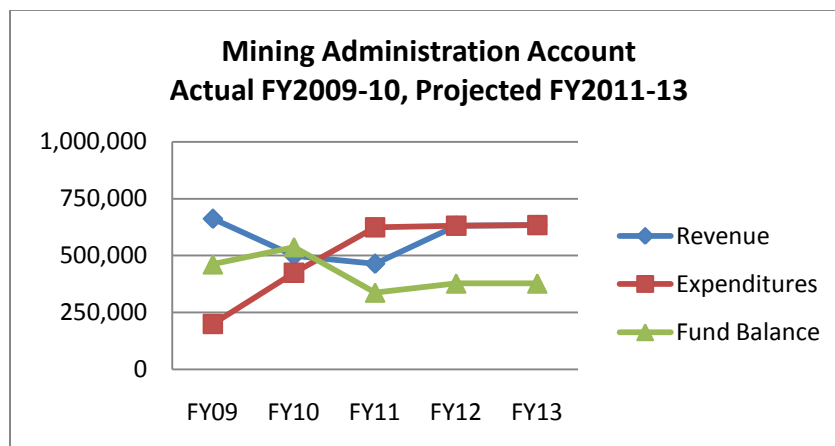
Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	462,071
Prior year adjustment	0
Receipts	
Mineland reclamation fees	\$496,522
Interest earnings	2,940
Other receipts	<u>1</u>
Total receipts	\$499,463
Expenditures	
Lands and Minerals	\$424,189
Total expenditures	\$424,189
FY2010 Ending fund balance	\$537,344
Net change for FY2010	\$75,273

FY10 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 2010; (2) administering and monitoring two closure status taconite permits; (3) administering and monitoring two active scam mining permits; (4) administering and monitoring ten peat mining permits resulting in over 450,000 cubic yards of production in 2010; (5) amending numerous wetland mitigation and replacements plans; (6) planning for long-range hydrologic changes and in-pit stockpile at several operations; and (7) 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 2010, in conjunction with taconite permits, 57 acres of stockpiles and 168 acres of tailings basins were permanently reclaimed, and nearly 48,000 seedlings planted. In calendar year 2010, about 550 acres were reclaimed with the peat permit to mine.

Budget Trends FY2009 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 \$500,000. For FY2011, the revenue is estimated to be the same as FY2010 and expenditures are projected to remain at the same level. For FY2012 and FY2013, revenues and expenditures are projected to remain relatively stable. (Graph was adjusted for planned expenditures.)



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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Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

Natural Resources Fund
Fiscal Year 2010 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.

FY2010 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 56 percent of the total receipts in the Dedicated Receipts Account were from the Forestry Resource Assessment Products and Services Account. Next largest are the Easement, water & land crossing licenses on DNR lands (34 percent) and the Horse trail pass account (6 percent).

Expenditures

Approximately 82 percent of the expenditures in the NR Dedicated Receipts Account were made by the Division of Forestry (Resource Assessment account). The Division of Lands & Minerals had 24% of the expenditures and the Division of Parks & Trails about 4 percent of the total expenditures in the combined Dedicated Receipts Account.

Fund Balance

The fund balance declined by approximately 4 percent this year. Revenues have increased for the divisions of Eco & Water Resources and Lands & Minerals but have decreased for the divisions of Forestry and Parks & Trails.

Receipts, Expenditures, and Fund Balances Combined Accounts, Grouped by DNR Division

	Beg. Bal.	Receipts	Expenditures	End Bal.
Lands & Minerals	\$20,870	\$658,920	\$466,775	\$213,015
Waters	\$0	59,815	20,000	39,815
Forestry	\$2,254,599	1,084,244	1,581,095	\$1,757,748
Parks & Trails	\$191,678	116,953	73,717	\$234,914
Fish & Wildlife	\$27,810	13,233	2,919	\$38,124
Totals	\$2,494,957	\$1,933,165	\$2,144,506	\$2,283,616

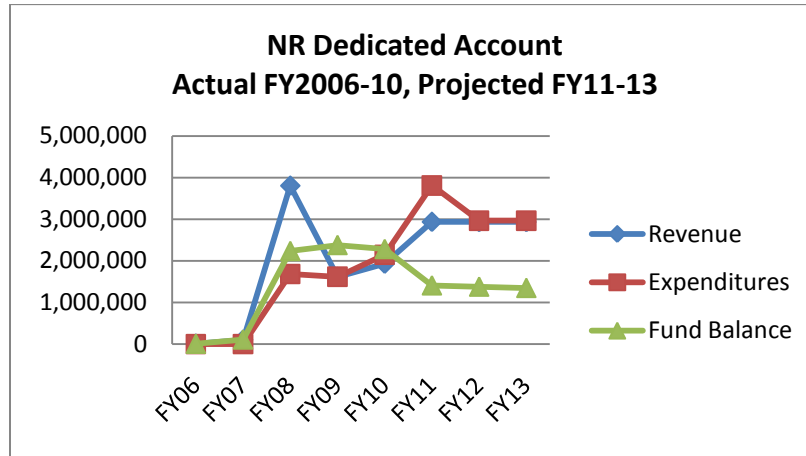
Note: Beginning balances include prior year adjustments.

Receipts, Expenditures, and Fund Balances Consolidated Accounts

FY2010 Beginning fund balance	\$2,380,447
Prior year adjustment	\$114,510
Receipts	
Water fees, inspection fees	\$59,815
Easement, water & land crossing licenses on DNR lands	658,920
Fire burn permits	34,373
Decorative balsam bough buyer's permit	1,005
Other forestry receipts	1,048,866
Horse trail pass	116,953
License issuing fee	12,934
Interest earnings	<u>299</u>
Total receipts	\$1,933,165
Expenditures	
Lands and Minerals	466,775
Waters	\$20,000
Forestry	1,581,095
Parks and Trails	73,717
Fish & Wildlife , License Center/ELS	<u>2,919</u>
Total expenditures	<u>\$2,144,506</u>
FY2010 Ending fund balance	\$2,283,616
Net change for FY2010	\$96,831

Budget Trends FY2006 to FY2013

The fund balance is projected to remain stable 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 assessment services of landscape resources for the Division of Forestry, 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.

FY2010 Financial Summary

Receipts

Total receipts from sales of products and services totaled about \$1 million in FY2010. Most of the work was conducted for the Division of Forestry although other divisions in the DNR, other state agencies and units of local government, and others, purchased forest resource assessment services and products. In FY2010, the Resource Assessment Office received 22 percent of Forestry core program support funding.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$2,105,162
Prior Period Adjustments	\$113,272.80
Receipts	
Resource Assessment forestry receipts	\$1,048,865
Expenditures	
	\$1,578,883
FY2010 Ending fund balance	\$1,688,416
Net Change for FY2010	(\$416,746)

Expenditures

Expenditures in FY2010 were approximately \$1.6 million. The office conducted more than 20 projects in FY2010 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 FY2010 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 FY2010 was approximately 20 percent lower than the starting balance, reflecting that expenditures exceeded revenues for the year by approximately \$500,000.

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>

Contacts

<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.

FY2010 Financial Summary

Receipts

Horse trail pass receipts in FY2010 totaled approximately \$117,000, a slight decrease from FY09.

Expenditures

Expenditures in FY2010 from the account were approximately \$74,000. This money is used 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	
FY2010 Beginning fund balance	\$190,439
Prior Period Adjustments	\$1,237
Receipts	
Horse trail pass	\$116,953
Expenditures	<u>\$73,717</u>
FY2010 Ending fund balance	\$234,912
Net Change for FY2010	\$44,473

Fund Balance

The fund balance increased by approximately 23 percent, in FY2010. Revenues have exceeded expenditures for the last several years

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 FY2010)

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 to support an electronic burning permit system (ELS – electronic licensing system). 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.

FY2010 Financial Summary

Receipts

Burning permits receipts in FY2010 were approximately \$34,000, an increase of approximately 63% from FY2009.

Expenditures

No expenditures were incurred in 2010. During implementation of the ELS a mixture of state and federal funds were used to create the system and conduct training. Now that the system is activated and generating sufficient receipts, the current balance will be expended to cover burning permit system operations in 2011.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$27,497
Receipts	
Fire burn permits	\$34,373
Expenditures	\$0
FY2010 Ending fund balance	\$61,870
Net Change for FY2010	\$34,373

Fund Balance

The sale of more than \$34,000 of burning permits – and no expenditures in FY2010 – increased the year-end fund balance by 125 percent.

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.

FY2010 Financial Summary

Receipts

Receipts from the sale of forest bough buyer's permits totaled approximately \$1,000 in FY2010.

Expenditures

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

Fund Balance

The fund balance decreased by approximately 14 percent, during FY2010, expenditures exceeded revenues.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$8,669
Receipts	
Decorative balsam bough permit	\$1,005
Expenditures	<u>\$2,212</u>
FY2010 Ending fund balance	\$7,462
Net Change for FY2010	\$(1,207)

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 Eco & Water Resources

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.

FY2010 Financial Summary

Receipts

Water permitting and inspection fees, charged according to a standard fee schedule, totaled approximately \$60,000 in FY2010; a 19 percent increase. The Division of Eco & Water Resources permits and monitors about 7,000 large water users.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$0
Receipts	
Water fees, inspection fees	\$59,814
Expenditures	<u>\$20,000</u>
FY2010 Ending fund balance	\$39,815
Net Change for FY2010	\$39,815

Expenditures

Expenditures for all activities in the program for FY2010 totaled \$20,000, a substantial decrease from FY2009.

Fund Balance

The fund balance was approximately \$40,000, a substantial increase from FY2009 due to the decrease in expenditures.

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

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 easements 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).

In FY2010, the statutory language was amended to authorize joint applications for utility licenses for residential use, with one application fee for a joint application. The 2010 legislature also modified the supplemental application fee for water and land crossing utility licenses, and provided that if the fees collected were not sufficient to cover costs for the activity, the commissioner must otherwise reduce department costs and activities to carry out the requirements of the law.

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.

FY2010 Financial Summary

Receipts

Two new revenues, Water & Land Crossing License on DNR Land were deposited into this account in FY2010 causing revenues to increase substantially. In FY2010, receipts totaled \$658,000.

Expenditures

Expenditures were approximately \$467,000 in FY2010. The general fund appropriation to the DNR for the utility licenses and road easement work was eliminated, and the receipts from the Land Management Account appropriated to the DNR to cover the expenses of reviewing and issuing utility licenses and road easements.

Fund Balance

The fund balance increased by \$192,000 due to the increase in revenues. A portion of this fund balance is monitoring fees that are paid in advance of construction. The construction may occur in a subsequent fiscal year. The commissioner is required to refund unobligated balance from the monitoring fee revenue upon completion of the construction.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$20,870
Receipts	
Easement, water & land crossing licenses on DNR lands	\$658,920
Expenditures	\$466,775
FY2010 Ending fund balance	\$213,015
Net Change for FY2010	\$192,415

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 horse trail passes and decorative bough buyers permits deposited into the NR Dedicated Receipts account to provide support for operation of the licensing system.

FY2010 Financial Summary

Receipts

Receipts from the issuing fees and interest on the account totaled approximately \$13,000, a ten percent decrease from FY2009.

Expenditures

The online licensing system had expenditures from this account of approximately \$3,000.

Fund Balance

Receipts exceeded expenditures in FY2010, resulting in an increase in the fund balance of approximately \$10,300, or 37 percent.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$27,810
Receipts	
License issuing fee & interest earnings	\$13,233
Expenditures	\$2,919
FY2010 Ending fund balance	\$38,124
Net Change for FY2010	\$10,314

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>

Nongame Wildlife Management Account

Natural Resources Fund
Fiscal Year 2010 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.

FY2010 Financial Summary

Receipts

Revenues peaked in FY2007 and have continued to decline since then. FY10 receipts totaled approximately \$1.1 million.

Expenditures

Expenditures totaled approximately \$1.4 million.

Fund Balance

The fund balance declined by approximately 19 percent this year.

FY2010 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 FY2010, 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.

The website www.wildlifeviewingareas.com was expanded by 26 locations, making information for a total of 118 locations in Minnesota available for those seeking wildlife viewing opportunities over the web.

A preliminary evaluation was conducted to evaluate the use of an aerial survey methodology to enumerate wolf numbers in three study areas. Wolves were radio-collared with GPS collars to plot movements and home ranges in relation to aerial survey routes. A disease screening protocol was developed to assess disease prevalence in Minnesota's wolf population for evaluation of disease exposure and occurrence for long-term assessment of disease influence on the population.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$1,364,866
Prior year adjustment	\$500
Receipts	
Donations from income tax return	\$1,101,798
Interest earnings	5,051
Other receipts ¹	<u>1,404</u>
Total receipts	\$1,108,253
Expenditures	
Ecological Resources	\$1,223,598
Fish & Wildlife	90,172
Conservations Corps Minnesota	<u>50,000</u>
Total expenditures	\$1,363,770
FY2010 Ending fund balance	\$1,109,849
Net change for FY2010	(\$255,017)

Notes

¹ Other receipts: credit agreement rebate and agency direct cost.

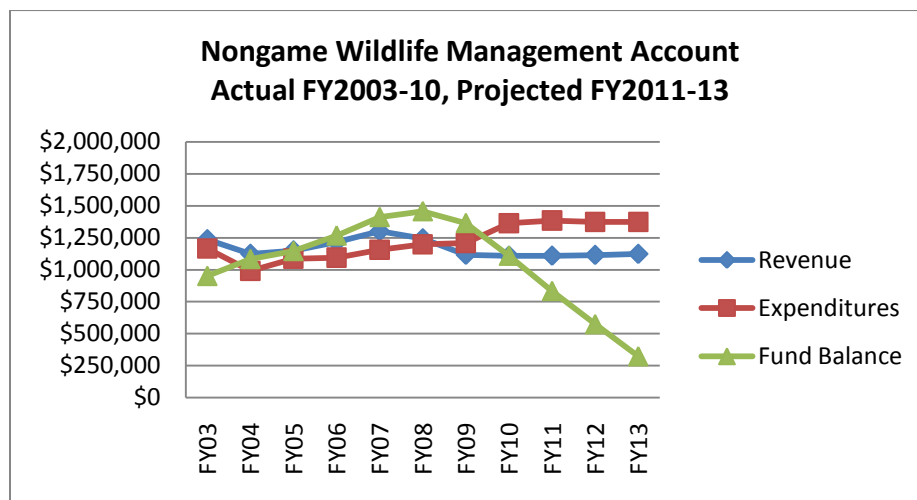
Research and surveys were conducted for a variety of nongame wildlife species of conservation concern, including northern goshawk, common loon, timber rattlesnake, Topeka shiner, and wood turtle. Information from these and other studies is being used to revise the state list of threatened and endangered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

In the area of fundraising, in addition to continuing publicity for the tax checkoff, the Nongame Wildlife Program is 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 FY2003 to FY2013

From FY2003 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

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

Snowmobile Trails and Enforcement Account

Natural Resources Fund

Fiscal Year 2010 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; see [Grant Outcomes website](#)
- 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.

FY2010 Financial Summary

Receipts

The principal sources of revenues for the snowmobile account were snowmobile registrations, trail permits and license issuing fees (50 percent), and unrefunded gasoline taxes attributable to snowmobile use (48 percent). FY10 revenues totaled \$12.8 million.

Expenditures

The Division of Parks & Trails made up 83 percent of the expenditures. Expenditures by the Enforcement Division, including grants to local enforcement agencies, were 12 percent of the expenditures. FY10 expenditures totaled approximately \$14 million.

Fund Balance

The fund balance declined by approximately 18 percent this year due to less roll-forward balance. However revenue is up slightly due to a good snow season. Snowmobile activity is dependent on weather conditions

FY2010 Activities and Accomplishments

The Division of Parks & Trails developed, managed, and maintained snowmobile recreational trails that were open to the public. More than 942 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 21,205 miles, through 181 grants. The Division was able to increase its maintenance level of effort to the Field Offices and the ability to provide additional training and monitoring of the Grant-in-Aid program as recommended in the 2003 OLAs report. This increase in effort has resulted in the termination of grants to one county during the past season.

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 FY2010, 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.

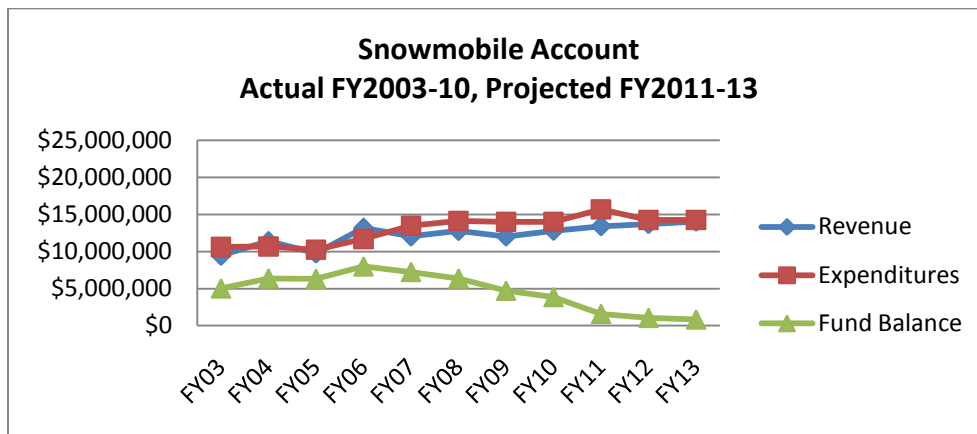
Budget Trends FY2003 to FY2013

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

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$4,714,859
Prior year adjustments	\$345,538
Receipts	
Snowmobile registration	\$3,849,062
Snowmobile trail permit	2,241,261
License issuing fee	257,403
Snowmobile training	75,052
Interest earnings	60,129
Fines and Citations	29,864
Other receipts ¹	5,955
Transfer in: Unrefunded gas tax revenue	6,201,698
Transfer in: Police State Aid	68,933
Total receipts and transfers in	\$12,789,357
Expenditures	
Parks and Trails	\$3,367,842
Grants in aid to local governments	\$8,288,170
Enforcement	1,393,643
Enforcement grants	315,000
Fish & Wildlife	464,434
Lands & Minerals	33,000
Conservations Corps Minnesota	115,000
Transfer Out: Debt Service	9,188
Total expenditures and transfers out	\$13,986,277
FY2010 Ending fund balance	\$3,863,478
Net change for FY2010	(\$851,381)

Notes

¹ Other receipts: license credit card service charge, credit agreement rebate, agency direct and indirect cost, settlements, cash overage/shortage and refunds



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>

Grants Outcomes

<http://www.dnr.state.mn.us/grants/outcomes/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

Telephone:

(651) 296-6157

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State Land & Water Conservation (LAWCON) Account

Natural Resources Fund
Fiscal Year 2010 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). M.S. 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.

FY2010 Financial Summary

Receipts

LAWCON reimbursement for projects and costs was approximately \$238,000.

Expenditures/Grants

The Division of Parks and Trails spent (49 percent) and the remaining (51 percent) were for administrative expenses. Expenditures for this account were approximately \$233,000 in FY10.

Fund Balance

The fund balance increased by approximately one percent this year. Revenues exceeded expenditures for FY2010.

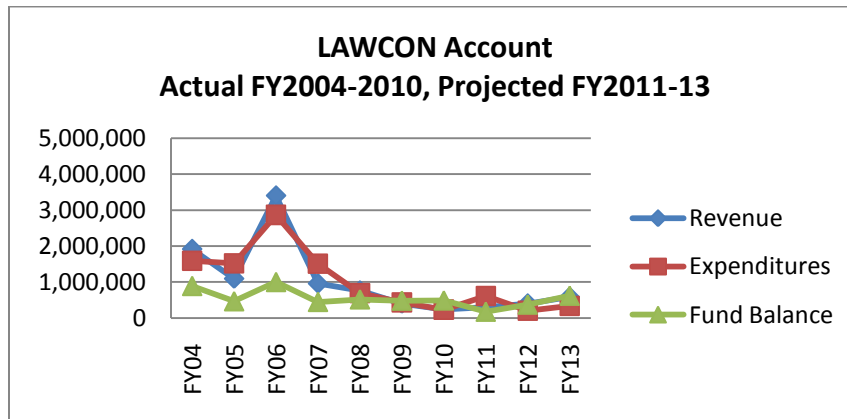
Revenues, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$483,459
Prior year adjustment	0
Receipts	
Federal Reimbursement	\$238,225
LAWCON Local reimbursement	0
Total receipts	\$238,225
Expenditures	
Parks and Trails	\$115,057
Operations Support	118,280
Total expenditures	\$233,337
FY2010 Ending fund balance	\$488,347
Net change for FY2010	\$4,888

FY2010 Activities and Accomplishments

The Division of Parks and Trails used the state portion to fund a construction project at Great River Bluffs State Park. The contact station office and shop complex were completed.

Budget Trends FY2003 to FY2013

The fund balance is projected to stay level through FY2013 assuming apportionments to the State continue at recent levels.



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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State Parks Account

Natural Resources Fund
Fiscal Year 2010 Annual Report



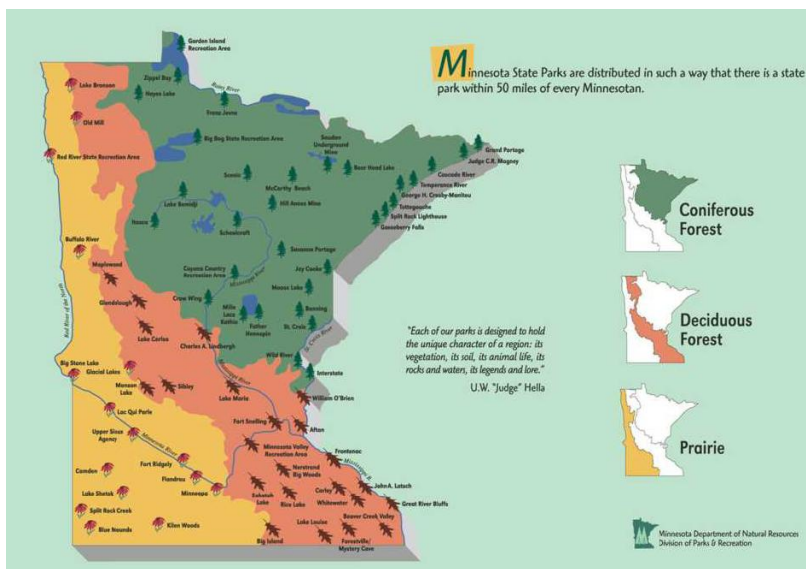
Creation and Purpose of the Account

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 12 percent of the total budget for the state park system in FY2010.



State Parks System

FY2010 Financial Summary

Receipts

Receipts were from three principle sources: camping fees (48 percent), park permits (36 percent), and park facility rentals and concessions (13 percent). FY10 revenues totaled \$11 million.

Expenditures

Parks and Trails used the funds to operate and maintain the state's parks system, as directed by the legislature. FY10 expenditures totaled \$10.6 million.

Fund Balance

The fund balance increased by approximately 60 percent this year. Revenues increased and expenditures have decreased slightly since last year.

FY2010 Activities and Accomplishments

The Division of Parks and Trails provide services to an estimated 9.1 million visitors, which includes nearly one million overnight guests. State Parks are similar to small cities in that water, sewer, power services along with safety and infrastructure (roads, parking lots, bathrooms, and shelters) are provided to these 9.1 million visitors. Parks and Trails provide windows on Minnesota's original landscape and do this by managing the natural and cultural resources on a quarter of a million acres. State Parks and Trails hold some of Minnesota's most unique cultural and natural landscapes.

Staff at state parks sold 238,451 daily permits, over 120,000 year-round permits and served more than a quarter of a million visitors (266,000) mostly young families with children through hands-on naturalist programs. More than two million visitors were served through interpretive displays and electronic touch screen messaging.

In FY10, four state recreation areas (SRA) generated revenue.

	<u>Visitors</u>	<u>Revenue</u>
• Big Bog SRA	82,364	\$ 92,739
• Cuyuna SRA	95,510	\$ 27,315
• Red River SRA	83,929	\$156,553
• MN Valley SRA	167,592	\$ 26,147

Funds from this account are used to manage state parks, state recreation areas, state wayside, and state forest campground day use areas by maintaining the buildings and grounds for day and overnight use. The money is also used for labor costs, supplies for these activities, providing a safe environment for visitors, providing orientation and visitor services, providing environmental education, resource management, interpretive services and emergency maintenance when floods occur or the infrastructure fails (i.e. broken water and sewer lines, power failure, etc.).

These activities and accomplishments are carried out with a combination of funds from the State Parks, Lottery in lieu, General Fund and State Parks Working Capital accounts.

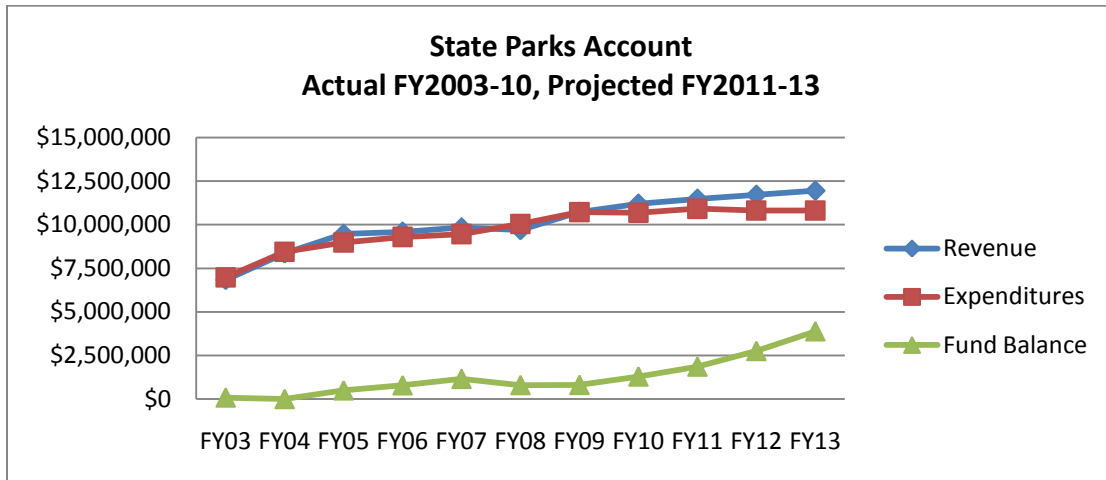
Budget Trends FY2003 to FY2013

Revenues and expenditures in the State Parks Account have grown at a steady pace since FY2002 and are projected to continue that trend from FY2011 to FY2013. The fund balance is projected to increase from FY2010 to FY2013.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$807,621
Prior year adjustment	(25,000)
Receipts	
Camping fees	\$5,326,042
Park permits	4,082,384
Park facilities rentals and concessions	1,413,901
Reservations and tours/golf/misc income	531,669
License issuing fee	688
Parks credit card service charges	(161,920)
Other receipts ¹	4,963
Total receipts	\$11,197,727
Expenditures	
Parks and Trails	\$10,637,916
Fish & Wildlife	635
Conservations Corps Minnesota	50,000
Total expenditures	\$10,688,551
FY2010 Ending fund balance	\$1,291,796
Net change for FY2010	\$484,175

Notes

¹ Other receipts: license credit card service charge, NSF charges and cash overages/shortages.



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/trails_waterways/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>

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Water Recreation Account

Natural Resources Fund
Fiscal Year 2010 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.

FY2010 Activities and Accomplishments



Division of Parks & Trails

Parks & Trails operates 1,595 public water access sites providing water access to the public. Through these water access sites, gateway opportunities are provided for aquatic recreation, boating, fishing, and other activities. Water Recreation Program funding supports the acquisition, development, operations, maintenance, and improvement of these sites.

Parks & Trails also develops, maintains, and manages 4,397 miles of public water trails for canoeing, kayaking and boating on 31 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>



Division of Enforcement

The Enforcement Division conducts boating safety patrols on Minnesota's lakes and waterways. In 2010, over 24,600 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. In addition, 73 out of 87 counties participated in the boat and water safety grant program funded through the Water Recreation Account. The counties are mandated by law to: enforce the boating safety statutes & rules, place & maintain waterway markers, investigate boating accidents & drownings, issue event & temporary structure permits, inspect rental craft and perform search, rescue & recovery operations.

<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. The division also expended funds on lake and stream improvements which included installing an aeration system, invasive species control and shoreland restoration through native plantings. Funds were also directed to projects to outreach, education and information.

<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 FY2010, 814,359 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. The division 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 2010, 3,726 aquatic plant management permits were issued to 9,690 lakeshore property owners living on 873 lakes; 300 aeration permits were also issued. Ecological Resources supported these regulatory efforts by responding to 17 requests to review permit decisions, issuing 30 variances, conducting 46 pesticide use inspections, and investigating one citizen complaint of pesticide misuse. Ecological Resources managed, coordinated, and provided review and comment on 19 hydropower plant/facility proposals, plans or operations and ten metropolitan water management plans in various stages of the review process. In addition, Ecological Resource staff worked collaboratively with the Division of Waters and local governments, citizens, and water recreational users to develop new shoreland rules to improve and protect the scenic, recreational, and ecological values of lakes and rivers. In FY2010, \$725,000 was transferred out of the Water Recreation Account and deposited in the Invasive Species Account (see Invasive Species Account section). Funds in the Invasive Species Account are appropriated to the DNR and used by the Division of Ecological Resources to manage aquatic invasive species. Those management activities include, increasing public awareness about invasive species and actions to prevent their spread, inspecting watercraft at public water accesses, providing grants and technical assistance to groups that are managing aquatic invasive species, and supporting research to develop better management techniques.

<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

Waters evaluates and issues permits for water accesses and dredging projects that provide recreational boating opportunities, participates on interstate and interagency recreation management planning and activities on the Upper Mississippi River, oversees the implementation of local regulations intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, coordinates the development of dam operating plans, monitors drought/flood conditions, and collects lake level and stream flow data that are useful for recreational boating. The Division also supports activities that 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 water level control structures, 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 runout elevations at lake outlets. Lake level and stream flow information are available at www.mndnr.gov/waters.
<http://www.dnr.state.mn.us/waters/index.html>

FY2010 Financial Summary

Receipts

Fees for watercraft registration, license issuance, and watercraft titling collectively made up approximately 43 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 \$17.3 million.

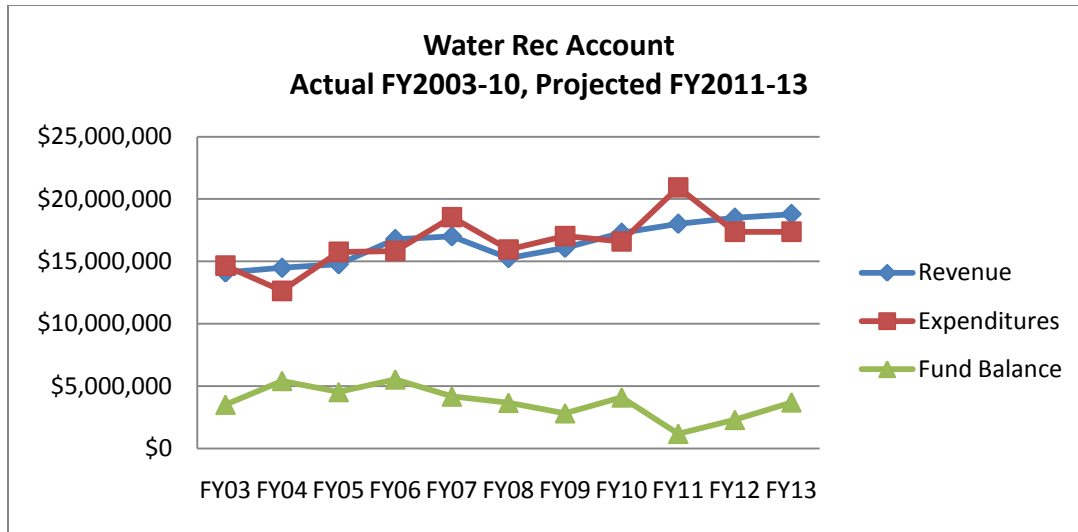
Expenditures

The Division of Parks and Trails expenditures were approximately 55 percent of total expenditures in the Water Recreation Account. The Enforcement Division expenditures were about 22 percent of total expenditures.

Fund Balance

The fund balance increased by approximately 45 percent in FY2010. Unrefunded gasoline tax has been slowing increasing and expenditures decreased slightly for Fish and Wildlife and Ecological Resources from last year.

Receipts, Expenditures, and Fund Balances	
FY2010 Beginning fund balance	\$2,820,376
Prior year adjustments	572,362
Receipts	
Watercraft registration	\$6,518,604
License issuing fee	602,610
Watercraft titling	375,630
Aquatic plant management	255,780
Watercraft fines	41,543
Harbor and marina fees	31,456
Interest Earnings	6,643
Other receipts	44,296
Transfers in	
Unrefunded gas tax revenue	9,302,548
Police State Aid	<u>111,955</u>
Total receipts and transfers in	\$17,291,065
Expenditures	
Parks and Trails	\$9,106,377
Enforcement	2,616,786
Boat and water safety grants	1,077,001
Fish & Wildlife	1,890,738
Ecological Resources	419,311
Waters	302,851
Lands & Minerals	195,129
Operations Support & Regional	133,626
Conservations Corps Minnesota	125,000
Transfer Out Invasive Species	<u>725,000</u>
Total expenditures	\$16,591,819
FY2010 Ending fund balance	\$4,091,985
Net change for FY2010	1,271,609



Additional Resources

Strategic Conservation Agenda 2009-2013

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

Welcome to the Grants Outcomes website

<http://www.dnr.state.mn.us/grants/outcomes/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:

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Website:

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

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