

Natural Resources Fund

Fiscal Year 2014 Annual Report

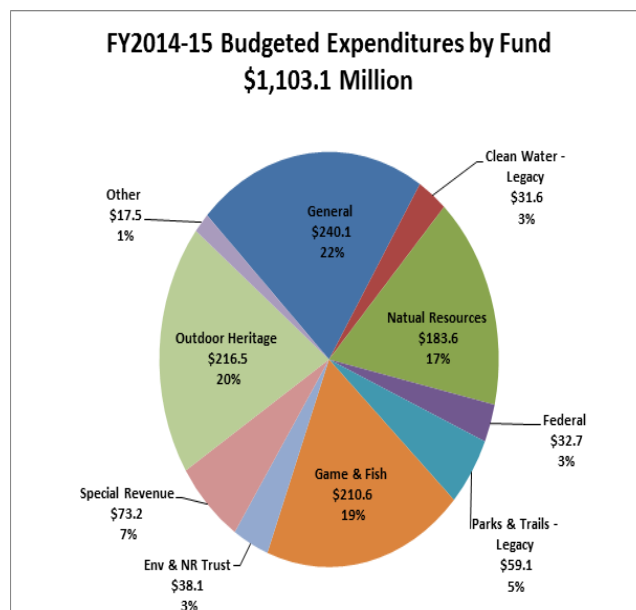


Creation and Purpose of the Fund

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 2014-2015, the Natural Resources Fund will comprise 17 percent (\$183.6 million) of the total DNR budgeted expenditures.



Accounts in the Natural Resources Fund

For Fiscal Year 2014, 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. 84.927).
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)
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))

Account Name	Sources and Uses of the Account Funding
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)
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 department completed the re-engineering of the Land Records System, which began in FY2008. The land records information system improves performance in the management of the real estate portfolio. The records are vital to the acquisition and ongoing management of fish and wildlife resources, parks and trails, forestry, scientific and natural areas – virtually every DNR program. The new system employs work flow management, document management, and geographic information systems technology to put detailed and up-to-date land information in the hands of natural resources managers, land management strategy decision-makers, and the public. \$930k was spent on the system for FY2014.

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 FY2014 from the Natural Resources Fund account were \$945,035 and the total revenues were \$977,557.

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 FY2014, Conservation Corps Minnesota received \$490,000 in funds from various Natural Resources Fund accounts to support the following DNR activities and engaged 552 youth and young adults in natural resource and energy conservation projects across Minnesota by:

- Expended 9,395 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 2,777 hours developing, constructing and maintaining state trail, education and technical skills training; (ATV Account, \$50,000)
- Expended 7,618 hours developing water access sites within state parks, exotic and invasive species management, and non-motorized trail improvement and maintenance; (State Parks Account \$120,000)
- Expended 3,225 hours designing, constructing, maintaining, training and grooming state trails (Snowmobile Trails Account \$65,000)
- Expended 2,457 hours maintaining and operating state parks and trails. (State Park/Trails Lottery In Lieu Account, \$30,000)
- Expended 120 hours for the management of invasive species (AIS Account, \$25,000)
- Expended 1,396 hours in forest management activities (FMIA Account, \$25,000).

Revenues that Support Multiple Accounts

Unrefunded Gasoline Tax Revenue

The Minnesota Department of Transportation transfers to the DNR, twice annually, the estimated portion of the unrefunded gasoline tax that was used by boaters, snowmobiles, and all-terrain vehicles. The amounts are transferred to several accounts in the Natural Resources Fund based on a formula written in statute (296A.18). As the table shows, approximately 3.1515 percent of unrefunded gasoline tax revenues – the portion attributed to use by boaters, snowmobile, and ATVs – are transferred into natural resources accounts and are appropriated annually for the purposes described in law.

	Portion of unrefunded gasoline tax transferred to the account	To be used for
Water Recreation	1.50%	Acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; and boat and water safety
Snowmobile	1.00%	To fund snowmobile programs and the maintenance and development of snowmobile trails
All-Terrain Vehicle	0.27%	Maintenance and development of ATV trails
Off-Highway Motorcycle	0.046%	Maintenance and development of OHM trails
Off-Road Vehicle	0.164%	Maintenance and development of ORV trails
Special Revenue Fund	0.116% including 0.0555%	Maintenance of state forest roads Maintenance of county forest roads (transfer to counties)
Total of Unrefunded Gas Tax Revenues	3.1515%	

Police State Aid Revenue

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

In FY2014, the Natural Resource Fund received \$253,158. This amount was apportioned to the Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle accounts based on the amount of Conservation Officers' salaries paid from each account.

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

Minnesota statutes allow interest earnings to be earned on balances in several DNR funds and accounts. Interest is credited to the fund or account and available for appropriation for the purpose for which it was received. The Natural Resources fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. The interest earned for 2014 was \$84,893.

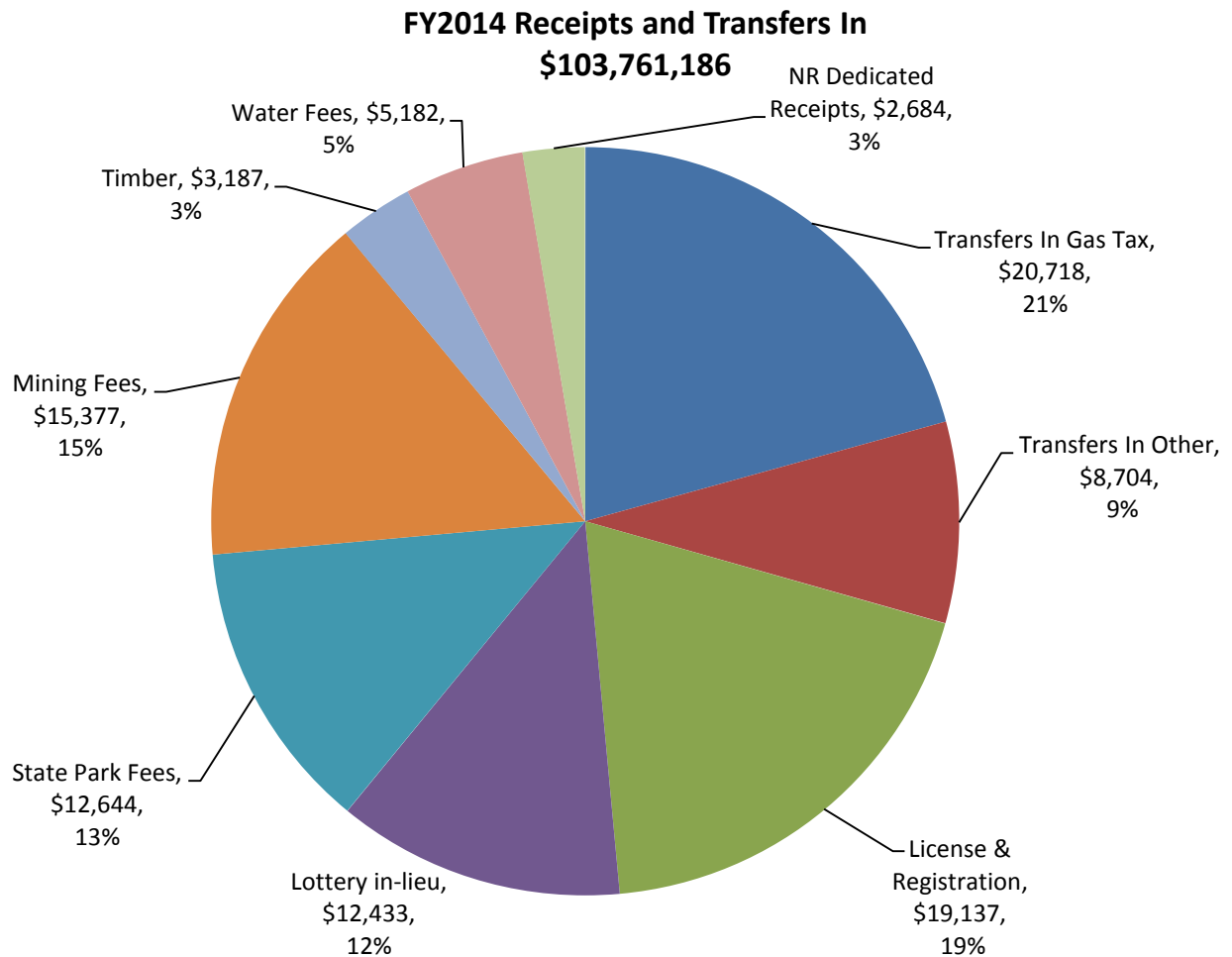
**Department of Natural Resources
Natural Resources Fund
Close 2014**

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Planning Est	FY 2016 Planning Est	FY 2017 Planning Est
Consolidated Natural Resources Fund						
M.S. 16A.531, Subd. 2						
Balance Forward In	32,525,251	31,931,495	30,929,484	38,853,775	29,445,859	26,011,583
Prior Year Adjustments (encumbrance cancelation)	<u>838,546</u>	<u>1,877,259</u>	<u>2,102,287</u>	0	0	0
Adjusted Balance Forward	33,363,798	33,808,753	33,031,771	38,853,775	29,445,859	26,011,583
Receipts						
<i>Departmental Services</i>	11,919,079	13,928,671	14,866,517	14,913,510	14,933,510	14,101,510
<i>Departmental Sales</i>	13,060,906	12,821,070	17,607,334	14,085,000	14,085,000	14,085,000
<i>Licenses & Fees</i>	22,148,488	25,848,907	26,209,305	24,354,384	24,350,384	24,345,384
<i>Departmental Penalties</i>	<u>85,884</u>	<u>133,556</u>	<u>96,746</u>	<u>111,500</u>	<u>111,500</u>	<u>111,500</u>
Department Earnings	47,214,356	52,732,204	58,779,901	53,464,394	53,480,394	52,643,394
Taxes	12,192,918	13,304,475	12,433,635	13,357,000	13,357,000	13,357,000
Federal Grants	1,005,974	696,279	417,277	501,000	501,000	501,000
Investment Income	92,984	87,397	84,893	74,800	74,900	75,000
<i>Interest Income</i>	1,140	821	455	1,000	1,000	1,000
<i>Sale of Property and Equipment</i>	240,894	327,532	24,824	299,000	299,000	299,000
<i>Fines and Surcharges</i>	6,765	4,511	2,809	13,200	13,200	13,200
<i>Restricted Gifts - Donations</i>	1,032,974	969,341	898,032	950,000	950,000	950,000
<i>Internal Reimbursement</i>	56,977	2,643	58,126	0	0	0
<i>Other Revenue</i>	7,292	6,083	24,611	7,100	7,100	7,100
<i>Other Agency Deposits</i>	0	31,400	8,598	0	0	0
<i>Cost Recovery/Reimbursement</i>	3,482	8,440	3,560	1,230	1,230	1,230
<i>Interagency Departmental Earnings</i>	<u>1,413,237</u>	<u>1,655,063</u>	<u>1,602,410</u>	<u>1,530,000</u>	<u>1,530,000</u>	<u>1,530,000</u>
All Other	<u>2,762,761</u>	<u>3,005,834</u>	<u>2,623,426</u>	<u>2,801,530</u>	<u>2,801,530</u>	<u>2,801,530</u>
Total Receipts	63,268,993	69,826,190	74,339,131	70,198,724	70,214,824	69,377,924
Transfer In						
From Fund 1000, Police State Aid (100)	287,918	243,946	253,158	273,000	281,000	295,000
From Fund 1000, General Fund, (EAW) R293A01 SNA	0	3,060	4,887	0	0	0
From Fund 2000, Forestry Receipts (200)	2,144,055	2,037,152	2,609,066	2,200,000	2,200,000	2,200,000
From Fund 2000, Forestry certification	0	62,135	46,771	60,000	60,000	60,000
From Fund 2001, Forestry certification	0	172,089	116,590	25,000	25,000	25,000
From Fund 2121, State Park Plates	0	0	0	0	0	1,703,000
From Fund 2200, Forestry certification (230)	0	294,260	384,459	350,000	350,000	350,000
From Fund 2200, Invasive Species/Non-Residence Fish (230)	402,672	680,055	1,111,190	1,099,000	1,099,000	1,099,000
From Fund 2200, Invasive Species	0	500,000	0	0	0	0
From Fund 2710, Unrefunded Gas Tax Revenue (280)	20,200,153	20,812,127	20,718,315	21,018,000	20,891,000	20,871,000
From Fund 6000, Forest Susp Account (610)	38,191	38,163	35,939	40,000	40,000	40,000
From Fund 3800, Forest Susp Account (860)	<u>4,896,031</u>	<u>4,892,504</u>	<u>4,141,679</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Total Transfer In	27,969,019	29,735,491	29,422,055	30,065,000	29,946,000	31,643,000
TOTAL RESOURCES AVAILABLE:	124,601,810	133,370,434	136,792,958	139,117,499	129,606,683	127,032,507
Expenditures						
Land and Minerals	4,206,479	5,201,609	4,612,275	4,329,000	4,329,000	4,329,000
Ecological and Water Resources Mgmt	9,052,322	10,926,070	9,806,877	9,792,000	9,792,000	9,792,000
Forest Management	14,257,828	12,791,536	12,118,943	12,995,000	12,995,000	12,995,000
Parks and Trails Mgmt	42,781,492	46,044,772	44,164,593	49,152,459	47,534,000	49,655,618
Fish & Wildlife Mgmt	741,517	792,506	864,878	935,922	758,000	758,000
Fish & Wildlife Mgmt, Licensing	2,011,652	1,994,405	1,969,878	2,456,000	2,456,000	2,456,000
Enforcement	8,319,587	9,334,065	9,396,342	10,055,000	10,055,000	10,055,000
Operations Support	429,997	323,800	320,000	320,000	320,000	320,000
Statewide Indirect Cost	<u>502,844</u>	<u>548,346</u>	<u>599,025</u>	<u>509,000</u>	<u>509,000</u>	<u>509,000</u>
sub-total DNR expenditures	82,303,718	87,957,109	83,852,812	90,544,380	88,748,000	90,869,618
Met Council	5,670,000	5,670,000	5,670,000	6,120,000	5,670,000	5,670,000
Minnesota Zoo	160,000	160,000	160,000	160,000	160,000	160,000
Conservation Corps Minnesota	<u>490,000</u>	<u>490,000</u>	<u>490,000</u>	<u>490,000</u>	<u>490,000</u>	<u>490,000</u>
Total Expenditures	88,623,718	94,277,109	90,172,812	97,314,380	95,068,000	97,189,618
Transfer Out						
To Fund 1000, SEGIP (ins reduction)	0	31,101	0	0	0	0
To Fund 2000, Tax Foreited Lands	0	234,417	624,979	1,050,213	696,035	696,035
To Fund 2401, Reinvestment in Minnesota - Gifts	0	655,000	1,000,000	1,000,000	1,000,000	1,000,000
To Fund 3700, Debt Service (400)	8,438	8,063	7,688	0	0	0
To Fund 6000, Permanent University (610)	1,285,875	2,303,931	1,675,192	2,814,984	1,865,650	1,865,650
To Fund 3800, Permanent School (860)	<u>2,752,285</u>	<u>4,931,329</u>	<u>4,458,512</u>	<u>7,492,063</u>	<u>4,965,415</u>	<u>4,965,415</u>
Total Transfer Out	4,046,598	8,163,841	7,766,371	12,357,260	8,527,100	8,527,100
TOTAL EXPENDITURES AND TRANSFERS OUT	92,670,316	102,440,950	97,939,183	109,671,640	103,595,100	105,716,718
FUND BALANCE	31,931,495	30,929,484	38,853,775	29,445,858	26,011,583	21,315,789
Less ELS Appropid R296231 to R296239 (043)	399,332	590,632	621,879	415,000	415,000	415,000
Less designated balance Damage Account, Appropid R294208	0	0	186,160	0	0	0
Fund Balance less ELS appropriation	31,532,163	30,338,852	38,045,736	29,030,858	25,596,583	20,900,789

Revenues for Fiscal Year 2014

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

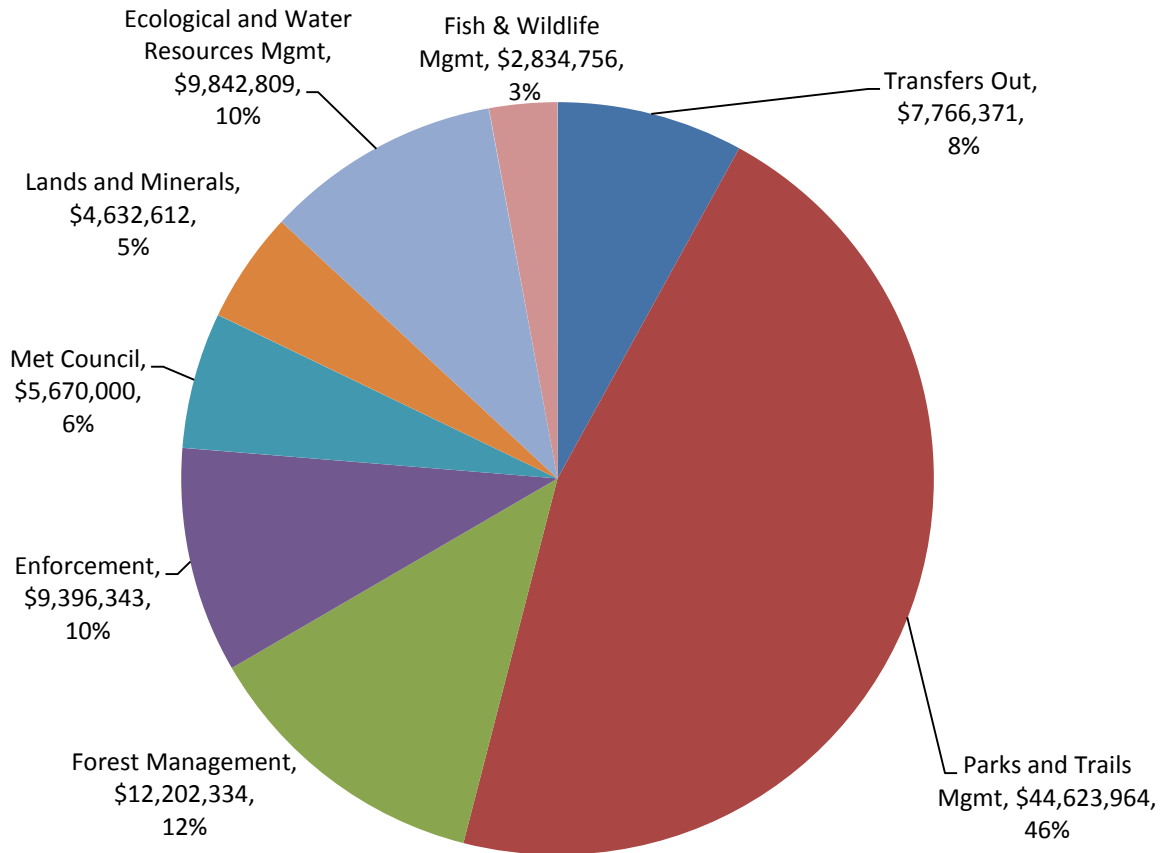
In FY2014, DNR collected \$103,761,186 in total receipts and transfers in. The largest sources of operating revenues are licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of transfers in. For details see individual funds.



Expenditures for Fiscal Year 2014

In FY2014, DNR spent \$ 97,939,183 in total expenditures and transfers out. The Division of Parks and Trails spent the majority of these funds.

FY 2014 Actual Expenditures and Transfers Out \$97,939,183



Additional Resources/Links

DNR Reports

[Strategic Conservation Agenda 20015-2025](#)

[State Comprehensive Outdoor Recreation Plan](#)

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

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

[DNR Budget](#)

[DNR divisions and offices:](#)

Contacts

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Location:

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

Natural Resources Fund Fiscal Year 2014 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.

Financial Review	
FY2014 Beginning fund balance	\$2,108,290
Prior year adjustment	\$490,614
Receipts	
ATV registrations	\$3,969,535
License issuing fee	187,045
ATV safety training	30,898
Non res ATV trail pass	21,663
Citations	1,599
Interest earnings	619
Other receipts ¹	2,016
Transfer in: Unrefunded gas tax	1,877,163
Transfer in: OHV Damage Account	0
Transfer in: Police State Aid	<u>86,075</u>
Total receipts and transfers in	\$6,176,613
Expenditures	
Parks and Trails	\$2,031,213
Grants in aid to local government	785,080
Enforcement	2,205,353
Enforcement grants	659,527
Fish & Wildlife Mgmt. (ELS)	274,349
Conservations Corps Minnesota	50,000
Total expenditures	<u>\$ 6,005,522</u>
FY2014 Ending fund balance	<u>\$2,769,995</u>
Net change for FY2014	\$661,705

Notes

¹*Other receipts: Non Ferrous Metallic Minerals, License Credit Card Service Charge, Credit Agreement Rebate, Agency Direct Cost Reimb.

FY2014 Accomplishment

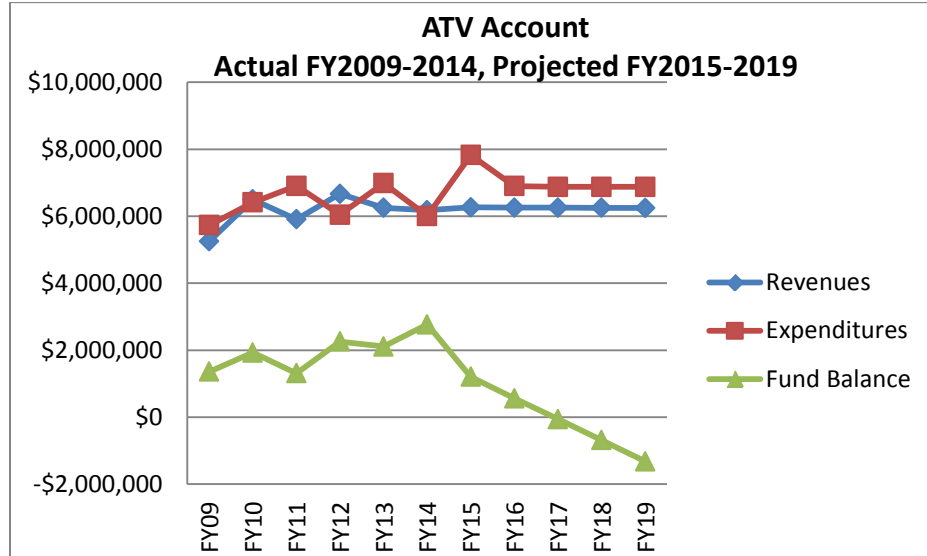
The Division of Enforcement provides ATV law enforcement, safety training and trail monitoring activities around the state. In addition, the Division provides grants to local law enforcement agencies for ATV law enforcement and educational activities relating to ATV use. The Division provided approximately 19,481 hours of enforcement, education and safety training activities around the state. The Safety Training Section recruited and trained additional volunteers for the ATV Safety and Trail Ambassador programs. This brought the total number of ATV Instructors to 1,043 and Trail Ambassadors to 212. The ATV Safety training program certified 3,749 students. Trail Ambassadors expended 5,729 hours monitoring trails and logged 15,724 miles on the OHV trails around the state. In addition, Trail Ambassadors logged over 2,663 contacts out on the trails. Information gathered by Trail Ambassadors is then forwarded on to the appropriate division for action. The result is a faster and more measured response from the affected division.

The DNR Division of Parks and Trails developed, monitored, and maintained approximately 1,006 miles of ATV/OHV 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 added 11 miles of state forest riding opportunity including connections to the Matthew Lourey State Trail. In addition, \$785,080 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 724 miles of public, locally controlled ATV trails. DNR staff continued to work with local clubs and sponsors on 22 new trail projects with potential to add 233 miles of additional riding. NOTE: Some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

Financial Summary FY2009 to FY2019

ATV registrations account for 64 percent of the revenues in the ATV account. Unrefunded gasoline taxes on ATV's (transfer in to the account) were 30 percent of the revenues. The fund balance has been managed by reductions in spending and this will continue through FY2019. Revenues are expected to remain steady.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

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.

Financial Review	
FY2014 Beginning fund balance	\$448,237
Prior year adjustment	\$99,502
Receipts	
Off highway motorcycle registration	\$117,908
License issuing fee	7,518
OHM safety training	660
Interest earnings	187
Other receipts ¹	345
Transfer in: Unrefunded gas tax	319,813
Transfer in: Police state aid	<u>3,342</u>
Total receipts and transfers in	\$449,773
Expenditures	
Parks and Trails	\$246,670
Grants in aid to local government	112,300
Fish & Wildlife (ELS)	18,561
Enforcement	103,484
Enforcement grants	<u>11,000</u>
Total expenditures	<u>\$492,015</u>
FY2014 Ending fund balance	<u>\$505,497</u>
Net change for FY2014	\$57,260

Notes

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

FY2014 Accomplishments

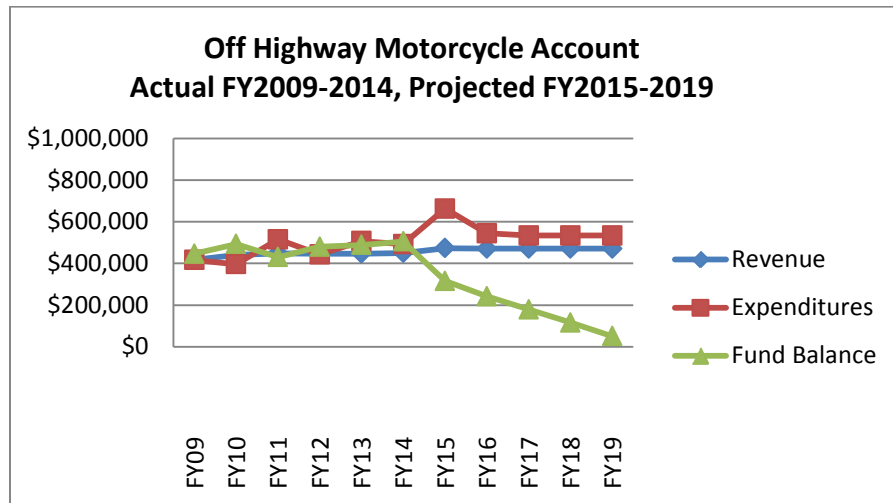
The Division of Enforcement provided OHM law enforcement; safety training, trail monitoring and grants (53 combined grants were issued to OHV and ORV) issued to local law enforcement agencies to provide for enforcement and education activities relating to OHM use around the state. During FY2014 approximately 1,030 hours were utilized by division staff relating to OHM law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,729 hours of monitoring OHM use on multi-use trails around the state and observed 803 motorcycles using the trail system. Safety training for 130 OHM users continued through use of the Divisions OHM Safety Training CD.

The Division of Parks and Trails developed, monitored, and maintained OHM trails that were open to the public including the Iron Range OHV Recreation Area. More than 858 motorized miles of ATV/OHM trails and 143 single-track OHM miles are open for public use on state forest lands. Parks and Trails staff monitor trail systems each season and address maintenance needs as they arise. In addition, \$112,300 was awarded as 7 grants to counties, cities, and townships, working with local clubs for the

maintenance, development, and acquisition on approximately 200 miles of public, locally controlled OHM trails. Regional Parks and Trails Acquisition and Development staff continued to work on 8 projects with the clubs and local government sponsors. NOTE: Some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

Financial Summary FY2009 to FY2019

OHM registrations account for 26 percent of the revenues in this account. Unrefunded gasoline tax revenue on off highway motorcycles (transfer in to the account) were 73 percent of the revenues. The fund balance has been declining and will be managed by reducing expenditures. The fund balance is expected to continue to decline due to expenditures exceeding revenue.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

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.

Financial Review	
FY2014 Beginning fund balance	\$1,906,810
Prior year adjustment	\$127,087
Receipts	
Off road vehicle registration	\$31,910
License issuing fee	2,964
Interest earnings	121
Nonresident ORV Trail Pass	7,332
Other receipts ¹	863
Transfer in: Unrefunded gas tax	1,140,202
Transfer in: Police state aid	<u>2,670</u>
Total receipts and transfers in	\$1,186,062
Expenditures	
Parks and Trails	\$486,759
Grants in Aid to local governments	30,000
Fish & Wildlife Management	12,276
Fish & Wildlife (ELS)	6,537
Enforcement	243,081
Enforcement grants	1,000
Total expenditures	<u>\$779,653</u>
FY2014 Ending fund balance	<u>\$2,440,306</u>
Net change for FY2014	\$533,496

Notes

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

FY2014 Accomplishments

The Division of Enforcement provided ORV law enforcement, safety training, trail monitoring and grants (53 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 FY14 approximately 1,127 hours were utilized by division staff relating to ORV law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,729 hours monitoring ORV use on multi-use trails around the state, they observed 122 users. Safety training for ORV users continued through use of the Division's ORV Safety Training CD.

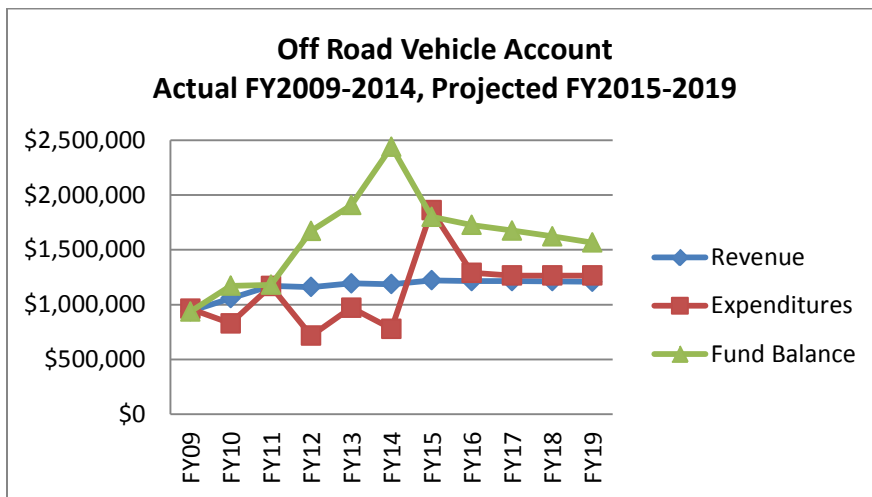
The Division of Parks and Trails developed, monitored, administered and maintained ORV recreational trails that were open to the public including 36 miles at the Iron Range OHV Recreation Area. In 2014,

27 motorized miles of ORV trails in state forests were open for public use. An additional 20 miles of trails open to ORV use were established by commissioner's order in state forest in Pine County and are under development. \$30,000 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.

Financial Summary FY2009 to FY2019

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 and the remaining 1% is miscellaneous revenue.

The fund balance has been managed with reductions in spending.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

Off-Highway Vehicles Regulations 2014-15

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

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Cross-Country Ski Account

*Natural Resources Fund
Fiscal Year 2014 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 trail passes are deposited into this account and used for maintenance and grooming of cross country ski trails. Changes during the 2010 legislative session now allow some of these funds to be used for administration of the program and maintenance of the state cross-country ski systems. Any funds for 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 (GIA) for cross-country ski trails sponsored by local units of government and special park districts.

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

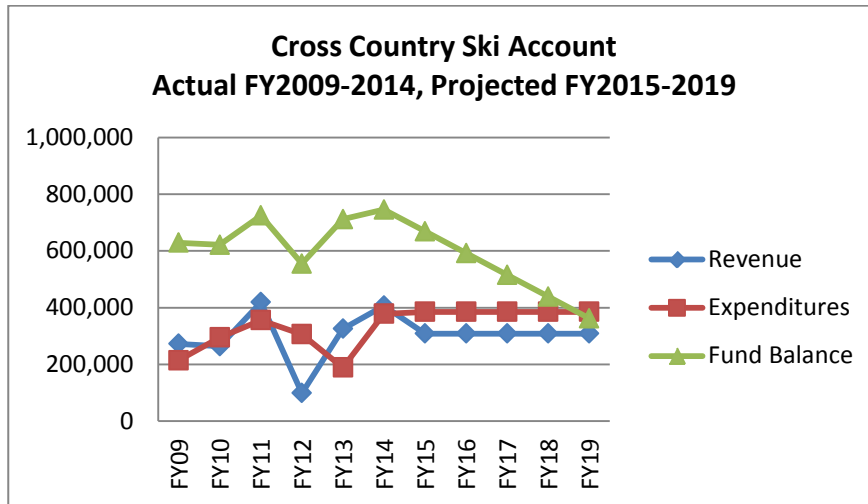
Financial Review	
FY2014 Beginning fund balance	\$711,854
Prior Year Adjustments	5,368
Receipts	
Cross-Country Ski permits	\$376,134
License issuing fee	31,543
Interest earnings	137
Other receipts	<u>(1,059)</u>
Total receipts	\$406,755
Expenditures	
Parks and Trails	\$353,174
Fish & Wildlife (ELS)	<u>25,473</u>
Total expenditures	\$378,647
FY2014 Ending fund balance	\$745,330
Net change for FY2014	\$33,476
Notes	
1 Other receipts: License Center Credit Card Service Charge	

FY2014 Accomplishments

In FY2014, the department awarded 40 Cross-Country Ski Grants-in-aid (GIA) to local units of government, many partnering with local ski clubs. The grants helped provide 712 miles of GIA cross-country ski trails statewide. In addition, the department allocated \$75,000 toward the grooming of the 1,400 mile cross-country ski trail system maintained by the DNR in state parks, state forests, and on state trails.

Financial Summary FY2009 to FY2019

Revenues & expenditures vary considerably from year to year due to snow fall. Revenues increased by 20 percent this year. Revenues remain steady, forecasted over a three year average. The fund balance increased by 5 percent this year, and is expected to decline due to expenditures exceeding projected revenues.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

[Minnesota DNR Cross-Country Ski](#)

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

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

Contacts

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[DNR divisions and offices](#)

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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

Primary sources of funding to the FMIA are revenues earned from state land timber sales and related activities. State administered lands subject to management total 5 million acres including about 2.8 million acres of unreserved commercial timberland. Approximately 800,000 cord equivalents "new" volume are offered for sale annually with forest management objectives focused on maintaining and improving forest health and productivity. On average, some 30,000 acres of timberland are regeneration harvested and 20,000 acres are thinned or selectively harvested each year supplying the state's \$16.2 billion forest industry with quality wood fiber used for the manufacture of paper, lumber, structural panels, and specialty products. Timber sales and related activities generate direct revenues for the Division of Forestry, Division of Fish & Wildlife, Division of Parks & Trails, School/University Trust, Minnesota counties, and the General Fund.

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

- State timber sales planning, layout, and administration, contract marking of commercial thinning sales, forest inventory, cultural resource reviews, and other forest management-related costs;
- State land reforestation and timber stand improvement, including forest pest management; and
- State forest road maintenance costs.

FY2014 Accomplishments

The Division of Forestry offered for sale a total 1,008,000 cords. Timber sold totaled 836,000 cord equivalents and timber harvested totaled 851,000 cord equivalents. In addition, the FMIA funds reforestation, forest inventory, and road improvement expenditures supporting timber production. In FY2014, 3,134 acres were planted and 4,838 acres were seeded. Site preparation for reforestation was completed on 2,626 acres, stand improvement was conducted on 1,455 acres, and 4,978 acres were protected from animal browse damage, insects, and disease. Approximately 2,000 miles of state forest system roads were graded at least once, with some of the same miles graded up to 5-6 times per year for a total estimate of 6,296 total graded miles. In addition, 27 miles were graveled and 34 miles were spot graveled. One bridge was re-decked and two bridge replacement projects had the design/engineering work completed with construction planned for FY2015. Forest (timber) inventory was updated by area staff on about 74,450 acres.

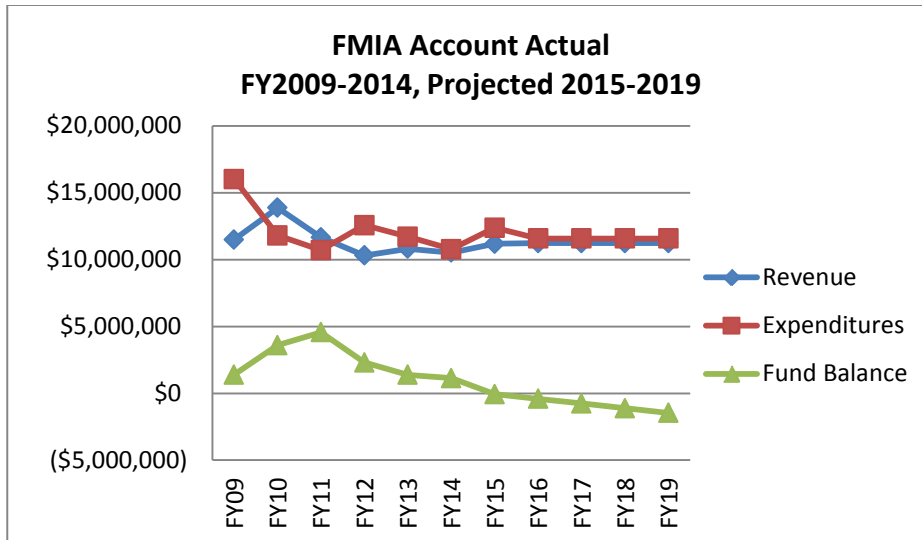
Financial Review	
FY2014 Beginning fund balance	\$1,380,524
Prior year adjustment	\$1,648
Receipts	
Timber sales, interest & penalty	\$3,186,821
Interest earnings	(2,368)
Other receipts ¹	0
Transfer in: General Fund	4,887
Transfer in: CON CON areas account	2,609,066
Transfer in: Spec. Revenue (Beltrami Isl.)	46,771
Transfer in: Spec. Revenue (Parks working cap.)	116,590
Transfer in: Game & Fish	384,459
Transfer in: University susp account	35,939
Transfer in: School suspense account	4,141,679
Total receipts and transfers in	\$10,523,844
Expenditures	
Forest Management	10,408,414
Lands & Minerals	344,000
Conservation Corps Minnesota	25,000
Total expenditures	\$10,777,414
FY2014 Ending fund balance	\$1,128,602
Net change for FY2014	(\$251,922)

Notes

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

Financial Summary FY2009 to FY2019

The FMIA was fully implemented in 2005, when state timber revenues were spiking upward as a result of the U.S. housing boom and general economic prosperity. As a direct result of the 2009 economic recession, FMIA revenue declined from a peak \$15 million in FY2006 to \$10.3 million in FY2012. The added burden of large-scale salvage operations due to major blow-down events that occurred in FY2012 and FY2013 further impacted FMIA revenue because salvage timber stumpage values received were approximately one-third of normal timber values. In FY2014, FMIA revenues totaled \$10.5 million and expenditures totaled \$10.8 million. The year-ending account balance was \$1.1 million, down \$252,000 from last year.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage spending to ensure the account balance remains positive.

Additional Resources

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

Contacts

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Invasive Species Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

Money received from a \$5 surcharge on watercraft licenses under M.S. 86B.415, subd. 7, and civil penalties for violations of the law related to prohibited invasive species under M.S. 84D.13 are deposited into the account. Receipts from an annual \$5 surcharge on nonresident fishing licenses under M.S. 97A.475, subd. 7 are transferred each year from the Game & Fish Fund to the Invasive Species Account. In addition to the funds from the Invasive Species Account, in FY2014 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.

Financial Review	
FY2014 Beginning fund balance	\$1,341,016
Prior year adjustment	\$232,924
Receipts	
Watercraft surcharge	\$1,350,620
Fines	31,290
Serv Provider App & Test Fee	5,413
Other receipts ¹	18,424
Transfer in: Fish & wildlife license surcharge	1,111,190
Transfer in: Water Recreation	<u>750,000</u>
Total receipts and transfers in	\$3,266,997
Expenditures	
Ecological & Water Resources	\$3,295,871
Enforcement	132,253
Conservation Corps Minnesota	25,000
Total expenditures	\$3,295,870
FY2014 Ending fund balance	<u>\$1,545,067</u>
Net change for FY2014	\$204,051

Notes

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

FY2014 Accomplishments

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

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

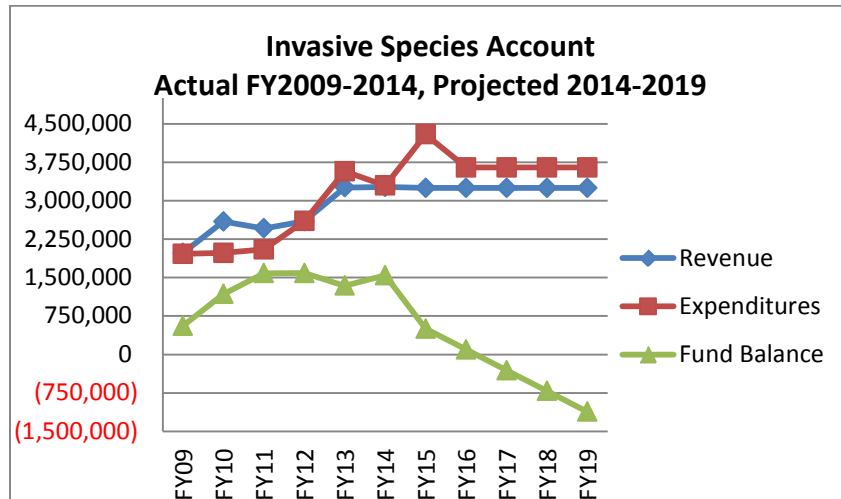
Highlights of our program activities in FY2014 are:

- No new AIS were found in Minnesota waters during FY2014.
- The DNR made its invasive species exhibit at the Minnesota State Fair more interactive. The exhibit featured the Stop Aquatic Hitchhikers! and PlayCleanGo information campaigns.
- In addition to having 124 DNR watercraft inspectors educating the public and conducting watercraft inspections, the DNR provided watercraft inspection training to 363 tribal and local government unit (LGU) authorized inspectors working throughout the state.
- The watercraft inspection program assisted the Division of Enforcement with 27 AIS check stations around the state.
- The DNR treated an early infestation of zebra mussels in Christmas Lake (Hennepin County) with Zequanox®, a new product, as well as copper sulfate and potash in an attempt to prevent the spread of this invasive species. The DNR also worked on a zebra mussel control effort in Lake Independence (Hennepin County).
- In 2014, the DNR issued 265 permits and 207 grants for \$660,000 to support management of invasive aquatic plants by partners.
- To better understand the risk of moving zebra mussel larvae (veligers) in residual water, the DNR sampled water left in watercraft after the watercraft had been drained. The DNR will take additional samples in 2015.
- More than 1,000 lake service provider businesses completed training and were issued permits by the end of the year. The training program has been in effect since 2012. The first year of renewals will begin next year and notices were sent to the affected businesses.

- In 2013, businesses offering decontamination services were added to the definition of lake service provider in Minnesota Statutes. In 2014, the DNR offered two hot-water/high-pressure decontamination skills training sessions to 23 participants.

Financial Summary FY2009 to FY2019

The \$5 watercraft surcharge is the largest source of revenue for this account, 41 percent in FY2014. The \$5 surcharge on nonresident fishing licenses deposited in the Game & Fish Fund and transferred to the Invasive Species Account accounts for 34% of the revenue.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

[Invasive species program](#)

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

[Aquatic invasive species grants and partnerships](#)

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

Contacts

[DNR Home Page](#)

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Land Acquisition Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. 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.

Financial Review	
FY2014 Beginning fund balance	\$925,459
Prior year adjustment	\$21,000
Receipts	
Sale of land	\$24,824
Land sale costs	52,836
Sale of standing timber	0
Other receipts ¹	<u>9,208</u>
Total receipts	\$86,868
Expenditures	
Parks and Trails	\$70,139
Forestry	165,548
Fish & Wildlife	128,981
Ecological & Water Resources	<u>2,805</u>
Total expenditures	<u>\$367,473</u>
FY2014 Ending fund balance	<u>\$665,854</u>
Net change for FY2014	(\$259,605)

Notes

¹Other receipts: Loan interest, Other Agency Deposits, All Other Reimb-External .

FY2014 Accomplishments

Receipts

The DNR transferred 2.14 acres to the Minnesota Department of Transportation for flood mitigation for Highway 101 in Shakopee, Scott County. The land payment was \$13,500.

The DNR also sold four acquired parcels totaling 4.31 acres. The land sales were:

- 0.43 acre in Beltrami County, a trespass resolution
- 1.20 acres in Crow Wing County, surplus trail property
- 1 acre in St. Louis County, surplus forestry parcel
- 1.68 acres in Winona County, a trespass resolution.

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

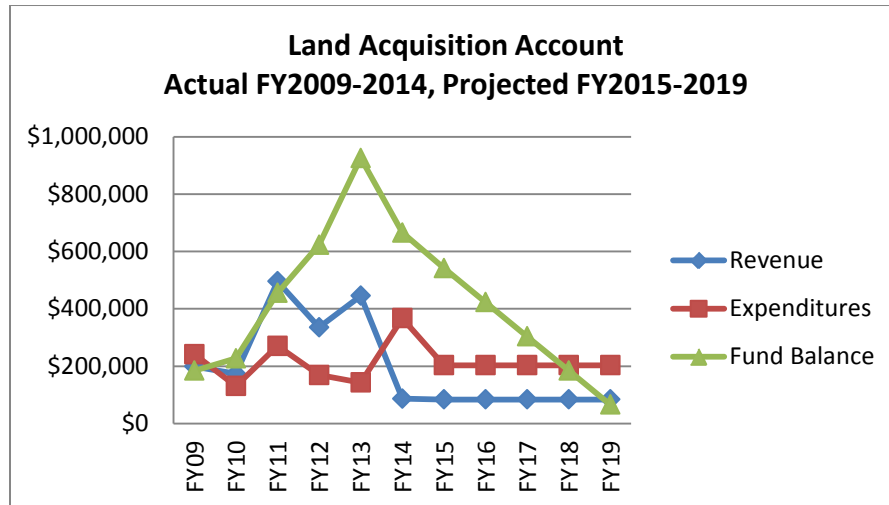
Expenditures

Land Acquisition Account revenue was used to pay (in full or part) for the land in the purchase of five properties: a 1 acre road access to 215 acres of forestry land in the R.J. Dorer Memorial Hardwood Forest in Houston County, the Volney Lake aquatic management area in LeSueur County, a trout stream easement on the Devil Track River in Cook County, a trout stream easement on the West Indian Creek in Wabasha County, and the Ogema Springs wildlife management area in Becker County.

Forestry spent approximately 45 percent of the funds in FY 2014, Fish and Wildlife spent 35 percent, and Parks and Trails spent 19 percent. Divisions also utilize the Land Acquisition Account to pay for professional costs related to land acquisitions and the sale and exchange of state owned lands (e.g. appraisals, legal notifications, and professional / technical services).

Financial Summary FY2009 to FY2019

The fund balance decreased this year due to an increase in the use of the account to pay for expenditures for land acquisitions. There was a decrease in revenue due to a decrease in land sales, although there was an increase in land sale cost reimbursements from sales that occurred in the prior fiscal year.



FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

[FY 2014 report to the Legislature – land purchases and sales for the Land Acquisition Account](#)

Contacts

[Division of Land and Minerals](#)

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State Land & Water Conservation (LAWCON) Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

The State Land and Water Conservation (LAWCON) Account was established in 2001 under M.S. 116P.14 which was repealed in 2011 and replaced with M.S. 84.0264. The law designates the Department of Natural Resources (DNR) as the state agency to apply for, accept, receive, and disburse federal reimbursement funds granted to Minnesota from the federal Land and Water Conservation Fund Act. The DNR's Division of Parks and Trails oversees the program and is the main liaison between the state and the National Park Service. To be eligible for funding, Minnesota prepares a Statewide Comprehensive Outdoor Recreation Plan (SCORP) that is updated every five years. The current plan covers 2014-2018.

Sources and Uses of the Funds

From 1965 to 2014, Minnesota has received over \$73 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.

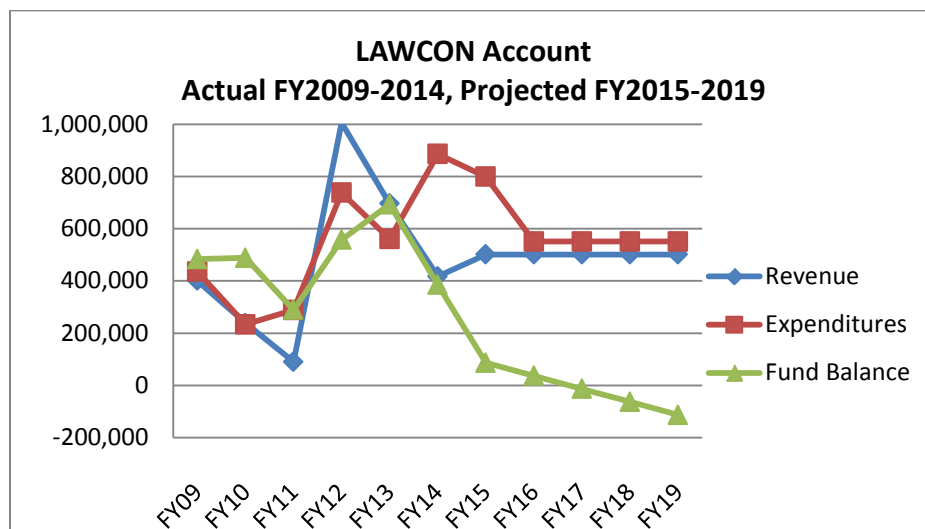
Financial Review	
FY2014 Beginning fund balance	\$693,337
Prior year adjustment	160,299
Receipts	
Reimbursements for state projects	\$0
Reimbursements for local projects	\$417,277
Other receipts	0
Total receipts	\$417,277
Expenditures	
Parks and Trails Management	\$886,201
Total expenditures	\$886,201
FY2014 Ending fund balance	\$384,712
Net change for FY2014	(\$308,625)

FY2014 Accomplishments

- Provided funding for the construction of the Browns Creek Manning Ave Trail Bridge for the Munger State Trail – Browns Creek Segment.
- Provided funding for installing of bike stations within the state outdoor recreation system.
- Implemented a monitoring system for LAWCON-funded scenic easements along Minnesota's Wild & Scenic River System.
- Completed grants to the cities of Deer River, Dennison and Shakopee to expand close to home recreation opportunities.
- Administered the grant program to continue the State's eligibility to receive future LAWCON apportionments from the National Park Service.

Financial Summary FY2009 to FY2019

This account is a reimbursement program and can fluctuate depending upon the timing of the expenditures and when revenues are collected. The fund balance decreased by 45 percent this year due to an increase in expenditures.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

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

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

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

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

Contacts

[DNR local grants managers](#)

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

Lottery in Lieu Accounts

*Natural Resources Fund
Fiscal Year 2014 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.

Financial Review	
FY2014 Beginning fund balance	\$458,537
Prior year adjustment	\$9,924
Receipts	
State Parks and Trails - Lottery in lieu	\$5,595,136
Other receipts ¹	<u>359</u>
Total receipts	\$5,595,495
Expenditures	
Parks and Trails Management	\$5,708,645
Enforcement	55,252
Conservation Corps Minnesota	<u>30,000</u>
Total expenditures	\$5,793,897
FY2014 Ending fund balance	<u>\$270,059</u>
Net change for FY2014	(\$188,478)

Notes

¹ Other receipts: credit agreement rebate

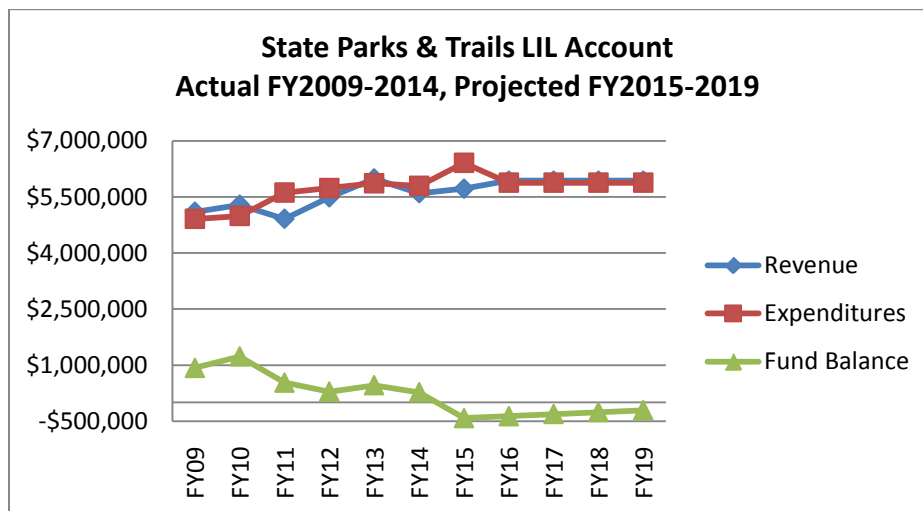
FY2014 Accomplishments

Total expenditures of almost \$5.8 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, interpretive services, and emergency maintenance when needed (i.e. broken water and sewer lines, power failures, downed trees, etc.)

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

Financial Summary FY2009 to FY2019

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



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

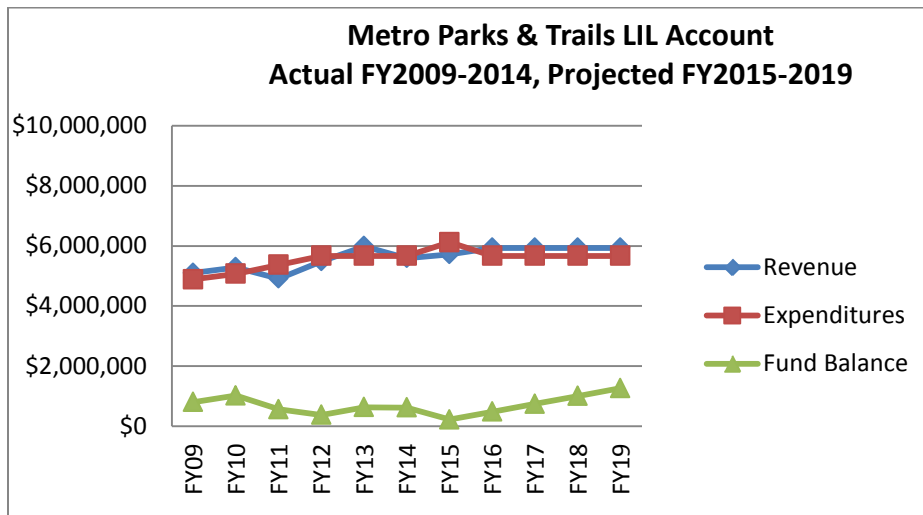
2. Metro Parks and Trails Lottery in Lieu (LIL)

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

Financial Review	
FY2014 Beginning fund balance	\$692,930
Prior year adjustment	0
Receipts	
Metro Parks - Lottery in lieu	<u>\$5,595,136</u>
Total receipts	\$5,595,136
Expenditures	
Met Council	<u>\$5,670,000</u>
Total expenditures	\$5,670,000
FY2014 Ending fund balance	<u>\$618,065</u>
Net change for FY2014	(\$74,864)

Financial Summary FY2009 to FY2019

Revenues are expected to increase slightly due to changes in the lottery program. The Met Council allocates the Metro Parks & Trails funds to the metro region park boards. Recipients include the counties of Anoka, Washington, Ramsey, Scott, Carver, and Dakota; cities of St. Paul and Bloomington; the Minneapolis Park and Recreation Board; and the Three Rivers Park District.



Additional Resources

[Metropolitan Council – Regional Parks](#)

[Park Maps](#)

Contacts:

[Metropolitan Council](#)

3. Local Trail Grants Lottery in Lieu (LIL)

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

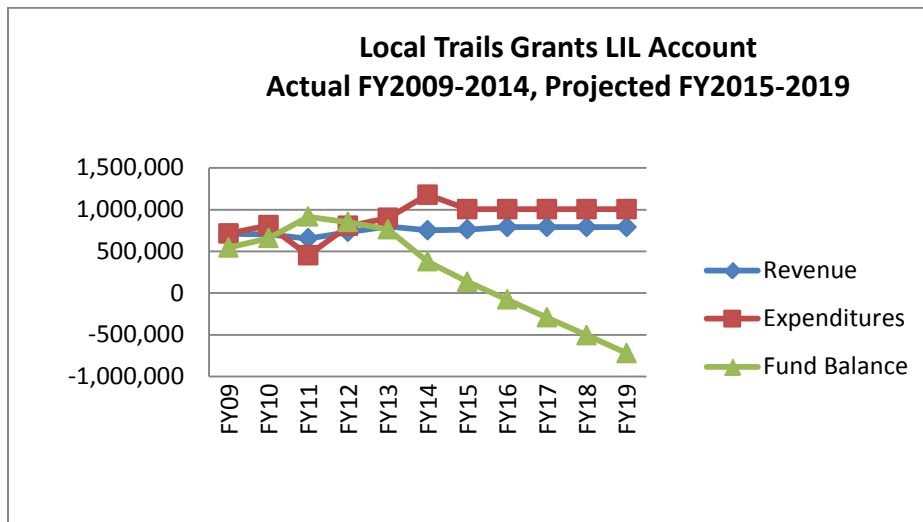
Financial Review	
FY2014 Beginning fund balance	\$764,674
Prior year adjustment	\$39,567
Receipts	
Local Trails Grants - Lottery in lieu	\$746,018
Refunds of prior year expenditures	6,027
Total receipts	\$752,045
Expenditures	
Parks and Trails Management	\$1,178,914
Total expenditures	\$1,178,914
FY2014 Ending fund balance	\$377,372
Net change for FY2014	(\$387,302)

FY2014 Accomplishments

There were nine grants funded to local communities in FY 2014 for Local Trail Connections and Regional Trails. These grants were awarded to one township, five cities, and three counties across Minnesota. These grants help to develop both relatively short trail connections as well as longer regional trails, and often connect schools, residential areas, and parks via trails, providing close to home recreational and alternative transportation opportunities.

Financial Summary FY2009 to FY2019

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



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

4. Zoo Grants Lottery in Lieu (LIL) Account

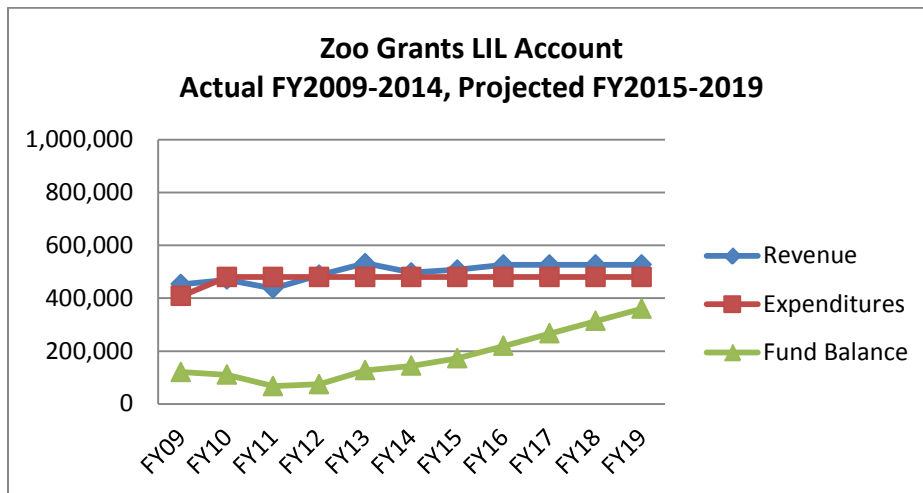
The Zoo Grants LIL account is used to fund a portion of the operations of three zoos in the state – the Minnesota Zoo, Como Zoo, and the Duluth Zoo.

Financial Review	
FY2014 Beginning fund balance	\$127,130
Prior year adjustment	0
Receipts	
Minnesota Zoos - Lottery in lieu	\$497,345
Total receipts	\$497,345
Expenditures	
Como Zoo	\$160,000
Duluth Zoo	\$160,000
Minnesota Zoo	<u>160,000</u>
Total expenditures	\$480,000
FY2014 Ending fund balance	<u>\$144,475</u>
Net change for FY2014	\$17,345

Financial Summary FY2009 to FY2019

The three zoos named in the legislation receive pass-through appropriations to support operations and activities of the zoos. The Minnesota Zoo 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.

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



Additional Resources

DNR reports

Strategic Conservation Agenda 2009-2013

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

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[DNR Website](#)

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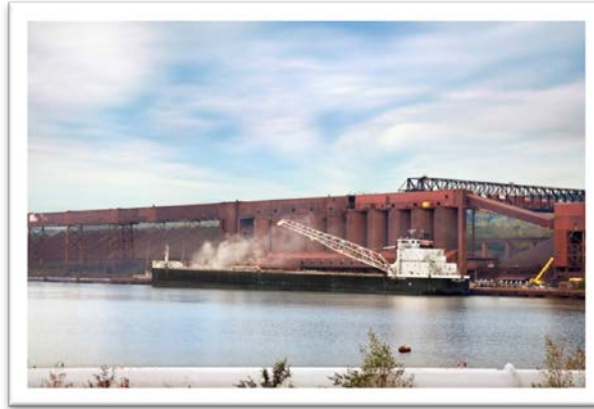
(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Minerals Management Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

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

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

School Trust Lands

The DNR manages 2.5 million acres of school trust lands, and an additional one million acres of school trust mineral rights. The school trust lands were derived from three federal land grants in the early years of statehood. Sections 16 and 36 of 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.

Financial Review	
FY2014 Beginning fund balance	\$9,758,684
Prior year adjustment	450
Receipts	
Iron ore rents & royalties	\$13,880,192
Non-ferrous metallic minerals	225,161
Interest earnings	57,943
Stockpiled Iron Ore	542,620
Other receipts ¹	19,938
Total receipts	\$14,725,854
Expenditures	
Lands and Minerals	\$2,789,765
Transfer out: University trust account	1,675,192
Transfer out: School trust account	4,458,512
Transfer out: Taxing Districts	624,979
Total expenditures and transfers out	\$9,548,448
FY2014 Ending fund balance ²	\$14,936,540
Net change for FY2014	\$5,177,856

Notes

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

² The amount in excess of \$3 million (\$11.9 million) will be transferred out in FY 15., The fund balance in this account cannot exceed \$3 million each year.

FY2014 Accomplishments

The Division of Lands & Minerals activities supported by the mineral management fund for FY 2014 included:

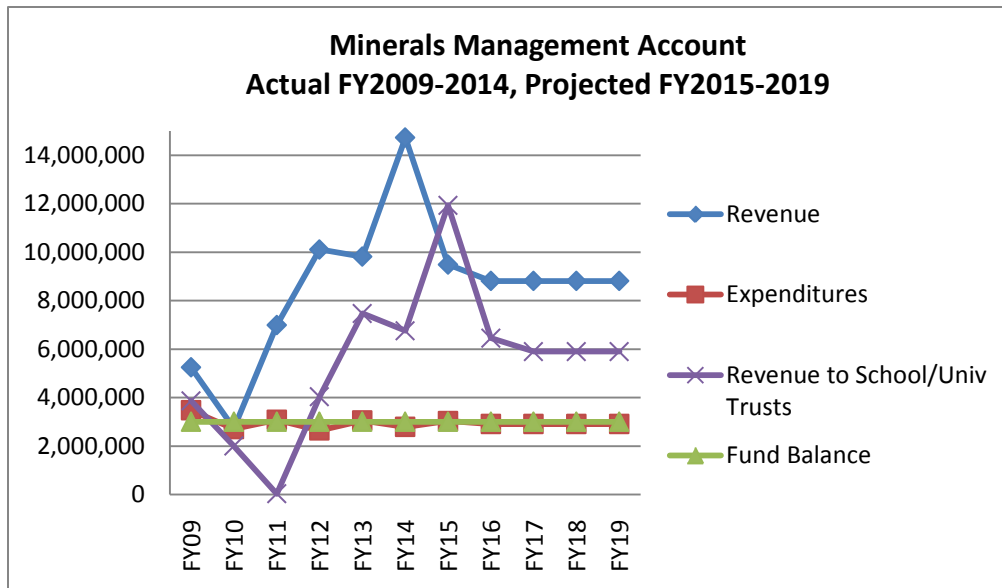
- Protected future mineral revenue by working with Enbridge, Minnesota Power and the Minnesota Department of Transportation on major pipeline, power line and highway projects to minimize encumbrance issues over high mineral potential areas.
- Entered into one additional taconite lease with US Steel at their Mountain Iron, Minnesota facility.
- Entered six new residue leases in legacy stockpiles and basins. Mineral revenue from residue leases totaled \$2.7 million in FY 2014. Although the state has held these stockpiles and basins for decades, from past mining, commercial interest is relatively new. The first revenue from state residue leases was received in FY 2010 and a new record for residue lease revenue has been set each year thereafter.
- Made significant progress on a digital mineral potential map of the state and making the information available to the public on the Department's website.

Financial Summary FY2009 to FY2019

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

Because the account began FY2014 in excess of \$3 million, \$6.8 million was transferred out of the Mineral Management Account to the appropriate trust accounts. The Division of Lands and Minerals spent \$2.8 million on mineral management activities leaving an ending balance of \$14.9 million. The record high mineral revenue in FY2014 was due to high iron ore prices and the Department arguing successfully, and receiving, a one-time arbitration payment of \$12 million.

Revenue in FY2015 and beyond is expected to drop due to falling iron ore prices worldwide. Additionally the account began 2015 with \$11.9 million in excess of \$3 million. The \$11.9 million excess will be transferred out in FY2015.



Additional Resources

Lands and Minerals Publications

Minnesota's School Trust Lands Fiscal Year 2010-2011

Minnesota's Permanent University Land and Fund (revised 2013)

Contacts

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DNR Home Page

DNR divisions and offices

Mining Administration Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

The 2008 law provided that ferrous mining (taconite and iron ore) administrative fees would be charged to owners, operators, or managers of mines and the revenues deposited to the new account. The revenues were appropriated to the 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.

Financial Review	
FY2014 Beginning fund balance	\$749,782
Prior year adjustment	0
Receipts	
Mineland reclamation fees	\$709,766
Interest earnings	2,945
Other receipts	<u>27</u>
Total receipts	\$712,738
Expenditures	
Lands and Minerals	<u>\$803,349</u>
Total expenditures	<u>\$803,349</u>
FY2014 Ending fund balance	<u>\$659,172</u>
Net change for FY2014	(\$90,611)
Notes	
1 Other receipts: credit agreement rebate.	

FY2014 Accomplishments

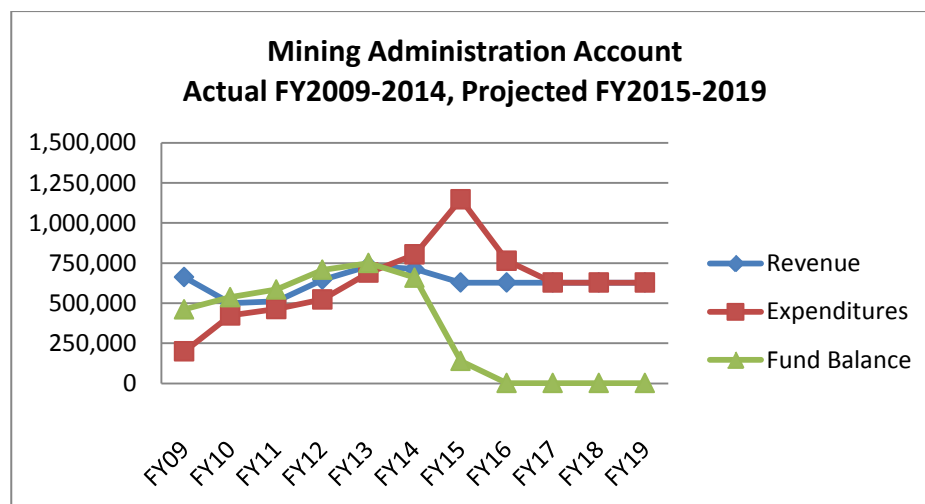
Accomplishments of the program for the division of Lands and Minerals include:

- (1) administering, monitoring, and amending seven taconite permits;
- (2) administering and monitoring two closure status taconite permits;
- (3) administering, monitoring, and amending seven 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 stockpiling 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.

Financial Summary FY2009 to FY2019

The fee revenues due at the end of FY 2014 totaling approximately \$ 750,000 were collected in advance of July 1, 2014 (as required by law) and deposited in FY2014 for use in FY 2015. Each year, the annual permits to mine fees are collected based on the number of companies holding permits in the previous calendar year, whether or not there was production at the facilities.

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



Additional Resource Links

[Mining and Mineral Resources of Minnesota](#)

[Lands and Mineral publications](#)

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

[Reclamation section publications](#)

[Reclamation: Minnesota DNR](#)

Contacts

[Division of Lands and Minerals](#)

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Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Account:

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

Sources and Uses of the Funds

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

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

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

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

FY2014 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.

In FY2014, DNR Resource Assessment (RA) acquired 2,100 square miles of aerial photography for the following purposes: 1.2 million acres of wetland monitoring and classification, 300,000 acres of invasive species detection, 5,100 acres of forest regeneration detection, and 32,000 acres of wetland easement assessments. Forest inventory was completed on 45,699 acres of state administered forest land. In addition, 1,350 inventory plots were completed for the USFS National Forest Inventory & Analysis (FIA) program. In addition, RA performed many other land cover analysis projects for Minnesota Resource managers: supported the Ecological Classification System (ECS) program through aerial photography acquisition and GIS analysis and conducted timber supply assessments.



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 2014, 13,166 electronic burn permits were issued.



Bough buyers permitting were created in law in 2002 to help guide the sustainable harvest of boughs. The Forest Bough Account was established in 2004, in M.S. 88.6435. Fees from the sale of permits issued to bough buyers are deposited in the forest bough account. The funds are used to pay the costs associated with balsam bough educational programs for harvesters and buyers. In 2014, 58 electronic bough buyer permits were sold. Permits are available through the DNR's Electronic Licensing System at any location where hunting and fishing licenses are sold.

Division of Parks & Trails



Parks and Trails manages forty-seven state forest campgrounds with approximately 1,100 campsites and seven day use areas provide recreationists with opportunities to pursue a variety of unstructured outdoor activities and to camp in a state forest setting.. The management of these sites was transferred to Parks and Trails in 2004. Fees are collected for the use of these sites through self-registration: \$14 for rustic; \$16 for equestrian, and \$50 for groups. A total of \$155,173 was collected in FY 14. These funds are distributed to those parks that manage these campsites. Monies are used for maintenance of the facilities: volt toilet pumping, garbage pickup, road maintenance, electricity for security lights, mowing, horse manure processing, cleaning supplies and toilet paper. Some funds are used to hire work done such as ground maintenance, night security, hazardous tree removal, and revenue processing.

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

Revenues from the sale of the horse passes are deposited into a dedicated account to address equestrian needs in the state-owned areas where the pass is required. Horse pass receipts in FY2014 totaled approximately \$104,000.

The DNR manages more than 1,000 miles of horse trails and more than 500 horse campsites. The DNR works with an Equestrian Advisory Group on the horse pass program, which allocates funding for horse related trail rehabilitation and facility development. For more information about horseback riding or a map of horse pass projects, please visit http://www.dnr.state.mn.us/horseback_riding/index.html

Division of Ecological & Water Resources



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

The DNR is required to recover our costs for review of proposed projects that will use more than 100 million gallons per year. This might be for a new project or for an amendment to an existing permit to add 100 MGY or more. During FY2014 we received 7 new permit applications for more than 100 million gallons per year. Revenue came to \$550.

Field inspection fees may be charged for 1) projects requiring a mandatory environmental assessment, 2) projects undertaken without a required permit or application, and 3) projects undertaken in excess of limitations established in an issued permit. Revenue for these categories totaled \$114,719.



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

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

During 2014, all the operating parameters noted above were monitored and evaluated. 13 wells and test holes were sampled to determine the amount and isotopic composition of dissolved methane. The reservoir and well integrity program was continued with the logging of 3 wells as part of an ongoing plan to evaluate all pressurized gas wells on a 10-12 year cycle.

All costs associated with DNR oversight of the Waseca-Waterville storage project are covered by CenterPoint Energy in accordance with their permit. Revenue from gas storage operations came to \$45,514.

Division of Lands & Minerals



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

Legislation passed in 2013 and effective July 1, 2014, provides that a utility licenses for crossing public lands or public waters is exempt from all fees when the utility crossing in on an existing right-of-way of a public road. This change in law will significantly decrease the revenue to the Land Management Account. The legislature provided a general fund appropriation to cover the costs of the activities of DNR to issue the licenses on public road right-of-ways and monitor construction.

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 175 registration agents (deputy registrars). The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Select [licenses and permit](#) types are available for purchase online including mobile devices. The money deposited into this account comes from issuing fees collected on the sale of horse trail passes and decorative bough buyers permits deposited into the NR Dedicated Receipts account to provide support for operation of the licensing system.

Financial Review

Accounts

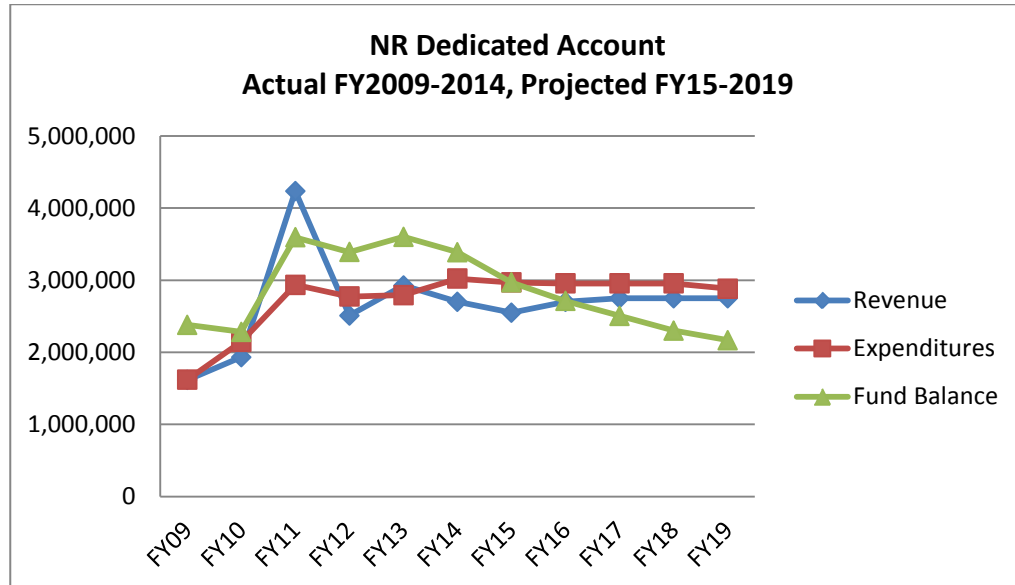
FY2014 Beginning fund balance	\$3,600,157
Prior year adjustment	\$107,015
Receipts	
Water fees, inspection fees, dam safety inspections and gas storage fees	\$160,783
Easement, water & land crossing licenses on DNR lands	596,297
Fire burn permits	55,070
Decorative balsam bough buyer's permit	1,787
Other forestry receipts	1,611,104
Horse trail pass	103,894
Forest Campground	155,173
License issuing fee	12,747
Interest earnings	<u>2,899</u>
Total receipts	\$2,699,754
Expenditures	
Lands and Minerals	\$662,498
Ecological & Waters Resources Mgmt	489,307
Forest Management	1,628,371
Parks and Trails Management	228,767
Fish & Wildlife (ELS)	<u>11,367</u>
Total expenditures	\$3,020,310
FY2014 Ending fund balance	\$3,386,616
Net change for FY2014	(\$213,541)

Financial Summary FY2009 to FY2019

FY2014 results in approximately 60 percent of the total \$2,699,754 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 22 percent of the revenue and forest campgrounds contributed 6 percent of the revenue. 54 percent of the total \$3,020,310 expenditures were for forest management (Forestry Resource Assessment). The Division of Lands and Minerals accounted for 22 percent and the Ecological and Water Resources Division about 16 percent of total expenditures from the combined Dedicated Receipts Account. The fund balance decreased 6 percent this year. Revenues

decreased for the Ecological and Water Resources Division, Lands & Minerals and Forestry but have increased for the divisions of Parks & Trails and Fish and Wildlife.

FY2015 to FY2019 Projection---The fund balance is projected to continue to decline by 5-10 percent per year because expenditures are projected to exceed revenues.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

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 \(list of funded projects\) 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](#)

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phone: 651-259-5180

[DNR Website Home Page](#)

Nongame Wildlife Management Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of Funds

The principal source of funding for this program is contributions by taxpayers on their state income tax and property tax forms, sometimes referred to as the "Chickadee Checkoff." Individuals who file a state income tax return (M-1) or property tax refund claim (M1-PR) may donate to the Nongame Wildlife Program. Individuals designate on the form that \$1 or more will be added to the tax or deducted from a refund and credited to the Nongame Wildlife Management Account. These donations are tax deductible on the following year's tax form. Since 1989, corporations can also designate a contribution to the account (M.S. 290.432). The Nongame Wildlife Fund also benefits from direct donations to the account. These donations are extremely important because they are now matched 1:1 by the Reinvest in Minnesota Critical Habitat Matching Fund. Those proceeds come from the sale of Minnesota's conservation license plates. The checkoff donations are also matched each year by approximately \$800,000 of federal State Wildlife Grant funds. Direct donations can also be made through the DNR website and through estate donations that designate the Nongame Wildlife Program as a beneficiary.

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

Other supplemental sources of funding have included DNR "lottery-in-lieu of tax" sales tax proceeds from the sale of state lottery tickets and Environmental Trust Fund allocations for projects recommended to be funded by the Legislative-Citizen Commission on Minnesota Resources (LCCMR) and approved by the Legislature. One such special project currently involves studies of common loons and white pelicans to assess the extent to which they have been affected by the Deepwater Horizon oil spill of 2010.

Financial Review	
FY2014 Beginning fund balance	\$ 258,988
Prior year adjustment	\$1,015
Receipts	
Donations from income tax return	\$898,032
Interest earnings	(1,841)
Other receipts ¹	<u>4,209</u>
Total receipts	\$900,400
Expenditures	
Ecological & Water Resources	\$159,815
Transfer Out fund 2401 RIM-Gifts	<u>1,000,000</u>
Total expenditures	\$1,159,815
FY2014 Ending fund balance	<u>\$588</u>
Net change for FY2014	(\$258,400)

Notes

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

FY2014 Accomplishments

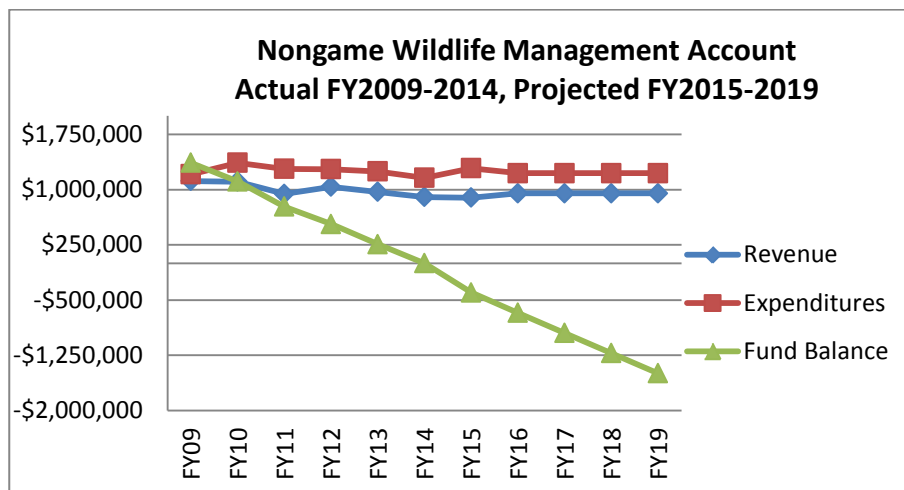
Areas of accomplishments for the Nongame Wildlife Program were:

1) Continuing collaboration with Audubon Minnesota and the National Eagle Center on Golden Eagle telemetry; 2) Initiation of the Southern Wings: Minnesota to Costa Rica project for the conservation of migratory birds wintering in the Guanacaste region of Costa Rica.; 3) Partnering with The Raptor Center, Minnesota Deer Hunters' Association, and other conservation partners to initiate a "Hunter's Choice Initiative for advocacy of nontoxic copper ammunition for deer hunting; 4) Continuing research on Minnesota's loons and white pelicans to assess possible contamination and detrimental effects from the Deepwater Horizon oil spill. Blood samples and eggs were collected from 13 adult and 31 juvenile common loons in 2014; 5) monitoring and management as necessary for peregrine falcons, trumpeter swans, and common terns; 6) management of statewide Project WILD and Project WET conservation education programs; Project WILD provided 16 teacher workshops for 367 participants and Project WET provided 16 trainings for approximately 10,196 participants; 7) project management of the DNR bald eagle and peregrine falcon webcam; 8) management of the Nongame Wildlife Program Facebook page; to date, the page has over 11,000 "likes"; 9) publication of a new book on Reptiles and Amphibians of Minnesota; 10) development of a new book on "Birds of Minnesota State Parks" which will be out in April of 2015; 11) management of the Minnesota statewide falconry and wildlife rehabilitation permit licensing programs; and 12) continuing work to develop a 10-year update of the Minnesota State Wildlife Action Plan which is due to be completed by September of 2015.

Financial Summary FY2009 to FY2019

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

A transfer of \$655,000 started in FY2013 to Reinvestment in Minnesota (RIM) Fund. This transfer increased to \$1 million in FY2014. \$345,000 reduction in expenditures offset this increase. The fund balance is projected to decline further due to expenditures exceeding revenues. 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 2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resource and links

[Nongame Wildlife Program](#)

[Statewide Nongame Projects](#)

[Habitat projects](#)

[Research reports](#)

[Wildlife rehabilitation home page, organizations](#)

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

[License plates](#)

[Online donation to Nongame Wildlife program](#)

Contacts

[DNR Home Page](#)

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Snowmobile Trails and Enforcement Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

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

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

Financial Review	
FY2014 Beginning fund balance	\$ 1,400,653
Prior year adjustments	\$272,688
Receipts	
Snowmobile registration	\$6,778,019
Snowmobile trail permit	299,143
License issuing fee	183,286
Snowmobile training	55,821
Interest earnings	22,948
Fines and Citations	30,816
Other receipts ¹	846
Transfer in: Unrefunded gas tax revenue	6,952,455
Transfer in: Police State Aid	<u>50,568</u>
Total receipts and transfers in	\$14,373,902
Expenditures	
Parks and Trails Mgmt	\$3,611,812
Grants in aid to local governments	7,351,514
Enforcement	1,382,850
Enforcement grants	329,514
Fish & Wildlife	403,902
Lands & Minerals	13,000
Conservations Corps Minnesota	65,000
Transfer Out: Debt Service	<u>7,688</u>
Total expenditures and transfers out	\$13,165,280
FY2014 Ending fund balance	<u>\$2,881,963</u>
Net change for FY2014	\$1,481,310

Notes

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

FY2014 Accomplishments

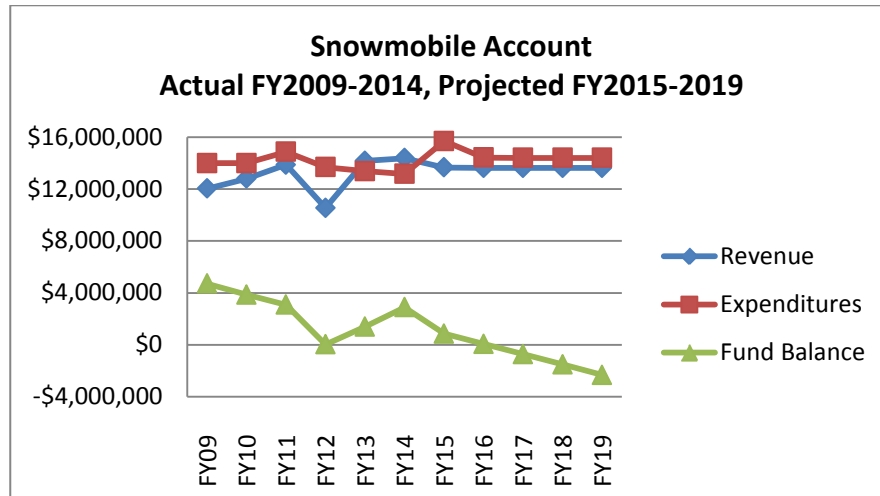
The Division of Enforcement provided snowmobile law enforcement, education and safety training activities throughout the state. The division spent 17,220 hours on these activities in FY2014. There were 63 grants issued to counties and LGU's for law enforcement and education and trail maintenance. Division employees and volunteer instructors around the state trained 8,620 youth and adults through the snowmobile safety education program. In addition the division provided grants to local law enforcement agencies to provide snowmobile law enforcement and education activities.

The Division of Parks and Trails 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 21,372 miles, through 180 grants. Much of the grant funding is used for equipment related expenses, such as groomers and drags, and other costs associated with establishing the trail, grooming operations, and signage. Many labor hours are donated by local snowmobile club volunteers.

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

Financial Summary FY2009 to FY2019

Grant-in-aid Program expenditures in FY2014 were reduced by about \$1 million in order for the account balance to remain positive. In FY2014, the fund balance increased by \$1.4 million, which was largely due to the \$1 million budget adjustment and increased snowmobile registration revenue. Revenue from registrations and trail permits are correlated with the weather's impact on snowmobiling. An on-going structural imbalance between spending and receipts is being managed on an annual basis to ensure the account balance remains positive.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through FY2019. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

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](#)

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State Parks Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



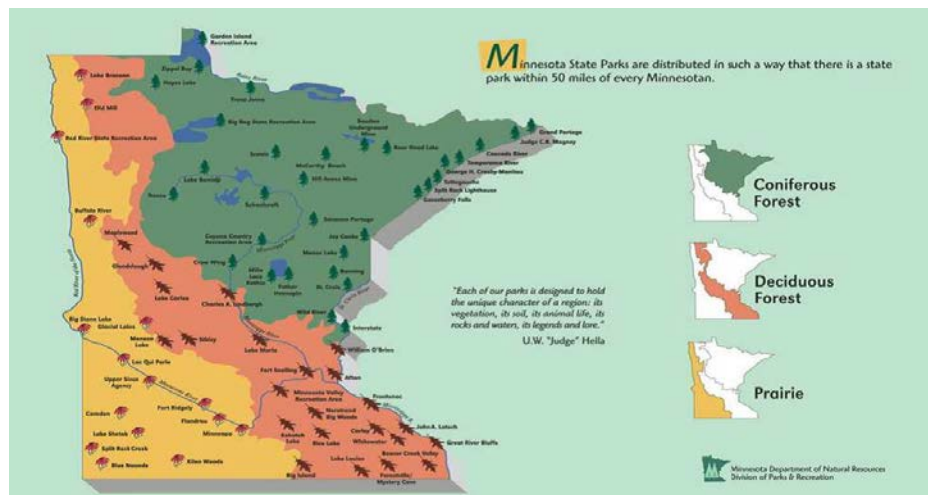
Creation and Purpose of the Account

The Department of Natural Resources (DNR) manages 66 state parks, 9 state recreation areas, 8 state waysides, and 62 state forest campgrounds/day use areas. The State Parks Account was established in statutes in 2000 under M.S. 85.052, subd. 4.

Sources and Uses of the Funds

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

Money in the State Parks Account is available to operate and maintain the state park system, under M.S. 85.055, subd. 2, when appropriated by the legislature. Costs of the DNR electronic licensing system attributable to state park permits also comes out of this account.



Financial Review	
FY2014 Beginning fund balance	(\$48,525)
Prior year adjustment	94,219
Receipts	
Camping fees	\$ 6,144,116
Park permits	4,100,976
Park facilities rentals and concessions	1,625,865
Reservations and tours/golf/ misc. income	1,074,231
License issuing fee	617
Parks credit card service charge	(267,762)
Other receipts ¹	(19,168)
Interest earnings	477
Total receipts	\$ 12,659,352
Expenditures	
Parks and Trails	\$12,239,603
Enforcement	50,336
Fish & Wildlife	503
Conservations Corps Minnesota	120,000
Total expenditures	\$12,410,442
FY2014 Ending fund balance	\$294,603
Net change for FY2014	\$343,129

Notes

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

FY2014 Accomplishments

The administration, management, operations and maintenance of the various parks are paid out of these funds. A highlight of FY2014 was the completion of the visitor center and highway safety rest area at Tettegouche State Park, with 24-hour-a-day amenities for the park's 300,000-plus annual visitors and energy-saving features that include a photovoltaic array expected to generate about 36 percent of the building's energy needs (pictured above). Other high-profile developments included completion of a trail center at Bear Head Lake State Park, improvements to the Ray Berglund State Wayside, and paving of a new bike trail at Glendalough State Park.

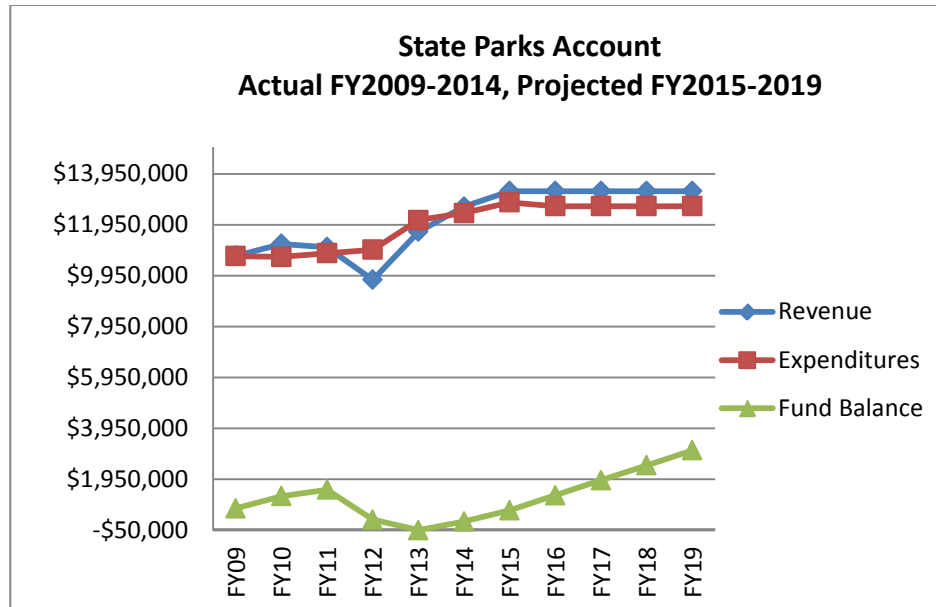
The popular I Can! series of outdoor skill-building programs expanded to include stand-up paddleboarding and mountain biking. Trip-planning also became easier for park visitors with the development of ParkFinder, an online trip-planning tool that helps people find the parks that have the amenities that best match their needs and interests.

Financial Summary FY2009 to FY2019

Camping fees accounted for 49 percent of revenues, park permits were 32 percent, and park facility rentals and concessions were 13 percent. Revenues increased by 8 percent in FY2014.

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

Revenues and expenditures in the State Parks Account continue to grow at a steady pace. The fund is structurally balanced going forward and the fund balance is expected to grow to over \$1 million by the end of FY2016.



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](#)

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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 entirely from the General Fund. The Water Management Account was established in statutes in 2012 under M.S. 103G.27.

Sources and Uses of the Funds

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

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

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

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

Financial Review	
FY2014 Beginning fund balance (New Account)	\$571,468
Prior year adjustments	35,535
Receipts	
Water Fees	\$5,181,879
Other receipts	<u>24,113</u>
Total receipts and transfers in	\$5,205,992
Expenditures	
Ecological& Water Resources	<u>\$4,889,108</u>
Total expenditures and Transfers	\$4,889,108
FY2014 Ending fund balance	<u>\$923,887</u>
Net change for FY2014	\$352,419
Notes	
1 Other receipts: Credit Agreement Rebate, ITC interest earnings and Agency Direct Cost Reimb.	

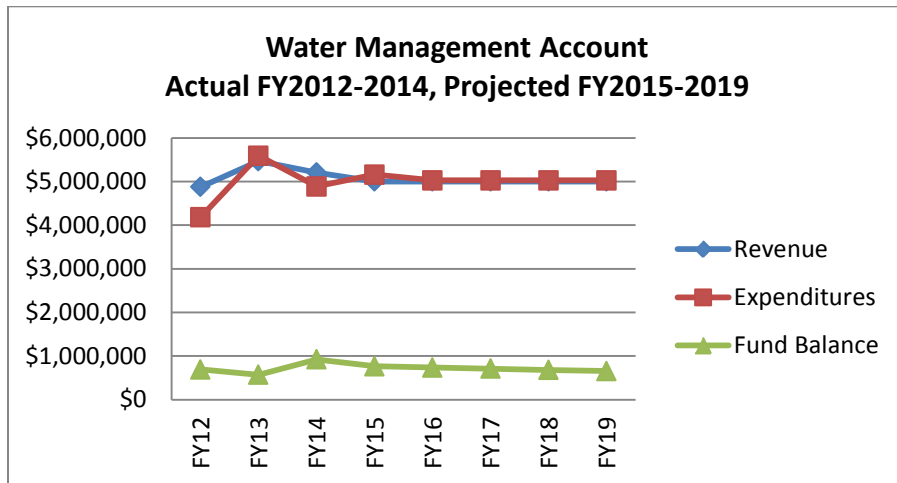
FY2014 Accomplishments

In FY2014, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance, provided leadership in the development of plans and rules, evaluated projects, and issued permits/oversaw permit implementation that enhanced the wise use of Minnesota's water resources.

- Monitored resources: monitored drought and flood conditions, maintained lake level control structures, surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts, collected lake level and stream flow data (available at www.mndnr.gov/waters), which are also useful for recreational boating.
- Provided technical assistance: reviewed 392 water appropriation permit applications and 320 work in public waters applications. Provided advice to project proposers on alternatives with less impact to natural resources; conducted about 150 dam safety inspections and processed 1,138 work in public waters and water appropriation permit amendments, transfers, and terminations.
- Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, issued dam safety permits, issued appropriation permits for water use, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries.
- Developed plans and rules: coordinated the development of dam operating plans; collaborated with Metropolitan Council to prepare for Water Supply Planning with public water suppliers.
- Evaluated projects: reviewed documents to assess project/proposal impacts on water resources. Completed four Environmental Assessment Worksheet (EAWs) that addressed potential impacts on water resources and provided information for regulatory decisions under 103G.

Financial Summary FY2012 to FY2019

Revenues increased slightly in FY2013 and are projected to remain steady through FY2019. Expenditures are forecasted to slightly exceed revenues causing the fund balance to decline.



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

Additional Resources

[Water Use Permitting and Water Use Reporting requirements](#)
[Public Water Work Permit Requirements](#)
[Water Resource Data](#)

Contacts

[Email DNR](#)
[DNR Website](#)
[DNR Home Page](#)
[DNR Divisions and Offices](#)

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Water Recreation Account

*Natural Resources Fund
Fiscal Year 2014 Annual Report*



Creation and Purpose of the Account

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

Sources and Uses of the Funds

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

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

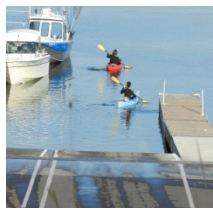
Money in the Water Recreation Account can be used for these purposes:

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

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

FY2014 Accomplishments

Division of Parks & Trails



The Division of Parks and Trails provides and maintains a system of public water access sites which give the public the means to enter and enjoy the state's lakes and rivers. Water access sites are the gateway for water recreation activities, including boating, paddling, and angling. Minnesota is first in the nation for the number of registered boats per capita. Minnesota also has the first and largest state water trail system in the nation.



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 account funds are also used to match federal boating access funds which boost efforts to improve the quality of public water access. The funding directly supports:

- 1,495 public water access sites including 70 accesses in 43 state parks
- 4,500+ miles of State Water Trails for canoeing and kayaking on 32 designated rivers and Lake Superior
- 10 small craft harbors/protected accesses on Lake Superior, including 2 DNR-owned marinas.



The funds supported costs for six lakeshore acquisitions:

- Lily Lake, Le Sueur County - donation
- Clearwater Lake, Bob's Bay, Wright County - expansion of existing access
- Rice Lake, Todd County, Sportsman's Club - donation for expansion
- Freeborn Lake, Freeborn County - tax forfeit property
- Rat Root River, Koochiching County -
- Blue Earth River, Faribault County - new carry-in on state water trail



The Knife River Marina Facility was evaluated for future redevelopment and repairs and the Silver Bay Marina Fuel System was replaced.

Pre-development work, including the demolition of buildings was completed at Sugar Lake, Wright County, Park Lake, Carlton County, Detroit Lake, and South Becker County. Dock access construction was completed at Rainy River, Shorewood, Koochiching County, and a new site was built on Obrien Lake, Crow Wing County. Access site development incorporates best management practices for a variety of concerns including accessibility, storm water, and the prevention of the spread of Aquatic Invasive Species.

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

Division of Enforcement



The Division of Enforcement assisted with providing boating safety education through both an online course and a paper packet course. There were 5,627 youth and adults trained in FY14. The division employees assisted other clubs and Local Government Units (LGU's) with training.

Conservation Officers also provided 36,000 hours of boating safety work on our lakes and rivers. This work includes safety checks, addressing illegal operation, and search and rescue.

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

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



Aquatic plant management protects native vegetation and the aquatic environment from unnecessary harm.

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



Shoreland restoration accounted for 20 acres of enhancement efforts creating life and beauty to shorelines.

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



The License Center issues all watercraft registrations and titles through a Web based ELS available from 175 registration agents (deputy registrars). The St. Paul headquarters has a walk-up license service counter and mail-in services for registration and title transactions. Watercraft renewals can be also processed online. In 2014, 809,992 boats were registered statewide.

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

Division of Ecological and Water Resources



In FY2014, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance and oversight, provided leadership in the development of plans and rules, evaluated projects, and issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources.

Monitored resources:

- monitored drought/flood conditions,
- maintained 25 lake-level control structures,
- collected lake level and stream flow data (available at www.mndnr.gov/waters) that are useful for recreational boating,
- surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts, and
- Populations of aquatic invertebrates were monitored to guide management decisions by DNR, MPCA, and other partners.

Provided technical assistance and oversight:

- surveyed 85 counties to assess shoreland administrative activities financed through NR block grants,
- provided assistance, training, and oversight to local governments in administering zoning ordinances and reviewing development requests to protect shorelands and state-protected riverways, and
- compiled and submitted advisory reports on proposed Lake Improvement Districts (LIDs).

Developed plans and rules:

- continued efforts to update and streamline shoreland and river-related land use regulations and how they are administered; and
- coordinated the development of dam operating plans.

Evaluated projects:

- reviewed over 600 documents to assess project/proposal impacts on water resources, and
- coordinated review of hydropower projects to identify impacts and mitigation for water recreation.

Issued permits/oversaw permit implementation:

- issued permits for water accesses and dredging projects that provided recreational boating opportunities, and
- overseen the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers.

Division of Lands and Minerals



In Fiscal Year 2014, \$20,000 from the Water Recreation Account was used in the re-engineering of the Land Records System, a multi-million dollar project which began in FY2008. The land records information system improves performance in the management of the real estate portfolio. The records are vital to the acquisition and ongoing management of fish and wildlife resources, parks and trails, water access sites, forestry, scientific and natural areas – virtually every DNR program. The new system employs work flow management, document management, and geographic information systems technology to put detailed and up-to-date land information in the hands of natural resources managers, land management strategy decision-makers, and the public. The new system went on line in FY2014 and its functions include land acquisitions, sales, exchanges, granting easements, issuing and administering surface and mineral leases, and

Division of Lands and Minerals

making payments in lieu of taxes to Minnesota counties. Financial transactions have been processed through the new system since FY2012.

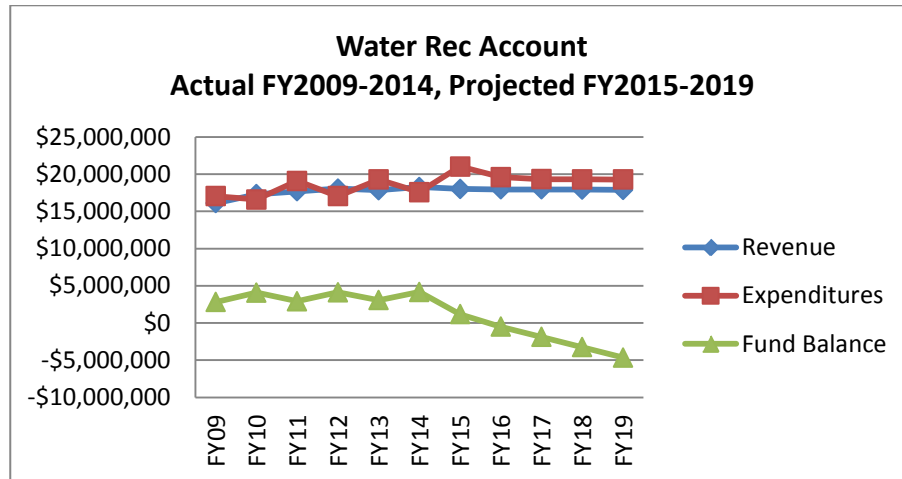
[Minnesota Department of Natural Resources-Division of Lands and Minerals Website](#)

FINANCIAL SUMMARY

Receipts, Expenditures, and Fund Balances	
FY2014 Beginning fund balance	\$3,079,481
Prior year adjustments	403,432
Receipts	
Watercraft registration	\$6,432,973
License issuing fee	551,837
Watercraft titling	455,325
Aquatic plant management	207,666
Watercraft fines	32,341
Harbor and marina fees	45,092
Interest Earnings	1,404
Other receipts	13,162
Transfers in	
Unrefunded gas tax revenue	\$10,428,682
Police State Aid	<u>110,503</u>
Total receipts and transfers in	\$18,278,985
Expenditures	
Parks and Trails	\$9,303,173
Enforcement	3,142,089
Boat and water safety grants	1,080,604
Fish & Wildlife (ELS)	1,952,807
Ecological& Water Resources	1,163,154
Lands & Minerals	20,000
Conservations Corps Minnesota	175,000
Transfer Out Invasive Species	<u>750,000</u>
Total expenditures	\$17,586,827
FY2014 Ending fund balance	\$4,175,072
Net change for FY2014	\$1,095,590
Notes	
1 Other receipts: License Center Credit Card Service Charge, Restitution, Refunds of prior year expd., Agency Direct Cost Reimb., Credit Agreement Rebate	

FINANCIAL SUMMARY FY2009 to FY2019

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



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above. FY15 projected expenditures include carry forward of unexpended FY14 appropriations.

Additional Resources

[Strategic Conservation Agenda 2009-2013](#)

[Welcome to the Grants Outcomes website](#)

[State Comprehensive Outdoor Recreation Plan](#)

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

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

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