

Natural Resources Fund

Fiscal Year 2012 Annual Report



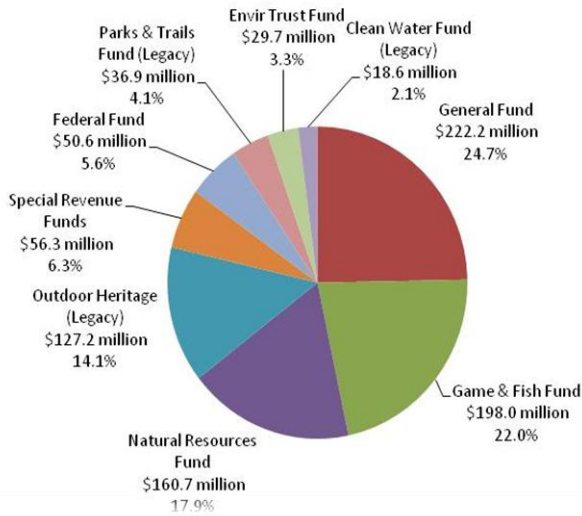
Creation and Purpose of the Fund

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.

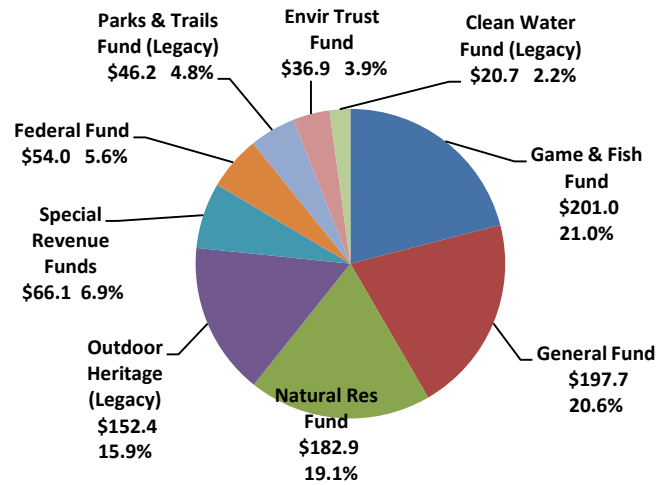
Natural Resources Fund within the DNR's funding structure

For Fiscal Years 2010-2011, the Natural Resources Fund comprised 17.9 percent (\$160.7 million) of the total DNR budgeted expenditures. For Fiscal Years 2012-2013, the Natural Resources Fund will comprise 19.1 percent (\$182.9 million) of budgeted expenditures.

FY2010-11 Budgeted Expenditures by Fund
\$900.2 Million



FY2012-13 Budgeted Expenditures by Fund
\$957.9 Million



Accounts in the Natural Resources Fund

For Fiscal Year 2012, the Natural Resources Fund is made up of accounts dedicated for a specific purpose. These accounts include:

Account Name	Sources and Uses of the Account Funding
All-Terrain Vehicle Account (ATV)	<ul style="list-style-type: none"> Revenues include fees from registration of all-terrain vehicles, non-resident state trail passes, unrefunded gasoline taxes, and ATV safety training fees. Funds pay for acquisition, maintenance, and development of ATV trails and enforcement activities. (M.S. 84.92).
Off-Highway Motorcycle Account	<ul style="list-style-type: none"> Revenues include fees for registration of off-highway motorcycles and unrefunded gasoline tax attributable to off-highway motorcycle use. Funds pay for administration, enforcement, and acquisition, maintenance and development of off-highway motorcycle trails. (M.S. 84.794).
Off-Road Vehicle Account	<ul style="list-style-type: none"> 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. Funds pay for administration, enforcement, and acquisition, maintenance and development of off-road vehicle trails. (M.S. 84.803).
Cross-Country Ski Account	<ul style="list-style-type: none"> Revenues include fees from cross-country ski passes. Funds pay for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts. (M.S. 85.43)
Forest Management Investment Account (FMIA)	<ul style="list-style-type: none"> Revenues include timber sales from consolidated conservation area lands and state forest lands. Funds pay for reforestation and timber stand improvement including forest pest management, timber sales administration and costs, and state forest road maintenance. (M.S. 89.039, 89.035)

Account Name	Sources and Uses of the Account Funding
Invasive Species Account	<ul style="list-style-type: none"> • Revenues include surcharges on watercraft licenses, non-resident fishing licenses, and civil penalties for violations, and service provider permits. • Funds pay for management of invasive species programs including control, public awareness, law enforcement, assessment, monitoring, management planning, and research. (M.S. 84D.15)
Land Acquisition Account	<ul style="list-style-type: none"> • Revenues include easements on DNR lands, sale of land, sale of standing timber, leases on wild rice farming and interest. • Account is used for the acquisition of natural resource lands within the outdoor recreation system. (M.S. 94.165)
Lottery in Lieu (Local Trails Grants Account)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used for local trail grants. (M.S. 297A.65, 297A.94 (e)(4))
Lottery in Lieu (Metro Parks and Trails Account)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used for metropolitan park and trail grants. (M.S. 297A.65, 297A.94(e)(3))
Lottery in Lieu (State Parks and Trails Account)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used for state parks and trails. (M. S. 297A.65, §297A.94 (e) (2))
Lottery in Lieu (Zoos Account)	<ul style="list-style-type: none"> • Revenues include lottery payments in lieu of sales tax on lottery tickets. • Funds are used by the Minnesota Zoological Garden, Como Zoo and Conservatory, and Duluth Zoo. (M.S. 297A.65, 297A.94 (e) (5))
Minerals Management Account	<ul style="list-style-type: none"> • Revenues include mineral lease income related to management of the state's mineral assets. • Funds are spent for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities. (M.S. 93.2236, 93.22)
Mining Administration Account	<ul style="list-style-type: none"> • Revenues consist of mining administrative fees charged to owners, operators, or managers of mines. • Funds pay for costs of providing and monitoring permits to mine. (M.S. 93.481, subd 7)
Natural Resources Misc. Statutory Account (Dedicated Receipts Account)	<ul style="list-style-type: none"> • Account includes various dedicated revenues within the Natural Resource Fund for which the appropriations are statutory – burning permits account, forest bough account, forest resource assessment products and services account, and land management account. • Sources and uses of the funds are specified in the individual statutes for the component accounts. (M.S. 88.17, 88.6435, 89.421, 92.685, 103G.301)
Nongame Wildlife Management Account	<ul style="list-style-type: none"> • Revenues are from the check-off on income tax and property tax refund claim forms. • Funds pay for non-game wildlife programs. (M. S. 290.431)
Snowmobile Trails and Enforcement Account	<ul style="list-style-type: none"> • Revenues include fees for registration of snowmobiles, issuance of snowmobile state trail stickers, unrefunded gasoline tax, and training fees. • Funds pay for snowmobile programs and acquisition, maintenance and development of trails, training, and enforcement. (M. S. 84.83)
State Land and Water Conservation (LAWCON) Account	<ul style="list-style-type: none"> • Federal grant reimbursement funds that are received under the Land and Water Conservation Fund Act. • Half is distributed for projects of local units of government 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)
State Parks Account	<ul style="list-style-type: none"> • Revenues include fees for camping, state park permits, and facility rentals. • Funds pay for operation and maintenance of the state park system. (M. S. 85.055)

Account Name	Sources and Uses of the Account Funding
Water Recreation Account	<ul style="list-style-type: none"> • Revenues include fees for titling and licensing watercraft, mooring, and sale of marine gas at state-operated small craft harbors and mooring facilities, unrefunded gasoline tax attributable to boating, fees for permits to control or harvest aquatic plants. • Funds pay for water recreation programs such as acquisition, development and maintenance of public water access and boating facilities on public waters, lake and river improvements; maintenance, operation, replacement, and expansion of small craft harbors and mooring facilities, water safety programs, management of aquatic invasive species and aquatic plants. (M.S. 86B.706)
Water Management Account	<ul style="list-style-type: none"> • 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. • Funds in the water management account may be spent only for the costs associated with administering M.S. 103G.27.

Cross functional programs and activities

Some DNR activities or programs are supported by multiple accounts within the Natural Resources Fund. Some of these activities include:

Land Records Management System

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

Expenditures in 2012 supported continued development on the system which will replace the department's aging land records information system. DNR staff and a contractor engaged to provide system construction and testing work. Initial testing on the system uncovered the need to modify important aspects of the system before implementation could take place. A small part of the total system was placed into operation in February 2012."

Funding for the Land Records Management System comes from the Game and Fish Fund and from the Minerals Management, Forest Management Investment, Snowmobile, and Water Recreation accounts in the Natural Resources Fund. FY2012 expenditures for the Land Records Management System were \$626,235 from the Natural Resources Fund.

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 FY2012 from the Natural Resources Fund account were \$1.2 million, and the total revenues were \$943,078.

Conservation Corps Minnesota

The DNR has worked with Conservation Corps Minnesota (formerly Minnesota Conservation Corps) for 25 years to preserve and improve the natural resources of the State of Minnesota. This organization, which began in 1981, restores natural resources, conserves energy, responds to emergencies, and offers programs for youth and young adults.

In FY2012, Conservation Corps Minnesota received \$490,000 in funds from various Natural Resources Fund accounts to support the following DNR activities:

- Expended 7,947 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 2,894 hours developing, constructing and maintaining state trail, education and training (ATV Account, \$75,000)
- Expended 6,458 hours developing water access sites within state parks; (State Parks Account \$125,000)
- Expended 5,451 hours designing, constructing, maintaining and grooming state trails (Snowmobile Trails Account \$115,000)

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 3.1 percent of unrefunded gasoline tax revenues – the portion attributed to use by boaters, snowmobile, and ATVs – are transferred into natural resources accounts and are appropriated annually for the purposes described in law.

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

Police State Aid Revenue

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

In FY2012, the accounts in the Natural Resource Fund that received an apportionment of \$287,918 (based on the amount of conservation officer salaries paid from each account) were Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle.

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

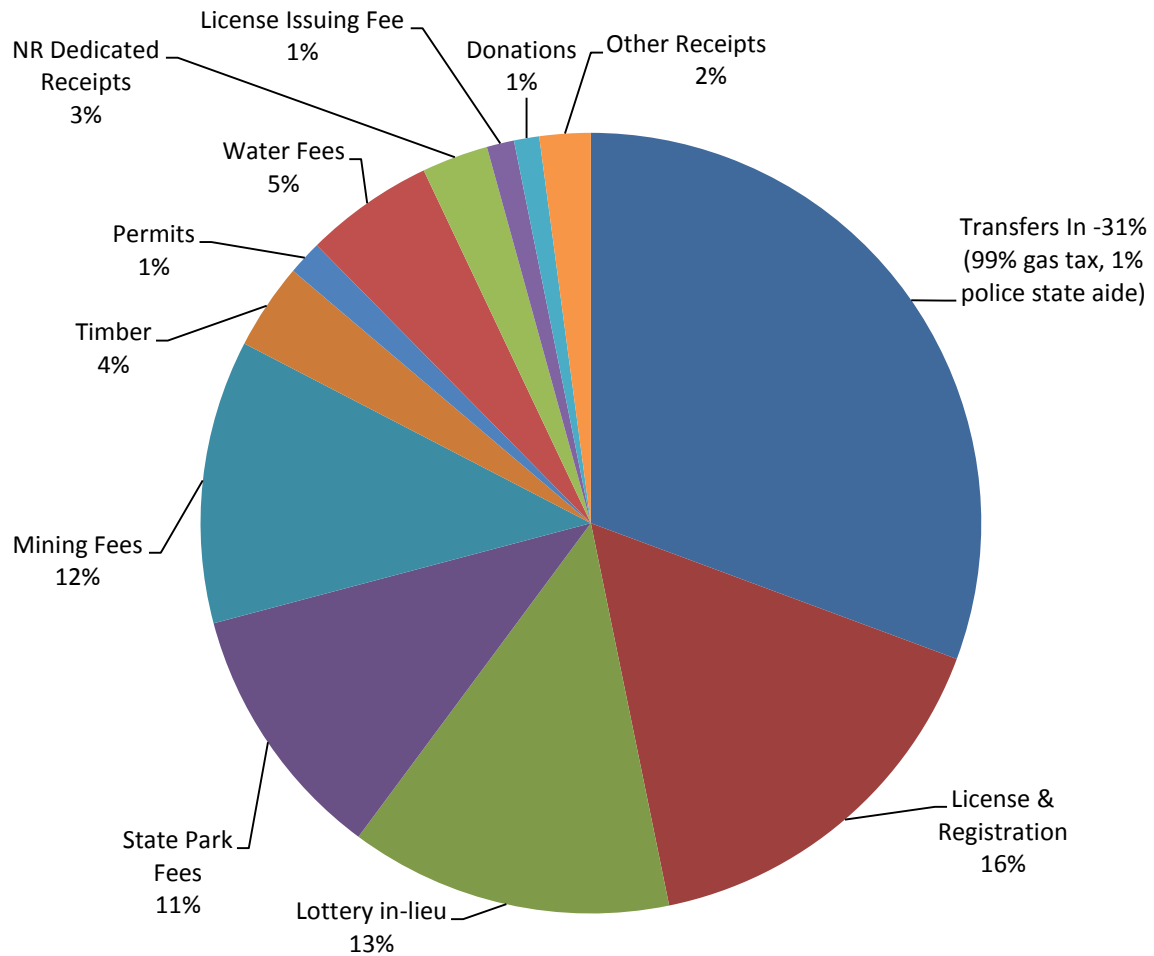
Minnesota statutes allow interest earnings to be earned on balances in several DNR funds and accounts. Interest is credited to the fund or account and available for appropriation for the purpose for which it was received. The Natural Resources fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. The interest earned for 2012 was \$93,000.

Revenues for Fiscal Year 2012

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

In FY2012, DNR collected \$ 91,238,012 in total receipts and transfers in. The five largest sources of operating revenues are licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of transfers in. For details see individual funds.

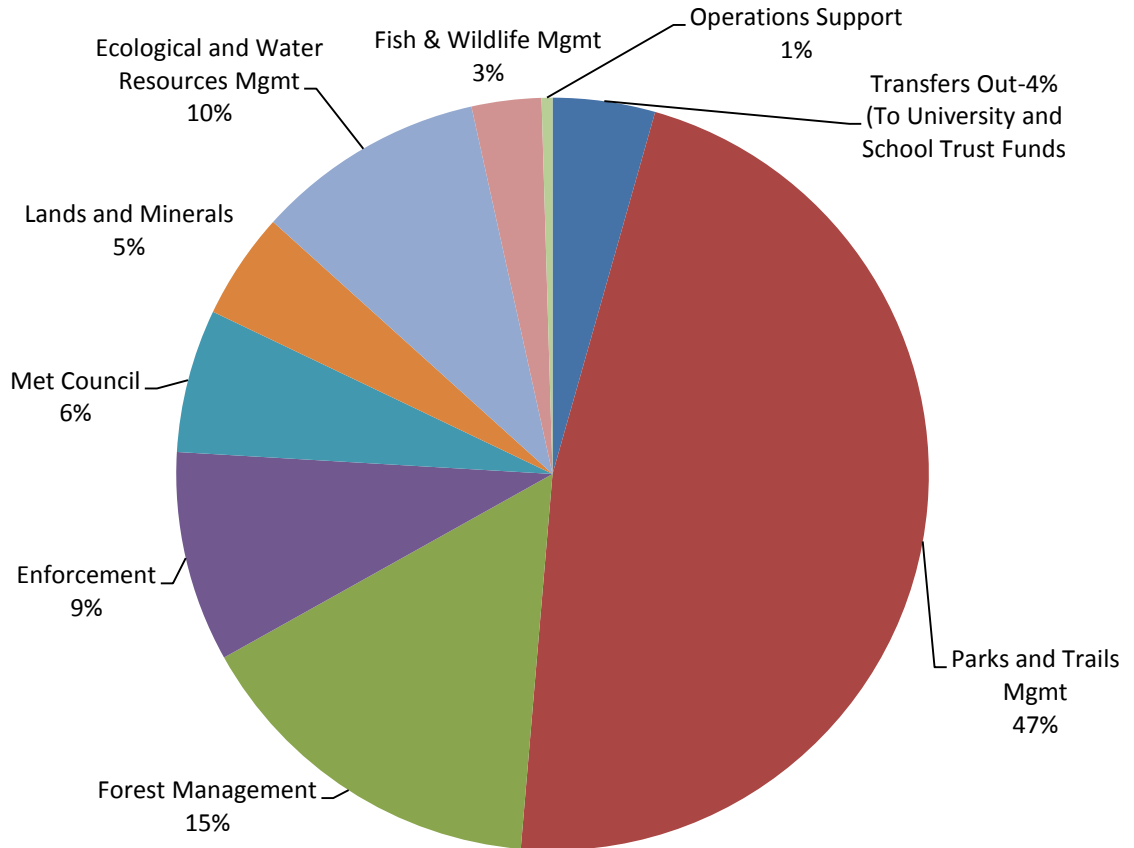
FY2012 Receipts and Transfers In



Expenditures for Fiscal Year 2012

In FY2012, DNR spent \$ 92,670,316 in total expenditures and transfers out. The Division of Parks and Trails spent the majority of these funds.

FY 2012 Actual Expenditures and Transfers Out



Additional Resources/Links

DNR Reports

[Strategic Conservation Agenda 2009-2013](#)

[State Comprehensive Outdoor Recreation Plan](#)

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

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

[DNR Budget](#)

[DNR divisions and offices:](#)

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

Natural Resources Fund
Close of FY2012

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Planning Est	FY 2014 Planning Est	FY 2015 Planning Est
Consolidated Natural Resources Fund							
M.S. 16A.531, Subd. 2							
Balance Forward In	34,220,132	26,325,477	29,310,587	32,525,252	31,931,501	24,773,496	21,105,410
Prior Year Adjustments	<u>1,342,911</u>	<u>1,877,649</u>	<u>1,105,841</u>	<u>838,546</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Balance Forward	35,563,043	28,203,126	30,416,427	33,363,798	31,931,501	24,773,496	21,105,410
Receipts							
Department Earnings	41,156,302	40,346,523	43,606,316	47,215,287	52,575,030	51,856,180	52,714,959
Taxes	11,328,390	11,745,599	10,916,119	12,192,918	12,720,000	12,720,000	12,720,000
Federal Grants	400,676	238,225	90,000	1,005,974	551,673	600,000	600,000
Investment Income	518,538	124,114	91,927	92,984	72,750	72,750	72,750
Fines and Surcharges	5,152	10,869	4,228	4,059	10,200	10,200	10,200
All Other	<u>2,731,415</u>	<u>2,355,040</u>	<u>3,929,342</u>	<u>2,757,771</u>	<u>3,190,500</u>	<u>3,190,900</u>	<u>3,190,500</u>
Total Receipts	56,140,474	54,820,370	58,637,932	63,268,993	69,120,153	68,450,030	69,308,409
Transfer In							
From Fund 1000, Police State Aid	308,851	268,800	299,149	287,918	257,000	257,000	257,000
From Fund 1000, General Fund, (EAW) R293A01 SNA	0	0	0	0	3,060	0	0
From Fund 100, Gas Storage revenue - one-time	0	0	2,625	0	0	0	0
From Fund 2000, Forestry Receipts	1,874,581	2,223,868	2,621,954	2,144,055	2,200,000	2,250,000	2,300,000
From Fund 2000, Forestry certification	0	0	0	0	244,892	244,892	244,892
From Fund 2001, Forestry certification	0	0	0	0	378,849	215,424	185,710
From Fund 2200, Forestry certification	0	0	0	0	258,157	258,157	258,157
From Fund 2200, Invasive Species/Non_Residence Fish	619,998	461,790	437,057	402,672	765,000	1,032,038	1,032,038
From Fund 2200, Invasive Species	0	0	0	0	500,000	0	0
From Fund 2710, Unrefunded Gas Tax Revenue (280)	15,629,447	18,830,085	20,463,977	20,200,153	21,521,858	21,684,917	21,589,963
From Fund 350, Aprr 301	0	0	750,000	0	0	0	0
From Fund 6000, Forest Susp Account (610)	40,385	54,998	38,126	38,191	36,000	36,000	36,000
From Fund 3800, Forest Susp Account (860)	<u>5,180,834</u>	<u>7,055,455</u>	<u>4,887,725</u>	<u>4,896,031</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total Transfer In	23,654,096	28,894,996	29,500,613	27,969,019	31,164,816	30,978,428	30,903,760
TOTAL RESOURCES AVAILABLE:	115,357,613	111,918,491	118,554,972	124,601,811	132,216,470	124,201,954	121,317,579
Expenditures							
Land and Minerals	3,840,724	4,423,521	4,441,405	4,206,479	4,714,000	4,714,000	4,714,000
Ecological and Water Resources Mgmt	4,262,175	3,999,977	3,992,552	9,052,322	11,307,000	10,307,000	10,307,000
Forest Management	17,424,010	12,713,966	12,805,990	14,257,828	15,811,000	15,811,000	15,811,000
Parks and Trails Mgmt	41,683,622	41,581,452	46,121,546	42,781,492	48,050,268	46,379,979	46,014,000
Fish & Wildlife Mgmt, Fish Management	671,600	618,843	650,648	613,426	629,700	629,700	629,700
Fish & Wildlife Mgmt, Licensing	2,206,464	2,082,388	1,989,188	2,011,109	2,371,000	2,371,000	2,371,000
Fish & Wildlife Mgmt, Wildlife Management	48,329	172,150	148,058	128,634	114,000	114,000	114,000
Enforcement	8,160,420	8,243,499	8,722,184	8,319,587	9,632,000	9,632,000	9,632,000
Operations Support	809,691	570,396	550,083	429,997	481,000	481,000	481,000
Met Council	4,870,000	5,070,000	5,370,000	5,670,000	5,670,000	5,670,000	5,670,000
Minnesota Zoo	138,000	160,000	160,000	160,000	160,000	160,000	160,000
Conservation Corps Minnesota	490,000	490,000	490,000	490,000	490,000	490,000	490,000
Statewide Indirect Cost	<u>547,262</u>	<u>475,918</u>	<u>549,803</u>	<u>502,844</u>	<u>532,200</u>	<u>532,200</u>	<u>532,200</u>
Total Expenditures	85,152,296	80,602,112	85,991,457	88,623,718	99,962,168	97,291,879	96,925,900
Transfer Out							
To Fund 2000, Tax Foreited Lands	0	0	0	0	234,417	199,453	171,916
To Fund 3700, Debt Service (400)	9,563	9,188	8,813	8,438	8,063	7,688	0
To Fund 6000, Permanent University (610)	1,485,017	638,827	9,417	1,285,875	2,378,579	1,646,437	1,305,286
To Fund 3800, Permanent School (860)	<u>2,385,261</u>	<u>1,357,777</u>	<u>20,034</u>	<u>2,752,285</u>	<u>5,091,104</u>	<u>3,751,541</u>	<u>3,021,342</u>
Total Transfer Out	3,879,841	2,005,792	38,264	4,046,598	7,712,163	5,605,119	4,498,544
TOTAL EXPENDITURES AND TRANSFERS OUT	89,032,136	82,607,904	86,029,721	92,670,316	107,674,331	102,896,998	101,424,444
FUND BALANCE	<u>26,325,477</u>	<u>29,310,587</u>	<u>32,525,252</u>	<u>31,931,495</u>	<u>24,542,139</u>	<u>21,304,956</u>	<u>19,893,135</u>

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

Natural Resources Fund Fiscal Year 2012 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:

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;
- 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.

FY2012 Financial Summary

Receipts

ATV registrations account for 62 percent of the revenues in the ATV account. Unrefunded gasoline taxes on ATV's (transfer in to the account) were 27 percent of the revenues. Interest earnings are still declining due to the economy. The Off Highway Vehicle Damage Account was dissolved and transferred into the ATV account. Total revenues for FY2012 were \$6.7 million.

Expenditures

The Division of Parks and Trails, including the grants in aid projects, made up approximately 48 percent of the expenditures. The Enforcement Division expenditures, including enforcement grants, comprised approximately 46 percent of the total.

Fund Balance

The fund balance increased by 72 percent this year. ATV registrations increased by \$400,000 and expenditures decreased by \$850,000. The unrefunded gasoline tax decreased slightly FY2012.

FY2012 Activities and Accomplishment

The Enforcement Division, provide ATV law enforcement, safety training and trail monitoring activities around the state. In addition, the Division provide grant to local law enforcement agencies for ATV law enforcement and educational activities relating to ATV use. The Division provided 20,275 hours of enforcement, education and safety training activities around the state. 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 769 and Trail Ambassadors to 208. The ATV Safety Training program certified 2,963 students. Trail Ambassadors expended 5,317 hours monitoring trails and logged 15,597 miles on the OHV trails around the state. In addition Trail Ambassadors logged over 3,000 contacts out on the trails. Information gathered by Trail ambassadors was forwarded to the appropriate division for action. The result is faster and measured response from the affected division.

The DNR Division of Parks and Trails developed, monitored, and maintained approximately 1,091 miles of ATV/OHM trails in state forests and the Iron Range OHV State Recreation Area. Existing trail systems are monitored each season to ensure trail maintenance issues were dealt with in a timely manner. DNR also completed several significant ATV trail projects, including expanded use, connections and loop systems related to the Matthew Lourey State Trail.

In addition, \$816,221 in grants were administered by Parks and Trails and awarded to 49 counties, cities, and townships. These grants support local clubs for maintenance, development, and acquisition of approximately 1,390 miles of public, locally controlled ATV trails. DNR staff continued to work with local clubs and sponsors on 26 new trail projects.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$1,312,425
Prior year adjustment	\$321,511
Receipts	
ATV registrations	\$4,107,586
License issuing fee	190,414
ATV safety training	33,405
Non res ATV trail pass	21,354
Citations	3,405
Interest earnings	907
Other receipts ¹	16,276
Transfer in: Unrefunded gas tax	1,830,206
Transfer in: OHV Damage Account	387,189
Transfer in: Police State Aid	<u>77,271</u>
Total receipts and transfers in	\$6,668,013
Expenditures	
Parks and Trails	\$2,109,325
Grants in aid to local government	816,221
Enforcement	2,090,546
Enforcement grants	666,041
Fish & Wildlife (ELS)	289,928
Ecological & Water Resources	0
Conservations Corps Minnesota	<u>75,000</u>
Total expenditures	<u>\$ 6,047,062</u>
FY2012 Ending fund balance	<u>\$2,254,888</u>
Net change for FY2012	\$942,462

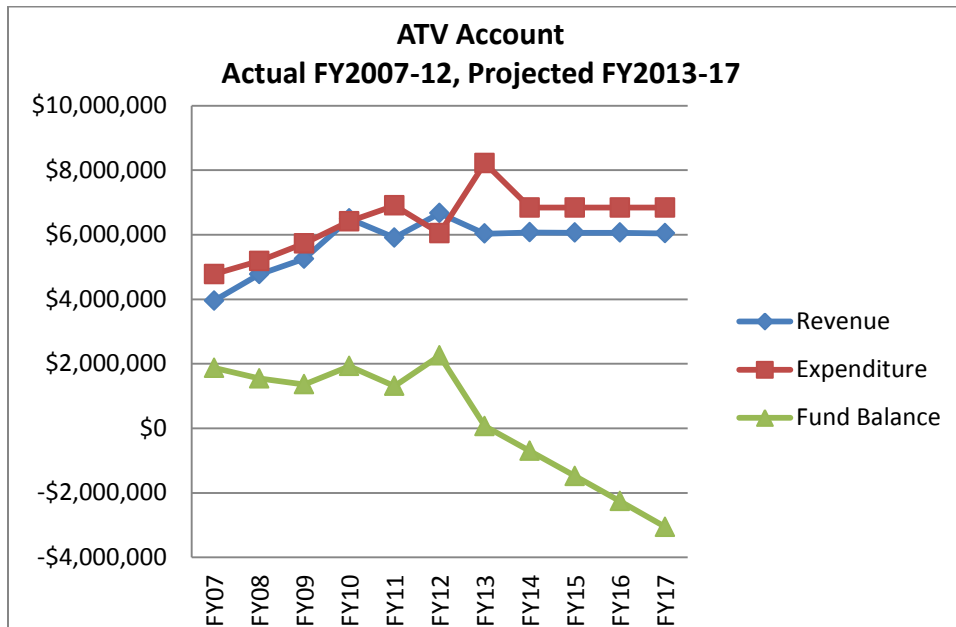
Notes

¹ Other receipts: License credit card service charges, credit agreement rebate, Refunds of prior year expd., Agency Direct Cost Reimb., cash overage/shortage..

Budget Trends FY2007 to FY2017

The fund balance has been declining since FY2003 with slight increases in FY2010 and FY2012 due to reductions in spending and a slight increase in revenue in FY2012. Revenues are expected to remain steady.

Expenditures increased in the 2012-13 biennium due to some one-time appropriations that expire in 2014. However, expenditures continue to exceed expected revenue resulting in a negative fund balance through 2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

Off-Highway Motorcycle Account:

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.

FY2012 Financial Summary

Receipts

OHM registrations account for 27 percent of the revenues in this account. Unrefunded gasoline tax revenue on off highway motorcycles (transfer in to the account) were 70 percent of the revenues. Total revenues for FY12 were \$447 thousand.

Expenditures

Parks and Trails, including grants in aid projects, made up 70 percent of the FY2012 expenditures. The Enforcement Division's expenditures, including grants, were 27 percent of the total.

Fund Balance

The fund balance increased by 12 percent this year. Off highway motorcycle registration fees increased by \$2,000 and expenditures decreased by \$72,000. The unrefunded gasoline tax decreased slightly for FY2012.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$430,035
Prior year adjustment	\$46,544
Receipts	
Off highway motorcycle registration	\$120,127
License issuing fee	7,923
OHM safety training	850
Interest earnings	177
Other receipts ¹	1,539
Transfer in: Unrefunded gas tax	311,813
Transfer in: Police state aid	4,078
Total receipts and transfers in	\$446,508
Expenditures	
Parks and Trails	\$244,452
Grants in aid to local government	66,000
Fish & Wildlife (ELS)	14,644
Enforcement	107,331
Enforcement grants	11,000
Total expenditures	\$443,427
FY2012 Ending fund balance	\$479,660
Net change for FY2012	\$49,624

Notes

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

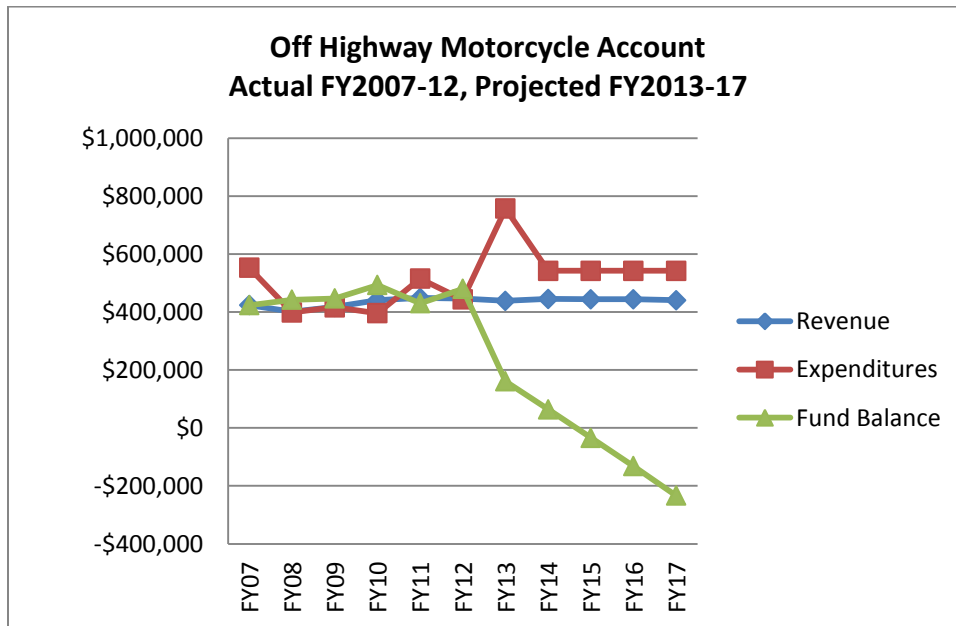
FY2012 Activities and Accomplishments

The Division of Enforcement provided OHM law enforcement; safety training, trail monitoring and grants (54 combined grants were issued to OHV and ORV) issued to local law enforcement agencies to provide for enforcement and education activities relating to OHM use around the state. During FY12 approximately 1,200 hours were utilized by division staff relating to OHM law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,300 hour monitoring OHM use on multi-use trails around the state and observed over 900 motorcycles using the trail system. Safety training for OHM users continued through use of the Divisions OHM Safety Training CD.

The Division of Parks and Trails during FY2012 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, \$66,000 was awarded as 6 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 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.

Budget Trends FY2007 to FY2017

The fund balance has been declining since FY2004 with a slight increase in FY2010 and FY2012 due to a reduction in expenditures. The fund balance is expected to continue to decline due to expenditures exceeding revenue resulting in a negative fund balance through 2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

Off-Road Vehicle Account:

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.

FY2012 Financial Summary

Receipts

ORV registrations accounted for three 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. Nonresident ORV Trail pass is a new fee this year.

Expenditures

The Division of Parks and Trails expenditures made up 69 percent of total expenditures in the ORV account. The Enforcement Division expenditures represented approximately 28 percent of the total.

Fund Balance

The fund balance increased by 42 percent this year. Off road vehicle registration fees decreased slightly and expenditures decreased by \$450,000 this year. The unrefunded gasoline tax decreased slightly for FY2012.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$1,180,268
Prior year adjustment	\$48,632
Receipts	
Off road vehicle registration	\$36,204
License issuing fee	3,522
Interest earnings	118
Nonresident ORV Trail Pass	3,420
Other receipts ¹	1,831
Transfer in: Unrefunded gas tax	1,111,681
Transfer in: Police state aid	3,447
Total receipts and transfers in	\$1,160,223
Expenditures	
Parks and Trails	\$481,943
Grants in Aid to local governments	\$11,000
Fish & Wildlife (ELS)	\$23,812
Enforcement	198,880
Enforcement grants	1,000
Total expenditures	\$716,635
FY2012 Ending fund balance	\$1,672,487
Net change for FY2012	\$492,220

Notes

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

FY2012 Activities and Accomplishments

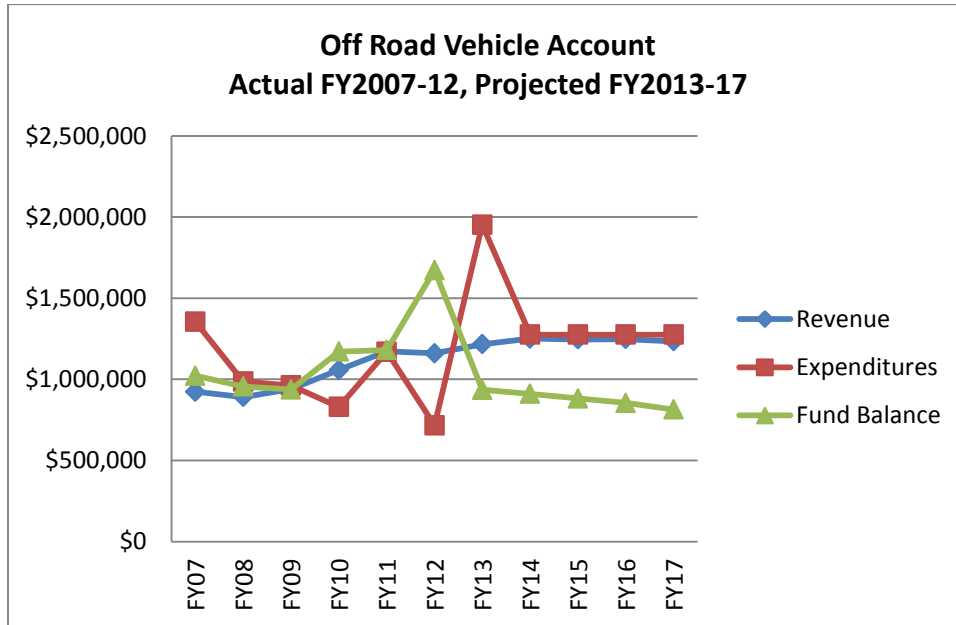
The Division of Enforcement provided ORV law enforcement, safety training, trail monitoring and grants (54 combined grants were issued to ORV and OHV) to local law enforcement agencies to provide law enforcement and education activities relating to ORV use around the state. During FY12 approximately 1,000 hours were utilized by division staff relating to ORV law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,300 hour monitoring ORV use on multi-use trails around the state. 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 maintain ORV recreational trails that were open to the public including 36 miles at the Iron Range OHV Recreation Area. In FY2012, 27 motorized miles of ORV trails in state forests are open for public use. \$11,000 was spent in 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.

Budget Trends FY2007 to FY2017

The fund balance has been declining since FY2003 with a slight increase in FY2010 and FY2011 due to increases in unrefunded gasoline tax and FY12 due to a decrease in expenditures. The fund balance is expected to continue to be decline slightly through FY2017.



Additional Resources

Off-Highway Vehicles Regulations 2010-11

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

Contacts

Parks & Trails

Division of Parks & Trails

Enforcement

Division of Enforcement

DNR divisions and offices

DNR divisions and offices

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

[Department of Natural Resources Website](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Cross-Country Ski Account

*Natural Resources Fund
Fiscal Year 2012 Annual Report*



Creation and Purpose of the Account

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

FY2012 Financial Summary

Receipts

Revenue decreased by approximately 75 percent over last fiscal year. This activity is dependent upon snowfall.

Expenditures

Parks and Trails Grants-in-aid are approximately 98 percent of the expenditures in this account. Issuance fees retained by the DNR License Center/Electronic Licensing System (ELS) or merchants based on where ski permits are purchased make up two percent of expenditures. This money is used for maintenance of the ELS.

Fund Balance

The fund balance decreased by 23 percent this year. The cross country ski permits revenue decreased by \$300,000 due to lack of snow. Expenditures decreased by \$50,000 and exceeded revenues.

FY2012 Activities and Accomplishments

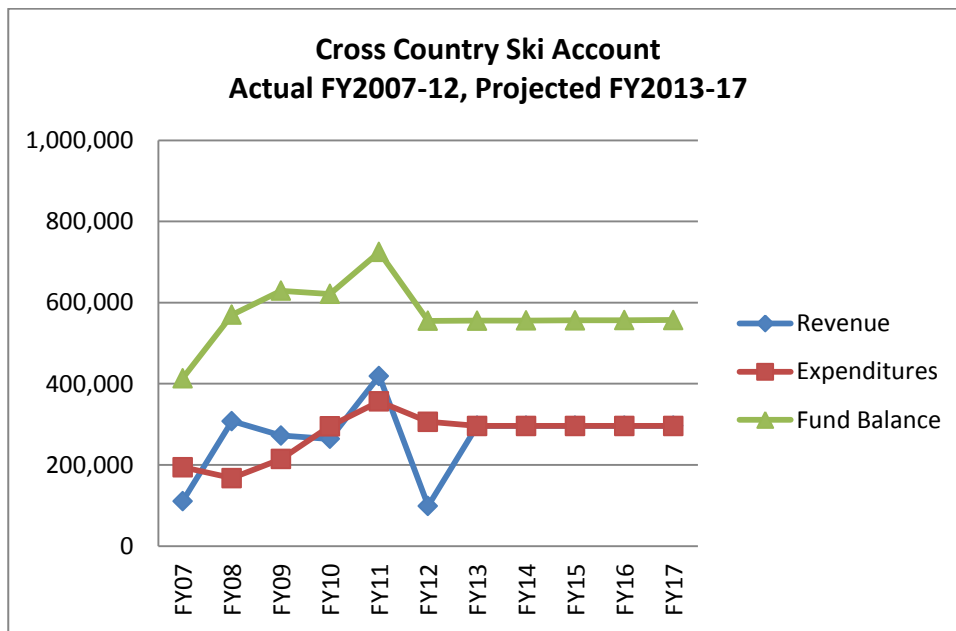
In FY2012, the department awarded 39 Cross-Country Ski Grants-in-aid (GIA) to local units of government, many partnering with local ski clubs.

The grants helped provide 675 miles of GIA cross-country ski trails statewide.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$724,758
Prior Year Adjustments	37,714
Receipts	
Cross-Country Ski permits	\$90,787
License issuing fee	8,152
Interest earnings	104
Other receipts	(178)
Total receipts	\$98,865
Expenditures	
Parks and Trails	\$299,925
Fish & Wildlife (ELS)	<u>6,500</u>
Total expenditures	\$306,425
FY2012 Ending fund balance	\$554,911
Net change for FY2012	(\$169,846)
Notes	
1 Other receipts: License Center Credit Card Service Charge	

Budget Trends FY2007 to FY2017

Revenues & expenditures vary considerably from year to year. Revenues are tied to the amount of snow received in a year. The fund balance is expected to remain steady due to revenues forecasted over a three year average and expenditures forecasted to match.



Additional Resources

[Minnesota DNR Cross-Country Ski](#)

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

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

Contacts

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

[DNR Home Page](#)

[DNR divisions and offices](#)

[Email information request to DNR](#)

[Contact the 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

Forest Management Investment Account

*Natural Resources Fund
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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

The primary source of funding to the FMIA are revenues earned from state land timber management and related activities. State acres subject to forest management activities total 5 million acres including about 2.8 million acres of 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 20,000 acres are thinned or selectively harvested each year supplying the state's forest industry with quality wood fiber used for the manufacture of paper, lumber, structural panels, and specialty products. Timber sales and related activities generate direct revenues for the Division of Forestry, Division of Fish & Wildlife, 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 timber sales costs;

- State land reforestation and timber stand improvement, including forest pest management;
- State forest road maintenance costs; and
- Land records systems maintenance and management.

FY2012 Financial Summary

Receipts

FMIA revenues were \$10.3 million including: 3.2 million in direct revenue from acquired forestry land timber sales, \$4.9 million in recovered forest management and related expenditures directly attributable to School and University Trust lands, and \$2.1 million (50 percent) of the timber revenue generated from consolidated conservation (con-con) tax forfeited land.

Expenditures

The division of forestry made up 96% of the expenditures.

Fund Balance

The fund balance was decreased by 50% this year.

FY2012 Activities and Accomplishments

The Division of Forestry offered 1,061,600 cord equivalents for sale with 839,752 cord equivalents sold and 831,308 cord equivalents harvested. In addition to timber sales, the FMIA supports salary expenditures for the award and administration of silviculture and road maintenance contracts. In FY2012, all harvested lands were reforested including 3,550 acres planted and 3,266 acres direct seeded. Site preparation for reforestation was completed on 3,588 acres, stand improvement was conducted on 1,139 acres, and 5,336 acres were protected from animal browse damage, insects, and disease. Some 1,240 miles (62 percent) of the state's 2,000 miles of system roads were graded at least once with approximately 5,500 total graded miles and 14.2 miles were graveled. Forest (timber) inventory was updated on 102,000 acres. Native plant community (NPC) inventory was completed on 98,625 acres.

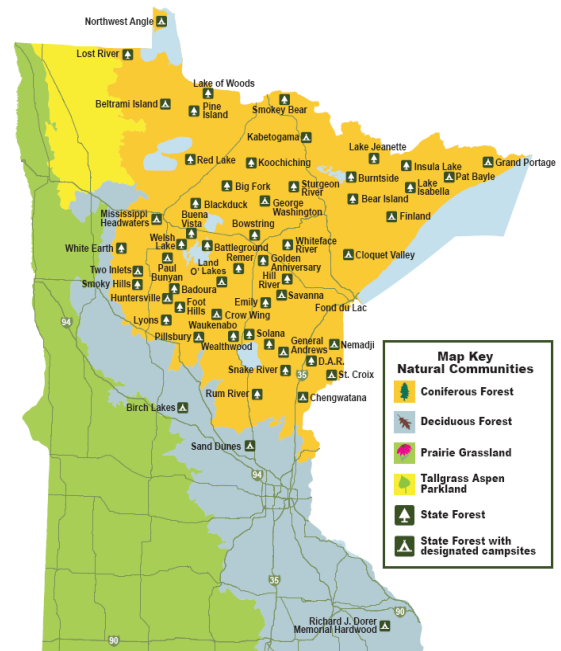
Budget Trends FY2007 to FY2017

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 economic recession, FMIA revenue declined from a peak \$15 million in FY2006 to \$10.3 million in FY2012. The additional burden of large-scale salvage operations due to blow-down events in FY2012-13 is negatively impacting FMIA revenue from acquired forestry land by an estimated \$1 million per year.

Revenues, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$4,560,978
Prior year adjustment	\$141
Receipts	
Timber sales, interest & penalty	\$3,205,894
Interest earnings	16,263
Other receipts ¹	1,689
Transfer in: CON CON areas account	2,144,055
Transfer in: University susp account	38,191
Transfer in: School suspense account	4,896,031
Total receipts and transfers in	\$10,302,123
Expenditures	
Forest Management	\$12,119,184
Lands & Minerals	401,374
Statewide Indirect Costs (FOR)	45,491
Total expenditures	\$12,566,051
FY2012 Ending fund balance	\$2,297,192
Net change for FY2012	(\$2,263,786)

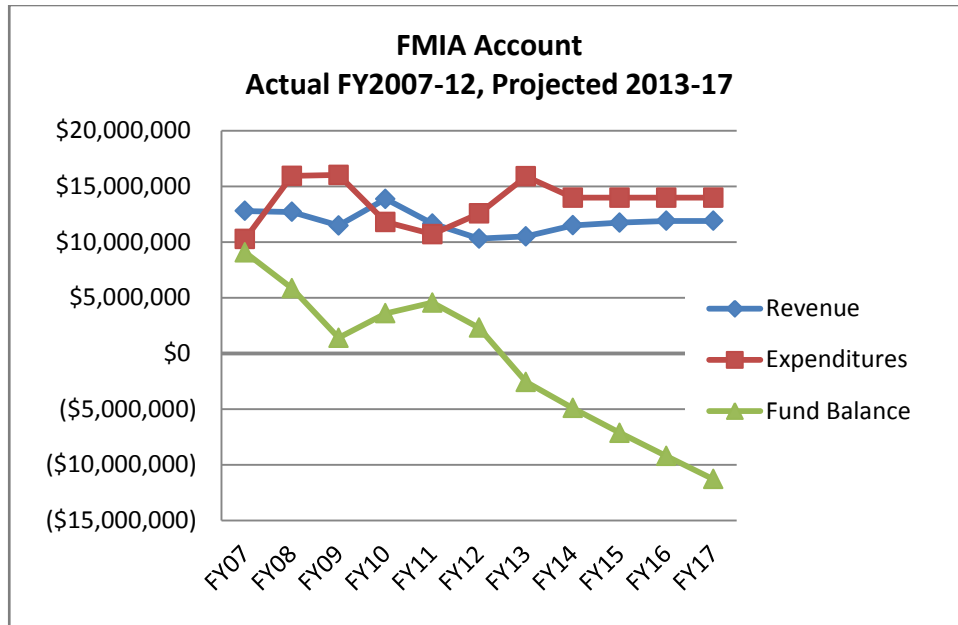
Notes

¹ Other receipts: credit agreement rebate and refunds of prior year expenditures.



Strategic spending reductions were implemented during FY2010 and FY2011. The combination of recession and mandatory timber salvage caused revenues to decline. In FY2012, the Division of Forestry implemented a new cost recovery policy, authorized under M.S. §89.0385, that allows cost recovery for forestry services provided on lands administered by other DNR divisions and other state departments. This new revenue is expected to add about \$500,000 per year to the FMIA revenue stream.

FMIA revenues are forecast at \$10.5 million in FY2013 with legislatively authorized expenditures at \$15.9 million (including the FY12 carryover). FY2013 total funds available are expected to be about \$12.8 million (beginning balance plus revenue). Considering forecast risk, FY2013 expenditures will need to be capped at about \$12 million in order to keep the account solvent. For FY2014-15, expenditures will be limited by annual FMIA revenue projections in the \$11 million to \$11.5 million range.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The spike in FY13 spending is caused by carryover of unspent (unavailable) funds from FY2012. The department will manage spending to ensure the account balance remains positive.

Additional Resources

- [DNR M.S. 16A.123 Trasfer Certification Report - FY2012](#)
- [DNR FY2012-13 Biennial Operating Budget – Where Funds Come From](#)
- [DNR FY2012-13 Biennial Operating Budget – Where Funds are Spent](#)

Contacts

- [Minnesota Department of Natural Resources Website](#)
- Phone: (651) 296-6157 (General Information)
- [Office of Management and Budget Services Website](#)
- Phone: (651) 259-5550
- [Division of Forestry Website](#)
- Phone: (651) 259-5300

Invasive Species Account

*Natural Resources Fund
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Creation and Purpose of the Account

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

Sources and Uses of the Funds

Money received from a \$5 surcharge on watercraft licenses under M.S. 86B.415, subd. 7, and civil penalties for violations of the law related to prohibited invasive species under M.S. 84D.13 are deposited into the account. Receipts from an annual \$2 surcharge on nonresident fishing licenses under M.S. 97A.475, subd. 7, are transferred each year from the Game & Fish Fund to the Invasive Species Account. In addition to the funds from the Invasive Species Account, in FY2012 the Invasive Species Program also received funding from the state general fund, the Environment and Natural Resources Trust Fund, and local contributions.

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

FY2012 Financial Summary

Receipts

The \$5 watercraft surcharge was the largest source of revenue, 53 percent in FY2012. The \$2 surcharge on nonresident fishing licenses deposited in the Game & Fish Fund and transferred to the Invasive Species Account generated 15 percent of revenues. Service Provider App & Test Fee is new revenue for this account. The transfer-in from the Water Recreation account was done incorrectly for FY11 and FY12 and will be corrected in FY13. Total revenues for FY2012 will be \$2.6 million after corrections.

Expenditures

43 percent of major expenditures were for watercraft inspections and enforcement, 28 percent for management/control activities for specific invasive species, and 14 percent for state/regional coordination. Administration and education/public awareness comprised the remaining 15 percent of FY2012 expenditures.

Fund Balance

The fund balance continues to increase in this account. Revenues and expenditures increased slightly. The transfer amount of \$750,000 from the Water Recreation Account will be on-going. The transfer from the Game & Fish account decreased slightly this year.

FY2012 Activities and Accomplishments

The main program goals were:

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

This fund supports approximately 38 percent of the Invasive Species program. Staff conducted field surveys and monitoring, provided technical assistance to lake associations and citizens, enhanced public awareness to prevent the spread of invasive species, implemented control, and managed contracts for control that were funded with other sources of funds.

Pre- and post-treatment surveys for curly leaf pondweed and Eurasian water milfoil were conducted and 6,500 lake acres were treated to control these aquatic invasive plants. Zebra mussel infestations were monitored statewide and control strategies implemented where feasible. In addition, more than 100,000 watercraft were inspected statewide to prevent the spread of invasive species.

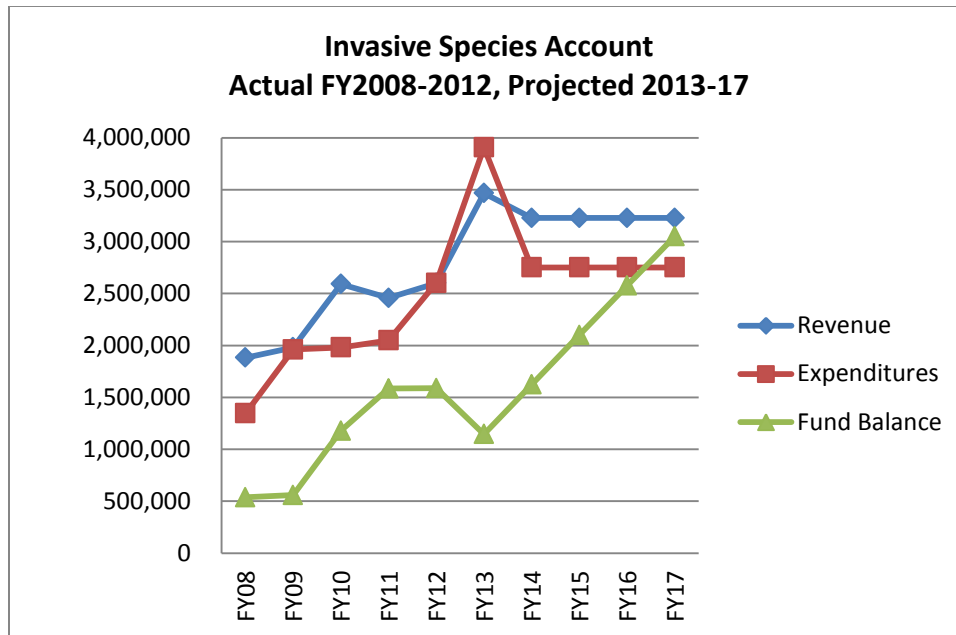
Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$1,585,262
Prior year adjustment	\$5,459
Receipts	
Watercraft surcharge	\$1,377,690
Fines	28,551
Serv Provider App & Test Fee	39,683
Other receipts ¹	1,275
Transfer in: Fish & wildlife license surcharge	402,672
Transfer in: Water Recreation	<u>750,000</u>
Total receipts and transfers in	\$2,599,870
Expenditures	
Ecological & Water Resources	\$2,585,008
Statewide Indirect (EWR)	<u>\$17,393</u>
Total expenditures	\$2,602,401
FY2012 Ending fund balance	<u>\$1,588,189</u>
Net change for FY2012	\$2,927

Notes

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

Budget Trends FY2008 to FY2017

The fund balance is projected to increase in FY2014-17 due to revenues exceeding expenditures.



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](#)

Contacts

[DNR Home Page](#)

[DNR divisions and offices](#)

[DNR information](#)

[DNR Website](#)

Telephone:

(651) 296-6157

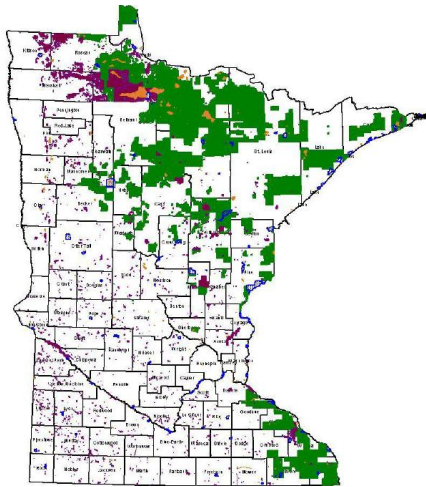
(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Land Acquisition Account

*Natural Resources Fund
Fiscal Year 2012 Annual Report*



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



Creation and Purpose of the Account

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

Sources and Uses of the Funds

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

FY2012 Financial Summary

Receipts

The DNR sold nine acquired parcels and credited proceeds to the Land Acquisition Account. The parcels sold covered a total of 64 acres. The Guthrie Forestry office and adjoining land were sold, as well as a four acres parcel near White Iron Lake.

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

Expenditures

Land Acquisition Account revenue was used in the purchase of four properties. A 1.2 acres easement was purchased in Wadena County for forestry purposes. Installment payments were made on a 10 acres Forest Legacy easement acquired in a prior year on land in Wabasha County. A 0.11 acre parcel was acquired for trail purposes in Stearns County. Finally, 25 acres were acquired in Nicollet County for the Swan Lake wildlife management area.

Forestry spent approximately 56 percent of the funds in FY2012, Fish and Wildlife spent 31 percent, and Parks and Trails spent 13 percent. Divisions also utilize the Land Acquisition Account to pay for professional costs related to land acquisitions and the sale of surplus state owned lands (e.g. appraisals, legal notifications, and professional / technical services). There is a direct correlation to the percentage of the account spent by a particular Division to the real estate management activities; surplus land sales, acquisitions, exchanges, provided to each division.

Fund Balance

The fund balance increased by 37 percent this year due to a decrease in expenditures.

FY2012 Activities and Accomplishments

Approximately 75 percent of Forestry's expenditures were spent on land sale service charges with the rest spent on professional technical services charges for 21 acquisition projects, and option costs resulting in the completion in fiscal year 2012 of the acquisition of 4 one-acre easements providing recreation access and 1 eight-acre fee acquisition consolidating state forest land. Approximately 75% of Parks and Trails expenditures were also spent on professional technical services.

Budget Trends FY2007 to FY2017

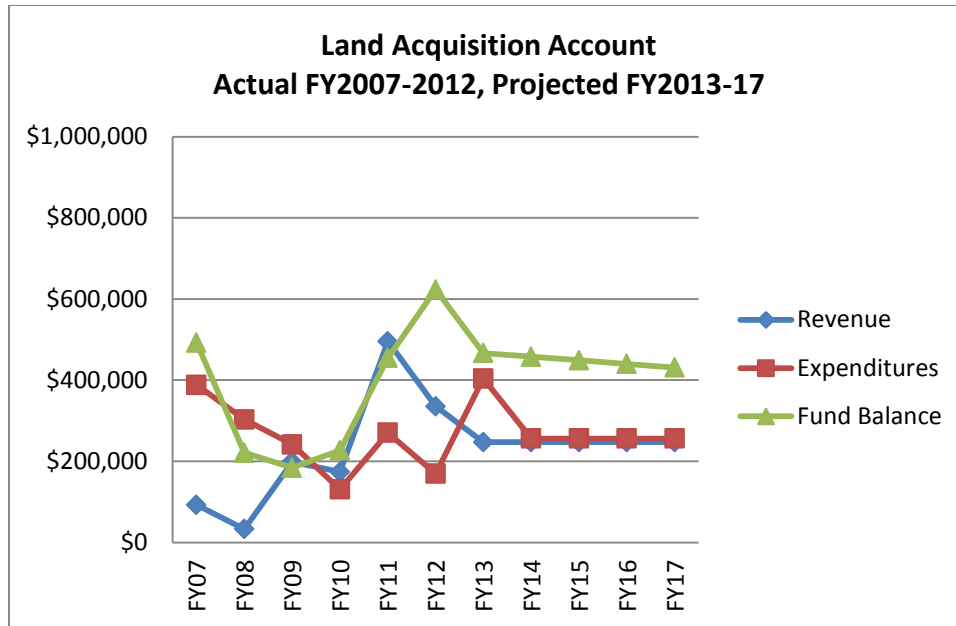
Land Acquisition Account revenues vary from year to year. Due to the downturn in the real estate market since 2008, the DNR has had very few opportunities to sell surplus state land that would provide receipts for the Land Acquisition Account.

A 2009 law prohibits the use of the proceeds from the sale of land within the Outdoor Recreation System as of May 8, 2009 to meet the 2005 budget balancing law. Thus, proceeds from the sale of acquired lands within the outdoor recreation system will now be deposited into the Land Acquisition Account. With the continued soft real estate market, expectations for the Land Acquisition Account revenues remain low. The smaller account balance is expected to result in only a few small land acquisitions in the near future.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$455,119
Prior year adjustment	\$2,040
Receipts	
Sale of land	\$240,894
Land sale costs	33,449
Sale of standing timber	57,978
Other receipts ¹	<u>3,278</u>
Total receipts	\$335,599
Expenditures	
Parks and Trails	\$21,665
Forestry	94,899
Fish & Wildlife	52,743
Ecological & Water Resources	<u>0</u>
Total expenditures	<u>\$169,307</u>
FY2012 Ending fund balance	<u>\$623,451</u>
Net change for FY2012	\$168,332

Notes

¹ Other receipts: Leasing of DNR lands, lease wild rice farming, late charges and loan interest.



Additional Resources

[Land Acquisitions](#)

[FY2009 report to the Legislature – land purchases and sales for the Land Acquisition Account](#)

[DNR Acquisitions Informational Brochure](#)

[Land Sale](#)

[State Forests](#)

[State Parks](#)

[Wildlife Management Areas](#)

[Scientific and Natural Areas\]](#)

Contacts

[Division of Land and Minerals](#)

St. Paul Office, 500 Lafayette Road

St. Paul, MN 55155-4045

phone 651-259-5959

fax 651-296-5939

DNR contacts

Email info: info.dnr@state.mn.us

[DNR's Website](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Hibbing Office, 1525 3rd Avenue East

Hibbing, MN 55746

phone 218-231-8484

fax 218-262-7328

State Land & Water Conservation (LAWCON) Account

*Natural Resources Fund
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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 2008-2012.

Sources and Uses of the Funds

From 1965 to 2012, Minnesota has received \$70 million from the federal Land & Water Conservation Fund. 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.

FY2012 Financial Summary

Receipts

LAWCON reimbursement for projects and costs was approximately \$1,006,000.

Expenditures/Grants

The Division of Parks and Trails spent 97 percent and the remaining 3 percent were from program administration. Expenditures for this account were approximately \$738,000 in FY2012.

Fund Balance

The fund balance increased by 93 percent this year. Revenue exceeded expenditures. This account is a reimbursement program and can fluctuate depending upon the timing of expenditures and when revenues are collected.

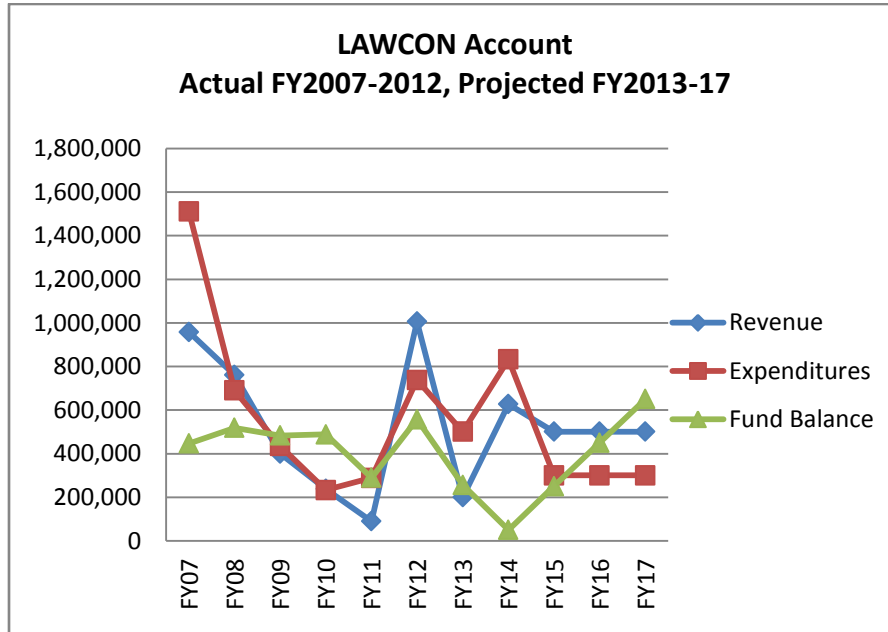
Revenues, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$289,563
Prior year adjustment	0
Receipts	
Reimbursements for state projects	\$400,000
Reimbursements for local projects	605,974
Total receipts	\$1,005,974
Expenditures	
Local Parks and Trails Projects	\$605,974
State Parks and Trails & Admin	130,596
Statewide Indirect	1,442
Total expenditures	\$738,012
FY2012 Ending fund balance	\$557,525
Net change for FY2012	\$267,962

FY2012 Activities and Accomplishments

- Developed and implemented a monitoring system for scenic easements along Minnesota's Wild & Scenic River System.
- Awarded a grant to Wright County to acquire 126 acres of land at Bertram Woods Chain of Lakes Regional Park.
- Completed a grant to Douglas County to acquire 113 acres of land at Kensington Rune Stone Park.
- Administered the grant program to continue the State's eligibility to received future LAWCON apportionments from the National Park Service.

Budget Trends FY2007 to FY2017

The fund balance is projected to increase through FY2017 assuming apportionments to the State continue at recent levels. Although the fund balance is reflecting a growing balance, the department will seek spending authority to support on-going administration of this program.



Additional Resources

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

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

[Statewide Comprehensive Outdoor Recreation Plan 2008-2012 \(SCORP\)](#)

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

Contacts

[DNR local grants managers](#)

[DNR Home Page](#)

[DNR divisions and offices](#)

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

E-mail:

info.dnr@state.mn.us

[DNR Website](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

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

Lottery in Lieu Accounts

*Natural Resources Fund
Fiscal Year 2012 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, among them the accounts listed above. These are the four “lottery in lieu” (LIL) accounts in M.S. 297A.65.

Sources and Uses of the Funds

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

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

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

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

FY2012 Financial Summary

Receipts

Receipts in State Parks & Trails LIL were approximately \$5.5 million in FY2012.

Expenditures

Expenditures by Parks and Trails for operations and maintenance of parks totaled approximately \$5.7 million. The legislature approved additional spending of \$300k/year for parks and trails maintenance and \$375/year to Explore Minnesota for promoting the use of State Parks and Trails

Fund Balance

The fund balance is reflecting a decreased of 46 percent this year due to increases in spending. Lottery receipts increased due to June receipts from FY11 deposited incorrectly. Expenditures exceeded revenues.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$530,269
Prior year adjustment	\$4,525
Receipts	
State Parks and Trails - Lottery in lieu	\$5,486,813
Other receipts ¹	617
Total receipts	\$5,487,430
Expenditures	
Parks and Trails Management	\$5,735,335
Total expenditures	\$5,735,335
FY2012 Ending fund balance	\$286,890
Net change for FY2012	(\$243,380)

Notes

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

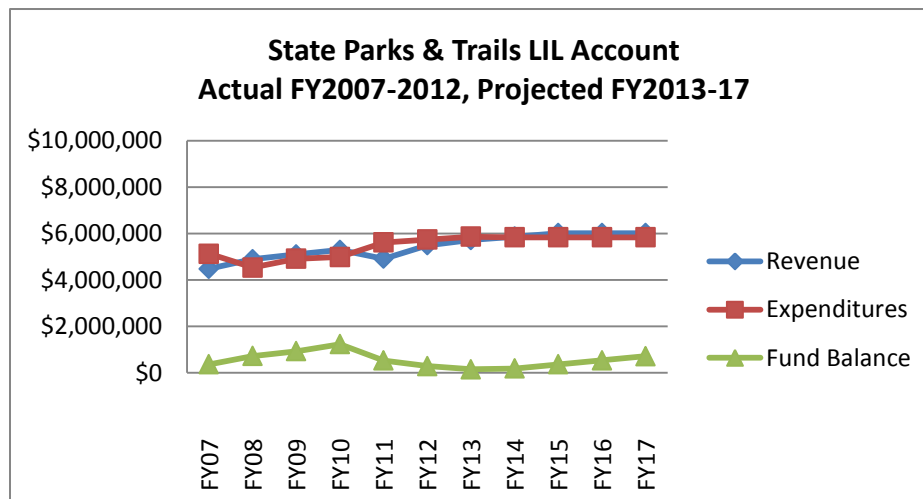
FY2012 Activities and Accomplishments

Total expenditures of over \$5.7 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 purchase supplies for these activities; providing a safe environment for visitors, orientation and visitor services, environmental education, resource management and 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.

Budget Trends FY2007 to FY2017

Revenues have been steady through 2011 but are expected to increase slightly through 2017 due to changes in the lottery program. The fund balance is expected to remain steady as the department seeks authority to spend the increased revenue.



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.

FY2012 Financial Summary

Receipts

Receipts in the Metro Parks and Trails LIL account were approximately \$5.5 million in FY2012.

Expenditures

The Metropolitan Council spent approximately \$5.7 million to support the metro parks and trails systems. The legislature approved additional spending of \$300k/year which is the reason for the increase in 2012. The Met Council allocates the Metro Parks & Trails funds to the metro region park boards. Recipients include the counties of Anoka, Washington, Ramsey, Scott, Carver, and Dakota; cities of St. Paul and Bloomington; the Minneapolis Park and Recreation Board; and the Three Rivers Park District.

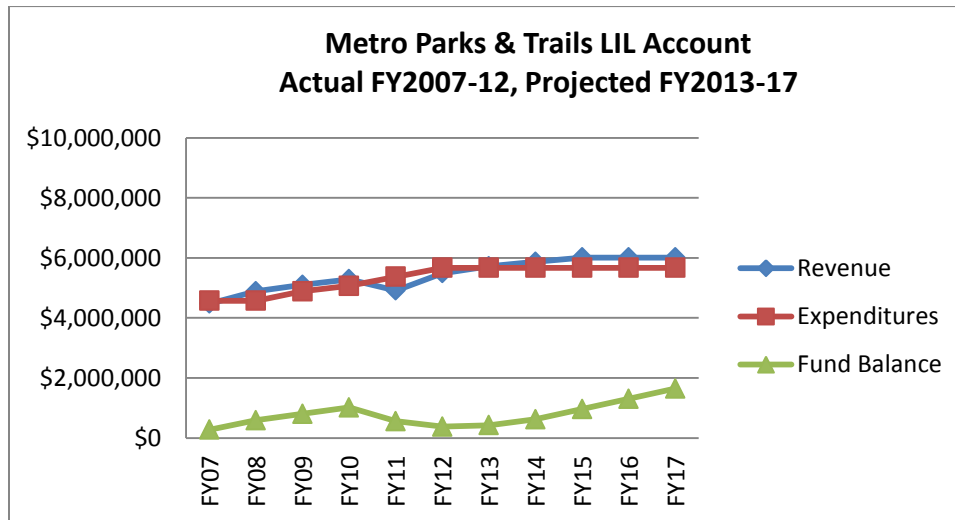
Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$559,102
Prior year adjustment	0
Receipts	
Metro Parks - Lottery in lieu	<u>\$5,486,813</u>
Total receipts	\$5,486,813
Expenditures	
Met Council	<u>\$5,670,000</u>
Total expenditures	\$5,670,000
FY2012 Ending fund balance	<u>\$375,916</u>
Net change for FY2012	(\$183,187)

Fund Balance

The fund balance decreased 33 percent this year due to an increase in lottery receipts due to June receipts from FY11 deposited incorrectly in 2012, and an increase in spending. Expenditures exceeded revenues.

Budget Trends FY2007 to FY2017

Revenues and expenditures have been increasing slightly since FY2003. The increases in spending beginning in 2012 has contributed to the declining fund balance.



Additional Resources

[Metropolitan Council – Regional Parks](#)

[Park Maps](#)

Contacts:

[Metropolitan Council](#)

3. 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.

FY2012 Financial Summary

Receipts

Trail Grants LIL account receipts totaled approximately \$732,000.

Expenditures/Grants

Trail grants awarded to local units of government totaled approximately \$805,000. An increase of \$100,000/year was approved in 2012.

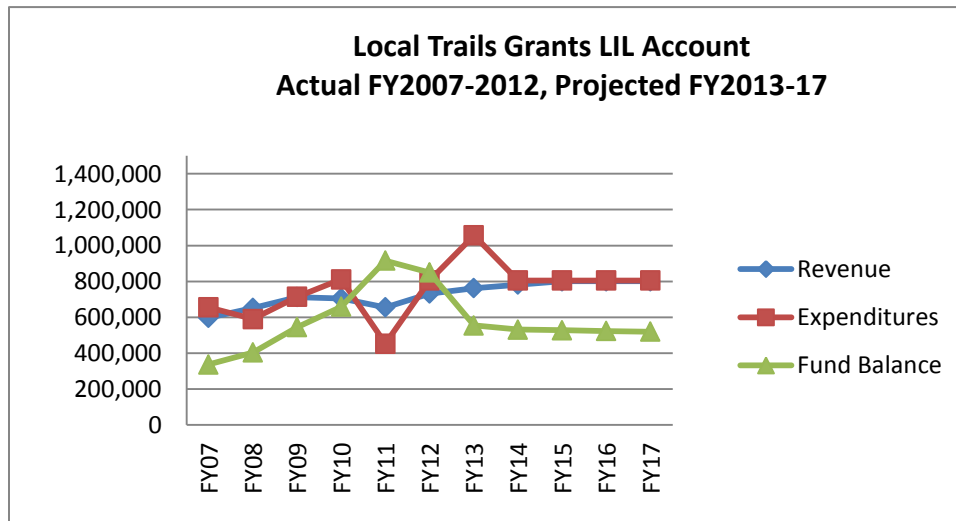
Fund Balance

The fund balance decreased 7 percent this year. Lottery receipts increased due to June 2011 receipts being incorrectly deposited into FY2012. This error and a spending appropriation increase has contributed to the declining fund balance.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$915,935
Prior year adjustment	\$6,960
Receipts	
Local Trails Grants - Lottery in lieu	\$731,575
Refunds of prior year expenditures	0
Total receipts	\$731,575
Expenditures	
Parks and Trails Management	\$805,000
Total expenditures	\$805,000
FY2012 Ending fund balance	\$849,469
Net change for FY2012	(\$66,465)

Budget Trends FY2007 to FY2017

Revenues and expenditures have been fairly steady since FY2006 with a drop in expenditures in FY11. The fund balance has been increasing steadily since FY2003 but is projected to decrease slightly with expenditures expecting to exceed revenues through FY2017.



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.

FY2012 Financial Summary

Receipts

Receipts for the Minnesota Zoos LIL account totaled approximately \$488,000.

Expenditures

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

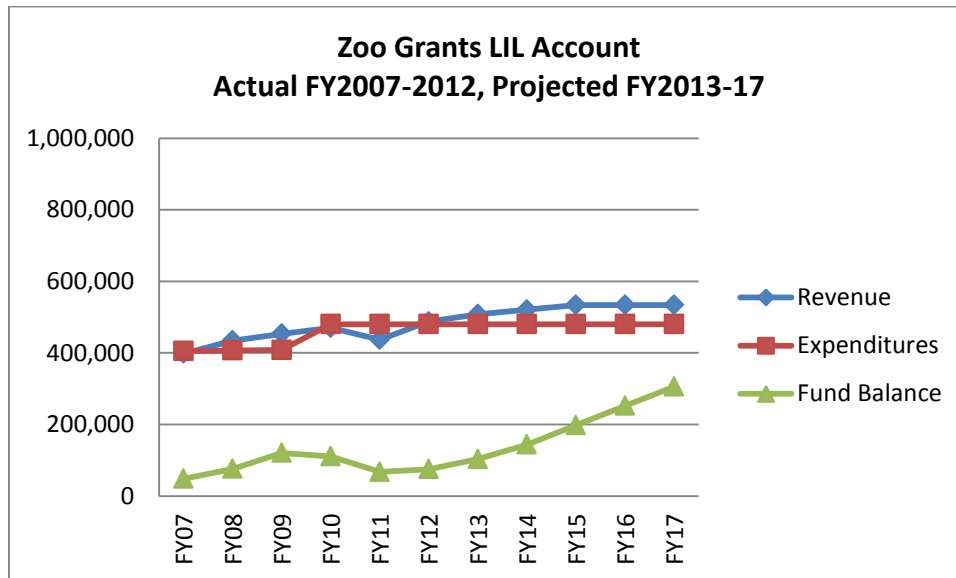
Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$67,234
Prior year adjustment	0
Receipts	
Minnesota Zoos - Lottery in lieu	\$487,717
Total receipts	\$487,717
Expenditures	
Como and Duluth Zoos	\$320,000
Minnesota Zoo	160,000
Total expenditures	\$480,000
FY2012 Ending fund balance	\$74,951
Net change for FY2012	\$7,717

Fund Balance

The fund balance increased 11 percent this year. Lottery receipts increased due to June receipts deposited incorrectly. Revenues exceeded expenditures.

Budget Trends FY2007 to FY2017

Revenues and expenditures have remained steady through FY2010. An increase in spending beginning in 2010 contributed to the declining fund balance, which begins to rise again in 2012 due to a projected increase in receipts.



Additional Resources

DNR reports

Strategic Conservation Agenda 2009-2013

State Comprehensive Outdoor Recreation Plan

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](#)

Contacts

Grants assistance

DNR divisions and offices

DNR Home Page

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

[DNR Website](#)

DNR Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Minerals Management Account

*Natural Resources Fund
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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 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.

FY2012 Financial Summary

Receipts

20 percent of iron ore and taconite rents and royalties receipts are deposited into the minerals management account each year. The other 80 percent is deposited into the permanent school and university trust funds based on land type. Revenues increased by 44 percent this year for this account. Total receipts deposited into this account for FY2012 were approximately \$10 million.

Expenditures

Expenditures in this account support evaluation of state minerals, state mineral leasing, and state mineral lease administration. 70% of the costs are personnel; the remainder is rental, maintenance, and communications, travel, and equipment costs. FY2012 expenditures were \$2.6 million.

At the end of each fiscal year, the amount of the fund balance that exceeds \$3 million is distributed to the permanent school and university funds in proportion to the revenue received into these two accounts. In FY2012 \$4,038,160 was transferred out.

Fund Balance

The fund balance increased by 49 percent this year. This increase was due to significantly higher mineral revenue.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$7,038,162
Prior year adjustment	5,893
Receipts	
Iron ore rents & royalties	\$9,636,831
Non-ferrous metallic minerals	263,586
Interest earnings	44,089
Stockpiled Iron Ore	161,801
Other receipts ¹	5,747
Total receipts	\$10,112,054
Expenditures	
Lands and Minerals	\$2,648,270
Transfer out: University trust account	1,285,875
Transfer out: School trust account	2,752,285
Total expenditures and transfers out	\$6,686,430
FY2012 Ending fund balance	\$10,469,679
Net change for FY2012	\$3,431,517

Notes

¹ Other receipts: Industrial minerals and credit agreement rebate.

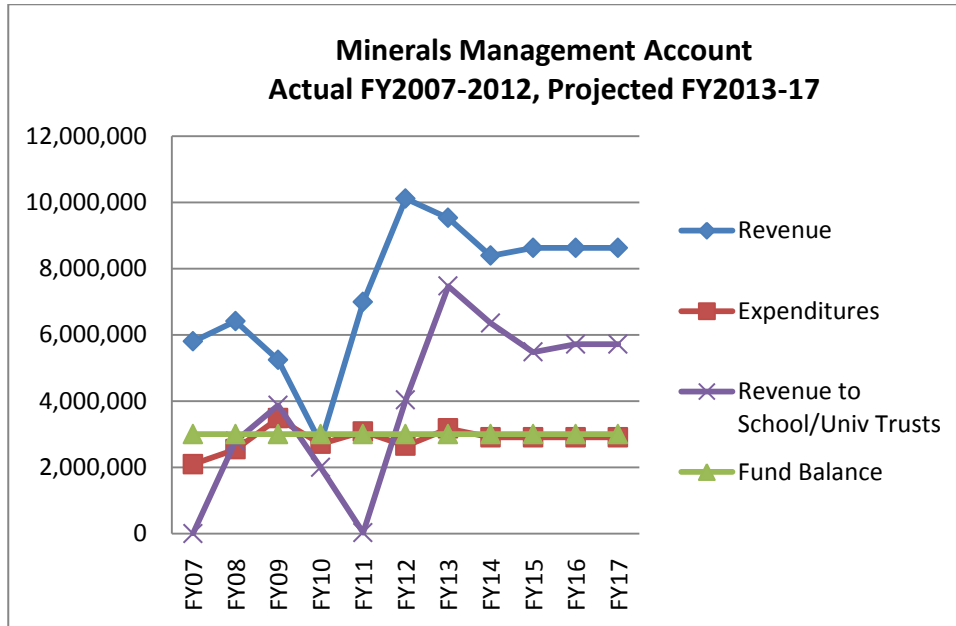
FY12 Activities and Accomplishments

The Division of Lands & Minerals activities supported by the mineral management fund for FY2012 included:

- Record mineral revenue from iron ore/taconite, residue stockpiles and metallic non-ferrous.
- Entered six (6) additional iron ore/taconite leases with two different companies covering a total of 620 acres of state lands
- Entered seven (7) additional residue leases with two different companies bringing the total number of state residue leases to nine (9). Residue mineral income increased from \$167,000 in FY 2011 to \$814,567 in FY 2012
- Resolved outdated iron ore escalators at ArcelorMittal, Northshore Mining and Essar Steel.
- Evaluation of School Trust metallic mineral potential was performed for Lake County and Kanabec County as part of the Land Asset Management and land exchanges within each county.
- A metallic mineral potential evaluation of all School Trust lands within the State was also performed as part of the School Trust inventory project.

Budget Trends FY2007 to FY2017

The fund revenue is projected to remain fairly steady from FY2013 through FY2017. However, the fund balance will never exceed \$3 million. Any balance over this amount is transferred to the School and University trust funds at the end of each fiscal year. (Refer to the table on the previous page.) The decrease in revenue and transfer to the trusts in FY2012 is due to the economy which shut down all but one mine for a period of time.



Additional Resources

Lands and Minerals Publications

Minnesota's School Trust Lands Fiscal Year 2008-2009

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

Contacts

Division of Lands and Minerals

St. Paul Office

500 Lafayette Road

St. Paul, MN 55155-4045

Phone 651-259-5959

Fax 651-296-5939

Hibbing Office

1525 3rd Avenue East

Hibbing, MN 55746

Phone 218-231-8484

Fax 218-262-7328

DNR Home Page

DNR divisions and offices

Mining Administration Account

*Natural Resources Fund
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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 commissioner of the Department of Natural Resources (DNR) to cover the costs of administering and monitoring permits to mine ferrous metals.

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

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

FY2012 Financial Summary

Receipts

The fee revenues due at the end of FY2012 totaling approximately \$644,000 were collected in advance of July 1, 2012 (as required by law) and deposited in FY2012 for use in FY2013.

Expenditures

The Division of Lands & Minerals expended approximately \$524,000 for costs of the Mining Administration program. These costs include issuing permits to mine, reviewing annual operating plans and site inspections.

Fund Balance

The fund balance increased by 21 percent this year due to a \$135,000 increase in Mineland Reclamation Fee revenue. This account began in FY09 and revenues have increased each year.

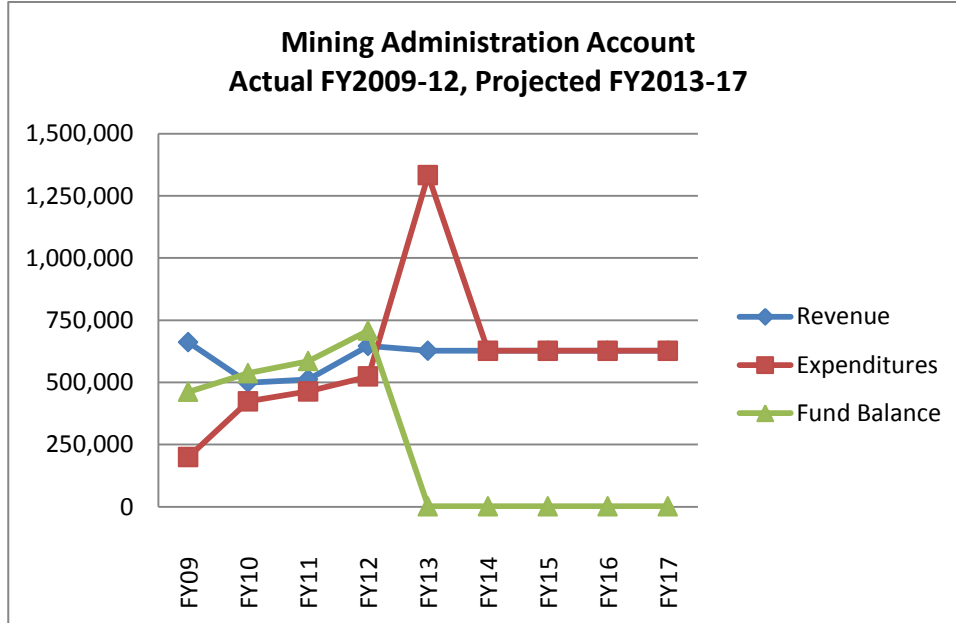
FY2012 Activities and Accomplishments

Accomplishments of the program included: (1) administering and monitoring seven taconite permits; (2) administering and monitoring two closure status taconite permits; (3) administering and monitoring six active scam mining permits; (4) administering and monitoring ten peat mining permits; (5) amending numerous wetland mitigation and replacements plans; (6) planning for long-range hydrologic changes and in-pit stockpile at several operations; and (7) innovative reclamation projects at two facilities. The Mineland Reclamation program enforces mineland reclamation regulations at taconite, scam, and peat mining operations affecting over 250,000 acres of public and private land.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$585,503
Prior year adjustment	0
Receipts	
Mineland reclamation fees	\$644,136
Interest earnings	2,353
Other receipts	<u>30</u>
Total receipts	\$646,519
Expenditures	
Lands and Minerals	\$523,835
Total expenditures	<u>\$523,835</u>
FY2012 Ending fund balance	<u>\$708,188</u>
Net change for FY2012	\$122,684

Budget Trends FY2009 to FY2017

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. For FY2012, the annual permit to mine fees collected were approximately \$647,000. For FY2013 through FY2015, the fund balance is projected to remain stable.



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](#)

Contacts

[Division of Lands and Minerals](#)

St. Paul Office

500 Lafayette Road
St. Paul, MN 55155-4045
Phone 651-259-5959
Fax 651-296-5939

Hibbing Office

1525 3rd Avenue East
Hibbing, MN 55746
Phone 218-231-8484
Fax 218-262-7328

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Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

*Natural Resources Fund
Fiscal Year 2012 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 Management 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

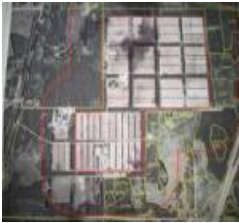
Money deposited in the Natural Resources Misc. Statutory Account comes from these sources:

- Sales of forest resource assessment products and services
- Burning permits fees
- Fees from the sale of permits issued to bough buyers
- Water fees and inspection fees
- Fees collected for easements and land and water crossing licenses on DNR land
- Horse pass fees
- 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 and conducting inspections.
- To administer the utility easement program, road easement program, easement and easement release programs and trail easement program
- To operate the electronic licensing system.

FY2012 Activities and Accomplishments



Division of Forestry (Forest Management)

The Forestry Resource Assessment Products and Services Account were established in 2007 in M.S. 89.421. Sales of forest resource assessment products and services to internal DNR customers and to organizations/persons outside the department are authorized in three sections of statutes (M.S. 84.025, subd. 9; M.S. 84.026; and M.S. 84.0855). The Resource Assessment Office provides assessment services of landscape resources for the Division of Forestry, DNR programs and outside organizations on a fee-for-service basis. The office also sells photographic products to the general public. Products and services include forest inventory survey design, data collection, and compilation; creation of data layers; and remote sensing (aerial photography, satellite imagery, and analysis, GIS services, image processing, aerial photo rectification). Revenues from all sales are credited to the Forest Resource Assessment Products and Services Account. The funds credited to the account pay for the operations of the program.

DNR Resource Assessment provided 12,000 square miles of photography, 1850 square miles of wetland identification, 50,000 acres of forest inventory, 20% of Minnesota's national Forest Inventory and Analysis plots, 105,000 acres of acquired and interpreted aerial photos of forest pest aerial survey, and performed many other land cover analysis projects for Minnesota Resource managers, such as blow down aerial photography.



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 2012, 48,718 burn permits were issued.



Bough buyer 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 2012, 50 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

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 from the facility.



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. 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.



Horse pass receipts in FY2012 totaled approximately \$110,000, an increase of \$15,000 from FY2011 receipts of \$95,000. Expenditures in FY2012 totaled approximately \$159,000 and included equestrian projects completed at nine locations in state parks, state forests, and state trails. Completed projects included trail rehabilitation and facility development projects; a project list is available in the resource list at the end of this report under *Horse Trail Pass at Work*. The FY2012 ending fund balance was approximately \$177,000.



Division of Ecological & Water Resources

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



Fees are charged to applicants and permit holders whose projects or proposed projects use large quantities of water as specified in the legislation. The responsibilities of Water Resource Management include project planning, environmental reviews, permit application reviews, and studies to assess the adequacy of the water resource and potential natural resource impacts, including after permits have been issued. The receipts are credited to the Water Management Account to recover the costs incurred for the environmental review and permitting activities. Thirteen projects were charged the fee in FY2012.



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).



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

The 2012 legislature modified the statutory language to authorize the issuance of road easements across school trust lands to individuals, provided that the term of the easements was limited to 50 years. This will reduce pressure on counties and local units of government to assume responsibility for small road segments that are benefiting only an individual or a small amount of people while allowing a legal access to those individuals.

Fees collected and credited to this account are received in conjunction with the services provided in reviewing easement applications and supplemental applications, preparing easements or easement releases, monitoring, and related actions. The account funds are expended to cover the costs of activities specified in each section of the statutes listed above. In FY2012 there were 141 new utility licenses and 13 easements issued.



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 a Web-based Electronic Licensing System available from 173 registration agents (deputy registrars). The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Currently 135 types of transactions are available online.

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.

FY2012 Financial Summary

Receipts

Approximately 58 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 24 percent of the revenue and the horse pass contributed three percent of the revenue.

Expenditures

Approximately 74 percent of the expenditures in the NR Dedicated Receipts Account were made by the Division of Forestry (Resource Assessment Account). The Division of Lands and Minerals spent 19 percent and the Division of Parks & Trails about 6 percent of the total expenditures in the combined Dedicated Receipts Account.

Fund Balance

The fund balance decreased by 6 percent this year. Revenues increased for the division of Ecological and Water Resources, Parks and Trails and Fish and Wildlife but have decreased for the divisions of Lands & Minerals and Forestry. Expenditures decreased slightly.

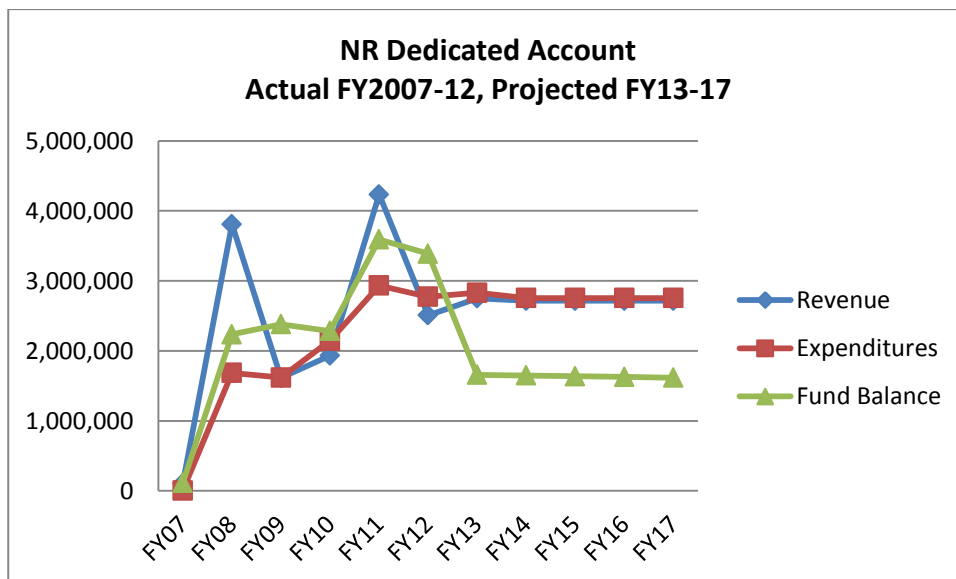
Budget Trends FY2007 to FY2017

The fund balance is projected to remain stable through FY2017.

Receipts, Expenditures, and Fund Balances

Consolidated Accounts

FY2012 Beginning fund balance	\$3,592,742
Prior year adjustment	\$60,736
Receipts	
Water fees, inspection fees	\$112,556
Easement, water & land crossing licenses on DNR lands	600,476
Fire burn permits	57,941
Decorative balsam bough buyer's permit	1,237
Other forestry receipts	1,467,237
Horse trail pass	109,822
Forest Campground	143,579
License credit card service charge	(194)
License issuing fee	15,381
Interest earnings	274
Total receipts	\$2,508,309
Expenditures	
Lands and Minerals	\$529,919
Ecological & Waters Resources Mgmt	39,006
Forest Management	2,043,743
Parks and Trails Management	159,076
Fish & Wildlife (ELS)	1,238
Total expenditures	\$2,772,982
FY2012 Ending fund balance	\$3,388,805
Net change for FY2012	(\$203,937)



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 \(harvesters and buyers\)](#)

Contacts

Resource Assessment Office

Grand Rapids

(218) 322-2500

(218) 327-4517 (fax)

[Any DNR Forestry Office](#)

Additional Resource links (Parks and Trails)

[Horseback riding](#)

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

[Horse Trail Pass at Work \(list of projects for FY2008-12\)](#)

[State Forest Horse Campgrounds and Trails](#)

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

Contacts

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

Additional Resources Links (Ecological and Water Resources)

[DNR water permits](#)

[Water permit applications and other forms](#)

[Division of Waters – home page](#)

Contacts

[Water-related permit contacts](#)

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](#)

Contacts

[Lands and Minerals regional operations staff](#)

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

[Online licenses](#)

[Online permits](#)

[License agents](#)

[License Center statistics](#)

Contacts

DNR Central Office
500 Lafayette Road, Box 20
St. Paul, MN 55155
[Division of Fish and Wildlife](#)

Email DNR

phone: 651-259-5180

DNR Website Home Page

Nongame Wildlife Management Account

*Natural Resources Fund
Fiscal Year 2012 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 and dragonflies. Examples of species that have benefited from the Nongame Wildlife's Program are the osprey, common loon, peregrine falcon, trumpeter swan, and bald eagle.

Sources and Uses of Funds

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

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

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

FY2012 Financial Summary

Receipts

FY2012 receipts totaled approximately \$1,037,000 which is a \$100,000 increase from last year.

Expenditures

Over 90% of the expenditures in 2012 were from Ecological and Water Resources. Fish and Wildlife expenditures were related to grey wolf management, but due to the federal delisting of the grey wolf, expenditures related to the management of these animals will no longer occur in this account.

Fund Balance

The fund balance decreased by 31 percent this year. Donations from income tax returns increased, but expenditures continue to exceed revenues.

FY2012 Activities and Accomplishments

Areas of emphasis for the Nongame Wildlife Program were:

- Habitat protection, nongame wildlife conservation and management
- Technical assistance
- Educational programs, publications, and wildlife tourism
- Research, surveys, and monitoring

Technical assistance was provided in support of state forest planning and management, to private landowners for management of blufflands and savanna habitats, and to other governmental agencies related to wind energy development, pipeline routing, ditch system effects, and regional park planning.

A total of 10 Project WILD workshops were held for 235 teachers, and our pioneering Digital Photography Bridge reached a total of 386 teachers at 33 workshops in FY12. There has been continuing progress in promoting wildlife tourism along the Pine to Prairie Birding Trail which now extends into southern Manitoba in cooperation with Manitoba wildlife and tourism officials.

Staff developed, conducted, funded and/or collaborated in research and surveys for a variety of nongame wildlife species in greatest conservation need, including grassland birds, loons, pelicans, shorebirds, golden-winged warblers, dragonflies, nongame species associated with sensitive lakeshores, and amphibians. Loons found dead by the public are given necropsies to determine the cause of death and learn about the significance of lead poisoning in the mortality of loons. The Nongame Wildlife Program also administers statewide permitting programs for wildlife rehabilitation, nongame wildlife research permits, falconry, and raptor propagation.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$ 768,912
Prior year adjustment	\$1,893
Receipts	
Donations from income tax return	\$1,032,974
Interest earnings	4,461
Other receipts ¹	100
Total receipts	\$1,037,535
Expenditures	
Ecological & Water Resources	\$1,195,796
Fish & Wildlife	79,682
Indirect Costs (EWR)	1,404
Conservations Corps Minnesota	0
Total expenditures	\$1,276,882
FY2012 Ending fund balance	\$531,458
Net change for FY2012	(\$237,454)

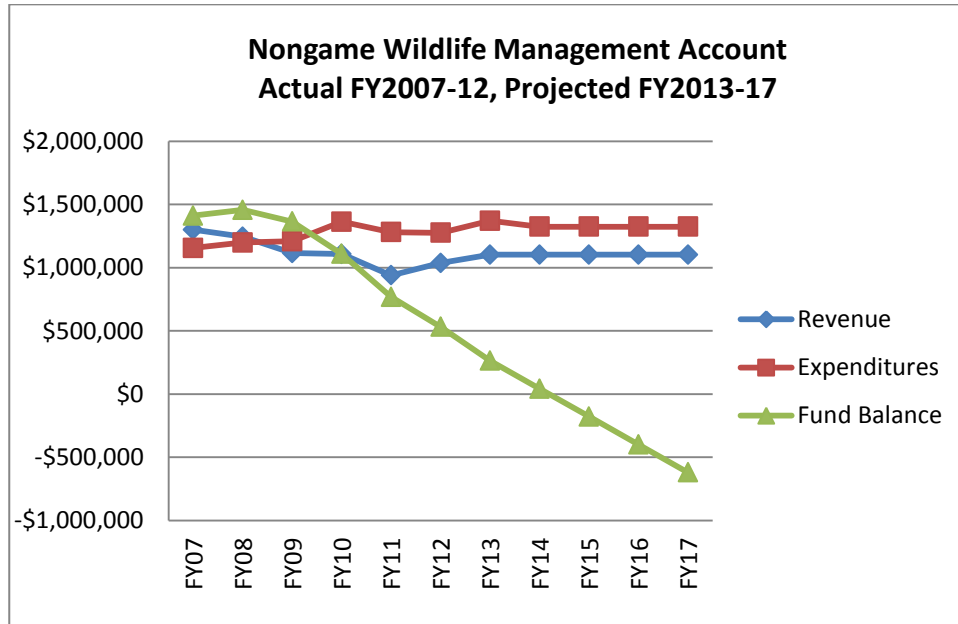
Notes

¹ Other receipts: credit agreement rebate.

Budget Trends FY2007 to FY2017

From FY2003 through FY2012, the number of contributors to the tax checkoff declined but the average contribution increased, resulting in a slight upward trend in revenue. Expenditures have increased more slowly, but have also trended slightly upwards.

The fund balance is projected to decline further through FY2017 based on current levels of spending. However, a \$100,000/year reduction is planned to begin in 2013 due to the delisting of the grey wolf. Continued use of creative strategies to increase checkoff revenue and supplemental funding will be needed to sustain or grow program efforts and outcomes.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

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](#)

Contacts

[DNR Home Page](#)

[DNR Divisions and Offices](#)

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

[DNR Website](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Snowmobile Trails and Enforcement Account

*Natural Resources Fund
Fiscal Year 2012 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

Fees from the registration of snowmobiles, trail pass, and unrefunded gasoline taxes attributable to snowmobile use are the main sources of funding in the Snowmobile Trails and Enforcement Account. The account 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.

FY2012 Financial Summary

Receipts

The principal sources of revenues for the snowmobile account were snowmobile registrations, trail permits and license issuing fees (34 percent). Due to the unusually warm weather and lack of snow in 2012, receipts were considerably low, 53% of 2011 receipts. Unrefunded gasoline taxes on snowmobiles made up 64 percent of the available funds.

Expenditures

Approximately 85% of expenditures in 2012 were from the division of Parks and Trails and 11% from the division of Enforcement. Expenditures remain consistent with historical spending.

Fund Balance

The fund balance decreased by 99 percent this year due almost entirely to the loss of revenue. An on-going structural imbalance between spending and receipts also contributed. Reduced spending of \$1.3 million in 2013 is expecting to bring the account positive in 2013.

FY2012 Activities and Accomplishments

The Enforcement Division provided snowmobile law enforcement, education and safety training activities throughout the state. The divisions activities in FY12 decreased to 9,100 hours compared to previous years because of the lack of snow. Division employees and volunteer instructors around the state trained 6,886 youth and adults through the snowmobile safety education program. This was also a decrease from previous years and is also attributed to the lack of snow in FY12. In addition the division provided grant to local law enforcement agencies to provide snowmobile law enforcement and education activities.

The Division of Parks and Trails developed, managed, and maintained more than 942 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 21,304 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. In addition, 34 grants were awarded for capital improvement projects, including trail rehabilitation, bridge repair and development, and trail reroutes.

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.

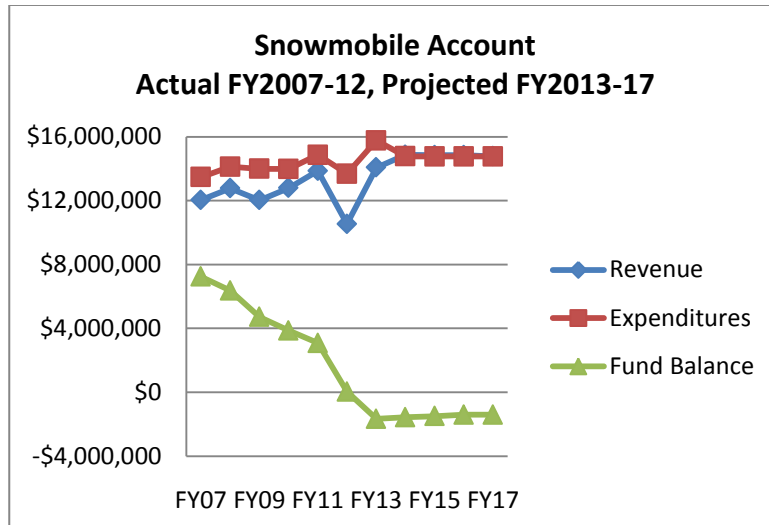
Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$ 3,084,932
Prior year adjustments	\$90,408
Receipts	
Snowmobile registration	\$2,225,954
Snowmobile trail permit	1,210,049
License issuing fee	159,646
Snowmobile training	33,931
Interest earnings	22,903
Fines and Citations	18,766
Other receipts ¹	11,683
Transfer in: Unrefunded gas tax revenue	6,778,644
Transfer in: Police State Aid	<u>75,506</u>
Total receipts and transfers in	\$10,537,081
Expenditures	
Parks and Trails Mgmt	\$3,344,042
Grants in aid to local governments	8,350,566
Enforcement	1,170,191
Enforcement grants	314,410
Fish & Wildlife	364,796
Lands & Minerals	13,000
Conservations Corps Minnesota	115,000
Transfer Out: Debt Service	<u>8,438</u>
Total expenditures and transfers out	\$13,680,443
FY2012 Ending fund balance	\$31,979
Net change for FY2012	(\$3,052,953)

Notes

¹ Other receipts: Agency Direct Cost Reimb., license credit card service charge and credit agreement rebate.

Budget Trends FY2007 to FY2017

Expenditures have exceeded revenues since FY2007. The fund balance has been declining since FY2006, and is projected to be flat in FY2013 to FY2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. 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](#)

Contacts

[Snowmobile program](#)

[Trail Grant Contacts](#)

[DNR Home Page](#)

[DNR Divisions and Offices](#)

[Email: DNR Information](#)

[DNR Website](#)

Telephone: (651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

State Parks Account

*Natural Resources Fund
Fiscal Year 2012 Annual Report*



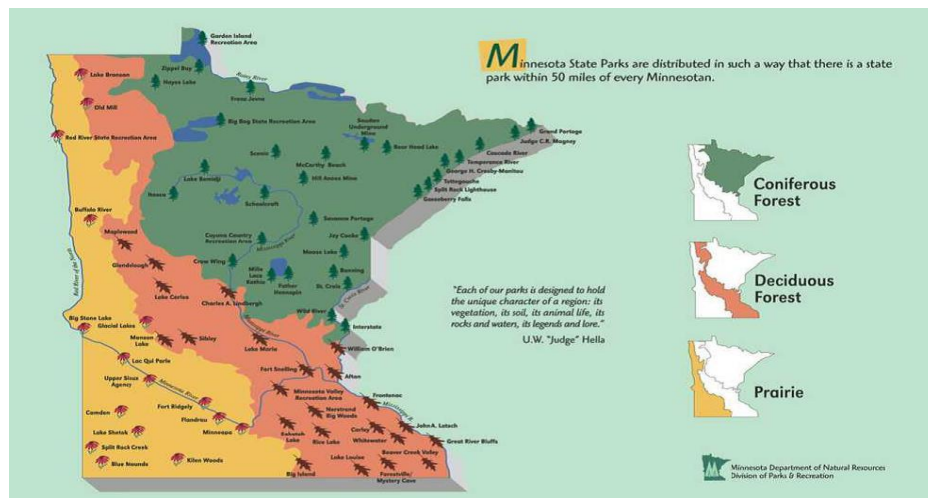
Creation and Purpose of the Account

The Department of Natural Resources (DNR) manages 67 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. Funds from this account represented approximately 10 percent of the total budget for the state park and trails division in FY2012.



FY2012 Financial Summary

Receipts

Camping fees accounted for 45 percent of revenues, park permits were 38 percent, and park facility rentals and concessions were 13 percent. FY2012 revenues totaled \$9.8 million.

Expenditures

Parks and Trails used the funds to operate and maintain the state's parks system, as directed by the legislature. FY2012 expenditures totaled \$10.9 million.

Fund Balance

The fund balance decreased by 76 percent this year. Revenues decreased by 1.2 million due to the state shutdown in July 2011. Expenditures increased slightly but expenditures exceeded revenues.

FY2012 Activities and Accomplishments

During the summer of 2012 the division opened La Salle Lake State Recreation Area to campers and recreationists as well as opened a world class network of mountain biking trails at Cuyuna Country State Recreation Area (Summer 2011). In addition to new opportunities for recreation, the division introduced thousands of new people to Minnesota state parks and trails and outdoor recreation through the I Can! series of skill-building programs.

The division also made efforts to reduce cost and increase efficiencies by expanding management and administrative hubs during FY2012 and FY2013. These hubs in essence make it possible to have one position cover multiple locations and decreases duplicative efforts in management and administration.

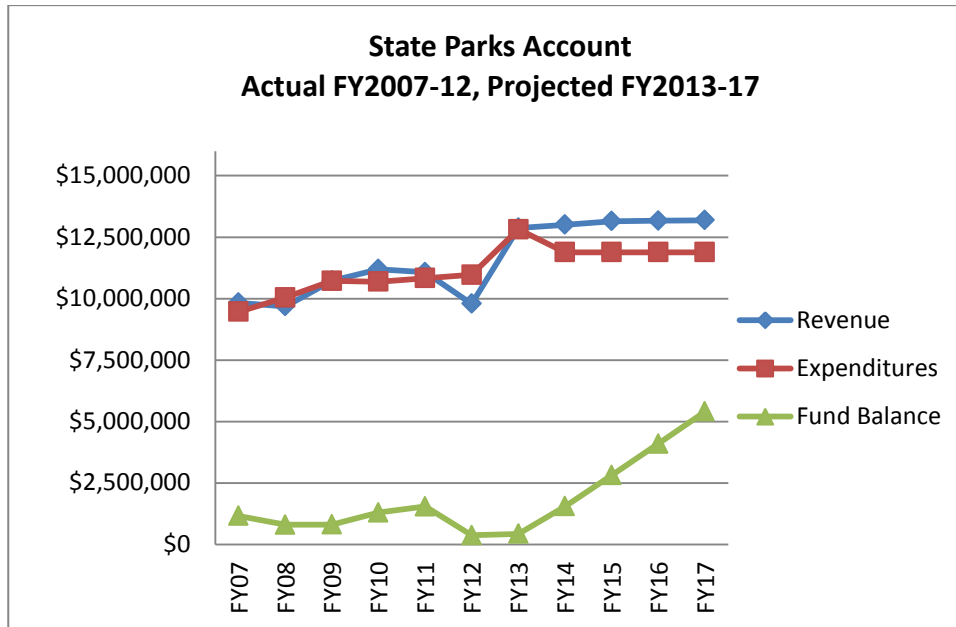
Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$1,544,275
Prior year adjustment	4,425
Receipts	
Camping fees	\$ 4,436,473
Park permits	3,721,996
Park facilities rentals and concessions	1,276,398
Reservations and tours/golf/ misc. income	543,753
License issuing fee	647
Parks credit card service charge	(183,131)
Other receipts ¹	(6,145)
Total receipts	\$ 9,789,992
Expenditures	
Parks and Trails	\$10,686,017
Enforcement	19,808
Statewide Indirect Costs	139,011
Fish & Wildlife	543
Conservations Corps Minnesota	<u>125,000</u>
Total expenditures	\$10,970,379
FY2012 Ending fund balance	<u>\$368,313</u>
Net change for FY2012	<u>\$(1,175,963)</u>

Notes

¹ Other receipts: license credit card service charge, restitution, parks connection charges, credit agreement rebate and cash overages/shortages.

Budget Trends FY2007 to FY2017

Revenues and expenditures in the State Parks Account have grown at a steady pace since FY2002 with the exception of FY2012 which has less revenue due to the shutdown of state government in the month of July. The fund balance is projected to increase through FY2017.



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](#)

Contacts

[Parks and Trails](#)

[DNR Home Page](#)

[DNR divisions and offices](#)

E-mail:

[DNR Information](#)

[DNR Website](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Water Management Account

*Natural Resources Fund
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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 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
- 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

Money in the Water Management Account can be used 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
- 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

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.

FY2012 Financial Summary

Receipts

Waters Fees which totaled \$4.8 million for FY12 is the primary source of revenue for this account.

Expenditures

Ecological and Water Resources expenditures were \$4.18 million.

Fund Balance

FY12 is the first year that this account has been used. The fund balance is \$691,366 due to delays in redirecting general fund costs to this account.

FY2012 Activities and Accomplishments

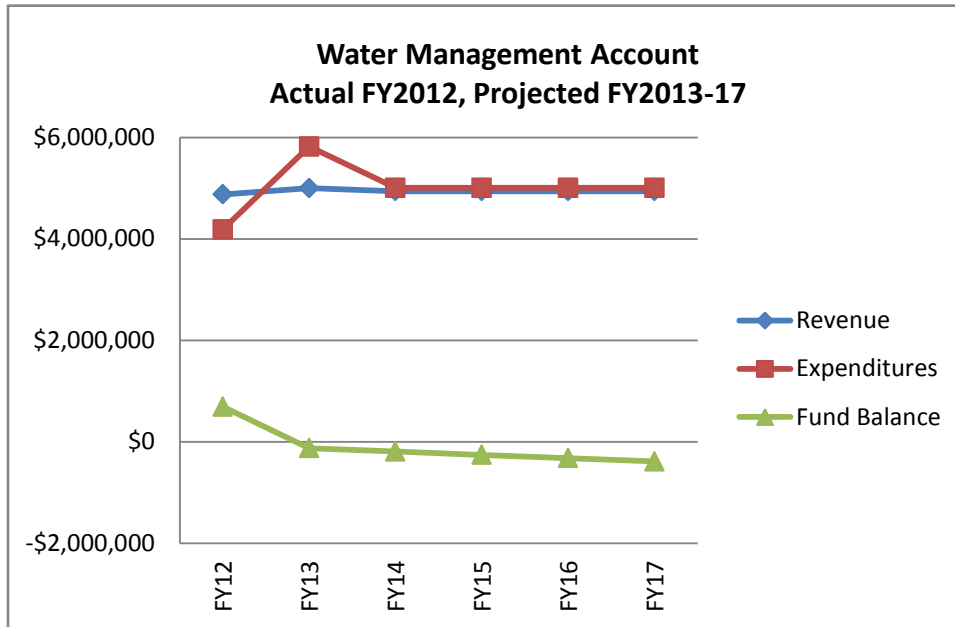
In FY2012, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance, provided leadership in the development of plans and rules, evaluated projects, issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources.

- Monitored resources: monitored drought/flood conditions, maintained lake level control structures, collected lake level and stream flow data (available at www.mndnr.gov/waters) that are useful for recreational boating, and surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts.
- Provided technical assistance: provided assistance and training to local governments on how zoning ordinances should be administered to protect shoreland.
- Developed plans and rules: continued efforts to update shoreland standards, and coordinated the development of dam operating plans.
- Evaluated projects: reviewed over 600 documents to assess project/proposal impacts on water resources. Completed environmental assessment worksheets for two proposed water recreation projects, and completed EAW need determinations for 8 proposed recreation projects.
- Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, oversaw the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance (New Account)	\$0
Prior year adjustments	0
Receipts	
Water Fees	4,874,498
Restitutions	\$1,052
Credit Agreement Rebate	<u>103</u>
Total receipts and transfers in	\$4,875,653
Expenditures	
Ecological& Water Resources	<u>\$4,184,287</u>
Total expenditures	\$4,184,287
FY2012 Ending fund balance	
	\$691,366
Net change for FY2012	\$691,366
Notes	
1 Other receipts: Credit Agreement Rebate and restitution.	

Budget Trends FY2012 to FY2017

Expenditures are forecasted to slightly exceed revenues from FY13 to FY17 which shows the account going negative.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

Additional Resources

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

[Public Water Work Permit Requirements](#)

[Water Resource Data](#)

Contacts

[Email DNR](#)

[DNR Website](#)

[DNR Home Page](#)

[DNR Divisions and Offices](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Location:

500 Lafayette Road

St. Paul, MN 55155-4040

Water Recreation Account

*Natural Resources Fund
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Creation and Purpose of the Account

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

Sources and Uses of the Funds

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

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

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

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

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

FY2012 Activities and Accomplishments



Division of Parks & Trails

The Division of Parks and Trails spent \$9,214,465 to provide the public with a system of public accesses to lakes and rivers. Public water access sites are the gateway for water recreation activities, especially boating and angling. Minnesota is second in the nation for the number of registered boats and first in the nation for the number of registered boats per capita.

The funding directly supports:

- 1,496 public water access sites including 70 accesses in 43 state parks
- 4,000+ miles of water trails for canoeing and kayaking on 33 designated rivers
- 10 small craft harbors/protected accesses on Lake Superior, including 2 DNR-owned marinas.

Distributed around the state, the funds pay for all costs associated with facility maintenance and program operation including personnel, equipment, supplies, and services.

The water recreation funds are often leveraged by using them to match additional state and federal boating access funds which help to accelerate efforts to improve the quantity and quality of public water access. Lakeshore parcels were acquired on Todd (McLeod), Detroit (Becker), and Lizzie (Otter Tail) lakes for new or expanded access sites. Access sites on Forest (Washington), Big Stone (Big Stone), and West Rush (Otter Tail) lakes were developed, expanded, or rehabilitated. The Silver Bay Marina (Lake) and the McQuade Small Craft Harbor (St. Louis) on Lake Superior both received user improvements.

Access site development incorporates best management practices for a variety of concerns including accessibility, stormwater, and the prevention of the spread of Aquatic Invasive Species.

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



Division of Enforcement

The Enforcement Division conducts boating safety patrols on Minnesota's lakes and waterways. In 2012, over 38,000 hours were dedicated for activities including enforcement of boating safety and related activities including enforcing personal watercraft laws, preventing introduction of invasive species in state waters and public access enforcement. Water Recreation funds cover personnel and logistical costs related to water recreation activities. In addition the Division administered grants to 73 county Sheriff's Departments through the boat and water safety program funded through the Water Recreation Account. The counties are mandated to enforce boating safety statutes and rules, place and maintain waterway markers, investigate boating accidents and drownings, issue event and temporary structure permits, inspect rental craft and perform search, rescue and recovery operations.

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



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

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 FY2012, 818,225 boats were registered statewide.

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



Ecological and Water Resources

In FY2012, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance, provided leadership in the development of plans and rules, evaluated projects, issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources. Monitored resources: monitored drought/flood conditions, collected lake level and stream flow data (available at www.mndnr.gov/waters) that are useful for recreational boating, and surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts. Populations of aquatic invasive species were also monitored to guide management decisions. Provided technical assistance: to local governments on how zoning ordinances could be revised to enhance shoreland management. Developed plans and rules: participated in interagency recreation management planning on the Upper Mississippi and St. Croix Rivers, worked collaboratively with local, state, and federal partners to identify high priority areas within watersheds for conservation actions, continued efforts to develop new shoreland rules, and coordinated the development of dam operating plans. Evaluated projects: provided review and comment in various stages for 33 hydropower plant/facility proposals, plans, or operations. Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, regulated water appropriations that provide for the maintenance of water levels and flows for recreation, economic, and environmental purposes, oversaw the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries. In addition, in FY2012, \$750,000 was transferred from the Water Recreation Account to the Invasive Species Account. Funds in the Invasive Species Account are appropriated to the DNR and used by the Division of Ecological and Water Resources to manage aquatic invasive species. More details can be found in the Invasive Species Account chapter of this report.



Division of Lands and Minerals

The majority of these funds are used to perform land management surveys for water access sites. Survey work was done on the Clear Lake Access in Washington County to help resolve a potential trespass and property damage claim. Survey work done on Sandy Lake in Beltrami revealed an access site encroaching on a neighbor's property and an acquisition was in order. Surveys on Wolf Lake, Beltrami County, Millstone Lake, Wright County and others were conducted to determine existing boundaries to help resolve actual and potential boundary problems. [Minnesota Department of Natural Resources-Division of Lands and Minerals Website](#)

FY2012 Financial Summary

Receipts

Fees for watercraft registration, license issuance and watercraft titling collectively made up approximately 41 percent of the available funds in the Water Recreation Account. Unrefunded gasoline taxes on watercraft (transfers in to the account) made up 56 percent of the available funds. Interest earnings continue to decline due to the economy. Total revenues for FY2012 were \$18 million.

Expenditures

The Division of Parks and Trails expenditures were approximately 54 percent of total expenditures in the Water Recreation Account. The Enforcement Division expenditures were about 22 percent of total expenditures.

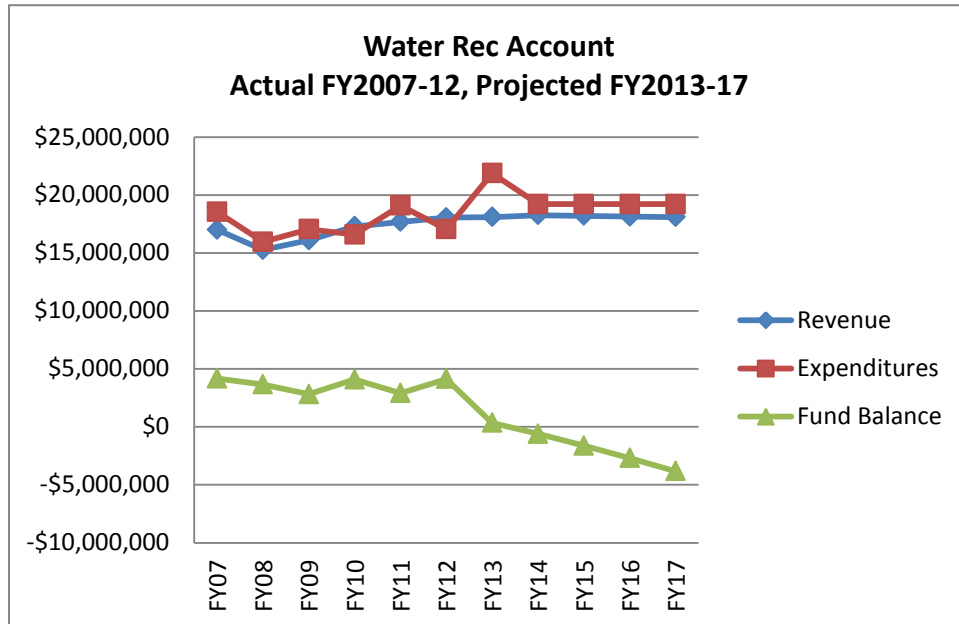
Fund Balance

The fund balance increased by 42 percent this year. Revenues increased slightly, watercraft registrations were up approximately \$400,000 this year. Expenditures decreased by 2 million from last year. The unrefunded gasoline tax decreased slightly for FY2012.

Receipts, Expenditures, and Fund Balances	
FY2012 Beginning fund balance	\$3,637,589
Prior year adjustments	201,667
Receipts	
Watercraft registration	\$6,437,099
License issuing fee	582,060
Watercraft titling	409,867
Aquatic plant management	222,862
Watercraft fines	36,968
Harbor and marina fees	46,597
Interest Earnings	1,337
Other receipts	25,134
Transfers in	
Unrefunded gas tax revenue	\$10,167,810
Police State Aid	<u>127,616</u>
Total receipts and transfers in	\$18,057,349
Expenditures	
Parks and Trails	\$9,214,465
Enforcement	2,638,827
Boat and water safety grants	1,081,998
Fish & Wildlife (ELS)	1,919,284
Ecological& Water Resources	1,048,224
Lands & Minerals	107,630
Operations Support & Regional	109,997
Conservations Corps Minnesota	175,000
Transfer Out Invasive Species	<u>750,000</u>
Total expenditures	\$17,045,425
FY2012 Ending fund balance	\$4,126,179
Net change for FY2012	\$1,213,590
Notes	
¹ Other receipts: License Center Credit Card Service Charge, Restitution, Refunds of prior year expd., Agency Direct Cost Reimb., Credit Agreement Rebate and cash overage/shortage.	

Budget Trends FY2007 to FY2017

Revenues and expenditures have been fairly steady since FY 2000. The fund balance is projected to start declining due to expenditures slightly exceeding revenues through FY2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.

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](#)

Contacts

[Email DNR](#)

[DNR Website](#)

[DNR Home Page](#)

[DNR Divisions and Offices](#)

Telephone:

(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Location:

500 Lafayette Road

St. Paul, MN 55155-4040