

03 - 0240



## Minnesota Department of Natural Resources

### OFFICE OF THE COMMISSIONER

500 Lafayette Road  
St. Paul, Minnesota 55155-4037

March 31, 2003

Patrick Flahaven  
Secretary of the Senate  
231 State Capitol  
St. Paul, MN 55155

Legislative Reference Library  
645 State Office Building  
St. Paul, MN 55155

Edward Burdick  
Chief Clerk of the House  
211 State Capitol  
St. Paul, MN 55155

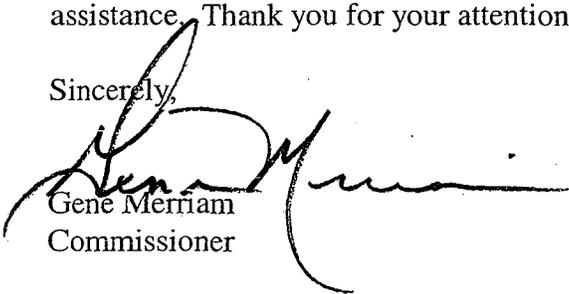
Enclosed please find the FY 2002 State Forest Nursery Program Report as mandated under MN Laws Chapter 89.36 Subdivision 4.

The enclosed packet contains:

- The enabling legislation for the State Forest Nursery
- A Sales and Production Summary graphic
- A Summary of FY2002 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,

  
Gene Merriam  
Commissioner

cc: Senator Richard Cohen  
Senator Dallas Sams  
Senator John Marty  
Representative Jim Knoblach  
Representative Dennis Ozment

Representative Tom Hackbarth  
Douglas Anderson  
General Andrews Nursery  
Badoura Nursery  
DNR Library

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





**Minnesota Department of Natural Resources**

**Division of Forestry**

**State Forest Nursery Program**

**FY 2002 Legislative Report**

Douglass Anderson - Forest Nursery Supervisor 651-297-4467

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.....

89.36 Producing and procuring planting stock.

Subd. 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.

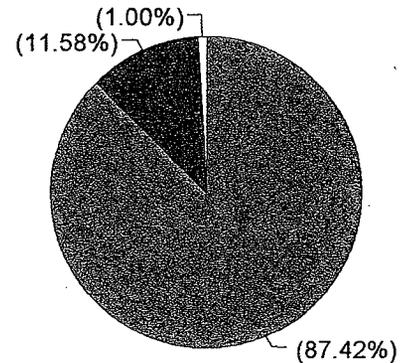
89.37 Distributing planting stock.

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.

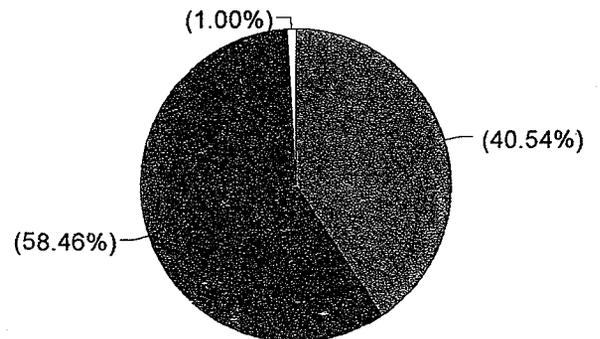
Subd. 5. Investment income. Income earned from the investment of funds in the forest nursery account beginning July 1, 1989, shall be credited to the account and are annually appropriated to the commissioner of natural resources for the purposes of sections 89.35 to 89.37

## FY 2002 State Forest Nursery Program Sales and Production Summary

State Produced Trees	10,691,790	(87.42%)
Private Produced Trees	1,416,000	(11.58%)
Arbor Day Trees	122,600	(1.00%)



Sales to Public Lands	4,957,645	(40.54%)
Sales to Private Lands	7,150,145	(58.46%)
Arbor Day Trees	122,600	( 1.00%)



## FY2002 STATE FOREST NURSERY SALES BY SPECIES AND PRODUCER

PRODUCT	SFN Inventory	Purchased Inventory	Arbor Day	Amount Sold	Available
NORWAY PINE 4"	577,000	0	0	577,000	0
NORWAY PINE 6"	3,600,650	0	18,500	3,600,650	0
NORWAY PINE TR	238,100	0	0	238,100	0
WHITE PINE GOOSE	5,000	0	0	5,000	0
WHITE PINE TR ITASCA	25,000	0	0	25,000	0
WHITE PINE 6"	772,300	350,000	51,600	1,122,300	0
WHITE PINE TR	165,900	0	0	165,900	0
JACK PINE 6"	521,200	0	500	521,200	0
JACK PINE 6" ITASCA	120,000	0	0	120,000	0
JACK PINE IMPROVED	208,500	0	0	208,500	0
JACK PINE-CROW WING	6,000	0	0	6,000	0
WHITE SPRUCE 5"	493,050	406,000	50,400	899,050	0
WHITE SPRUCE IMP	1,451,500	0	0	1,451,500	0
WHITE SPRUCE IMP SM	174,500	0	0	174,500	0
WHITE SPRUCE TR	188,300	0	0	188,300	0
BLK SPRUCE	111,400	0	0	111,400	0
BLK SPRUCE IMPROVED	11,000	0	0	11,000	0
BALSAM FIR 6"	170,400	0	0	170,400	0
BALSAM FIR TR	16,300	0	0	16,300	0
TAMARACK	179,100	0	0	179,100	0
WHITE CEDAR 6"	65,700	0	0	65,700	0
WHITE CEDAR TR	45,600	0	0	45,600	0
RED CEDAR 6"	7,900	0	0	7,900	0
RED OAK	242,500	0	0	242,500	0
RED OAK LG STOCK	62,100	0	0	62,100	0
RED OAK BLUE MOUND	105,600	0	0	105,600	0
BUR OAK	339,400	20,000	400	359,400	0
MIXED OAK	4,950	0	0	4,950	0
WHITE OAK	54,000	0	0	54,000	0
BLACK ASH	11,500	0	0	11,500	0
WHITE ASH	25,500	0	0	25,500	0
GREEN ASH	162,900	235,000	300	397,900	0
SILVER MAPLE	106,300	50,000	0	156,300	0
PAPER BIRCH	35,400	0	0	35,400	0
BIGTOOTH ASPEN	100	0	0	100	0
HYBRID POPLAR	28,500	30,000	0	58,500	0
COTTONWOOD	1,000	0	0	1,000	0
BLACK WALNUT	121,000	0	0	121,000	0
SUGAR MAPLE 6"	34,100	0	0	34,100	0
BLACK CHERRY	500	0	0	500	0
BUTTERNUT	6,600	0	0	6,600	0
WILD ROSE	4,335	0	0	4,335	0
BLACK ELDERBERRY	2,400	0	0	2,400	0
PIN CHERRY	3,700	0	100	3,700	0
CHOKE CHERRY	17,200	37,500	0	54,700	0
WILD PLUM	22,200	20,000	300	42,200	0
ELDERBERRY	3,100	0	100	3,100	0
MOUNTAIN ASH	5,875	0	100	5,875	0
RED OSIER DOGWOOD	8,230	95,000	300	103,230	0
GRAY DOGWOOD	3,400	0	0	3,400	0
4-SEASON WILDLIFE PK	85,500	162,500	0	248,000	0
HARDWOOD PACKET	39,500	10,000	0	49,500	0
<b>TOTALS</b>	<b>10,691,790</b>	<b>1,416,000</b>	<b>122,600</b>	<b>12,107,790</b>	<b>0</b>

## **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 and seeds delivered to customers that year from July 1 thru June 30. The costs associated with that year are the production costs for all the seedlings in the inventory - not just those sold. The nursery production is capped by statute at 10 million per year (MS 89.36, sub 1). This cap was temporarily lifted for fiscal year 2002 in response to a shortage of seedling availability. In addition, seedlings are purchased from outside for resale where necessary. The nursery has created a capital improvement fund to cover the cost of building and equipment replacement and repair. 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 fiscal year a significant portion of the "sales" have not been paid into the Forest Nursery Account and realized as cash receipts. These are cost share payments that are processed through the Farm Services Agency after compliance checks are done on the private land tree planting. These are not received until late summer or early fall. 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 sales for that fiscal year.

**Forest Nursery Account  
Statement of Revenues and Costs  
FY 2002**

**Revenues**

FY 2002 Sales	\$2,418,754
Investment Income	<u>\$50,238</u>
Total Revenues	<u>\$2,468,992</u>

**Costs**

Salary & Other Compensation	\$1,461,053
Supples and Expenses	524,683
Equipment and Capital Improvements	69,795
Other Costs	43,518
Total Costs	<u>\$2,099,049</u>

<b>Difference Revenues over Costs</b>	<u><u>\$369,943</u></u>
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**Forest Nursery Account  
Cash Receipts and Expenditures  
FY 2002**

<b>Balance Forward - In</b>	<b>\$1,116,048</b>
<b>Receipts</b>	
FY Prior Years	777,767
FY 2002 sales	1,424,093
Other Income	50,238
<b>Total Receipts</b>	<b>\$2,252,098</b>
<b>Expenditures</b>	<b>\$2,099,049</b>
<b>Balance Forward - Out</b>	<b>\$1,269,097</b>

**Forest Nursery Account  
Accounts Receivable Reconciliation  
FY 2002**

Accounts Receivable 6/30/01	\$844,559
Sales FY 2002	\$2,423,749
	\$3,268,308
Cash Receipts on Sales	
FY Prior Years	\$777,767
FY 2002 sales	1,424,093
	-\$2,201,860
<b>Accounts Receivable 6/30/02</b>	<b>\$1,066,448</b>

MAPS C7MFRDNR13forGen.Andrews  
MAPSC7MFRDNR13forBadoura  
MAPSC7APPRALT1  
MAPSC7REVSUM01

Managers Financial Report

Active Allotment Account Balances As Of: 9/30/2002 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/20/2002)

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

3739 - FORESTRY - PROT - B.N.

<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>
<b>02 203 3739 300 - FORESTRY BADOURA NURSERY</b>							
	1A0 FULL TIME	179,486.00	(2.08)	0.00	177,260.08	2,225.92	1.2 %
	1B0 PART-TIME, SEASONAL, LABOR SER	558,060.00	5,750.78	0.00	486,423.22	71,636.78	12.8 %
	1C0 OVERTIME PAY	21,000.00		0.00	19,871.54	1,128.46	5.4 %
	1D0 PREMIUM PAY	500.00		0.00	0.00	500.00	100.0 %
	1E0 OTHER BENEFITS	108,954.00		0.00	107,462.77	1,491.23	1.4 %
	2A0 SPACE RENTAL, MAINT, & UTILITY	20,000.00		0.00	19,022.80	977.20	4.9 %
	2B0 REPAIRS, ALTERATIONS, & MAINT	3,000.00		0.00	2,876.68	123.32	4.1 %
	2C0 PRINTING AND ADVERTISING	1,000.00		0.00	855.90	144.10	14.4 %
	2D0 PROF/TECH SERVICES OUTSIDE VEN	0.00		0.00	1,754.00	(1,754.00)	0.0 %
	2F0 COMMUNICATIONS	10,000.00		0.00	11,094.92	(1,094.92)	(10.9)%
	2G0 TRAVEL & SUBSISTANCE -INSTATE	2,000.00		0.00	254.24	1,745.76	87.3 %
	2H0 TRAVEL & SUBSISTANCE -OUTSTATE	1,500.00		0.00	248.95	1,251.05	83.4 %
	2J0 SUPPLIES	113,000.00		0.00	133,997.36	(20,997.36)	(18.6)%
	2K0 EQUIPMENT	39,000.00		0.00	26,158.40	12,841.60	32.9 %
	2L0 EMPLOYEE DEVELOPMENT	1,000.00		0.00	0.00	1,000.00	100.0 %
	2M0 OTHER OPERATING COSTS	5,000.00		0.00	7,654.63	(2,654.63)	(53.1)%
	2S0 AGENCY PROVIDED PROF/TECH SERV	2,000.00		0.00	198.00	1,802.00	90.1 %
	3C0 BUILDINGS & LAND IMPROVEMENTS	25,000.00		0.00	1,076.00	23,924.00	95.7 %
<b>Totals for Allotment: 02 203 3739 300</b>		<b>\$ 1,090,500.00</b>	<b>5,748.70</b>	<b>\$ 0.00</b>	<b>\$ 996,209.49</b>	<b>\$ 94,290.51</b>	<b>8.6 %</b>
<b>02 300 3739 305 - FOR FEDERAL NURSERY TREE SEED</b>							
	2J0 SUPPLIES	9,400.77		0.00	706.20	8,694.57	92.5 %
	2K0 EQUIPMENT	0.00		0.00	5,385.91	(5,385.91)	0.0 %
	CLS EXPENSE BUDGET CLOSING	(2,000.00)		0.00	0.00	(2,000.00)	0.0 %
<b>Totals for Allotment: 02 300 3739 305</b>		<b>\$ 7,400.77</b>	<b>0.00</b>	<b>\$ 0.00</b>	<b>\$ 6,092.11</b>	<b>\$ 1,308.66</b>	<b>17.7 %</b>
<b>Totals for Organization: 3739</b>		<b>\$ 1,097,900.77</b>	<b>5,748.70</b>	<b>\$ 0.00</b>	<b>\$ 1,002,301.60</b>	<b>\$ 95,599.17</b>	

Managers Financial Report

Active Allotment Account Balances As Of: 9/30/2002 (Including Salary Expenditures for Pay Periods Ending On or Before: 9/20/2002)

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

3738 - FORESTRY - PROT - GAN

<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>
02 203 3738 300	- FORESTRY GEN ANDREWS NURSERY						
	1A0 FULL TIME	224,096.00	(1.42)	0.00	224,783.42	(687.42)	(0.3)%
	1B0 PART-TIME, SEASONAL, LABOR SER	418,674.00	3,775.54	0.00	380,120.46	38,553.54	9.2 %
	1C0 OVERTIME PAY	10,000.00		0.00	8,097.14	1,902.86	19.0 %
	1D0 PREMIUM PAY	500.00		0.00	103.75	396.25	79.3 %
	1E0 OTHER BENEFITS	56,500.00		0.00	56,930.54	(430.54)	(0.8)%
	2A0 SPACE RENTAL, MAINT. & UTILITY	25,000.00		0.00	18,664.76	6,335.24	25.3 %
	2B0 REPAIRS, ALTERATIONS, & MAINT	7,000.00		0.00	1,299.54	5,700.46	81.4 %
	2C0 PRINTING AND ADVERTISING	4,500.00		0.00	4,149.18	350.82	7.8 %
	2D0 PROF/TECH SERVICES OUTSIDE VEN	11,000.00		9,670.00	6,349.65	(5,019.65)	(45.6)%
	2E0 COMPUTER & SYSTEMS SERVICES	0.00		0.00	1,153.17	(1,153.17)	0.0 %
	2F0 COMMUNICATIONS	19,000.00		0.00	23,876.97	(4,876.97)	(25.7)%
	2G0 TRAVEL & SUBSISTANCE -INSTATE	1,000.00		0.00	2,005.58	(1,005.58)	(100.6)%
	2H0 TRAVEL & SUBSISTANCE -OUTSTATE	1,500.00		0.00	0.00	1,500.00	100.0 %
	2J0 SUPPLIES	307,730.00		0.00	287,409.81	20,320.19	6.6 %
	2K0 EQUIPMENT	46,000.00		4,400.00	38,161.34	3,438.66	7.5 %
	2L0 EMPLOYEE DEVELOPMENT	1,000.00		0.00	445.00	555.00	55.5 %
	2M0 OTHER OPERATING COSTS	5,000.00		0.00	6,647.37	(1,647.37)	(32.9)%
	2P0 STATEWIDE INDIRECT COSTS	25,000.00		0.00	21,022.00	3,978.00	15.9 %
	2S0 AGENCY PROVIDED PROF/TECH SERV	2,000.00		0.00	50.00	1,950.00	97.5 %
	2T0 AGENCY DIRECT COST	0.00		0.00	0.00	0.00	0.0 %
	3C0 BUILDINGS & LAND IMPROVEMENTS	5,000.00		0.00	0.00	5,000.00	100.0 %
	5D0 AID TO HIGHER EDUCATION INSTIT	7,500.00		413.08	7,086.92	0.00	0.0 %
Totals for Allotment: 02 203 3738 300		\$ 1,178,000.00	3,774.12	\$ 14,483.08	\$ 1,088,356.60	\$ 75,160.32	6.4 %
Totals for Organization: 3738		\$ 1,178,000.00	3,774.12	\$ 14,483.08	\$ 1,088,356.60	\$ 75,160.32	

Report: C7 APPR ALT1

Revision: 02/27/2001.tf

### Minnesota Department of Natural Resources Appropriation - Allotment Summary Balance Report

Account Status For Active Appropriations As Of: 9/30/2002

Printed On: 3/5/2003

Printed At: 8:40AM

#### APPROPRIATION SUMMARY BALANCE INFORMATION

<b>FY:</b> 02	<b>Fund:</b> 203	<b>Appr Unit:</b> 300	<b>Bdgt Auth Opt:</b>	<b>Legal Citation:</b>	<b>Section:</b>
<b>Appropriation Name:</b> FORESTRY NURSERIES ACCOUNT			O	MS 089 37 004	426 NATURAL RESOURCES DEPT

APPROPRIATION		RECEIPTS		BALANCE FORWARD		ANTIC TRANS	ACTUAL TRANS
ORIGINAL APPR: \$	0.00	ORGNL EST RCPT: \$	2,606,000.00	IN: \$	1,116,047.59	\$	0.00
CUR MOD APPR:	0.00	CURNT EST RCPT:	2,252,098.68	OUT:	1,269,097.10	0.00	0.00
REDUCTIONS:	0.00	ACTUAL RECEIPTS:	2,252,098.68				
CANCELLATIONS:	0.00	DED RCPT CAP:	0.00	TOTAL ALLOTMENTS: \$	2,268,500.00	PRE-ENCUMBRANCES: \$	0.00
				UNOBLIGATED BAL:	169,450.83	ENCUMBRANCES:	14,483.08
ENC BDGT AUTHY: \$	2,099,049.17	SPENDING AUTH: \$	2,099,049.17	UNLIQUID. CASH BAL: \$	14,483.08	EXPENDED AMT: \$	2,084,566.09

**AVAILABLE FOR ALLOTMENT: \$ (169,450.83)**

**Appropriation End Date: 6/30/2002**

#### ALLOTMENT SUMMARY BALANCE INFORMATION

FY	Allotment	Status	Allotted	Pre-Encumbered	Encumbered	Expended	Balance
02	3738	FORESTRY GEN ANDREWS NURSERY	A \$ 1,178,000.00	\$ 0.00	\$ 14,483.08	\$ 1,088,356.60	\$ 75,160.32
02	3739	FORESTRY BADOURA NURSERY	A \$ 1,090,500.00	\$ 0.00	\$ 0.00	\$ 996,209.49	\$ 94,290.51
			<u>\$ 2,268,500.00</u>	<u>\$ 0.00</u>	<u>\$ 14,483.08</u>	<u>\$ 2,084,566.09</u>	<u>\$ 169,450.83</u>

Report: C7 REVSUM01

Minnesota Department of Natural Resources

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Revision: 022801.ljn

REVENUE SUMMARY REPORT

Printed at: 8:41AM

All Revenue Transaction Types From: 7/3/2001 to 7/26/2002

Revenue Account

2002 203 3000 300

		<u>Source Code</u>	<u>Amount</u>
5354		NURSERY SEED CONE	\$145,992.96
5355		NURSERY SEEDLINGS	\$2,055,867.97
8000		ITC INTEREST EARNINGS	\$50,237.75
		Total for Revenue Org #: 3000	<u>\$2,252,098.68</u>
Total for Revenue Acct:		2002 203 3000 300	<u>\$2,252,098.68</u>