

# Natural Resources Fund

*Fiscal Year 2015 Annual Report*



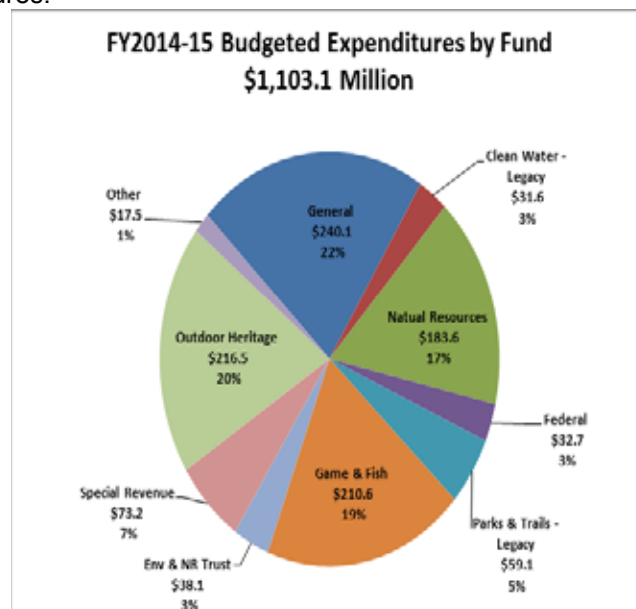
This report outlines general information about the natural resource fund including its history, funding structure, and overview of revenues and expenditures. It concludes with detailed information about each of the accounts including purpose, general sources and uses, FY15 financial information, accomplishments and other resources for more information.

## Creation and Purpose of the Fund

The Legislature created the Natural Resources Fund 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 14-15 the Natural Resources Fund will comprise 17 percent (\$183.6 million) of the total DNR budgeted expenditures.



## Accounts in the Natural Resources Fund

The Natural Resources Fund is made up of accounts dedicated for a specific purpose. These accounts are broken down separately in this report and also briefly described on the next two pages along with other activities or programs that are supported by multiple accounts within the fund (Lands Records Management System, Electronic Licensing System and Corps Minnesota):

Account Name	Sources and Uses of the Account Funding
<b>All-Terrain Vehicle Account (ATV)</b>	<ul style="list-style-type: none"> <li>Revenues include fees from registration of all-terrain vehicles, non-resident state trail passes, unrefunded gasoline taxes, and ATV safety training fees.</li> <li>Funds pay for acquisition, maintenance, and development of ATV trails and enforcement activities. (M.S. 84.927).</li> </ul>
<b>Off-Highway Motorcycle Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees for registration of off-highway motorcycles and unrefunded gasoline tax attributable to off-highway motorcycle use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-highway motorcycle trails. (M.S. 84.794).</li> </ul>
<b>Off-Road Vehicle Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees for the registration of off-road vehicles, non-resident state trail passes and the unrefunded gasoline tax attributable to off-road vehicles use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-road vehicle trails. (M.S. 84.803).</li> </ul>
<b>Cross-Country Ski Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees from cross-country ski passes.</li> <li>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)</li> </ul>
<b>Forest Management Investment Account (FMIA)</b>	<ul style="list-style-type: none"> <li>Revenues include timber sales from consolidated conservation area lands and state forest lands.</li> <li>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)</li> </ul>
<b>Invasive Species Account</b>	<ul style="list-style-type: none"> <li>Revenues include surcharges on watercraft licenses, non-resident fishing licenses, and civil penalties for violations, and service provider permits.</li> <li>Funds pay for management of invasive species programs including control, public awareness, law enforcement, assessment, monitoring, management planning, and research. (M.S. 84D.15)</li> </ul>
<b>Land Acquisition Account</b>	<ul style="list-style-type: none"> <li>Revenues include easements on DNR lands, sale of land, sale of standing timber, leases on wild rice farming and interest.</li> <li>Account is used for the acquisition of natural resource lands within the outdoor recreation system. (M.S. 94.165)</li> </ul>
<b>Lottery in Lieu (Local Trails Grants Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for local trail grants. (M.S. 297A.65, 297A.94 (e)(4))</li> </ul>
<b>Lottery in Lieu (Metro Parks and Trails Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for metropolitan park and trail grants. (M.S. 297A.65, 297A.94(e)(3))</li> </ul>
<b>Lottery in Lieu (State Parks and Trails Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for state parks and trails. (M. S. 297A.65, 297A.94 (e) (2))</li> </ul>
<b>Lottery in Lieu (Zoos Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used by the Minnesota Zoological Garden, Como Zoo and Conservatory, and Duluth Zoo. (M.S. 297A.65, 297A.94 (e) (5))</li> </ul>

Account Name	Sources and Uses of the Account Funding
<b>Minerals Management Account</b>	<ul style="list-style-type: none"> <li>• Revenues include mineral lease income related to management of the state's mineral assets.</li> <li>• 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)</li> </ul>
<b>Mining Administration Account</b>	<ul style="list-style-type: none"> <li>• Revenues consist of mining administrative fees charged to owners, operators, or managers of mines.</li> <li>• Funds pay for costs of providing and monitoring permits to mine. (M.S. 93.481, subd 7)</li> </ul>
<b>Natural Resources Misc. Statutory Account (Dedicated Receipts Account)</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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)</li> </ul>
<b>Nongame Wildlife Management Account</b>	<ul style="list-style-type: none"> <li>• Revenues are from the check-off on income tax and property tax refund claim forms.</li> <li>• Funds pay for non-game wildlife programs. (M. S. 290.431)</li> </ul>
<b>Snowmobile Trails and Enforcement Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees for registration of snowmobiles, issuance of snowmobile state trail stickers, unrefunded gasoline tax, and training fees.</li> <li>• Funds pay for snowmobile programs and acquisition, maintenance and development of trails, training, and enforcement. (M. S. 84.83)</li> </ul>
<b>State Land and Water Conservation (LAWCON) Account</b>	<ul style="list-style-type: none"> <li>• Federal grant reimbursement funds that are received under the Land and Water Conservation Fund Act.</li> <li>• Half is distributed for projects of local units of government and half is distributed to the state 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. 84.0264)</li> </ul>
<b>State Parks Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees for camping, state park permits, and facility rentals.</li> <li>• Funds pay for operation and maintenance of the state park system. (M. S. 85.055)</li> </ul>
<b>Water Recreation Account</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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)</li> </ul>
<b>Water Management Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees from permit application fees, water use fees, field inspection fees, penalties, and other receipts according to sections 103G.271 and 103G.301.</li> <li>• Funds in the water management account may be spent only for the costs associated with administering (M.S. 103G.27).</li> </ul>

### **Land Records Management System (LRS)**

The Department's Land Record System database (LRS) received \$377K from various accounts in the Natural Resources Fund during FY15. Since its rollout, the LRS has markedly improved the management of workflow, documents and geographic information across the Department. Land transactions now take half the time to complete as a few years ago, and they contain fewer errors. The number of staff statewide with access to land data has increased from 50 to over 800. To recognize the effort made by DNR to build and launch the LRS, Thompson Reuters awarded DNR the Public Sector Champion Award for Excellence in Constituent Service in 2015.

### **Electronic Licensing System (ELS)**

The DNR Division of Fish & Wildlife maintains the Electronic Licensing System (ELS). 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 FY2015 from the Natural Resources Fund account were \$1,192,859 and the total revenues were \$919,615.

### **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 1981, restores natural resources, conserves energy, responds to emergencies, and offers programs for youth and young adults.

In FY2015, Conservation Corps Minnesota received \$490,000 in funds from various Natural Resources Fund accounts to support the following DNR activities and engaged 556 youth and young adults in natural resource and energy conservation projects across Minnesota by:

- Expended 8,163 hours developing and maintaining public access and boating facilities on public waters, lake and river improvements, watercraft safety, and exotic species inspections and control; (Water Recreation Account, \$175,000)
- Expended 2,422 hours developing, constructing and maintaining state trail, education and technical skills training; (ATV Account, \$50,000)
- Expended 5,474 hours developing water access sites within state parks, exotic and invasive species management, and non-motorized trail improvement and maintenance; (State Parks Account \$120,000)
- Expended 3,157 hours designing, constructing, maintaining, training and grooming state trails (Snowmobile Trails Account \$65,000)
- Expended 783 hours maintaining and operating state parks and trails. (State Park/Trails Lottery In Lieu Account, \$30,000)
- Expended 2,260 hours for the management of invasive species (AIS Account, \$25,000) (\$22,480 carried forward from FY14).
- Expended 1,130 hours in forest management activities (FMIA Account, \$25,000).

## **Revenues that Support Multiple Accounts**

### **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 3.1515 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%	Maintenance of state forest roads
		Including 0.0555%	Maintenance of county forest roads (transfer to counties)
Total of Unrefunded Gas Tax Revenues		3.1515%	

### 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 FY2015, the Natural Resource Fund received \$296,774. This amount was apportioned to the Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle accounts based on the amount of Conservation Officers' salaries paid from each account.

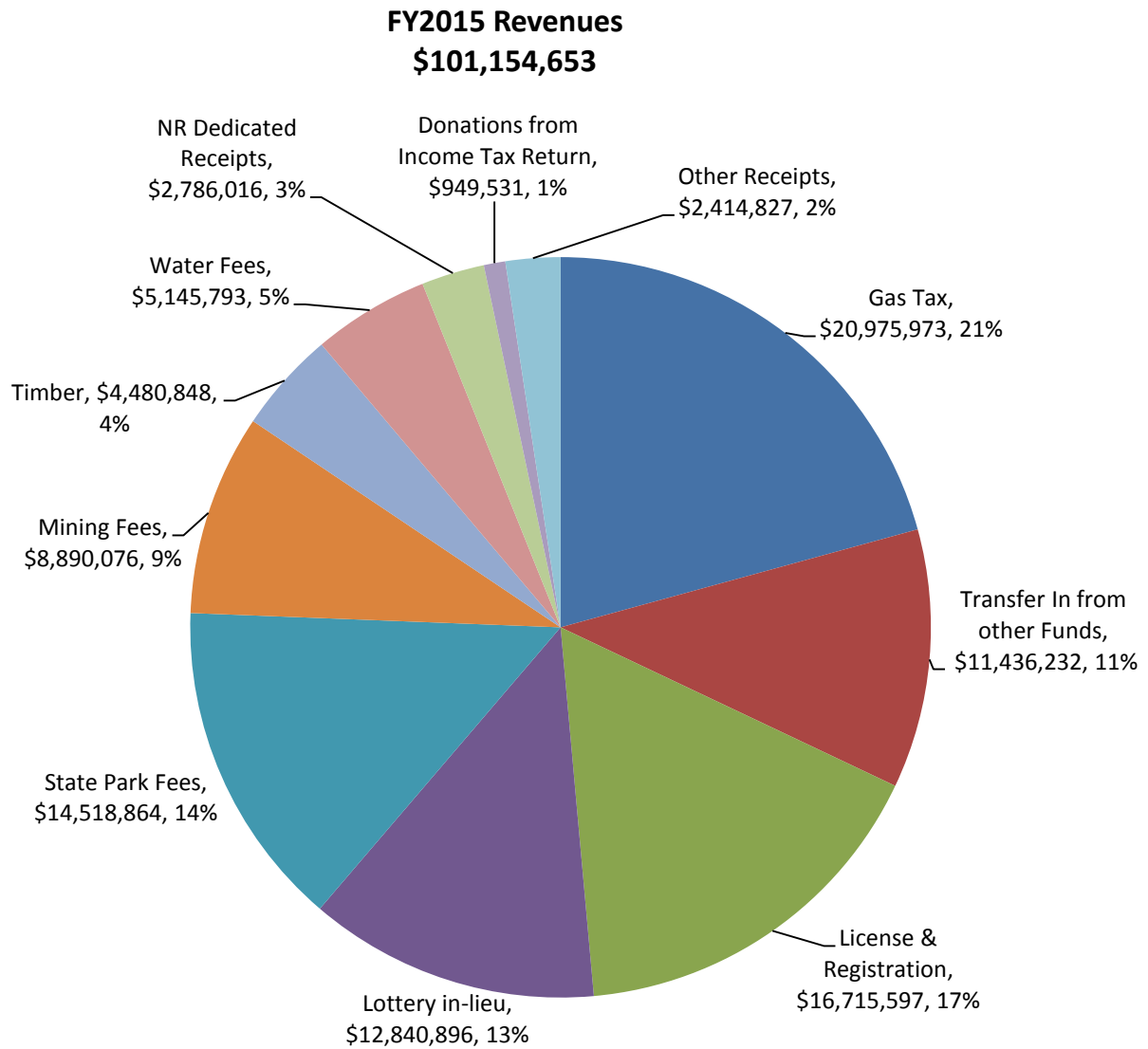
### Interest Earnings (M.S. 16A.72)

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 Natural Resources fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. The interest earned for 2015 was \$83,047.

## Revenues for Fiscal Year 2015

In FY2015, DNR collected \$101,154,653 in total revenue.

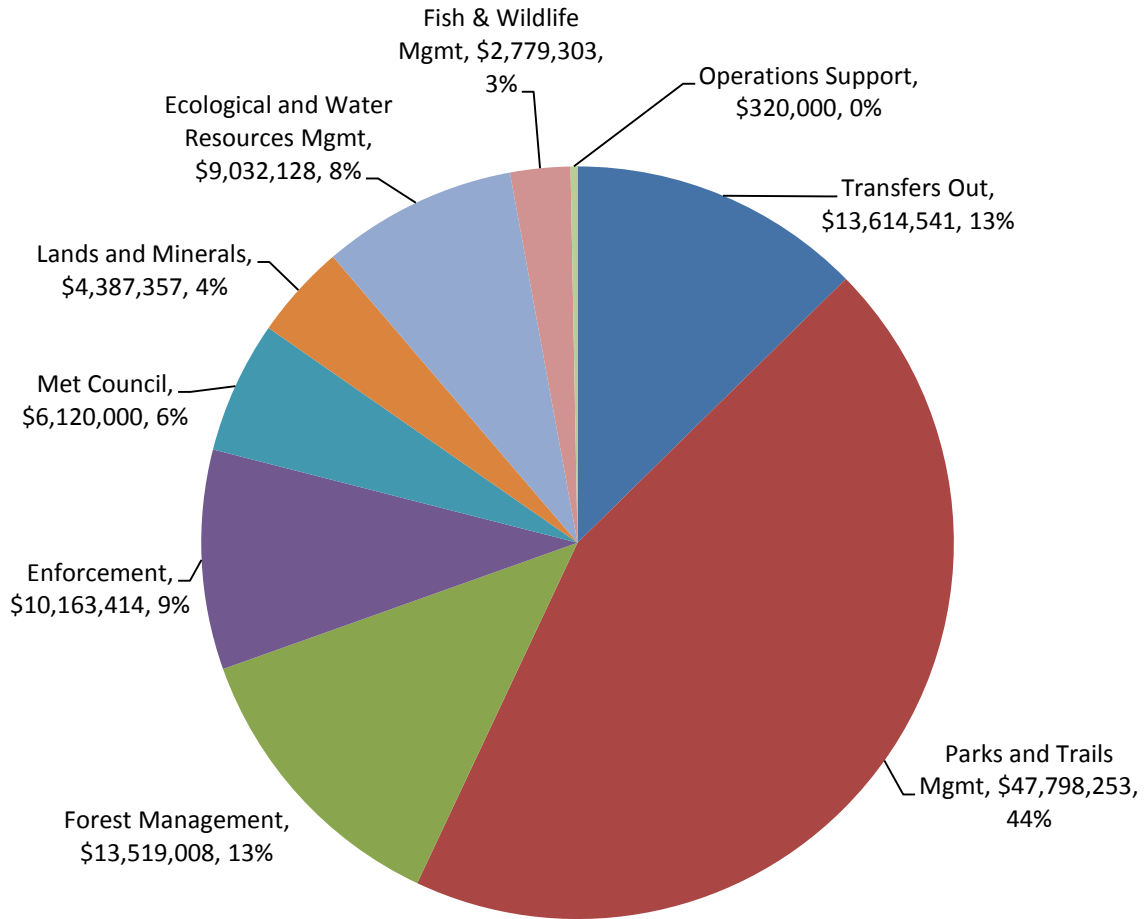
The largest sources of revenues are gas and lottery taxes, licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of Other (transfers in). For details see individual funds.



## Expenditures for Fiscal Year 2015

In FY2015, DNR spent \$108,384,004 in total expenditures and transfers out. The Division of Parks and Trails spent the majority of these funds.

### FY 2015 Actual Expenditures \$108,384,004



## Additional Resources/Links

[DNR Reports](#)

[Strategic Conservation Agenda 20015-2025](#)

[State Comprehensive Outdoor Recreation Plan](#)

[Minnesota State Parks Strategic Plan 20014-2018](#)

[Long range conservation plans and strategies – all DNR](#)

[DNR Budget](#)

## **Contacts:**

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

[Email DNR](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Location:

500 Lafayette Road

St. Paul, MN 55155-4040



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

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Natural Resources Fund  
Fiscal Year 2015 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.

## All-Terrain Vehicle Account (ATV):

### Sources and uses of Funds

The ATV Account was established in 1984. Sources of funding for this account include fees from the registration of all-terrain vehicles and non-resident state trails passes, 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; see [ATVSafetyTraining](#)
- Grants 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.

For more information about the Statewide Comprehensive Outdoor Recreation Plan, see the State Land & Water Conservation Account section of this report.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$2,769,995</b>
Prior year adjustment	\$200,020
<b>Receipts</b>	
ATV registrations	\$4,517,337
License issuing fee	209,745
ATV safety training	34,194
Non res ATV trail pass	25,235
Citations	1,900
Interest earnings	677
Other receipts <sup>1</sup>	1,827
Transfer In: Unrefunded gas tax	1,900,508
Transfer In: OHV Damage Account	0
Transfer In: Police State Aid	90,034
<b>Total receipts and transfers in</b>	<b>\$6,781,457</b>
<b>Expenditures</b>	
Parks and Trails	\$2,188,800
Grants in aid to local government	989,975
Enforcement	2,337,195
Enforcement grants	675,655
Fish & Wildlife Mgmt. (ELS)	298,228
Conservations Corps Minnesota	50,000
<b>Total expenditures</b>	<b>\$ 6,539,853</b>
<b>FY2015 Ending fund balance</b>	<b>\$3,211,619</b>
<b>Net change for FY2015</b>	<b>\$441,624</b>
Notes:	
<sup>1</sup> Other receipts: Forfeited Property, License Credit Card Service Charge, Credit Agreement Rebate, Non Ferrous Metallic Minerals.	

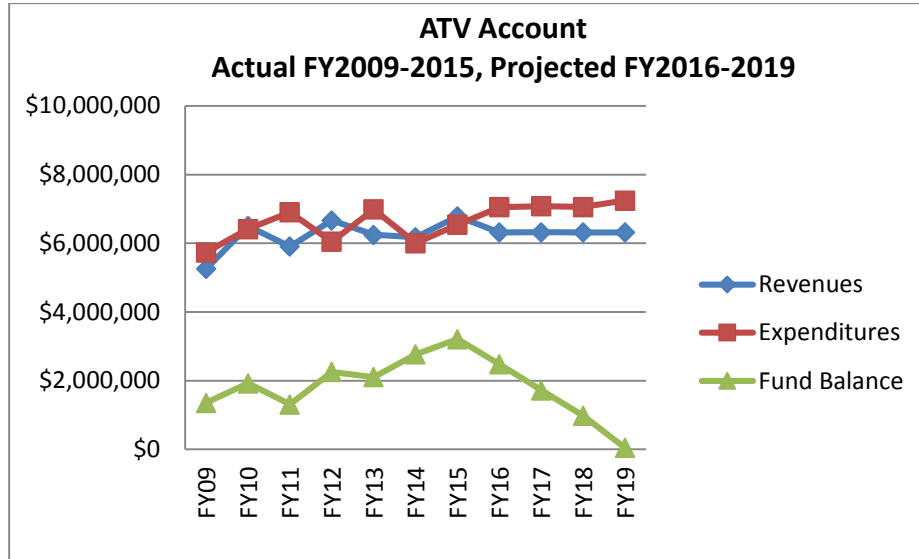
## **FY2015 Accomplishment**

The Enforcement Division provides ATV law enforcement, safety training and trail monitoring activities around the state. In addition, the Division provides grants (52 combined) to local law enforcement agencies for ATV law enforcement and educational activities relating to ATV use. The Division provided approximately 22,968 hours of enforcement, education and safety training activities around the state. The Safety Training Section recruited and trained additional volunteers for the ATV Safety and Trail Ambassador programs. This brought the total number of ATV Instructors to 1,043 and Trail Ambassadors remain at 209. The ATV Safety training program certified 4,252 students. Trail Ambassadors spent 5,617 hours monitoring trails and logged 14,368 miles on the OHV trails around the state. In addition, Trail Ambassadors logged over 3,212 contacts out on the trails. Information gathered by Trail Ambassadors was forwarded to the appropriate division for action. The result is a faster and more measured response from the affected division.

The DNR Division of Parks and Trails developed, monitored and maintained approximately 1,012 miles of ATV/OHV trails in state forests and the Iron Range OHV State Recreation Area. Existing trail systems are monitored each season and any maintenance issues were dealt with. DNR completed trail improvements on forest trails in Pine, Lake and Cass counties. Grants-in-aid were awarded to 70 trail projects through 35 local government sponsors. These grants support local clubs for maintenance, development, and acquisition of approximately 756 miles of public, locally controlled ATV trails. DNR staff continued to work with local clubs and sponsors on 21 new trail projects with potential to add 200 miles of additional riding. NOTE: Some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

### FY2009 to FY2019

ATV registrations account for 67 percent of the revenues in the ATV account. Unrefunded gasoline taxes on ATV's were 28 percent of the revenues. The fund balance has been managed by reductions in spending and this practice will continue through FY2019. Revenues are expected to remain steady.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## Off-Highway Motorcycle Account (OHM):

### Sources and uses of Funds

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.

Financial Review	
<b>FY2015 Beginning fund balance</b>	<b>\$505,497</b>
Prior year adjustment	\$2,630
<b>Receipts</b>	
Off highway motorcycle registration	\$137,035
License issuing fee	9,030
OHM safety training	850
Nonresident OHM Trail Pass	3,391
Interest earnings	165
Other receipts <sup>1</sup>	137
Transfer In: Gas Tax Revenue	323,790
Transfer In: Police state aid	<u>3,628</u>
<b>Total receipts and transfers in</b>	<b>\$478,026</b>
<b>Expenditures</b>	
Parks and Trails	\$226,195
Grants in aid to local government	80,200
Fish & Wildlife (ELS)	20,667
Enforcement	119,662
Enforcement grants	<u>10,998</u>
<b>Total expenditures</b>	<b><u>\$457,722</u></b>
<b>FY2015 Ending fund balance</b>	<b><u>\$528,431</u></b>
<b>Net change for FY2015</b>	<b>\$22,934</b>
Notes	
<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate.	

### FY2015 Accomplishments

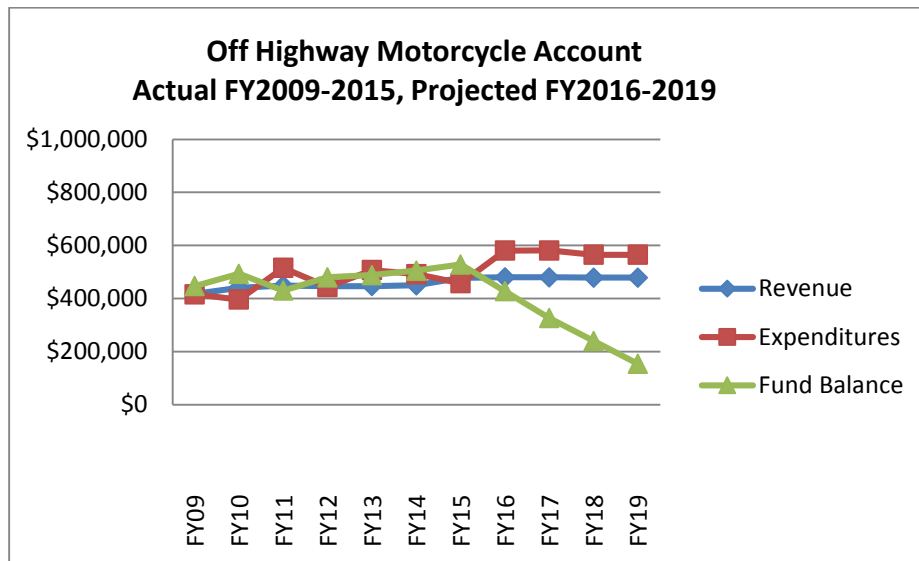
The Division of Enforcement provided OHM law enforcement; safety training, trail monitoring and grants (52 combined grants) were issued to local law enforcement agencies to provide for enforcement and education activities relating to OHM use around the state. During FY2015 approximately 1,450 hours were utilized by division staff relating to OHM law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,617 hours of monitoring OHM use on multi-use trails around the state and observed 856 motorcycles using the trail system. Safety training for 166 OHM users continued through use of the Divisions OHM Safety Training CD.

The Division of Parks and Trails developed, monitored, and maintained OHM trails that were open to the public including the Iron Range OHV Recreation Area. More than 858 motorized miles of ATV/OHM trails

and 143 single-track OHM miles are open for public use on state forest lands. Parks and Trails staff monitor trail systems each season and address maintenance needs as they arise. In addition, \$80,200 was awarded as 7 grants to counties, cities, and townships, working with local clubs for the maintenance, development, and acquisition on approximately 200 miles of public, locally controlled OHM trails. Regional Parks and Trails Acquisition and Development staff continued to work on 8 projects with the clubs and local government sponsors. NOTE: Some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

### Financial Summary FY2009 to FY2019

OHM registrations account for 29 percent of the revenues in this account. Unrefunded gasoline tax revenue on off highway motorcycles were 68 percent of the revenues. The fund balance has been declining and will be managed by reducing expenditures. The fund balance is expected to continue to decline due to expenditures exceeding revenue.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## Off-Road Vehicle Account (ORV):

### Sources and uses of Funds

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.

Financial Review	
<b>FY2015 Beginning fund balance:</b>	<b>\$2,440,306</b>
Prior year adjustment	\$3,368
<b>Receipts:</b>	
Off road vehicle registration	\$36,868
License issuing fee	3,570
Interest earnings	110
Nonresident ORV Trail Pass	7,572
Other receipts <sup>1</sup>	249
Transfer In: Gas tax revenue	1,154,382
Transfer In: Police state aid	<u>3,574</u>
<b>Total receipts and transfers in</b>	<b>\$1,206,325</b>
<b>Expenditures:</b>	
Parks and Trails	\$716,681
Grants in Aid to local governments	13,700
Fish & Wildlife Management	17,686
Enforcement	246,146
Enforcement grants	1,000
<b>Total expenditures</b>	<b>\$995,213</b>
<b>FY2015 Ending fund balance:</b>	<b><u>\$2,654,786</u></b>
<b>Net change for FY2015</b>	<b>\$214,480</b>
Notes	
<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate, and ORV Safety Training.	

## FY2015 Accomplishments

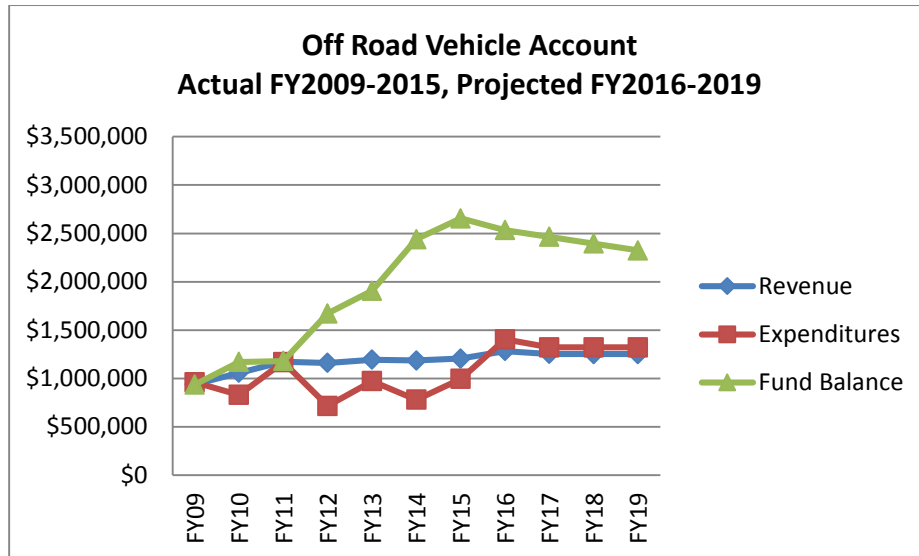
The Division of Enforcement provided ORV law enforcement, safety training, trail monitoring and grants (52 combined grants) were issued to local law enforcement agencies to provide law enforcement and education activities relating to ORV use around the state. During FY15 approximately 1,394 hours were utilized by division staff relating to ORV law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,617 hours monitoring ORV use on multi-use trails around the state, they observed 77 users. Safety training for ORV users continued through use of the Division's ORV Safety Training CD.

The Division of Parks and Trails developed, monitored, administered and maintained ORV recreational trails open to the public including 36 miles at the Iron Range OHV Recreation Area, 27 in state forests and an additional 20 miles of trails open to ORV use in Pine county that are under development. \$13,700

provided grants to counties and cities, administered by Parks and Trails, for the maintenance, development, and acquisition of public, locally controlled ORV trails and areas. Regional Parks and Trails Acquisition and Development staff continued to work on 3 new projects with the clubs and local government sponsors. NOTE: some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

### Summary FY2009 to FY2019 Financial

ORV registrations accounted for 3 percent of the revenue in this account. Revenues from unrefunded gasoline taxes attributable to off road vehicle use are the principal revenue source, 96 percent and the remaining 1 percent is miscellaneous revenue.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

### Additional Resources

[Off-Highway Vehicles Regulations 2015-16](#)

[ATV safety training](#)

[Welcome to the Grants Outcomes website](#)

[ATV grants-in-aid](#)

[OHM safety training](#)

[OHM grants-in-aid](#)

[ORV safety training](#)

[ORV grants-in-aid](#)

# Cross-Country Ski Account

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## **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 trail passes are deposited into this account and used for maintenance and grooming of cross country ski trails. Changes during the 2010 legislative session now allow some of these funds to be used for administration of the program and maintenance of the state cross-country ski systems. Any funds for administration must be appropriated by the legislature.

## **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 (GIA) 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.



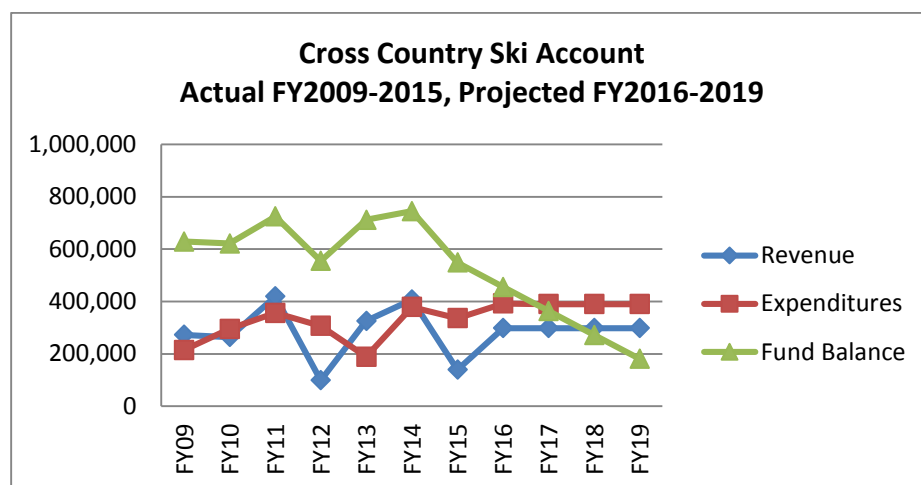
Financial Review	
<b>FY2015 Beginning fund balance</b>	<b>\$745,330</b>
Prior Year Adjustments	498
<b>Receipts</b>	
Cross-Country Ski permits	\$128,312
License issuing fee	11,119
Interest earnings	132
Other receipts	(367)
Total receipts	\$139,196
<b>Expenditures</b>	
Parks and Trails	\$322,628
Fish & Wildlife (ELS)	13,436
Total expenditures	\$336,064
<b>FY2015 Ending fund balance</b>	<b>\$548,960</b>
Net change for FY2015	(\$196,370)
<b>Notes</b>	
1 Other receipts: License Credit Card Service Charge	

## FY2015 Accomplishments

In FY2015, the division of Parks and Trails awarded 40 Cross-Country Ski Grants-in-aid (GIA) to local units of government, many partnering with local ski clubs. The grants helped provide 712 miles of GIA ski trails statewide. In addition, the department allocated \$75,000 toward the grooming of the 1,400 mile cross-country ski trail system maintained by the DNR in state parks, state forests, and on state trails.

## Financial Summary FY2009 to FY2019

Revenues & expenditures vary considerably from year to year due to snow fall. Revenues decreased by 170 percent this year. Revenues are forecasted over a three year average. The fund balance is showing a decrease because of reduced revenues this year, and is expected to decline due to expenditures exceeding projected revenues.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## **Additional Resources**

[Minnesota DNR Cross-Country Ski](#)

[Purchase a cross-country ski pass online](#)

[Cross Country Ski Trail Grants-in-Aid \(GIA\)](#)

[Email Program Coordinator: Andrew.Korsberg@state.mn.us](mailto:Andrew.Korsberg@state.mn.us)

# Forest Management Investment Account

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*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



## Creation and Purpose of the Account

The Forest 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

Primary sources of funding to the FMIA are revenues earned from state land timber sales and related activities. State administered lands subject to management total 5 million acres including about 2.8 million acres of unreserved commercial timberland. Approximately 800,000 cord equivalents "new" volume are offered for sale annually with forest management objectives focused on maintaining and improving forest health and productivity. On average, some 30,000 acres of timberland are regeneration harvested and 10,000 acres are thinned or selectively harvested each year supplying the state's \$16 billion 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, Division of Parks & Trails, School/University Trust, Minnesota counties, and the general fund.

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, forest inventory, cultural resource reviews, and other forest management-related costs;
- State land reforestation and timber stand improvement, including forest pest management; and
- State forest road maintenance costs.

## FY2015 Accomplishments

The Division of Forestry offered for sale a total 1,198,383 cord equivalents including 895,565 “new” cord equivalents (cords and thousand board feet units only). Timber sold totaled 950,901 cord equivalents and timber harvested totaled 887,345 cord equivalents. In addition, the FMIA funds reforestation, forest inventory, and state forest roads expenditures that support state land forest management. In FY15, 3,570 acres received site preparation for reforestation, 3,770 acres were planted, 3,596 acres were direct seeded, and 2,793 acres were released from competition. Regeneration surveys were completed on 21,725 acres. Some 5,697 acres were protected from animal browse damage by bud capping or repellents. About 1,450 miles of state forest system roads were graded at least once with total graded miles of 5,527. Right-of-way maintenance was completed on 540 miles and 25 miles were graveled. Forest inventory was updated by area staff on 60,304 acres.

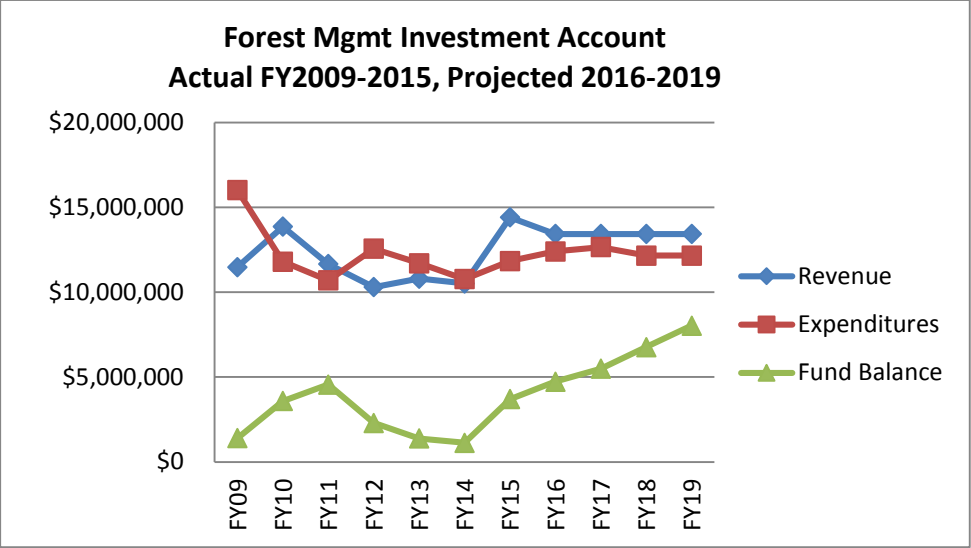
<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$1,128,602</b>
Prior year adjustment	\$1,329
<b>Receipts</b>	
Timber sales, interest & penalty	\$4,480,748
Interest earnings	4,618
Other receipts <sup>1</sup>	500
Transfer In: general fund	5,292
Transfer In: CON CON areas account	2,832,558
Transfer In: Restricted Spec. Revenue	84,109
Transfer In: Spec. Revenue (Parks working cap.)	0
Transfer In: Game & Fish	399,855
Transfer In: University susp account	50,741
Transfer In: School suspense account	6,556,394
Total receipts and transfers in	\$14,414,815
<b>Expenditures</b>	
Forest Management	11,464,796
Lands & Minerals	344,000
Conservation Corps Minnesota	25,000
Total expenditures	\$11,833,796
<b>FY2015 Ending fund balance</b>	<b>\$3,700,950</b>
Net change for FY2015	\$2,572,348

### Notes

<sup>1</sup> Other receipts: credit agreement rebate and refunds of prior year expenditures.

## Financial Summary FY2009 to FY2019

The FMIA was fully implemented in 2005, when state timber revenues were spiking upward as a result of the U.S. housing boom and general economic prosperity. As a direct result of the 2009 economic recession, FMIA revenue declined from a peak \$15 million in FY06 to \$10.3 million in FY12. The added burden of large-scale salvage operations due to major blow-down events that occurred in FY12 and FY13 further negatively impacted FMIA revenue because salvage timber stumpage values received were approximately one-third of normal timber values. In FY14, FMIA revenues totaled \$10.5 million and expenditures totaled \$10.8 million. In FY15, timber sales volume and value surged and FMIA revenues jumped to \$14.4 million while expenditures increased to \$11.8 million. The year-end account balance was \$3.7 million, a year-over-year increase of \$2.57 million.



Expenditure projections are based on spending authorized in law for the current biennium and base appropriations carried out through 2019.

**Additional Resources**

- [DNR M.S. 16A.125 Trust Cost Certification Report – Legislative Reports by Fiscal Year](#)
- [DNR Biennial Operating Budget – Current and Archive](#)
- [Division of Forestry Website](#)

# Invasive Species Account

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*Natural Resources Fund  
Fiscal Year 2015 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 \$5 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 FY2015 the Invasive Species Program also received funding from the state general 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.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$1,545,067</b>
Prior year adjustment	\$40,161
<b>Receipts</b>	
Watercraft surcharge	\$1,386,954
Fines	24,419
Serv Provider App & Test Fee	33,393
Other receipts <sup>1</sup>	26,275
Transfer in: Fish & wildlife license surcharge	1,090,279
Transfer in: Water Recreation	<u>750,000</u>
Total receipts and transfers in	\$3,311,320
<b>Expenditures</b>	
Ecological & Water Resources	\$3,052,907
Enforcement	580,377
Conservation Corps Minnesota	<u>25,000</u>
Total expenditures	<u>\$3,659,284</u>
<b>FY2015 Ending fund balance</b>	<b><u>\$1,237,264</u></b>
Net change for FY2015	(\$307,803)

**Notes**

<sup>1</sup> Other receipts: credit agreement rebate and agency direct cost reimbursement .

## **FY2015 Accomplishments**

The division of Ecological and Water Resources main program goals were:

1. Prevent the introduction of new invasive species into Minnesota;
2. Prevent the spread of invasive species within Minnesota; and
3. Reduce the impacts caused by invasive species to Minnesota's ecology, society, and economy.

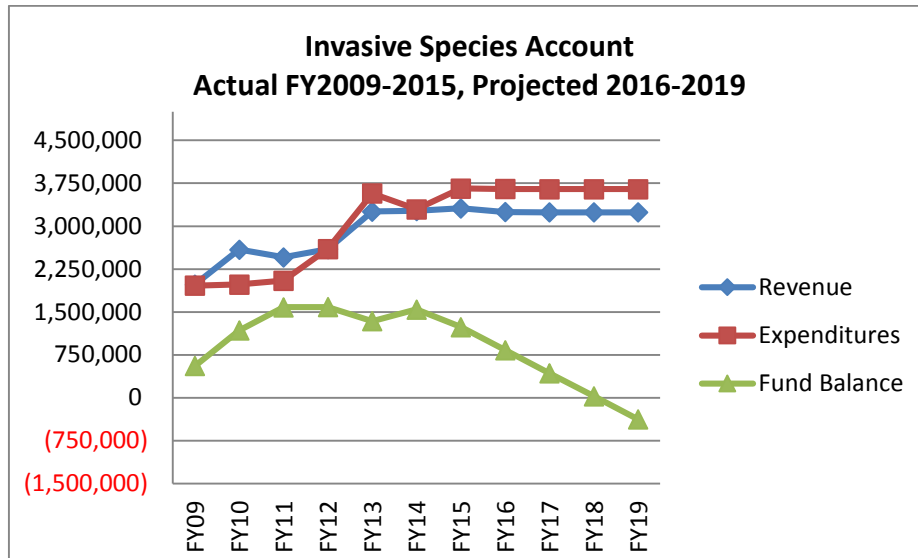
Highlights of our program activities in FY2015 are:

- When new tools became available the DNR created a zebra mussel pilot project to enable successful applicants to attempt to kill zebra mussels in open water systems. The first pilot project started in October in Ruth Lake in Crow Wing County.
- A new AIS, starry stonewort, was found in Lake Koronis in Stearns County in August of 2015. Staff worked to respond to this new infestation including listing the water as infested and completing plant management treatments.
- The Invasive Species program's two Aquatic Invasive Species (AIS) prevention planners who support Counties who are working to prevent AIS, held a series of ten workshops to bring counties together and share information on their activities.
- In addition to DNR inspectors, the DNR provided watercraft inspection training to over 700 tribal and local government units (LGU) authorized inspectors working throughout the state. This number is up significantly from 363 in 2014.
- More than 750 lake service provider businesses completed training and were issued permits by the end of the year. This was the first year that businesses have needed to renew permits since 2012 when this training program went into effect.
- A new online calendar for decontamination unit locations was created for use by the public. This page is intended to be used by boaters as an additional tool to seek out decontamination units for a courtesy decontamination to further reduce the risk of spreading aquatic invasive species.

## **Financial Summary FY2009 to FY2019**

The \$5 watercraft surcharge is the largest source of revenue for this account, 42 percent in FY2015. The \$5 surcharge on nonresident fishing licenses deposited in the Game & Fish Fund and transferred to the Invasive

Species Account accounts for 33% of the revenue. The fund balance has been declining and will be managed by reducing expenditures.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## Additional Resources

[Invasive species program](#)

[Minnesota State Management Plan for Invasive Species](#)

[Aquatic invasive species grants and partnerships](#)

[Invasive Species of Aquatic Plants and Wild Animals in Minnesota, Annual Report 2010 Summary Report](#)



# Land Acquisition Account

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*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



## **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. These funds help the DNR reach the following goals:

- Consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat;
- Acquiring privately-owned "in-holdings" within state parks;
- Acquiring recreation access; and
- Acquiring lands with significant natural resource characteristics.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$665,854</b>
Prior year adjustment	\$0
<b>Receipts</b>	
Sale of land	\$111,366
Land sale costs	32,557
Sale of standing timber	100
Other receipts <sup>1</sup>	<u>7,637</u>
Total receipts	\$151,660
<b>Expenditures</b>	
Parks and Trails	\$83,111
Forestry	195,545
Fish & Wildlife	85,058
Ecological & Water Resources	<u>0</u>
Total expenditures	<u>\$363,714</u>
<b>FY2015 Ending fund balance</b>	<b><u>\$453,800</u></b>
Net change for FY2015	(\$212,054)

**Notes:** <sup>1</sup> Other receipts: Loan interest, Other Agency Deposits, and Easements on DNR Lands.

## FY2015 Accomplishments

Receipts to the Land Acquisition Account during FY15 included revenue from the sale of:

- Two parcels totaling 50.37 acres located in the city of Champlin, sold to local government units to add to existing parklands;
- 3.995 acres of surplus trail property from the Willard Munger Trail in St. Louis County, sold to Canadian National Railroad to add new railroad track; and
- Eight parcels to resolve trespass issues in Beltrami, Houston, Hubbard, Lake of the Woods, Pennington and Winona Counties.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account and other accounts to pay for appraisals and professional services for land sales.

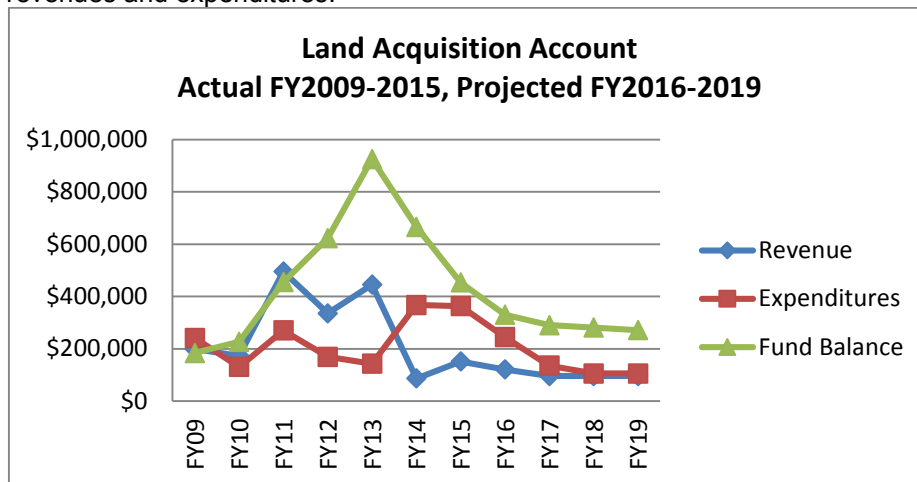
In addition to using Land Acquisition Account funds to purchase land, DNR uses the Land Acquisition Account to pay for professional costs related to land acquisitions, sales and exchanges of state owned lands (e.g. appraisals, legal notifications, and professional/technical services). Thus, funds from this account benefitted a wide variety of land transactions during FY15, including the following:

- Forestry:
  - Acquired 44 acres from Potlatch Corporation that were surrounded by state lands;
  - Acquired a 5.5-acre inholding along the Mississippi River corridor which consolidated state ownerships and reduced boundaries by 1/8 mile;
  - Acquired a 1-acre parcel which secured road access to 215 acres of State land;
  - acquired a 63.65-acre parcel joining 476 acres of forest land to state lands along US Highway 61, improving access and consolidating ownership; and
  - Costs associated with accepting several gifts of land, including parcels from The Nature Conservancy, Potlatch Corporation, and Pheasants Forever.
- Parks and Trails:
  - Costs associated with a land exchange project with the University of Minnesota involving lands in St. Louis and Dakota Counties;

- Costs associated with a Transfer of Custodial Control with MnDOT for the Paul Bunyan Trail;
- Costs associated with a Transfer of Custodial Control with MnDOT for the Gateway Trail;
- Costs associated with preparing to sell surplus properties in Lake Bronson State Park;
- Costs associated with trail sales involving Willard Munger Trail, Casey Jones Trail, and Glacial Lakes Trail; and
- Acquired lands for the Sakatah State Trail in Blue Earth County.
- Fish and Wildlife:
  - Acquired 20 acres on Leech Lake for Marshal Point Aquatic Management Area (AMA);
  - Acquired 0.25 acres on Leech Lake for Allen's Point AMA;
  - Acquired 8 acres on Miller Creek in Wabasha County;
  - Acquired 1.8 acres on Volney Lake in Le Sueur County;
  - Acquired 425 acres for Vermillion River Wildlife Management Area (WMA) in Dakota County;
  - Costs associated with sales to resolve trespasses on Marion Lake in Dakota County, Straight Lake in Becker County, Burbank WMA in Kandiyohi County, and Whitewater WMA in Winona County; and
  - Costs associated with a direct sale of surplus land on Orchard Lake in Dakota County.

### Financial Summary FY2009 to FY2019

The balance of the fund had dropped sharply in FY14 when divisions increased their use of the fund to pay land acquisition costs. While the amount of the fund balance decreased again in FY15, an increase in lands sold in FY15 helped to stem that decline, and expenditures remained relatively unchanged from the previous cycle. Expenditures in FY16 are trending below FY15 levels, which should continue to close the gap between revenues and expenditures.



Expenditure projections are based on spending authorized in law for the current biennium and base appropriations carried out through 2019.

### Additional Resources

[Division of Lands and Minerals](#)

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

# Lottery in Lieu Accounts

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*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



## **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, of which reside in the Natural Resources Fund. These “lottery in lieu” (LIL) accounts are authorized in M.S. 297A.94 and include State Parks & Trails account, Metro Parks & Trails Grants account, Local Trails Grants account and Zoos account.

## **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.

Financial Review	
<b>FY2015 Beginning fund balance</b>	<b>\$270,059</b>
Prior year adjustment	\$18,527
<b>Receipts</b>	
State Parks and Trails - Lottery in lieu	\$5,778,403
Other receipts <sup>1</sup>	1,149
Total receipts	\$5,779,552
<b>Expenditures</b>	
Parks and Trails Management	\$6,144,592
Enforcement	77,039
Conservation Corps Minnesota	30,000
Total expenditures	\$6,251,631
<b>FY2015 Ending fund balance</b>	<b>(\$183,493)</b>
Net change for FY2015	(\$453,552)

Notes: 1 Other receipts: credit agreement rebate

## FY2015 Accomplishments

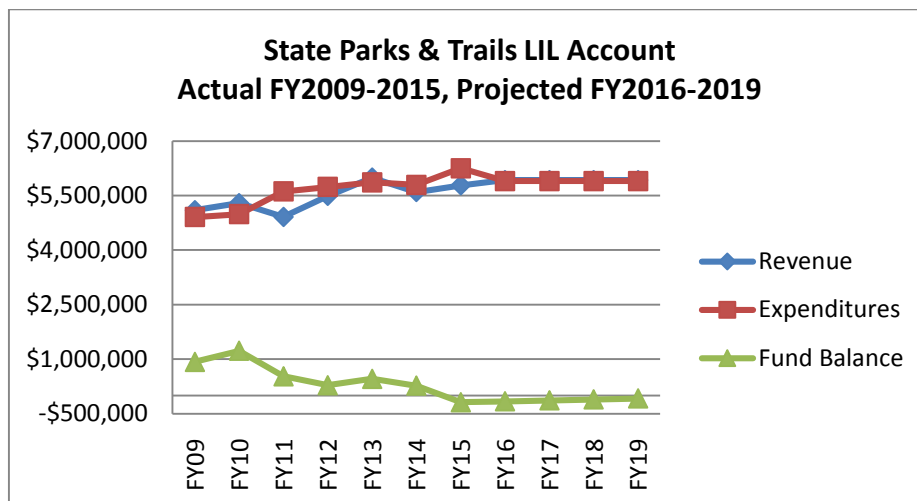
Total expenditures of about \$6.1 million from this account are used to manage state parks and trails by:

- Maintaining the buildings and grounds for day and overnight use;
- Maintaining state non-motorized trails;
- Paying labor costs and purchasing supplies for these activities;
- Providing a safe environment for visitors, orientation, and visitor services; and
- Providing environmental education, resource management, interpretive services, and emergency maintenance when needed (i.e., broken water and sewer lines, power failures, downed trees, 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.

## Financial Summary FY2009 to FY2019

Revenues are expected to increase slightly. The department will manage levels of spending to ensure the account does not go negative as shown below.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above.

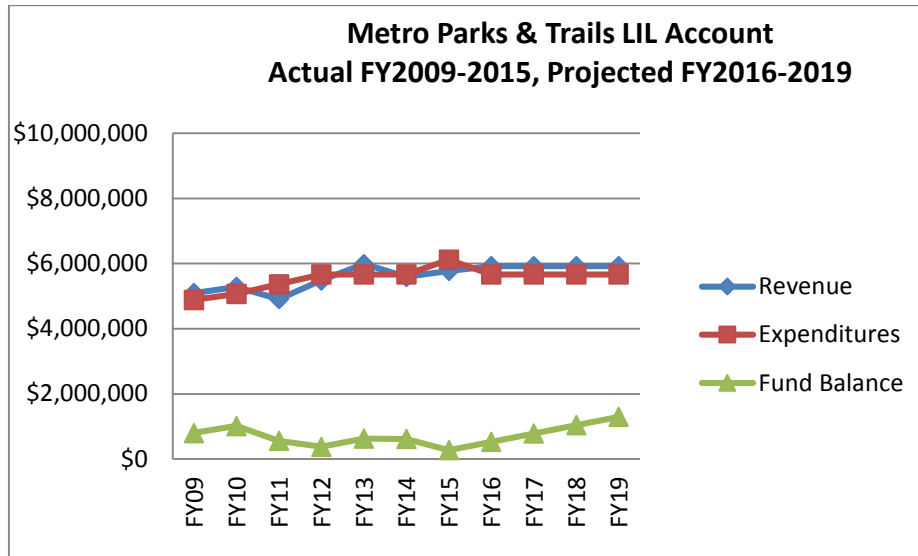
## 2. Metro Parks and Trails Lottery in Lieu (LIL)

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.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$618,065</b>
Prior year adjustment	0
<b>Receipts</b>	
Metro Parks - Lottery in lieu	\$5,778,403
Total receipts	\$5,778,403
<b>Expenditures</b>	
Met Council	\$6,120,000
Total expenditures	\$6,120,000
<b>FY2015 Ending fund balance</b>	<b>\$276,468</b>
Net change for FY2015	(\$341,597)

### Financial Summary FY2009 to FY2019

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.



### Additional Resources

[Metropolitan Council – Regional Parks](#)

[Park Maps](#)

[Metropolitan Council](#)

[State Comprehensive Outdoor Recreation Plan](#)

### 3. Local Trail Grants Lottery in Lieu (LIL)

This LIL grant funding is made through the Local Trail Connections Program and the Regional Trail Grant Program, established in MN Statutes 85.019. Funded grant projects include acquisition and betterment of public land and improvements needed for trails. Counties, cities, and towns are eligible for the grants.

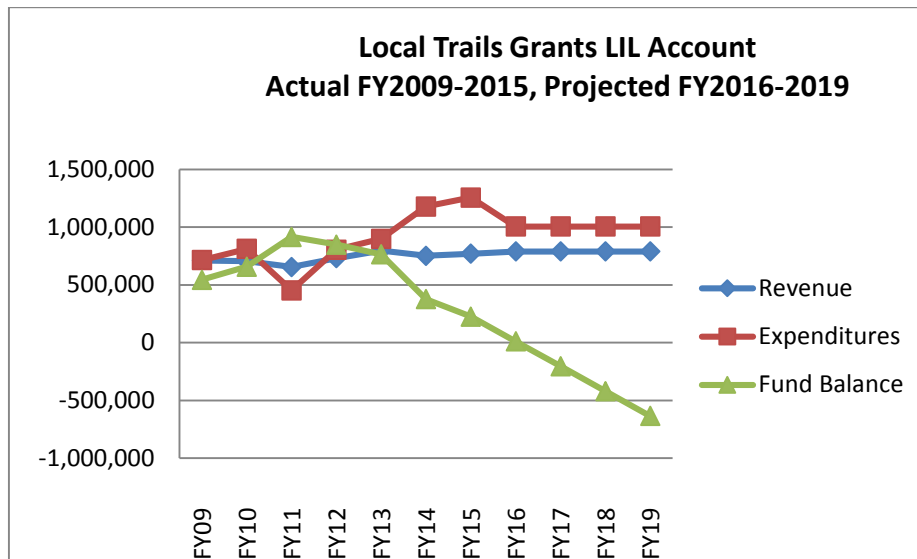
<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$377,372</b>
Prior year adjustment	\$334,583
<b>Receipts</b>	
Local Trails Grants - Lottery in lieu	\$770,454
Refunds of prior year expenditures	0
Total receipts	\$770,454
<b>Expenditures</b>	
Parks and Trails Management	\$1,256,203
Total expenditures	\$1,256,203
<b>FY2015 Ending fund balance</b>	<b>\$226,206</b>
Net change for FY2015	(\$151,166)

### FY2015 Accomplishments

There were nine grants funded to local communities in FY 2015 for Local Trail Connections and Regional Trails. These nine statewide recipients include eight cities and one county. These grants help to develop both relatively short trail connections as well as longer regional trails, and often connect schools, residential areas, and parks via trails, providing close to home recreational and alternative transportation opportunities.

### Financial Summary FY2009 to FY2019

Revenues remain steady through FY19. The fund balance is projected to decrease due to expenditures exceeding revenues through FY2019. The department will manage levels of spending to ensure the account does not go negative as shown below.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

#### 4. Zoo Grants Lottery in Lieu (LIL) Account

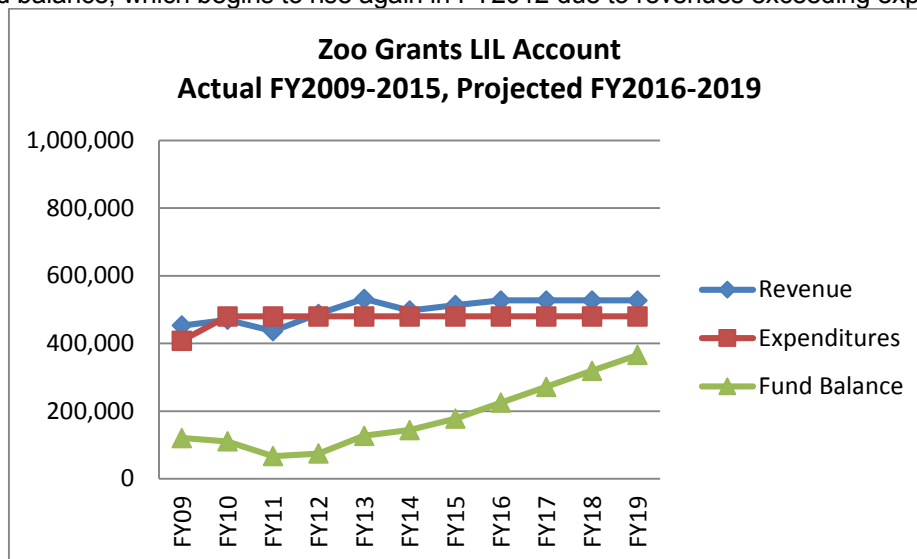
The Zoo Grants LIL account is used to fund a portion of the operations of three zoos in the state – the Minnesota Zoo, Como Zoo, and the Duluth Zoo.

Financial Review	
<b>FY2015 Beginning fund balance</b>	<b>\$144,476</b>
Prior year adjustment	0
<b>Receipts</b>	
Minnesota Zoos - Lottery in lieu	\$513,625
Total receipts	\$513,625
<b>Expenditures</b>	
Como Zoo	\$160,000
Duluth Zoo	\$160,000
Minnesota Zoo	\$160,000
Total expenditures	\$480,000
<b>FY2015 Ending fund balance</b>	<b>\$178,111</b>
Net change for FY2015	\$33,635

#### Financial Summary FY2009 to FY2019

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

Revenues and expenditures remain steady through FY2019. An increase in spending beginning in FY2010 contributed to a declining fund balance, which begins to rise again in FY2012 due to revenues exceeding expenditures.



#### Additional Resources

- [DNR reports](#)
- [Strategic Conservation Agenda 2009-2013](#)
- [Minnesota State Parks Strategic Plan 2006-2011](#)
- [Long range conservation plans and strategies – all DNR](#)
- [DNR publications](#)
- [Local Grants and Pass Through Appropriations](#)
- [Recreation Grants](#)
- [Parks & Trails](#)
- [Minnesota Zoo](#)



# Minerals Management Account

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*Natural Resources Fund  
Fiscal Year 2015 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 were derived from three federal land grants in the early years of statehood. Sections 16 and 36 (of the Theoretical Township Diagram) 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 1900, 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 25,840 acres remain, along with an additional 21,373 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.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$14,936,539</b>
Prior year adjustment	1,023
<b>Receipts</b>	
Iron ore rents & royalties	\$7,751,511
Non-ferrous metallic minerals	217,482
Interest earnings	50,408
Stockpiled Iron Ore	265,563
Other receipts <sup>1</sup>	19,926
Total receipts	\$8,304,890
<b>Expenditures</b>	
Lands and Minerals	\$3,038,866
Transfer out: University susp. account	2,958,563
Transfer out: School trust account	7,874,197
Transfer out: Taxing Districts	1,103,779
Total expenditures and transfers out	\$14,975,405
<b>FY2015 Ending fund balance <sup>2</sup></b>	<b>\$8,267,047</b>
Net change for FY2015	(\$6,669,492)

**Notes**

<sup>1</sup> Other receipts: Industrial minerals and credit agreement rebate, refunds to prior year expenditure

<sup>2</sup> At the beginning of each fiscal year, the amount of the beginning balance in excess of \$3 million is distributed to the School, University and Taxing Districts according to the proportions of revenue sourced from those lands. In FY15, the amount transferred to these trust accounts totaled \$11.9 million.

## **FY2015 Accomplishments**

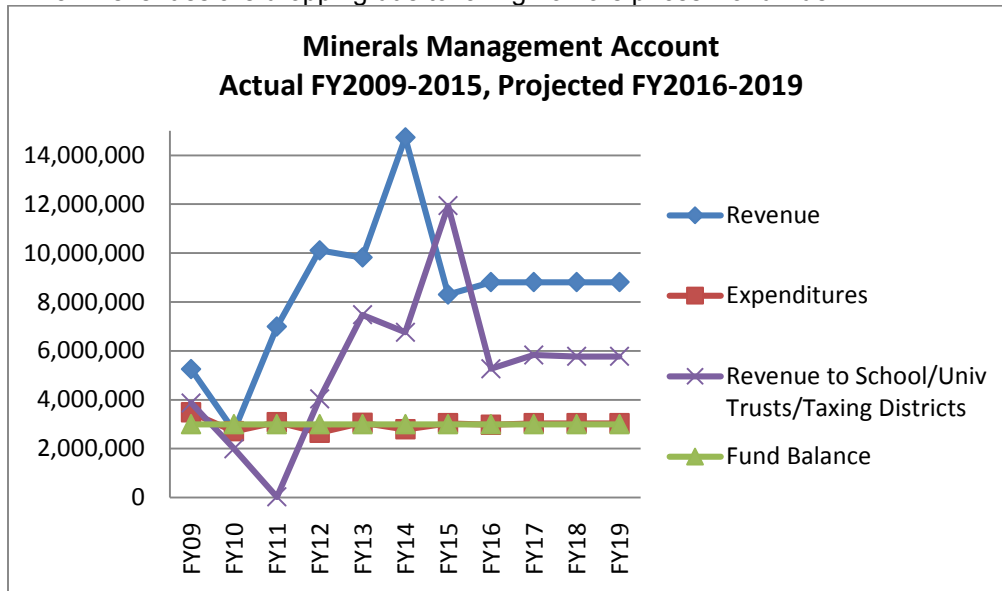
These are some of the activities of the Division of Lands & Minerals supported by the Minerals Management Fund during FY 2015:

- Negotiated a \$4.4 million mineral encumbrance fee with the Minnesota Department of Transportation for the relocation of Highway 53 onto School Trust land east of Virginia, MN;
- Signed two additional taconite leases with US Steel at their Mountain Iron, MN facility;
- Signed one new residue lease with Mag Mining, LLC at their Plant 4 facility near Coleraine, MN;
- Worked collaboratively with Minnesota Power on their proposed Great Northern Energy Transmission Line from Manitoba, Canada to Superior, WI, to avoid mineable iron ore reserves on the Mesabi Range;
- Worked collaboratively with Enbridge to propose a reroute their proposed petroleum pipeline away from a state-owned non-ferrous mineral resource being evaluated by Kennecott Exploration Company;
- Renegotiated temporary royalty reductions on State mineral leases with US Steel to help ensure the viability of the state's largest revenue generator for the Permanent School Trust; and
- Began negotiations with Cliffs Mining Resources on upcoming mineral lease expirations and previously unleased mining areas at their Hibbing Taconite facility in Hibbing, MN.

## Financial Summary FY2009 to FY2019

Twenty percent of mineral receipts are deposited in the minerals management account each year. The other 80 percent is deposited into the appropriate trust account based on land type. Expenditures from the mineral management account support evaluation of state minerals, state mineral leasing and state mineral lease administration. At the end of each fiscal year the fund balance is reviewed and any balance in excess of \$3 million is transferred out to the School Trust, University Trust, or local taxing district based on the source of the revenue.

Because the account ended FY2014 in excess of \$3 million, \$11.9 million was transferred out of the Mineral Management Account to the appropriate trust accounts. Based on the Legislature's appropriation, the Division of Lands and Minerals spent \$3.038 million on mineral management activities leaving a balance of \$8.267 million at the end of FY15. Revenues are dropping due to falling iron ore prices worldwide.



## Additional Resources

[Lands and Minerals Publications](#)

[Minnesota's School Trust Lands Fiscal Year 2010-2011](#)

[Minnesota's Permanent University Land and Fund \(revised 2015\)](#)

# Mining Administration Account

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*Natural Resources Fund  
Fiscal Year 2015 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 mines 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 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.

The funds are used for mineland reclamation activities that control adverse environmental impacts of mining, preserve natural resources, and encourage future land utilization planning. At the same time, these activities also promote the orderly development of mining, encourage good mining practices, and recognize the beneficial aspects of mining. Supported activities within mineland reclamation include:

- mine permitting;
- site inspections;
- wetland impact avoidance, minimization, and mitigation;
- annual report and operating plan review;
- research toward reclamation practice improvement; and
- environmental review which is otherwise unfunded.

The costs of these mineland reclamation activities are paid by the users of the services – the permit holders.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$659,172</b>
Prior year adjustment	0
<b>Receipts</b>	
Mineland reclamation fees	\$636,039
Interest earnings	1,734
Other receipts	<u>82</u>
Total receipts	\$637,855
<b>Expenditures</b>	
Lands and Minerals	<u>\$550,638</u>
Total expenditures	<u>\$550,638</u>
<b>FY2015 Ending fund balance</b>	<b><u>\$746,389</u></b>
Net change for FY2015	\$87,217
<b>Notes</b>	
1 Other receipts: credit agreement rebate.	

## FY2015 Accomplishments

The Division of Lands and Minerals accomplished several tasks for this program during FY15, including:

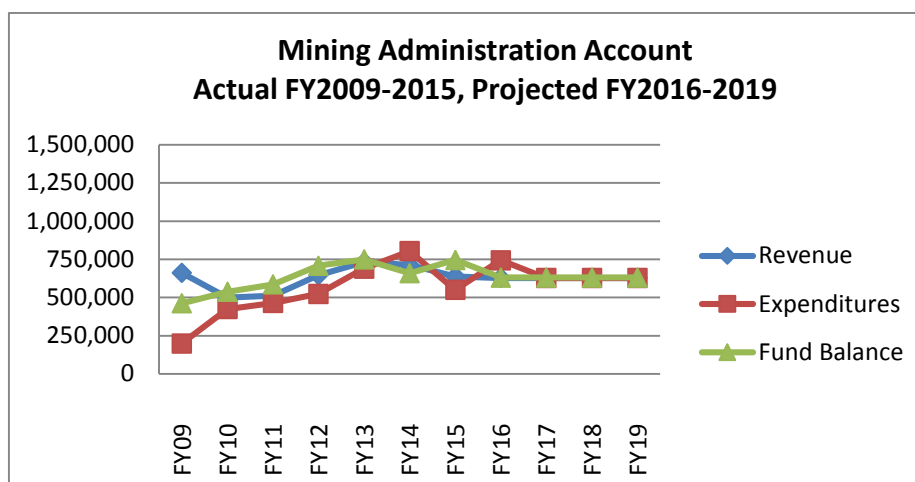
- Administering, monitoring, and amending seven active taconite permits;
- Administering and monitoring two closure status taconite permits;
- Administering, monitoring, and amending seven active scam mining permits;
- Administering and monitoring ten peat mining permits;
- Amending numerous wetland mitigation and replacements plans;
- Planning for long-range hydrologic changes and in-pit stockpiling at several operations; and
- Working with two facilities to develop innovative reclamation projects, including ensuring the facility's compliance with existing rules and approval requirements, and monitoring installation.

The Mineland Reclamation program enforces mineland reclamation regulations at taconite, scam, and peat mining operations that affect over 250,000 acres of public and private land.

## Financial Summary FY2009 to FY2019

The fee revenues due at the end of FY 2015 totaling approximately \$ 636,000 were collected in advance of July 1, 2015 (as required by law) and deposited in FY2015 for use in FY2016. Each year, the annual permits 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.

The Division of Lands & Minerals expenditures included issuing permits to mine, reviewing annual operating plans and site inspections.



## **Additional Resource Links**

[Mining and Mineral Resources of Minnesota](#)

[Lands and Mineral publications](#)

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

[Reclamation section publications](#)

[Reclamation: Minnesota DNR](#)

# Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

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*Natural Resources Fund  
Fiscal Year 2015 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:

	<u>Statute</u>
• Forest Resource Assessment Products and Services Account	M.S. 89.421
• Horse Pass Account	M.S. 85.46
• Burning Permit Account	M.S. 88.17
• Forest Bough Account	M.S. 88.6435
• Water Fees Account	M.S. 103G.301
• Land Management Account	M.S. 92.685
• License Center and Electronic Licensing System (ELS)	M.S. 84.027, subd. 15

## Sources and Uses of the Funds

Money deposited in the Natural Resources Misc. Statutory Account comes from these sources:

- Sales of forest resource assessment products and services;
- Burning permits fees;
- Fees from the sale of permits issued to bough buyers;
- Fees for projects requiring in excess of 100 million gallons per year and field inspection fees;
- Fees collected for easements and land and water crossing licenses on DNR land;
- Horse pass fees; and
- License issuing fees.

Money in the Natural Resources Misc. Statutory Account can be used for these purposes:

- Maintain staff and facilities producing the aerial photography, forest inventory, remote sensing, and satellite imagery products and services;
- For trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use;
- To operate burning permit system;
- For costs associated with balsam bough educational programs for harvesters and buyers;
- To defray the costs of receiving, recording, and processing permit applications for projects requiring in excess of 100 million gallons per year, and conducting field inspections;
- To administer the utility easement program, road easement program, easement and easement release programs and trail easement program; and
- To operate the electronic licensing system.

## FY2015 Accomplishments

### Division of Forestry



The Forestry Resource Assessment Products and Services Account was 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). The Resource Assessment Office provides assessment services of landscape resources for the Division of Forestry, other DNR divisions, and outside organizations on a fee-for-service basis. The office also sells photographic 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, image processing, and 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.

In FY2015, DNR Resource Assessment (RA) acquired 6.8 million acres of aerial photography for the following purposes: 1.2 million acres of wetland monitoring and classification, over 600,000 acres of invasive species detection, 5,230 acres of forest regeneration detection, and 10,000 acres for forest fire damage assessment. RA completed forest inventory on 37,546 acres of state administered forest land. Some 1,350 inventory plots were completed for the USFS National Forest Inventory & Analysis (FIA) program. In addition, RA performed many other land cover analysis projects for Minnesota Resource managers: mapped 300 miles of forest road easements, supported the Ecological Classification System (ECS) program through aerial photography acquisition, and provided harvest modeling for the Northern Minnesota and Ontario Peatlands (NMOP) and Northern Superior Uplands (NSU) subsection planning teams.



The burning permit account was established in 2004 legislation to support an electronic burning permit system (ELS – electronic licensing system) M.S. 88.17. 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. 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. 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. In 2015, 18,071 ELS burn permits were issued.



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. 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. In 2015, 58 electronic bough buyer permits were sold. Permits are available through the DNR's Electronic Licensing System at any location where hunting and fishing licenses are sold.

### Division of Parks & Trails

Parks and Trails manages forty-seven state forest campgrounds with approximately 1,100 campsites and seven day use areas provide recreationists with opportunities to pursue a variety of unstructured outdoor activities and to camp in a state forest setting. The management of these sites was transferred to Parks and Trails in 2004. Fees are collected for the use of these sites through self-registration: \$14 for rustic; \$16 for equestrian, and \$50 for groups. A total of \$192,000 was collected in FY 15. These funds are distributed to those parks that manage these campsites. Monies are used for maintenance of the facilities: volt toilet pumping, garbage pickup, road maintenance, electricity for security lights, mowing, horse manure



processing, cleaning supplies and toilet paper. Some funds are used to hire work done such as ground maintenance, night security, hazardous tree removal, and revenue processing.



The Horse Pass Account was authorized in 2006 and effective Jan. 1, 2007 (M.S. 85.46). The horse pass is similar to other DNR passes, such as cross-country skiing pass. Persons 16 years old or older must have in their immediate possession a valid horse 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 commercial annual horse pass was established, effective January 2, 2010. The pass enables commercial riding facility owners to purchase horse passes that can be issued to riders that hire or rent horses.



Revenues from the sale of the horse passes are deposited into a dedicated account to address equestrian needs in the state-owned areas where the pass is required. Horse pass receipts in FY2015 totaled approximately \$108,000.

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 pass program, which allocates funding for horse related trail rehabilitation and facility development. For more information about horseback riding or a map of horse pass projects, please visit [Horseback Riding](#).

## Division of Ecological & Water Resources



DNR's responsibilities for water resource management include project planning, conducting environmental reviews, reviewing permit applications, and conducting studies to assess the adequacy of the water resource and potential impacts to natural resources including after permits have been issued. This work is necessary to ensure the long-term sustainability of Minnesota's surface water and groundwater resources.



The DNR is required to recover our costs for review of proposed projects that will use more than 100 million gallons per year. This might be for a new project or for an amendment to an existing permit to add 100 MGY or more. During FY2015 we received 2 new permit applications for more than 100 million gallons per year.

Field inspection fees may be charged for 1) projects requiring a mandatory environmental assessment, 2) projects undertaken without a required permit or application, and 3) projects undertaken in excess of limitations established in an issued permit. Revenue for these categories totaled \$ 150,000.

Under permit P.A. 67-962 (1968), the DNR provides oversight for the underground natural gas storage field operated by CenterPoint Energy near Waterville, MN. This facility stores natural gas for use during times of high demand. It allows for "peak shaving" by covering short-term high demand for natural gas during periods of cold weather.

DNR monitoring activities include geophysical logging for evaluating reservoir performance and well integrity, isotopic groundwater sampling and water level/aquifer pressure monitoring to detect any gas migration into overlying aquifers. The DNR also monitors combustible gas in domestic and observation wells, injection/withdrawal volumes, storage inventory and reservoir pressure. The DNR is working with CenterPoint Energy to improve the accuracy and consistency of water level/aquifer pressure data and developing digital files of historical data.



During FY2015, all the operating parameters noted above were monitored and evaluated. Thirteen wells and test holes were sampled to determine the amount and isotopic composition of dissolved methane. The reservoir and well integrity program was continued with the logging of 3 wells as part of an ongoing plan to evaluate all pressurized gas wells on a 10-12 year cycle.

All costs associated with DNR oversight of the Waseca-Waterville storage project are covered by CenterPoint Energy in accordance with their permit. Revenue from gas storage operations came to \$ 50,000.

### Division of Lands & Minerals

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).



Legislation that went into effect in FY15 exempted utility licenses from all fees for crossing public lands or waters if the license was within a public road right-of-way. As a result, the overall balance of the Land Management Account was reduced in FY15. An omnibus bill signed in the 1<sup>st</sup> special session of 2015 modified the law to apply the application fee only to those utility lines that are 100 kilovolts or greater or main pipelines. The Land Management Account will now receive the application fee revenue and cover costs for issuance of about one-third of the utility licenses, with the general fund covering the costs for issuing the remainder of the utility licenses.

In an effort to consolidate the work for permitting mining operations, the DNR transferred responsibility for water permits for mining operators to LAM by transferring staff from the Division of Ecological and Water Resources (EWR) to LAM. The Division received a one-time “transfer in” of \$96,000 to cover part of the costs for these staff.

### Division of Fish & Wildlife (ELS)

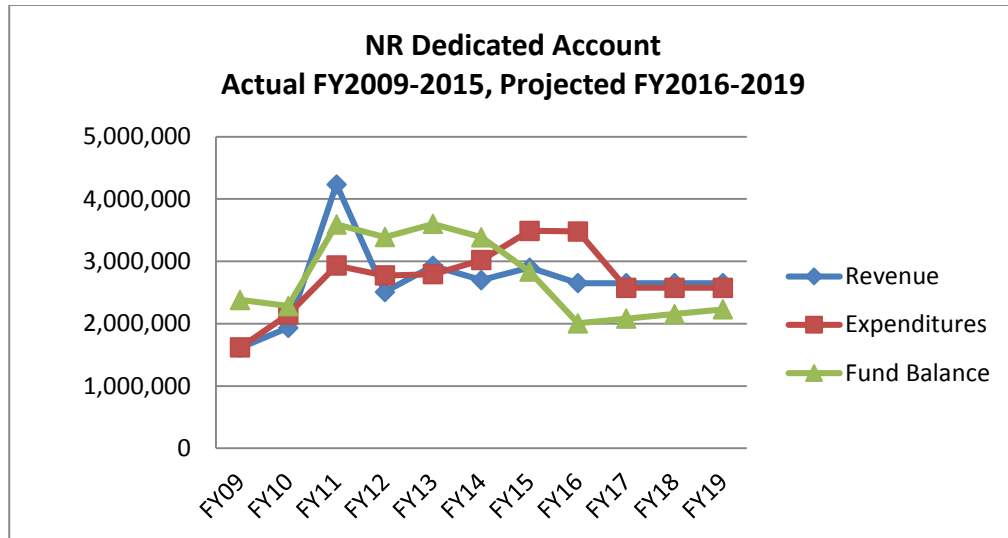


The Division of Fish & Wildlife maintains the License Center and Electronic Licensing System authorized in M.S. 84.027. The License Center issues licenses, permits, registrations, passes, and processes other transactions through an Electronic Licensing System available from over 1500 agents statewide. The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Select [licenses and permit](#) types are available for purchase online including mobile devices. 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.

<b>Financial Review</b>	
<i>Accounts</i>	
<b>FY2015 Beginning fund balance</b>	<b>\$3,386,616</b>
Prior year adjustment	\$40,125
<b>Receipts</b>	
Water fees, inspection fees, dam safety inspections and gas storage fees	\$200,396
Easement, water & land crossing licenses on DNR lands	266,180
Fire burn permits (ELS)	64,059
Decorative balsam bough buyer's permit	1,379
Other forestry receipts	1,953,848
Horse trail pass	108,269
Forest Campground	191,552
License issuing fee	13,433
Interest earnings	4,443
Transfer In: LAM Mineral Water Permitting-One Time	<u>95,831</u>
Total receipts	\$2,899,390
<b>Expenditures</b>	
Lands and Minerals	\$420,852
Ecological & Waters Resources Mgmt	113,015
Forest Management	1,848,665
Parks and Trails Management	206,294
Fish & Wildlife (ELS)	49,933
Transfer Out: Conservation Easement program moved from FOR to LAM	<u>850,793</u>
Total expenditures	\$3,489,552
<b>FY2015 Ending fund balance</b>	<b>\$2,836,579</b>
Net change for FY2015	(\$550,037)

## Financial Summary FY2009 to FY2019

FY2015 results in approximately 67 percent of the total receipts in the Dedicated Receipts Account were from the Forestry Resource Assessment Products and Services Account. Easement, water & land crossing licenses on DNR lands collected 9 percent of the revenue and forest campgrounds contributed 7 percent of the revenue. Some 70 percent of the total expenditures were for forest management (Forestry Resource Assessment). The Division of Lands and Minerals accounted for 16 percent, Parks and Trails 8 percent, and the Ecological and Water Resources Division about 4 percent of total expenditures from the combined Dedicated Receipts Account. The fund balance increased by 16 percent this year. Revenues increased for Forestry, but decreased for Lands & Minerals.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019.

#### **Additional Resource Links (Forestry)**

[Citizens Guide to Forestry: Resource Assessment](#)

[View Air Photos Online](#)

[Burning permits information](#)

[Apply for a burning permit](#)

[Statewide fire danger](#)

[Balsam Bough Harvesting: Doing it Right for the Future](#)

[Balsam Bough Regulations: Pocket Guide](#)

[Taking a Bough: Minnesota's Balsam Bough Industry](#)

[Minnesota Special Forest Products Harvest-to-Market Directory, 2010 \(harvesters and buyers\)](#)

#### **Additional Resource links (Parks and Trails)**

[Horseback riding](#)

[Frequently asked questions about the horse trail pass](#)

[Horse Trail Pass at Work \(list of funded projects\) State Forest Horse Campgrounds and Trails](#)

[Purchase horse trail passes \(electronic licensing center\)](#)

#### **Additional Resources Links (Ecological and Water Resources)**

[DNR water permits](#)

[Water permit applications and other forms](#)

[Division of Waters – home page](#)

#### **Additional Resources Links (Lands and Minerals)**

[Acquisitions](#)

[Information brochure](#)

[Easement across state land](#)

[Leases, licenses, and easements](#)

[Application for easement across state land](#)

[Utility crossing licenses](#)

#### **Additional Resource Links (Fish and Wildlife-License Center-ELS)**

[Online licenses](#)

[Online permits](#)

[License agents](#)

[License Center statistics](#)

# Nongame Wildlife Management Account

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*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



## Creation and Purpose of the Account

The Nongame Wildlife program was started in 1977. The Nongame Wildlife Check off 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, moths, and dragonflies. Examples of species that have benefited from the Nongame Wildlife's Program are the osprey, common loon, peregrine falcon, trumpeter swan, common tern, white pelican, Blandings turtle, wood turtle, timber rattlesnake, 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 are extremely important because they are now matched 1:1 by the Reinvest in Minnesota Critical Habitat Matching Fund. Those proceeds come from the sale of Minnesota's conservation license plates. The checkoff donations are also matched each year by approximately \$800,000 of federal State Wildlife Grant funds. Direct donations can also 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.

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 currently involves studies of common loons and white pelicans to assess the extent to which they have been affected by the Deepwater Horizon oil spill of 2010.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$ 588</b>
Prior year adjustment	\$1,450
<b>Receipts</b>	
Donations from income tax return	\$949,531
Interest earnings	(2,879)
Other receipts <sup>1</sup>	13
Total receipts	\$946,665
<b>Expenditures</b>	
Ecological & Water Resources	\$692
Transfer Out: Fund 2401 RIM-Gifts	923,040
Total expenditures	923,732
<b>FY2015 Ending fund balance</b>	<b>\$24,971</b>
Net change for FY2015	\$24,383

**Notes**

<sup>1</sup> Other receipts: credit agreement rebate.

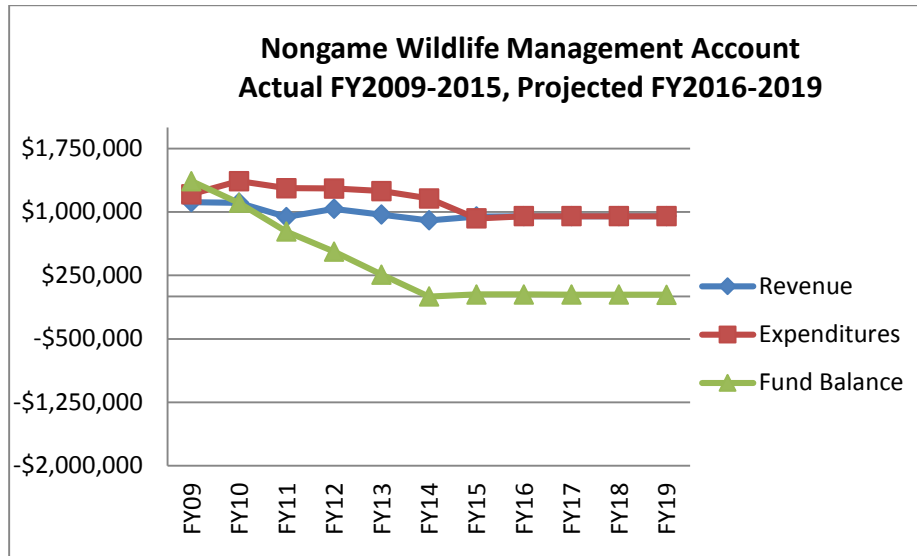
## **FY2015 Accomplishments**

- Continuing collaboration with Audubon Minnesota and the National Eagle Center on Golden Eagle telemetry;
- Continuation of the Southern Wings: Minnesota to Costa Rica project for the conservation of migratory birds wintering in the Guanacaste region of Costa Rica;
- Partnering with The Raptor Center, Minnesota Deer Hunters' Association, Minnesota Chapter of The Wildlife Society, and other conservation partners to continue a project for advocacy of nontoxic copper ammunition for deer hunting;
- Continuing research on Minnesota's loons and white pelicans to assess possible contamination and detrimental effects from the Deepwater Horizon oil spill. Satellite transmitters were implanted in seven juvenile loons, and additional blood samples and unhatched eggs were collected for contaminant assessment. LCCMR funding for \$141,000 which started on July 1, 2015, will provide additional radio telemetry monitoring on the juvenile loons and continuing analysis of loon blood, eggs, feathers, and fat;
- Collaboration with Audubon Minnesota and North Dakota State University, five American white pelicans were tagged at Marsh Lake with cell tower transmitters in late April and have been monitored for their migratory movements;
- Monitoring and management for peregrine falcons, trumpeter swans, and common terns. This included a first-ever statewide aerial survey of trumpeter swans which determined a statewide population of 17,000 swans and assistance with common tern banding with Wisconsin DNR staff and Annie Bracey on Interstate Island in the Duluth Harbor;
- Management of statewide Project WILD and Project WET conservation education programs. In FY15, 6 Project WILD workshops for 270 participants, 2 Growing Up WILD workshops for 35 participants, 3 WILD/Aquatic WILD for 36 participants, 1 Growing Up Wild/Project Learning Tree workshop for 12 participants, and 1 Flying WILD workshop for 24 participants. A total of 24 workshops were attended by 344 educators and youth leaders. and Project WET provided 26 trainings for approximately 9,280 participants;
- Project management of the DNR bald eagle and peregrine falcon webcam;
- Management of the Nongame Wildlife Program Facebook page, to date, the page has over 11,000 "likes";
- Publication of a new book on Birds of Minnesota State Parks; and
- management of the Minnesota statewide falconry and wildlife rehabilitation permit licensing programs; and
- Completion a 10-year update of the Minnesota State Wildlife Action Plan.

## Financial Summary FY2009 to FY2019

The number of contributors to the tax checkoff peaked and is now slightly declining. Projected revenues remain steady.

A transfer of funds from the Nongame Wildlife Account to match Reinvest in Minnesota (RIM) license plate funds began in FY2007. The amount transferred from FY07-FY13 was \$655,000. In FY14 the amount was increased to \$1,000,000, however in FY16 this was reduced to \$950,000 because of the fund balance and declining donations. If contributions to the Nongame Wildlife Fund in FY16 exceed \$950,000 the transfer will increase by \$50k. The Nongame Wildlife Program has reduced expenditures to address the decline in the fund balance and donations. The fund balance is projected to remain steady. Continued use of creative strategies to increase checkoff revenue and supplemental funding will be needed to sustain or grow program efforts and outcomes. A work group focused on increasing donations to the Nongame Wildlife Fund was established in FY16.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## Additional Resource and links

[Nongame Wildlife Program](#)

[Statewide Nongame Projects](#)

[Habitat projects](#)

[Research reports](#)

[Wildlife rehabilitation home page, organizations](#)

[Tomorrow's Habitat for the Wild and Rare: Action Plan](#)

[License plates](#)

[Online donation to Nongame Wildlife program](#)

# Snowmobile Trails and Enforcement Account

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*Natural Resources Fund  
Fiscal Year 2015 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 one percent of the unrefunded gasoline taxes attributable to snowmobile use are the main sources of funding in the Snowmobile Trails and Enforcement Account. The account 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 the [GIA Program Webpage](#)
- 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.



## FY2015 Accomplishments

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$2,881,963</b>
Prior year adjustments	\$124,094
<b>Receipts</b>	
Snowmobile registration	\$3,585,253
Snowmobile trail permit	102,312
License issuing fee	105,821
Snowmobile training	38,569
Interest earnings	18,357
Fines and Citations	22,981
Other receipts <sup>1</sup>	(117)
Transfer in: Unrefunded gas tax revenue	7,038,917
Transfer in: Police State Aid	<u>72,852</u>
Total receipts and transfers in	\$10,984,945
<b>Expenditures</b>	
Parks and Trails Mgmt	\$3,367,144
Grants in aid to local governments	8,035,382
Enforcement	1,461,705
Enforcement grants	315,000
Fish & Wildlife	316,010
Lands & Minerals	13,000
Conservations Corps Minnesota	65,000
Transfer Out: Debt Service	<u>0</u>
Total expenditures and transfers out	\$13,573,241
<b>FY2015 Ending fund balance</b>	<b><u>\$417,761</u></b>
Net change for FY2015	(\$2,464,202)

### Notes

<sup>1</sup> Other receipts: license credit card service charge and credit agreement rebate.

The Division of Enforcement provided snowmobile law enforcement, education and safety training activities throughout the state. The division spent 10,630 hours on these activities in FY15. There were 62 grants issued to counties and LGU's for law enforcement and education and trail maintenance. Division employees and volunteer instructors around the state trained 7163 youth and adults through the snowmobile safety education program. In addition the division provided grants to local law enforcement agencies to provide snowmobile law enforcement and education activities.

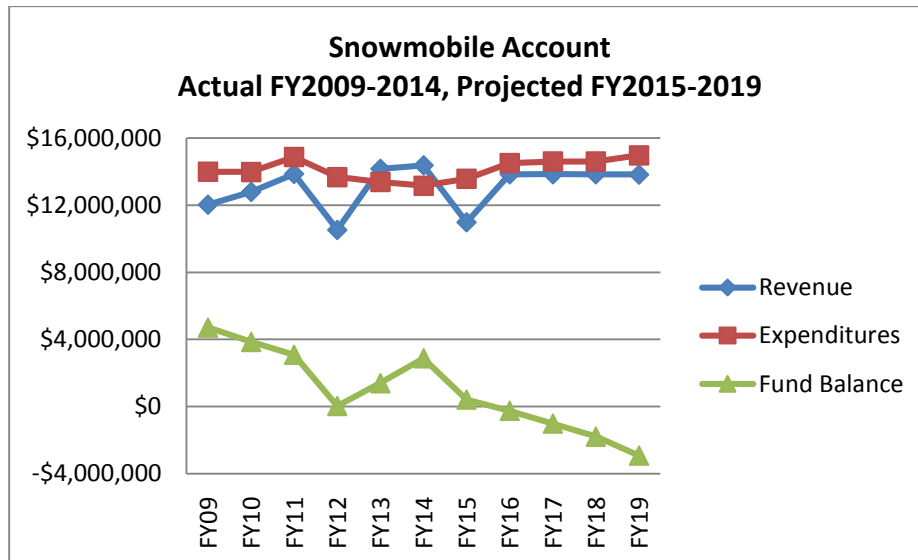
The Division of Parks and Trails

The Division of Parks and Trails developed, managed, and maintained more than 833 miles of recreational snowmobile trails that were open to the public. Parks and Trails administered grants-in-aid that were available to local units of government to create and maintain locally initiated trails totaling 21,326 miles, through 180 grants. Much of the grant funding is used for equipment related expenses, such as groomers and drags, and other costs associated with establishing the trail, grooming operations, and signage. Many labor hours are donated by local snowmobile club volunteers.

The Division of Parks and Trails continues to provide a high level of program administration and trail monitoring through its field offices as recommended in the 2003 Office of Legislative Auditor's report. Field staff monitored trail quality and program compliance in at least 50% of the Grant-in-Aid system each winter, and follow up with clubs and sponsors with any trail related issues.

## Financial Summary FY2009 to FY2019

Revenue from registrations and trail permits are correlated with the weather's impact on snowmobiling. An ongoing structural imbalance between spending and receipts is being managed on an annual basis to ensure the account balance remains positive.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through FY2019. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resource Links

[Snowmobiling home page](#)

[Snowmobile registration procedures and fees](#)

[Online licenses](#)

[Snowmobile state trail sticker](#)

[Snowmobile safety training](#)

[Grants Outcomes](#)

[Snowmobile grants – trails assistance program \(maintenance and grooming\)](#)

[Snowmobile trail maps](#)

[Snow depth and trail conditions](#)

[MN Snowmobilers Association](#)

[Conservation Corps Minnesota](#)

# State Land & Water Conservation (LAWCON) Account

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*Natural Resources Fund  
Fiscal Year 2015 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 which was repealed in 2011 and replaced with M.S. 84.0264. 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 2014-2018.

## **Sources and Uses of the Funds**

From 1965 to 2015, Minnesota has received over \$74 million from the federal Land & Water Conservation Fund. In FY15, the DNR received approximately \$470,000. M.S. 84.0624 distributes 50 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 50 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.

<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$384,712</b>
Prior year adjustment	0
<b>Receipts</b>	
Reimbursements for state projects (Federal)	\$350,375
Reimbursements for local projects	\$121,133
Other receipts	2
Total receipts	\$471,510
<b>Expenditures</b>	
Parks and Trails Management	\$300,940
Total expenditures	\$300,940
<b>FY2015 Ending fund balance</b>	<b>\$555,282</b>
Net change for FY2015	\$170,570

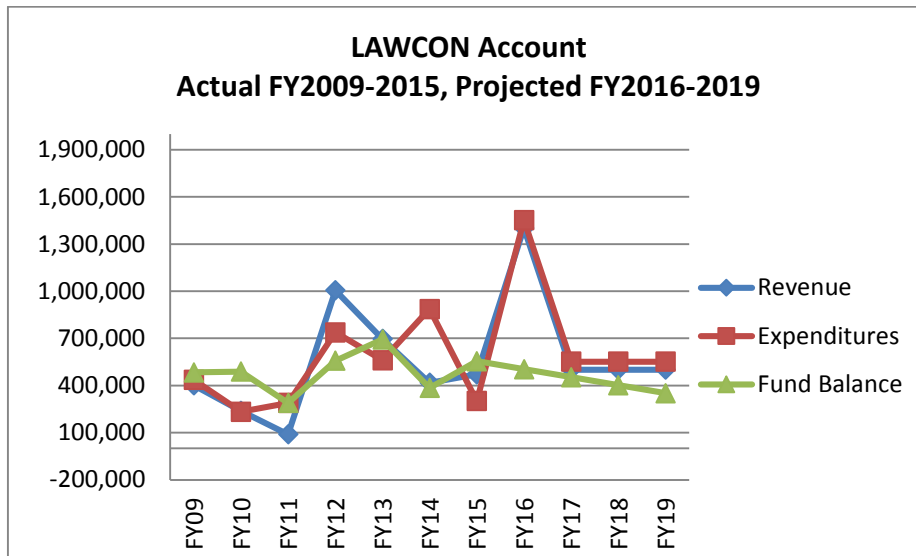
Notes: 1 Other receipts: credit agreement rebate.

## FY2015 Accomplishments

- Completed the acquisition of a 454-acre acquisition within Forestville State Park to expand trails and natural open space.
- Completed grants to Douglas County and the cities of Newfolden, Monticello, and Janesville to expand close to home recreation opportunities.
- Administered the grant program to continue the State's eligibility to receive future LAWCON apportionments from the National Park Service.

## Financial Summary FY2009 to FY2019

This account is a reimbursement program and can fluctuate depending upon the timing of the expenditures and when revenues are collected. The fund balance increased by 44 percent this year due to an increase in receipts.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

## **Additional Resources**

[Land and Water Conservation Fund \(LAWCON\) information page](#)

[National Park Service, Land & Water Conservation Fund](#)

[Statewide Comprehensive Outdoor Recreation Plan 2014-2018 \(SCORP\)](#)

[Parks and Natural Areas Funded by the Land & Water Conservation Fund \(LAWCON\)](#)

# State Parks Account

*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



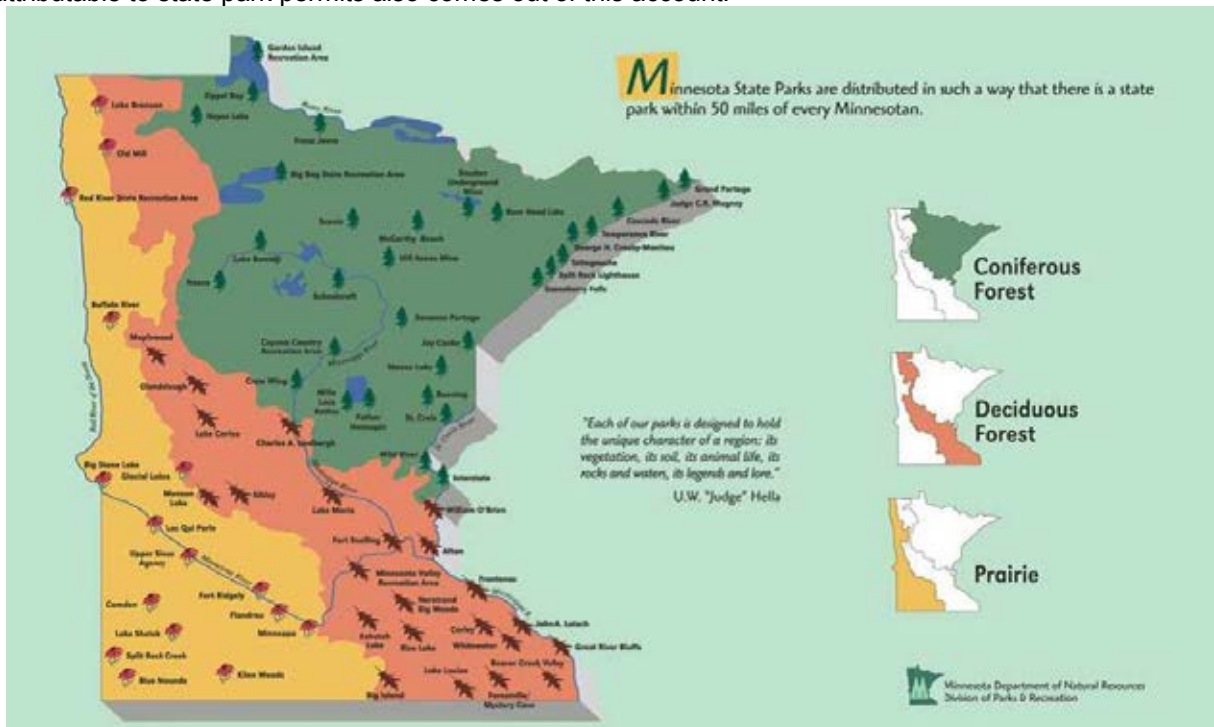
## Creation and Purpose of the Account

The Department of Natural Resources (DNR) manages 66 state parks, 9 state recreation areas, 8 state waysides, and 62 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.



<b>Financial Review</b>	
<b>FY2015 Beginning fund balance</b>	<b>\$294,603</b>
Prior year adjustment	25,890
<b>Receipts</b>	
Camping fees	\$ 7,077,354
Park permits	4,606,690
Park facilities rentals and concessions	1,905,373
Reservations and tours/golf/ misc. income	1,282,428
License issuing fee	629
Parks credit card service charge	(340,098)
Other receipts <sup>1</sup>	2,960
Interest earnings	2,676
Transfer in: Unredeemed gift cards	120,230
Total receipts	\$ 14,658,242
<b>Expenditures</b>	
Parks and Trails	\$12,093,022
Enforcement	61,217
Fish & Wildlife	580
Conservations Corps Minnesota	120,000
Total expenditures	\$12,274,819
<b>FY2015 Ending fund balance</b>	<b>\$2,703,916</b>
Net change for FY2015	\$2,409,313

**Notes**

<sup>1</sup> Other receipts: Parks credit card clearing, license credit card service charge, refunds of prior year expenditures, credit agreement rebate and cash overages.

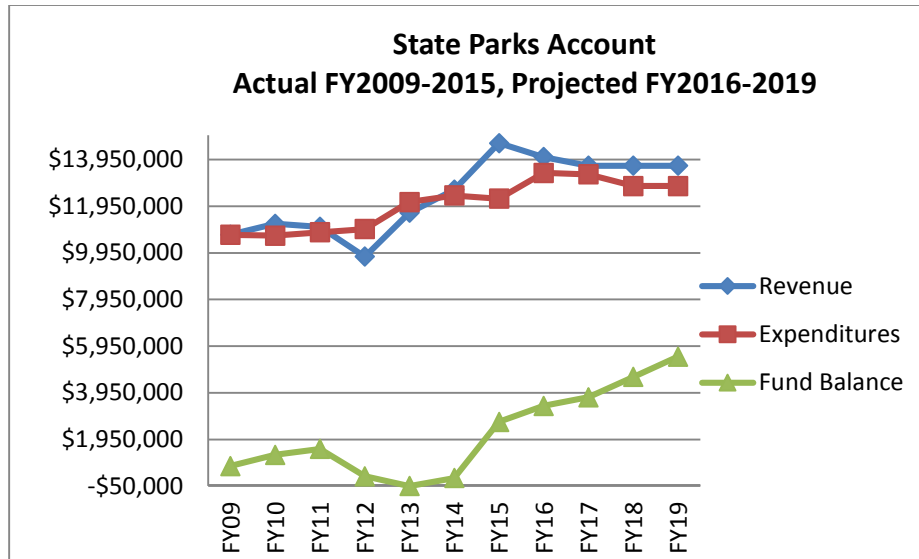
## **FY2015 Accomplishments**

The administration, management, operations and maintenance of the various parks are paid out of these funds. 2015 saw record attendance and camping use at the parks. The Fall Color Campaign, excellent staff work, and great weather helped spur the high attendance. A highlight of FY2015 was the establishment of a new bison herd at Minneopa St. Park.

## **Financial Summary FY2009 to FY2019**

Camping fees accounted for 49 percent of revenues, park permits were 32 percent, and park facility rentals and concessions were 13 percent. Revenues increased by 13 percent in FY2015.

The State Parks Account is 11 percent of Parks and Trails total budget. Parks & Trails uses the funds to operate and maintain the state's parks system, as directed by the legislature.



Revenues and expenditures in the State Parks Account continue to grow at a steady pace. Current estimates show that the fund is structurally balanced through 2019.

### Additional Resources

[Minnesota State Parks](#)

[Minnesota State Parks Strategic Plan 2006-2011](#)

[Executive summary](#)

[A Strategic Conservation Agenda](#)

[State Comprehensive Outdoor Recreation Plan \(SCORP\)](#)

[State Parks Recreation Grid](#)

[State Parks Permits](#)

[Reservations](#)

[State Park Studies](#)

[Outdoor Recreation Act](#)



# Water Recreation Account

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*Natural Resources Fund  
Fiscal Year 2015 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; and
- 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; and
- 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 specifies specific amounts from the Water Recreation Account for particular projects or purposes.

## FY2015 Accomplishments

### Division of Parks & Trails



The Division of Parks and Trails is responsible for providing access to public waterways for recreational opportunities including boating, canoeing, kayaking and angling. Distributed around the state, the funds pay for efforts to improve and maintain the system of water recreation facilities to ensure a safe and positive experience for each user. The system of water recreation facilities supported by the fund includes:

- More than 1,650 public water access sites;
- Over 4,500 miles of State Water Trails for canoeing, kayaking and camping on 33 rivers and Lake Superior; and
- 10 small craft harbors/protected accesses on Lake Superior, including 2 state owned marinas.

Often matched with federal boating access dollars, the funds support major improvements to the quality of public water access through development projects. The following list of development projects incorporate best management practices for accessibility, storm water runoff, shoreline erosion, and the prevention of the spread of aquatic invasive species. First time facilities are labeled “new”, while projects at existing sites being improved or expanded are labeled “renew”.

- Big Cormorant Lake – West, Becker Co. (Renew/expansion)
- Detroit Lake – South, Becker County (Renew/expansion)
- Lake Bemidji – Nymore, Beltrami County (Renew ice damaged ramp)
- Lake Minnewaska - West/Hatchery, Pope County (Renew)
- Lake Superior – Silver Bay Marina, Lake County (Fuel system replacement)
- LaSalle Lake - State Recreation Area, Itasca County (Renew)
- O’Brien Lake, Crow Wing County (New)
- Pelican Lake - West, Otter Tail County, (Renew/Expansion)
- St. Croix River – South Lions Park, Chisago Co.(Renew/Partnership)

Additional sites had pre-development work, including archaeological/historical investigations and three sites with building demolitions.

Minnesota is first in the nation for the number of registered boats per capita and has the first and largest state water trail system in the nation. The total annual economic impact of boating in Minnesota is estimated at \$5.5 billion.

*(Source: National Marine Manufacturers Association: NMMA.org)*

[Minnesota Department of Natural Resources-Parks and Trails Division Website](#)

## Division of Enforcement



The Division of Enforcement provided law enforcement, boating safety education and safety training throughout the state. There were 5908 youth and adults trained in boating safety during FY15. The division employees also assisted other clubs and LGU's with providing training.

- Conservation Officers also provided 42,119 hours of boating safety work on our lakes and rivers. This work includes safety checks, addressing illegal operation, and search and rescue.

[Minnesota Department of Natural Resources-Division of Enforcement Website](#)

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



- Aquatic plant management protects native vegetation and the aquatic environment from unnecessary harm. [Minnesota Department of Natural Resources-Division of Fish and Wildlife Website](#)
- Shoreland restoration accounted for 20 acres of enhancement efforts creating life and beauty to shorelines. [Minnesota Department of Natural Resources-Division of Fish and Wildlife Website](#)
- The License Center issues all watercraft registrations and titles through a Web based ELS available from 175 registration agents (deputy registrars). The St. Paul headquarters has a walk-up license service counter and mail-in services for registration and title transactions. Watercraft renewals can be also processed online. In 2015, 809, 336 boats were registered statewide.

[Minnesota Department of Natural Resources-Division of Fish and Wildlife Website](#)

## Division of Ecological and Water Resources



In FY2015, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance and oversight, provided leadership in the development of plans and rules, evaluated projects, and issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources.

### Monitored resources:

- monitored drought/flood conditions,
- maintained 6 lake-level control structures,
- collected lake level and stream flow data (available at [Minnesota DNR's Water Resources website](#)) that are useful for recreational boating, and

- Populations of aquatic invertebrates were monitored to guide management decisions by DNR, MPCA, and other partners.

**Provided technical assistance and oversight:**

- Surveyed 85 counties to assess shoreland administrative activities financed through Natural Resource Block Grants, and prepared a summary report to share the results,
- provided assistance, training, and oversight to local governments in administering zoning ordinances and reviewing development requests to protect shorelands and state-protected riverways,
- developed shapefiles and maps and compiled information from annual shoreland surveys to inform the Governor’s buffer initiative,
- developed and refined shapefiles to aid local governments in administering local shoreland and river-related ordinances, and
- compiled and submitted advisory reports on proposed Lake Improvement Districts (LIDs).

**Developed plans and rules:**

- continued efforts to update and streamline river-related land use regulations; and
- coordinated review of dam operating plans.

**Evaluated projects:**

- coordinated review of 15 hydropower projects or components of hydropower projects to minimize impacts to water resources and to ensure appropriate mitigation for unavoidable impacts.

**Issued permits/oversaw permit implementation:**

- issued permits for water accesses and dredging projects that provided recreational boating opportunities.

## Division of Lands and Minerals



In Fiscal Year 2015, \$20,000 from the Water Recreation Account paid for ongoing maintenance and continued improvement of the Department’s improved Land Records System (LRS), which went online in 2014. Since its rollout:

- LRS has markedly improved the management of workflow, documents and geographic information across the Department.
- Land transactions now take half the time to complete as a few years ago, and they contain fewer errors.
- The number of staff statewide with access to land data has increased from 50 to over 800.
- To recognize the effort made by DNR to build and launch the LRS, Thompson Reuters awarded DNR the Public Sector Champion Award for Excellence in Constituent Service in 2015.

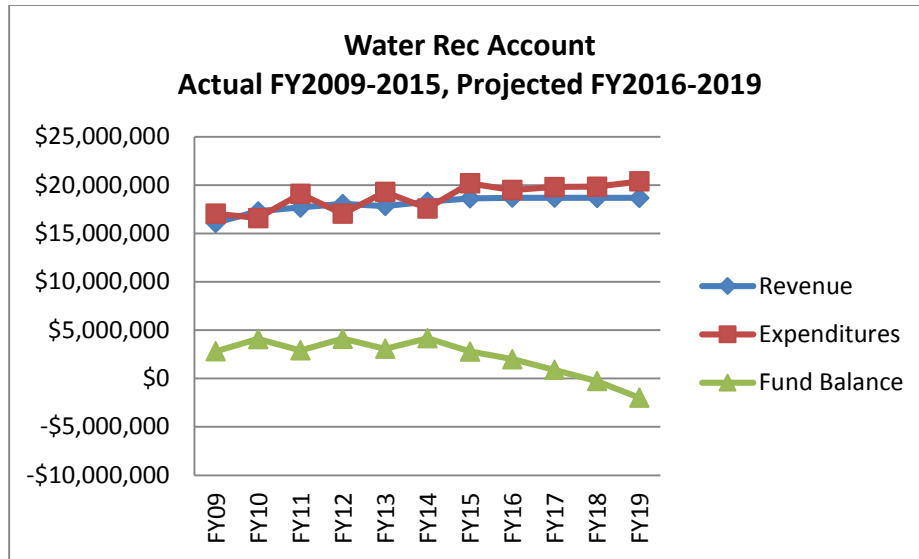
[Minnesota Department of Natural Resources-Division of Lands and Minerals Website](#)

## FINANCIAL SUMMARY

Receipts, Expenditures, and Fund Balances	
<b>FY2015 Beginning fund balance</b>	\$4,175,072
Prior year adjustments	188,242
<b>Receipts</b>	
Watercraft registration	\$5,596,015
License issuing fee	566,268
Watercraft titling	456,135
Aquatic plant management	253,741
Watercraft fines	23,417
Harbor and marina fees	41,813
Interest Earnings	511
Other receipts	991
<b>Transfers in</b>	
Unrefunded gas tax revenue	\$10,558,376
Police State Aid	<u>126,686</u>
Total receipts and transfers in	\$18,623,953
<b>Expenditures</b>	
Parks and Trails	\$11,773,391
Enforcement	3,195,418
Boat and water safety grants	1,082,002
Fish & Wildlife (ELS)	1,977,705
Ecological & Water Resources	1,212,214
Lands & Minerals	20,000
Conservations Corps Minnesota	175,000
Transfer Out Invasive Species	<u>750,000</u>
Total expenditures	\$20,185,730
<b>FY2015 Ending fund balance</b>	
	\$2,801,537
Net change for FY2015	(\$1,373,535)
<b>Notes</b>	
1 Other receipts: License Center Credit Card Service Charge, Refunds of prior year expd., and Credit Agreement Rebate	

## FINANCIAL SUMMARY FY2009 to FY2019

Fees for watercraft registration, license issuance and watercraft titling are 41 percent of the revenue for this account. Unrefunded gasoline taxes on watercraft (transfers into the account) made up 57 percent of the revenue. Revenues and expenditures have been fairly steady. The fund balance is projected to decline due to expenditures exceeding revenues through FY2019.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY16 projected expenditures include carry forward of unexpended FY15 appropriations.

### Additional Resources

[Strategic Conservation Agenda 2009-2013](#)

[Welcome to the Grants Outcomes website](#)

[State Comprehensive Outdoor Recreation Plan](#)

[Minnesota State Parks Strategic Plan 2006-2011](#)

[Long range conservation plans and strategies – all DNR](#)

# Water Management Account

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*Natural Resources Fund  
Fiscal Year 2015 Annual Report*



## **Creation and Purpose of the Account**

The water management account was created in 2011 in the natural resources fund to fund the administration of the DNR's water permitting programs, which were previously paid entirely from the general fund. The Water Management Account was established in statutes in 2012 under M.S. 103G.27.

## **Sources and Uses of the Funds**

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

- Water Use fees (about 83% of revenue comes from this source)
- Fees from Field Inspections
- Penalties
- Application fees for water use and public waters work permits
- Other receipts according to section 103G.271 and 103G.301
- Interest earned on money in the account accrues to the account

In accordance with M.S. 103G.27, money from this account may only be spent on costs associated with administering Chapter 103G. Currently, Water Management Account funds are used only by staff in the DNR's Division of Ecological and Water Resources (EWR). EWR uses the money in the Water Management Account for these purposes:

- Staff time to process permit applications for water use and for work in public waters
- Staff time to process water use reports and verify fees
- Field inspections of proposed public water alteration proposals
- Dam safety inspections
- Dam safety permit processing costs
- Public water inventory mapping
- Calcareous fen protection
- Surveys of lake outlets and ordinary high water elevations
- Stream gaging work (when related to permit requirements)
- Lake gaging work (when related to permit requirements)
- Groundwater gaging work (when related to permit requirements)
- Great Lakes Compact-related work
- Drought
- Water conservation
- Obtaining field survey data for technical analyses
- Preparing topographic maps, profiles and cross sections

Financial Review	
<b>FY2015 Beginning fund balance (New Account)</b>	\$923,888
Prior year adjustments	1,172
<b>Receipts</b>	
Water Fees	\$5,145,793
Interest Earnings	<u>2,095</u>
Other receipts	<u>302</u>
Total receipts and transfers in	\$5,148,190
<b>Expenditures</b>	
Ecological & Water Resources	<u>\$4,652,300</u>
Total expenditures and Transfers	\$4,652,300
<b>FY2015 Ending fund balance</b>	<b><u>\$1,420,950</u></b>
Net change for FY2015	\$497,062
<b>Notes</b>	
1 Other receipts: Credit Agreement Rebate, ITC interest earnings and Agency Direct Cost Reimb.	

## FY2015 Accomplishments

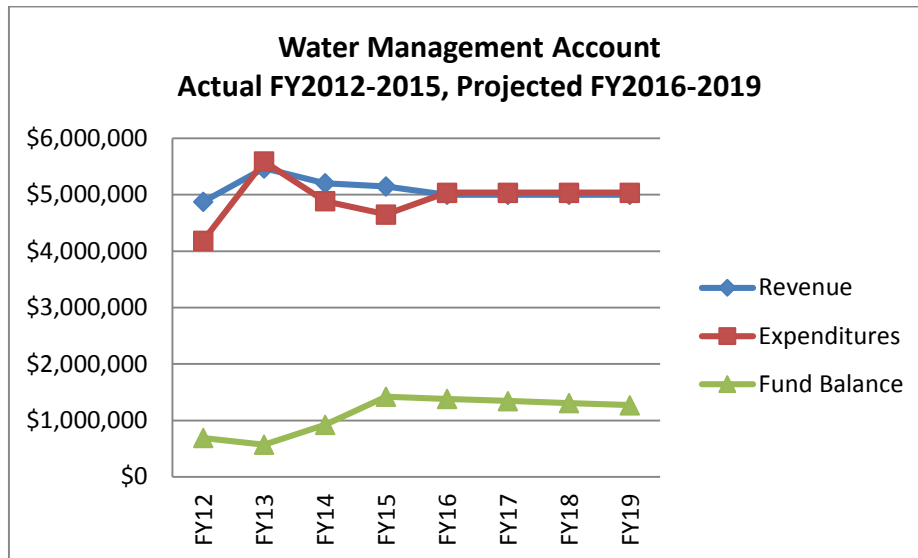
In FY2015, the Division of Ecological and Water Resources:

- Completed permit reviews and made decisions on 1188 water appropriation and 884 public waters permit applications and change requests to existing permits. 315 well construction preliminary assessments were completed;
- Processed 9084 water use reports and verified correct water use fee payments. 90% of water use reports are completed online and 10% are submitted on paper;
- Issued 23 dam safety permits and permit amendments;
- Inspected 154 dams, including 20 Class 1 high-hazard dams and 24 Class 2 significant-hazard dams;
- Collected water use information from 243 permit holders in the Lake Superior watershed. This information is used to compile an annual summary report for the Great Lakes Regional Water Use Database;
- Developed the process for the next generation of water supply plans to include a heightened emphasis on water conservation; and
- Completed over 82 service requisitions to support key Division responsibilities. These requisitions included: 37 Ordinary High Water level determinations; 20 cross section surveys, lake and wetland outlet surveys and benchmark checks; 75 elevation controls for groundwater level monitoring wells; 15 elevation controls for stream gages; and resurveyedp over 75 elevation control locations enabling the conversion and comparison of water level data from groundwater, lake and river monitoring sites into a common elevation reference above sea level.



## Financial Summary FY2012 to FY2019

Revenues are projected to remain steady through FY2019. Expenditures are forecasted to slightly exceed revenues causing the fund balance to decline.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019.

## Additional Resources

[Water Use Permitting and Water Use Reporting requirements](#)

[Public Water Work Permit Requirements](#)

[Water Resource Data](#)