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## Minnesota Department of Natural Resources

OFFICE OF THE COMMISSIONER

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St. Paul, Minnesota 55155-4037

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February 8, 2001

The Honorable Doug Johnson  
Senate Finance Committee  
205 Capitol, 75 Constitution Ave.  
St. Paul, MN 55155

The Honorable Dave Bishop  
House Ways & Means Committee  
453 State Office Building  
St. Paul, MN 55155

The Honorable Len Price  
Senate Environment & Agriculture Budget Div.  
235 Capitol, 75 Constitution Ave.  
St. Paul, MN 55155

The Honorable Mark Holsten  
House Environmental & Natural Resources  
Finance Committee  
381 State Office Building  
St. Paul, MN 55155

The Honorable Jane Krentz  
Senate Environment & Natural Resources  
235 Capitol, 75 Constitution Ave.  
St. Paul, MN 55155

The Honorable Dennis Ozment  
House Environmental & Natural Resources  
Policy Committee  
479 State Office Building  
St. Paul, MN 55155

Dear Senators and Representatives:

Enclosed please find FY 2000 State Forest Nursery Program Report as mandated under MN Laws Chapter 89.36 Subdivision 4.

The enclosed packet contains:

- The enabling legislation for the State Forest Nursery
- A Sales and Production Summary graphic
- A Summary of FY2000 Sales by Species and Producer
- Accounting summaries outlining sales and income figures as well as expenses for operations and administration.

If you have questions regarding this material, staff from the State Forest Nursery can provide assistance. Thank you for your attention to this matter.

Sincerely,

  
Allen Garber  
Commissioner

cc: Legislative Library  
DNR Library  
Steve Morse  
Brad Moore  
Peg Adelman

Michelle Beeman  
State Forester  
Olin Phillips  
Thomas Kroll  
General Andrews Nursery

Badoura Nursery

DNR INFORMATION: 651-296-6157, 1-888-646-6367 (TTY: 651-296-5484, 1-800-657-3929) FAX: 651-296-4799

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1997 Minn. Laws Chap. 119  
Sec. 3 Subd. 1(a)



**Minnesota Department of Natural Resources**

**Division of Forestry**

**State Forest Nursery Program**

**FY 2000 Legislative Report**

Thomas Kroll - Forest Nursery Supervisor 651-296-5970  
General Andrews Nursery 218-372-3182  
Badoura Nursery 218-652-2385

**State Law Governing The State Nursery Program**  
(Only relevant sections are shown with full text.)

Chapter Title: STATE FORESTS; TREE PLANTING; FOREST ROADS

Section: 89.35 - 89.39

89.35 Tree planting.

Subdivision 1. Definitions. The definitions in this subdivision apply to sections 89.35 to 89.39.

(a) "Tree" means any species of tree, woody perennial, ...

(b) "Planting stock" or "tree planting stock" means trees native to this state and includes native tree hybrids that have been improved for conservation purposes.

Subd. 2. Purpose of planting. The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 shall include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, and afforestation and reforestation on public or private lands of any kind, but shall not include the raising of fruit for human consumption or planting for purely ornamental purposes. It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

89.36 Producing and procuring planting stock.

Subdivision 1. Production at state nurseries. The commissioner of natural resources may produce tree planting stock for the purposes of sections 89.35 to 89.39 upon any lands under control of the commissioner which may be deemed suitable and available therefor so far as not inconsistent with other uses to which such lands may be dedicated by law. The commissioner may not produce more than 10,000,000 units of planting stock annually.

Subd. 2. Purchase of stock. The commissioner of natural resources may purchase tree planting stock for the purposes herein authorized under the provisions of sections 89.35 to 89.39, or any other applicable law now or hereafter in force.

Subd. 3. Sale or exchange of stock. ...

Subd. 4. Annual report. The commissioner shall submit an annual report to the legislature relating to the production of planting stock at state nurseries. The report must include the following:

- (1) sales figures;
- (2) income figures; and
- (3) expenses for operations and administration.

Copies of the report must be filed with the legislative reference library and made available to the public.

The commissioner shall also provide any additional information requested by the legislature relating to the production of planting stock at state nurseries.

89.37 Distributing planting stock.

Subdivision 1. Planting conditions. ...

Subd. 2. Public lands; auxiliary forests of nonprofit corporations. Such planting stock may be supplied for use on any lands owned by or subject to an easement or right of way held by the state or by any political subdivision of the state upon payment of the cost of such stock and expenses of distribution, as the commissioner may determine. ...

Subd. 3. Private lands. The commissioner may supply only bare root seedlings, woody cuttings, and transplant material for use on private land, provided that such material must be sold in lots of not less than 500 for a sum determined by the commissioner to be equivalent to the cost of the materials and the expenses of their distribution. The commissioner may not directly or indirectly supply any other planting stock for use on private lands.

Subd. 3a. Sales of trees to soil and water conservation districts. The commissioner of natural resources may supply tree planting stock to organized soil and water conservation districts for soil, water, wildlife and conservation purposes or as prescribed in section 89.35, subdivision 2, upon payment of the cost of the stock and expenses of distribution. ...

Subd. 3b. Sales to nurseries. ...

Subd. 4. Proceeds of sale. All money received in payment for tree planting stock supplied under this section shall be deposited in the state treasury and credited to a forest nursery account and are available to the commissioner of natural resources for the purposes of sections 89.35 to 89.37.

Subd. 5. Investment income. Income earned from the investment of funds in the forest nursery account beginning July 1, 1989, shall be credited to the account and are annually appropriated to the commissioner of natural resources for the purposes of sections 89.35 to 89.37.

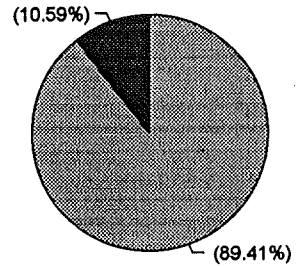
Subd. 6. Promotional activities. ...

89.38 Prohibition; penalties. ...

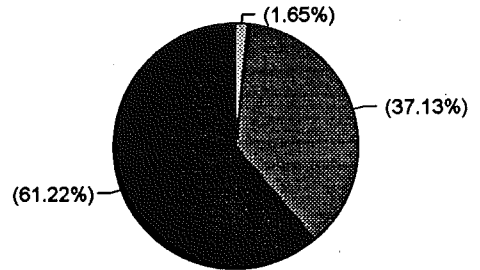
89.39 Purchase agreements and penalties. ...

# FY 2000 State Forest Nursery Program Sales and Production Summary

State Produced Trees - 9,171,900 (89%)  
Private Produced Trees - 1,086,000 (11%)  
Total Seedling Sales - 10,257,900



Sales to Public Lands - 3,808,640 (37%)  
Sales to Private Lands - 6,280,375 (61%)  
Arbor Day Trees - 168,885 (2%)



## FY 2000 State Forest Nursery Sales by Species and Producer

	SFN Inventory	Purchased Inventory	Amount Sold	Available
Norway pine 2-0	508900		508900	
Norway pine	2465810	367000	2832810	
Norway pine TR	209300		209300	
white pine 2-0	160000		160000	
white pine	910000	250000	1123800	36200
white pine TR	10100		10100	
jack pine	424000		365100	58900
jack pine IMP	448750		447750	1000
white spruce 2-0	11000		11000	
white spruce	481000	1000	482000	
white spruce IMP 2-0	386100		386100	
white spruce IMP	837000		799700	37300
white spruce TR	200200		199750	450
black spruce IMP	84200		76200	8000
tamarack	95700		95700	
white cedar	32000		31800	200
white cedar TR	46600		46600	
red cedar	45100		45100	
balsam fir	52800		52800	
balsam fir TR	54800		54800	
red oak small	51250		51250	
red oak	650000		647405	2595
white oak	5700		5700	
pin oak	57900		57900	
bur oak	66600	60000	126600	
mixed oak	78600		78600	
hickory	1100		1100	
butternut	2000		1100	900
black walnut	156830		156830	
silver maple	101900		99200	2700
red maple	8000		8000	
hybrid poplar	175650		175650	
Siouxland poplar	29000		29000	
cottonwood	17400		17400	
yellow birch	18300		18000	300
paper birch	54000		52000	2000
green ash	100630	243000	340630	3000
black ash	11000		11000	
white ash	13000		13000	
basswood	2100		2100	
mountain maple	3500		3500	
mountain ash	775		775	
Red Splendor Crabapple	0	40000	0	
chokecherry	45000	65000	42200	2800
pin cherry	3125		3125	
wild plum	21000		21000	
cranberry	1100		500	600
gray dogwood	4675		3925	750
red osier dogwood	17600	60000	77600	
4 Season Wildlife Pkt	200000		200000	
Hardwood Pkt	75000		73500	1500
	9436095	1086000	10257900	159195

## **Basis of Accounting**

The Forest Nursery program is operated on a self sustaining basis so that, over time, the revenues cover expenditures. Seedlings take up to five years to produce. Each year costs are incurred; however about 70% of the total cost is incurred in the last year for lifting, packing and shipping. In a given year sales are defined as the revenues from seedling delivered to customers that year from July 1 thru June 30. The costs associated with that year are the costs for all the seedlings in the inventory not just those sold. The nursery production is capped by statute at 10 million per year. In addition, a limited amount of seedlings are purchased from outside for resale where necessary. As a consequence of the above, in a given year we may show a small surplus or deficit, but over time it will balance.

In a given year a significant portion of the "sales" have not been paid into the Forest Nursery Account and realized as cash receipts. So as of the close of the year an accounts receivable balance is carried. In addition, receipts from prior years sales have been realized. Therefore the cash receipts showing in the MAPS accounting system should not be expected to tie to cash.

**Forest Nursery Account  
Statement of Revenues and Costs  
FY 2000**

**Revenues**

FY 2000 Sales                    **\$1,790,213**

Prior Years Sales delivered in FY 2000                    **68,400**

Investment Income                    **59,124**

**Total Revenues**                   **1,917,737**

**Costs**

Salary & Other Compensation                    **1,334,743**

Supples and Expenses                    **406,864**

Equipment and Capital Improvements                    **30,149**

Other Costs                    **118,199**

**Total Costs**                   **1,889,955**

**Difference Revenues over Costs**                                     **\$27,782**



**Forest Nursery Account  
Cash Receipts and Expenditures  
FY 2000**

<b>Balance Forward - In</b>	<b>\$1,013,594</b>
<b>Receipts</b>	
FY Prior Years	643,529
FY 2000 sales	783,663
Other Income	59,124
<b>Total Receipts</b>	<b>1,486,316</b>
<b>Expenditures</b>	<b>1,889,955</b>
<b>Balance Forward - Out</b>	<b>\$609,956</b>

**Forest Nursery Account  
Accounts Receivable Reconciliation  
FY 2000**

Accounts Receivable 6/30/99	\$738,983
Sales FY 2000	1,790,213
<b>Cash Receipts on Sales</b>	
FY Prior Years	643,529
FY 2000 sales	783,663
<b>Accounts Receivable 6/30/00</b>	<b>\$1,102,004</b>

Report: C7 MFR DNR 01  
 Revision: 102799.dhf

## Minnesota Department of Natural Resources Managers Financial Report

Printed On: 12/11/2000  
 Printed At: 2:30PM

Account Balances As Of: 9/29/2000 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/19/2000)

FY: 00 - 00 Program: 03 - 03 BACT: 10 - 10 MACT: 101 - 101 Fund: 203 - 203 Allmt Status: A - A

Obligated Amounts for Object Classes 1A0 and 1B0 are Current Modified Payroll Obligation Amounts from SEMA4

**FY 00 FOREST MANAGEMENT**

101 - FOREST MANAGEMENT

<u>Allotment</u>				<u>Object Class</u>	<u>Allotted</u>	<u>Salary Obligation</u>	<u>Encumbered</u>	<u>Expended</u>	<u>Balance</u>	<u>% Bal</u>
00	203	3738	300	- FORESTRY GEN ANDREWS NURSERY (Status = A)						
				1A0 FULL TIME	212,015.64	\$ (1.64)	0.00	212,015.64	0.00	0.0 %
				1B0 PART-TIME, SEASONAL, LABOR SER	380,936.39	\$ 0.61	0.00	380,936.39	0.00	0.0 %
				1C0 OVERTIME PAY	9,933.34		0.00	9,933.34	0.00	0.0 %
				1D0 PREMIUM PAY	59.30		0.00	59.30	0.00	0.0 %
				1E0 OTHER BENEFITS	11,348.72		0.00	11,348.72	0.00	0.0 %
				2A0 SPACE RENTAL, MAINT, & UTILITY	14,000.00		0.00	14,844.79	(844.79)	(6.0)%
				2B0 REPAIRS, ALTERATIONS, & MAINT	6,000.00		0.00	2,414.27	3,585.73	59.8 %
				2C0 PRINTING AND ADVERTISING	10,000.00		0.00	4,110.13	5,889.87	58.9 %
				2D0 PROF/TECH SERVICES OUTSIDE VEN	12,000.00		0.00	11,595.25	404.75	3.4 %
				2E0 COMPUTER & SYSTEMS SERVICES	5,000.00		0.00	0.00	5,000.00	100.0 %
				2F0 COMMUNICATIONS	34,000.00		0.00	24,581.23	9,418.77	27.7 %
				2G0 TRAVEL & SUBSISTANCE -INSTATE	2,000.00		0.00	798.95	1,201.05	60.1 %
				2H0 TRAVEL & SUBSISTANCE -OUTSTATE	0.00		0.00	251.43	(251.43)	0.0 %
				2J0 SUPPLIES	55,717.94		0.00	103,296.81	(47,578.87)	(85.4)%
				2K0 EQUIPMENT	60,000.00		0.00	14,464.92	45,535.08	75.9 %
				2L0 EMPLOYEE DEVELOPMENT	1,000.00		0.00	32.50	967.50	96.8 %
				2M0 OTHER OPERATING COSTS	7,000.00		0.00	7,380.50	(380.50)	(5.4)%
				2P0 STATEWIDE INDIRECT COSTS	5,000.00		0.00	0.00	5,000.00	100.0 %
				2R0 STATE AGENCY REIMBURSEMENTS	0.00		0.00	(750.00)	750.00	0.0 %
				2S0 AGENCY PROVIDED PROF/TECH SERV	1,000.00		0.00	0.00	1,000.00	100.0 %
				2T0 AGENCY DIRECT COST	1,000.00		0.00	0.00	1,000.00	100.0 %
				3A0 LAND ACQUISITION	0.00		0.00	20.00	(20.00)	0.0 %
				3C0 BUILDINGS & LAND IMPROVEMENTS	13,000.00		0.00	0.00	13,000.00	100.0 %
<b>Totals for Allotment: 00 203 3738 300</b>					<b>\$841,011.33</b>	<b>\$(1.03)</b>	<b>\$0.00</b>	<b>\$797,334.17</b>	<b>\$43,677.16</b>	<b>5.2 %</b>

## Minnesota Department of Natural Resources Managers Financial Report

Account Balances As Of: 9/29/2000 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/19/2000)

FY: 00 - 00 Program: 03 - 03 BACT: 10 - 10 MACT: 101 - 101 Fund: 203 - 203 Allmt Status: A - A

Obligated Amounts for Object Classes 1A0 and 1B0 are Current Modified Payroll Obligation Amounts from SEMA4

**FY 00 FOREST MANAGEMENT**

101 - FOREST MANAGEMENT

<u>Allotment</u>	<u>Object Class</u>	<u>Allotted</u>	<u>Salary Obligation</u>	<u>Encumbered</u>	<u>Expended</u>	<u>Balance</u>	<u>% Bal</u>
00 203 3739 300 - FORESTRY BADOURA NURSERY (Status = A)							
1A0	FULL TIME	164,701.62	\$ (0.54)	0.00	164,701.54	0.08	0.0 %
1B0	PART-TIME, SEASONAL, LABOR SER	413,963.39	\$ 3.61	0.00	413,963.39	0.00	0.0 %
1C0	OVERTIME PAY	3,422.76		0.00	3,422.76	0.00	0.0 %
1D0	PREMIUM PAY	0.00		0.00	0.00	0.00	0.0 %
1E0	OTHER BENEFITS	133,735.08		0.00	138,361.61	(4,626.53)	(3.5)%
2A0	SPACE RENTAL, MAINT, & UTILITY	20,000.00		0.00	15,463.44	4,536.56	22.7 %
2B0	REPAIRS, ALTERATIONS, & MAINT	5,000.00		0.00	1,959.51	3,040.49	60.8 %
2C0	PRINTING AND ADVERTISING	5,000.00		0.00	605.65	4,394.35	87.9 %
2D0	PROF/TECH SERVICES OUTSIDE VEN	2,000.00		0.00	1,027.50	972.50	48.6 %
2E0	COMPUTER & SYSTEMS SERVICES	5,000.00		0.00	0.00	5,000.00	100.0 %
2F0	COMMUNICATIONS	10,000.00		0.00	8,419.62	1,580.38	15.8 %
2G0	TRAVEL & SUBSISTANCE -INSTATE	1,000.00		0.00	1,142.19	(142.19)	(14.2)%
2H0	TRAVEL & SUBSISTANCE -OUTSTATE	0.00		0.00	209.88	(209.88)	0.0 %
2J0	SUPPLIES	250,000.00		0.00	303,567.66	(53,567.66)	(21.4)%
2K0	EQUIPMENT	71,000.00		0.00	15,487.43	55,512.57	78.2 %
2L0	EMPLOYEE DEVELOPMENT	1,000.00		0.00	0.00	1,000.00	100.0 %
2M0	OTHER OPERATING COSTS	5,000.00		0.00	4,078.68	921.32	18.4 %
2P0	STATEWIDE INDIRECT COSTS	20,000.00		0.00	20,013.00	(13.00)	(0.1)%
2S0	AGENCY PROVIDED PROF/TECH SERV	1,000.00		0.00	0.00	1,000.00	100.0 %
2T0	AGENCY DIRECT COST	1,000.00		0.00	0.00	1,000.00	100.0 %
3C0	BUILDINGS & LAND IMPROVEMENTS	10,000.00		0.00	196.50	9,803.50	98.0 %
<b>Totals for Allotment: 00 203 3739 300</b>		<b>\$1,122,822.85</b>	<b>\$3.07</b>	<b>\$0.00</b>	<b>\$1,092,620.36</b>	<b>\$30,202.49</b>	<b>2.7 %</b>
<b>Totals for Appropriation Unit: 300</b>		<b>\$ 1,963,834.18</b>	<b>\$ 2.04</b>	<b>\$ 0.00</b>	<b>\$ 1,889,954.53</b>	<b>\$ 73,879.65</b>	

**Minnesota Department of Natural Resources**  
**Appropriation - Allotment Summary Balance Report**  
 Account Status For Active Appropriations As Of: 9/29/2000

APPROPRIATION SUMMARY BALANCE INFORMATION

FY: 00 Fund: 203 Appr Unit: 300 Bdgt Auth Opt Legal Citation Section  
 Appropriation Name: FORESTRY NURSERIES ACCOUNT O MS 089 37 004 426 NATURAL RESOURCES DEPT

APPRORIATION		RECEIPTS		BALANCE FORWARD	ANTIC TRANS	ACTUAL TRANS
ORIGINAL APPR: \$	0.00	ORGNL EST RCPT: \$	1,880,000.00	IN: \$ 1,013,594.22	\$ 0.00	\$ 0.00
CUR MOD APPR:	0.00	CURNT EST RCPT:	1,477,191.88	OUT: 609,955.88	0.00	0.00
REDUCTIONS:	0.00	ACTUAL RECEIPTS:	1,486,316.19			
CANCELLATIONS:	0.00	DED RCPT CAP:	0.00	TOTAL ALLOTMENTS: \$ 1,963,834.18	PRE-ENCUMBRANCES: \$	0.00
				UNOBLIGATED BAL: 73,879.65	ENCUMBRANCES:	0.00
ENC BDGT AUTHY: \$	1,889,954.53	SPENDING AUTH: \$	1,889,954.53	UNLIQUID. CASH BAL: \$ 0.00	EXPENDED AMT: \$	1,889,954.53

**AVAILABLE FOR ALLOTMENT: \$ (73,879.65)**

**Appropriation End Date: 6/30/2000**

ALLOTMENT SUMMARY BALANCE INFORMATION

FY	Allotment	Status	Allotted	Pre-Encumbered	Encumbered	Expended	Balance
00	3738 FORESTRY GEN ANDREWS NURSERY	A	\$ 841,011.33	\$ 0.00	\$ 0.00	\$ 797,334.17	\$ 43,677.16
00	3739 FORESTRY BADOURA NURSERY	A	\$ 1,122,822.85	\$ 0.00	\$ 0.00	\$ 1,092,620.36	\$ 30,202.49
			<u>\$ 1,963,834.18</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,889,954.53</u>	<u>\$ 73,879.65</u>