


Minnesota Department of Natural Resources
Division of Forestry
M.S. 16A.125, Subd 5. Certification Report
Forest Suspense Account 2015

REVENUES	School Susp. Fund: 3800	Univ. Susp. Fund: 6000	Trust Total
[A] Revenues Forestry Qualifying	\$ 12,289,364	\$ 157,381	\$ 12,446,745
[B] Revenues Non-Qualifying	\$ 205,212	\$ -	\$ 205,212
[C] Total Revenues	\$ 12,494,576	\$ 157,381	\$ 12,651,957
APPROPRIATIONS, EXPENDITURES, AND REIMBURSEMENTS			
Non-Forestry Direct Appropriations			
Less Direct Appropriation to DNR-Lands and Minerals			
Minn. Laws 13, Ch. 114, Art. 3, Sec. 4, Subd. 2	\$ (200,000)	\$ -	\$ (200,000)
[D] Total Non-Forestry Direct Appropriations	\$ (200,000)	\$ -	\$ (200,000)
Total Revenues Minus Direct Appropriations	\$ 12,294,576	\$ 157,381	\$ 12,451,957
Expenses - Forestry Qualifying			
[E] Management	\$ (5,852,710)	\$ (45,295)	\$ (5,898,005)
[F] Improvement	\$ (839,002)	\$ (6,493)	\$ (845,495)
[G] Forest Roads	\$ (108,240)	\$ (838)	\$ (109,078)
[H] Administration	\$ (1,359,337)	\$ (10,520)	\$ (1,369,857)
[J] Forestry Certified Costs	\$ (8,159,289)	\$ (63,146)	\$ (8,222,435)
Non-Forestry Reimbursements			
Dept. of Admin for Trust Director to General Fund			
Minn. Laws 14, Ch. 312, Art. 12, Sec. 9	(243)	\$ -	\$ (243)
Permanent School Fund Commission (PSFC) to General Fund			
Minn. Laws 14, Ch. 312, Art. 12, Sec. 10	\$ (3,702)	\$ -	\$ (3,702)
[K] Total Non-Forestry Reimbursements	\$ (3,945)	\$ -	\$ (3,945)
NET INCOME			
[L] Forestry Net to Trust Funds ⁽¹⁾	\$ 4,130,075	\$ 94,235	\$ 4,224,310
[M] Net to Permanent Trust Funds ⁽²⁾	\$ 4,131,342	\$ 94,235	\$ 4,225,577
Transfers to Other Funds Per M.S. 16A.125, Subd. 5(d)			
Transfer to the Forest Management Investment Account			
M.S. 16A.125, Subd. 5(d)(1) Transfer ⁽³⁾	\$ (6,799,952)	\$ (52,626)	\$ (6,852,578)
Transfer to the State General Fund			
M.S. 16A.125, Subd. 5(d)(2) Transfer ⁽⁴⁾	\$ (3,945)	\$ -	\$ (3,945)
Transfer to the State General Fund			
M.S. 16A.125, Subd. 5(d)(3) Transfer ⁽⁵⁾	\$ (1,359,337)	\$ (10,520)	\$ (1,369,857)
Total M.S. 16A.125 Transfers to Other Funds	\$ (8,163,234)	\$ (63,146)	\$ (8,226,380)

Notes

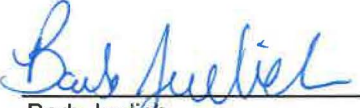
- ⁽¹⁾ Forestry qualifying revenues [line A] minus forestry certified costs [line J]
⁽²⁾ M.S. 16A.125, Subd. 5(d)(4) Transfers to the Permanent Trust Funds
⁽³⁾ Sum of certified forest management [line E], improvement [line F], and forest roads [line G] costs.
⁽⁴⁾ Sum of Dept. of Admin, Trust Director and PSFC cost reimbursements as shown on line K.
⁽⁵⁾ Forestry qualifying administration costs as shown on line H.
Totals may not add due to rounding to the nearest dollar.

Submitted By:


Forrest Boe
Director
Div of Forestry

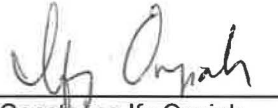
Date: 1/27/16

Reviewed By:


Barb Juelich
Chief Financial Officer
DNR OMBS

Date: 1/27/16

Certified By:


Constance Ify Onyiah
Exec Bdgt Officer
MN Mgmt & Budget

Date: 2/2/2016



2015

Minnesota Department Of Natural Resources Division of Forestry

M.S. 16A.125 Transfer Certification Report

This report identifies forestry revenues attributable to trust lands, the forestry operating expenditures certified against trust lands, and how the certified expenditures and net revenues from trust lands are distributed.



January 7, 2016

Cost of Preparation

Name of Legislative Report: Transfer Certification Report

Minnesota Statute Reference: M.S 16A.125, Subd. 5(d)

Prepared by: Don Deckard, Ph.D., State Forest Economist

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Description of Cost	Further explanation if necessary	Amount
Staff time (salary & fringe)	200 hours @ \$50/hour	10,000
Duplication	nominal	
Other	nominal	
TOTAL TO PREPARE REPORT		\$10,000

Statutory Provisions

Minnesota Statute 16A.125, Subd. 5 specifies which types of forestry costs are certified against trust fund lands and how the certified costs and net income from trust fund lands are distributed.

Only those operational costs paid from the General Fund – Forest Management Appropriation and Forest Management Investment Account are included in the cost certification. Costs charged to dedicated funds, federal funds, and capital budgets are excluded from the cost certification process. In addition, only revenues derived from Forestry funded activities are included in the process. Non-forestry revenues, such as mineral royalties and lake shore leases are excluded.

Minnesota Laws of 2012, Chapter 249, Section 3, Subd.5c amended 16A.125 to remove protection from certifiable costs effective July 1, 2013.

EXECUTIVE SUMMARY

Minnesota Department of Natural Resources (MNDNR), Division of Forestry is responsible for forest resource management on 2.5 million surface acres of School and University Trust lands in Minnesota of which 2.37 million acres are subject to cost certification under Minnesota Statute 16A.125. In fiscal year (FY) 2015, qualifying state land forestry revenue totaled \$23.713 million, an increase of 19.7 percent compared to FY 2014 (Table 1). Qualifying forestry revenue from managed trust lands was \$12.447 million, an increase of 22.8 percent compared to FY 2014. In FY 2015 trust revenue was 52.5 percent of qualifying state land forestry revenue.

Table 1. FY 2015 Summary of Minn. Stat. 16A.125 Qualifying Forestry Revenues

Category	Qualifying Forestry Revenue	School Trust Qualifying Revenue	Univ Trust Qualifying Revenue	Sum Trust Qualifying Revenue	Trust Portion Total
Timber Sales	\$22,509,812	\$11,145,915	\$103,797	\$11,249,712	50.0%
TS Interest & Penalty	\$11,596	\$5,228	\$3	\$5,231	45.1%
Resource Mgmt Access	\$1,062	\$1,062	\$0	\$1,062	100.0%
Leases & Land Use	\$1,190,740	\$1,137,159	\$53,581	\$1,190,740	100.0%
Column Sum	\$23,713,210	\$12,289,364	\$157,381	\$12,446,745	52.5%

In FY 2015, non-fire net qualifying forestry expenditures for state land forest management (SLFM) totaled \$19.299 million with a combined School/University Trust cost recovery proration of \$8.222 million, an increase of 4.7 percent compared to FY 2014 (Table 2). In FY 2015, qualifying trust expenditures were 42.6 percent of net SLFM expenditures.

Table 2. FY 2015 Summary of Minn. Stat. 16A.125 Qualifying Forestry Expenditures

Statutory Category	Total Net Qualifying Expense	School Trust Cost Proration	Univ Trust Cost Proration	Sum Trust Cost Proration	Trust Portion Total
Management					
sub-Timber Sales	\$9,892,583	\$4,435,050	\$34,323	\$4,469,374	45.2%
sub-Mgmt Support	\$3,162,156	\$1,417,660	\$10,971	\$1,428,632	45.2%
Improvement	\$1,871,432	\$839,002	\$6,493	\$845,495	45.2%
Forest Roads	\$1,157,445	\$108,240	\$838	\$109,078	9.4%
Administration	\$3,215,177	\$1,359,337	\$10,520	\$1,369,857	42.6%
Column Sum/Avg	\$19,298,792	\$8,159,289	\$63,146	\$8,222,435	42.6%

As required by 2015 Minn. Stat. 16A.125, Subd. 5(d), this report certifies forestry cost recovery and the transfer of funds from the Forest Suspense Account to the Forest Management Investment Account (FMIA) of \$6,852,578 for management, improvement and road expenditures, and to the General Fund of \$1,369,857 for administration costs. Net income from forestry operations was \$4,224,310, representing a 33.6 percent forestry operating margin for the school trust and 33.9 percent margin for the combined trusts. After adjusting for non-forestry

Forest Suspense Account revenues and transfers out, \$4,225,577 was transferred to the trust funds with \$4,131,342 to the Permanent School Fund and \$94,235 to the University Trust.

Forestry Gross-Net Trends

In FY 2015, qualifying forestry revenues from combined trust lands increased by \$2.307 million or 22.8 percent year-over-year, a level not realized since pre-recession FY 2008. FY 2015 qualifying forestry expenditures increased by \$336,938 or 4.3 percent. The increase in spending was primarily due to an 11.1 percent increase in new timber volume offered to 895,565 cord equivalents compared to 805,810 cord equivalents offered in FY 2014. Forest improvement expenditures (reforestation and timber stand improvement) decreased year-over-year. Forestry net income to the permanent school and university trust funds increased by \$1.975 million or 87.6 percent year-over-year to \$4.23 million. For the school trust, forestry net income increased by \$1.951 million or 89.5 percent to \$4.13 million year-over-year (Figure 1). Again, a level not realized since pre-recession FY 2008.

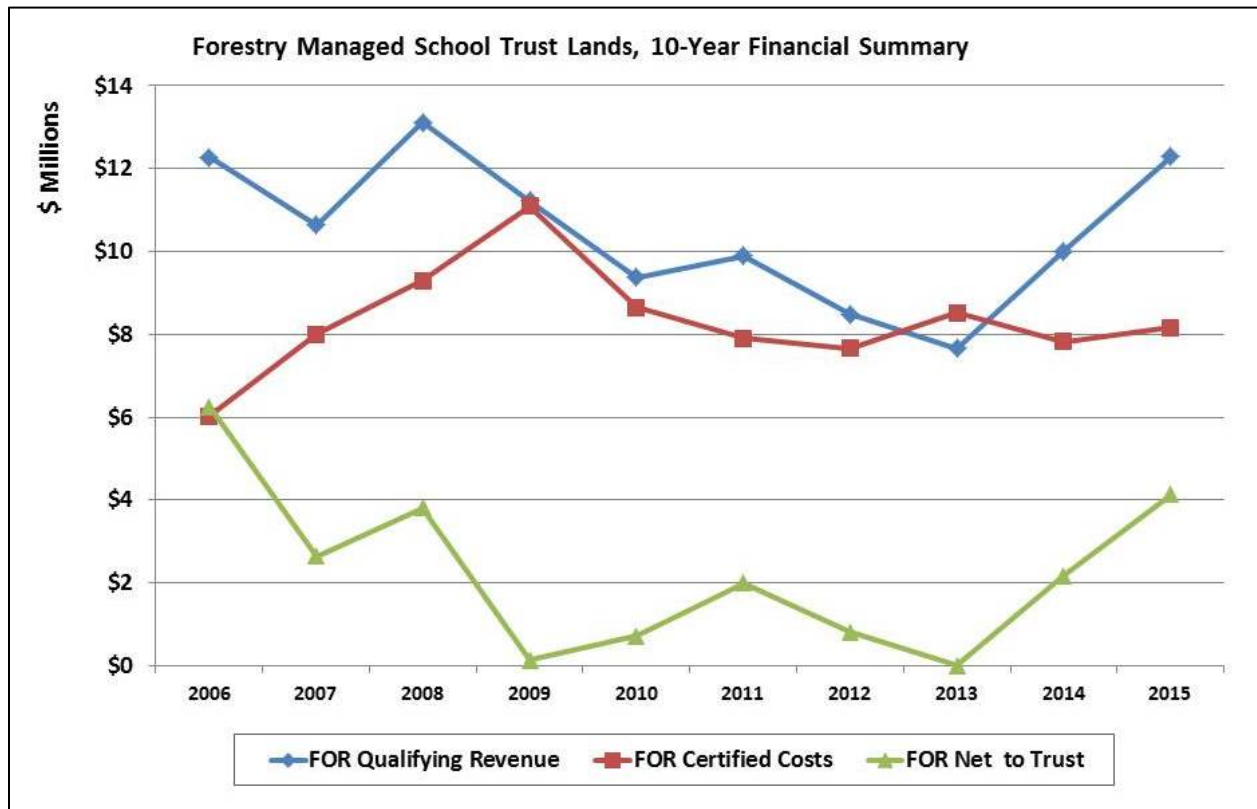


Figure 1. Financial Summary for Forestry Managed School Trust Lands.

I. QUALIFYING REVENUES AND EXPENDITURES

This cost certification report provides details on forestry revenue and forest management costs for trust fund lands in fiscal year FY 2015. Effective July 1, 2013, two key changes were made to Minn. Stat. 16A.125: (i) fire protection was removed from qualifying activities and (ii) language was added requiring "...an analysis that compares costs certified under this section [Subd. 5] with costs incurred on other public and private lands with similar land assets." The cost certification is organized by four statutory categories: Management, Improvement, Roads, and Administration.

Qualifying Revenues

Qualifying forestry revenues are trust land revenues generated by expenditures from the General Fund – Forest Management Appropriation and the FMIA for SLFM activities. In FY 2015, revenues collected from SLFM activities spread across all state administered lands (Acquired Forestry, Acquired Wildlife, Consolidated Conservation, School Trust, University Trust, etc.) totaled \$23,713,210, an increase of \$3,904,176 or 19.7 percent compared to FY 2014. Qualifying forestry revenues of \$12,446,745 were realized from trust lands, an increase of \$2,307,228 or 22.8 percent year-over-year.

Qualifying Expenditures

The Division of Forestry identifies base operating expenditures using a set of cost code strings limited by fund, appropriation, and activity. The accounting strings identify qualifying and non-qualifying expenditures by activity (e.g. timber sale preparation and design, forest inventory, forest roads, private forest management, etc.) that generate the expenditure. The qualifying state land forest management (SLFM) activities are grouped into the four (4) statutory cost categories: management, improvement, roads, and administration. In addition, general operations expenditures (fleet, facilities, information technology, and time off) are grouped as a separate category to be prorated across direct cost categories. General operations expenditures are allocated between qualifying and non-qualifying activities. Then, the qualifying portion of general operations is prorated to each statutory cost category based on the percentage of direct qualifying expenditure in each statutory category (management, improvement, roads, and administration). Qualifying expenditures are limited to SLFM activities that directly generate forestry related revenue and the activities that support forestry related revenue. Activities such as urban forestry, forest recreation, and cooperative private land forest management are excluded from the process.

For FY2015, net Minn. Stat. 16A.125 net forestry expenditures for SLFM totaled \$19,298,792 for all acres subject to cost certification. Qualifying forestry expenditures for trust lands were \$8,222,435, an increase of \$336,938 or 4.3 percent as compared FY 2014. Trust expenditures for management and improvement are prorated between Trust and non-trust acres on a percentage of total acres basis. Some 2.37 million acres (45.2 percent) of the total 5.3 million state

administered acres subject to forest management is trust fund lands.¹ The Trust portion is allocated on a per acre basis between school and university. Some \$8,222,435 of the total net SLFM expenditure was allocated to the Trust as follows: \$8,159,289 School Trust and \$63,146 University Trust.

Management (\$5,898,005)—Expenditures are divided into two sub-categories; timber sales and forest resource management. Timber activities consist of timber sales preparation, permit supervision, scaling, and timber enforcement. Forest management expenditures, the cost of maintaining forests for future revenue, include: policy development, management planning, harvest scheduling, and forest inventory. Management costs are prorated based on the percentage of trust acres to total acres subject to certification. On a statewide basis, the trust allocation is 45.2 percent of the total \$13,054,739 qualifying expenditures.

Forest Improvement (\$845,495)—Activities include site preparation and reforestation and timber stand improvement (TSI) that establish and improve forests for future revenue. Improvement costs are prorated based on the percentage of trust acres to total acres subject to certification. On a statewide basis, the trust allocation is 45.2 percent of the total \$1,871,432 qualifying expenditures.

Forest Roads (\$109,078)—State forest roads provide direct access to a relatively small portion of trust lands. Road costs are allocated to the trust based on the number of acres within one-half mile of designated state forest system roads. On a statewide basis, this amounts to 9.4 percent of total acres managed and 9.4 percent of the total \$1,157,445 qualifying expenditures.

Administration (\$1,369,857)—Department services provided to the Division of Forestry and Division of Forestry activities include: leadership services, human resources, accounting, general office & clerical, and other direct and necessary costs related to the support of staff that generates revenue. Administrative costs are allocated based on the ratio of trust land expenditures to net qualifying expenditures for: management, improvement, and roads with general operations. On a statewide basis, the trust proration was 42.6 percent of the total \$3,215,177 qualifying expenditure.

¹ MNDNR administered acres totaled 5.6 million. Primary land uses: cultivation, extractive, recreation, and urban development were removed to derive acres subject to forest management.

FORESTRY REVENUE AND COST RECOVERY

Forest products and certain land use revenues generated from trust land are deposited directly in the forest suspense account (Figure 2). Per Minn. Stat. 16A.125, Subd 5., certified forestry costs for management, improvement and roads are transferred to FMIA. Certified forestry costs for administration are transferred to the General Fund. The balance is transferred to the permanent school and university trust funds.

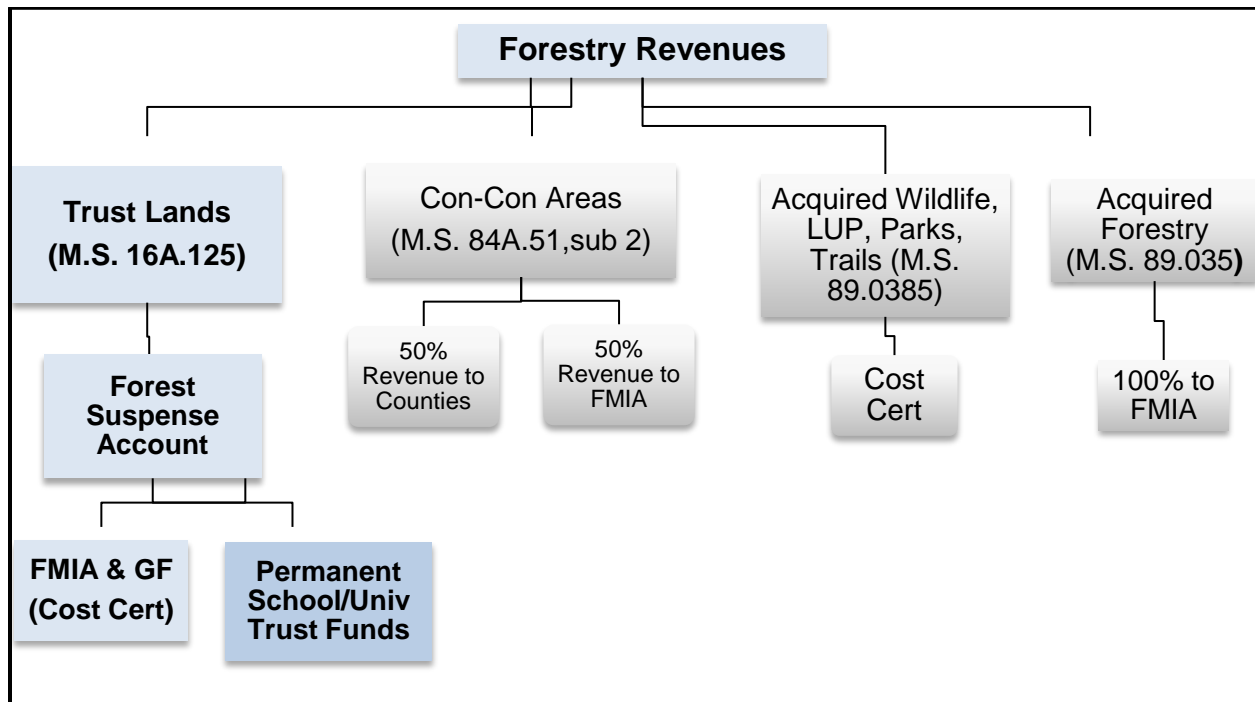


Figure 2. MNDNR Forestry Revenue Distribution and Cost Recovery.

FORESTRY TRUST COST CERTIFICATION HISTORY

In FY 2015, forestry related revenue totaled \$23.713 million. Of the total, \$12.447 million qualified for forestry cost certification of \$8.222 million with forestry net to the trust funds of \$4.224 million (Table 3a). After adjusting for non-forestry related revenues, direct appropriations, and reimbursements, net to the trust funds was \$4.226 million (Table 3b). Per Minn. Stat. 16A.125, Subd 5., certified forestry costs for management, improvement and roads are transferred to FMIA. Certified forestry costs for administration are transferred to the General Fund. Per Minn. Laws 13, Ch. 114, Art. 3, Sec. 4, Subd. 2, \$200,000 was directly appropriated (transferred out) to MNDNR – Lands and Minerals. Per Minn. Laws 14, Ch. 312, Art. 12, Sec. 9-10, \$3,945 was reimbursed (transferred out) to the General Fund for Dept. of Admin., Trust Director and Legislative Permanent School Fund Commission (PSFC) expenditures. The net balance was transferred to the permanent school and university trust funds.

Table 3a. Forest Suspense Account History (School and University)

(amounts in thousands)	FY11	FY12	FY13	FY14	FY15	5-Yr Avg
Forestry Qualifying Revenues	\$10,060	\$8,577	\$7,792	\$10,140	\$12,447	\$9,803
Cost Transfer to GF	\$3,027	\$2,793	\$3,551	\$1,278	\$1,370	\$2,404
Cost Transfer to FMIA	\$4,934	\$4,931	\$4,178	\$6,607	\$6,853	\$5,501
Sum Cert. Cost Transfers	\$7,961	\$7,723	\$7,729	\$7,885	\$8,222	\$7,904
Forestry Net to Trust Funds	\$2,100	\$854	\$64	\$2,254	\$4,224	\$1,899
Non-Forestry Revenues	\$273	\$232	\$290	\$224	\$205	\$245
Direct Appropriation to LAM	\$200	\$200	\$200	\$200	\$200	\$200
Dept. of Admin Reimburse	-	-	-	-	\$4	n/a
Net to Trust Funds	\$2,403	\$886	\$154	\$2,278	\$4,226	\$1,989

Table 3b. Forestry Certified Costs History (School and University)

(amounts in thousands)	FY11	FY12	FY13*	FY14	FY15	5-Yr Avg
Protection	\$1,169	\$1,518	\$2,344	\$0	\$0	n/a
Forest Management	\$4,361	\$4,242	\$3,828	\$5,404	\$5,898	\$4,747
Forest Improvement	\$557	\$664	\$789	\$1,136	\$845	\$798
Forest Roads	\$16	\$24	\$26	\$67	\$109	\$48
Administration	\$1,858	\$1,275	\$1,603	\$1,278	\$1,370	\$1,477
Total	\$7,961	\$7,723	\$8,590	\$7,885	\$8,222	\$8,076

*Actual transfer was \$7,728,916 due to cost certification exceeding qualifying revenue.

Explanation of Table 3b Color-codes

M.S.16A.125, Subd 5(d)

- Forest Management, Forest Improvement and Forest Road Costs are transferred to FMIA.
- Effective FY 2014, Protection costs are non-qualifying, only Admin. Costs are transferred to the General Fund.

II. MNDNR TIMBER PROGRAM HISTORY

In FY 2015, MNDNR offered 1.2 million cord equivalents, sold 942,000 cord equivalents, and harvested 887,000 cord equivalents of all species, products, and units of measure. Of note, the FY 2015 harvest set a new record, breaking the 2011 harvest by about 2,000 cord equivalents. Volumes offered and sold have been highly volatile since 2006 with offer volumes ranging from 802,000 to 1,272,000 cord equivalents and sold volumes ranging from 769,000 to 1,156,000 cord equivalents. For the period, harvest volume ranged from 642,000 to 887,000 with the 10-year average being 812,000 cord equivalents per year (Figure 3).

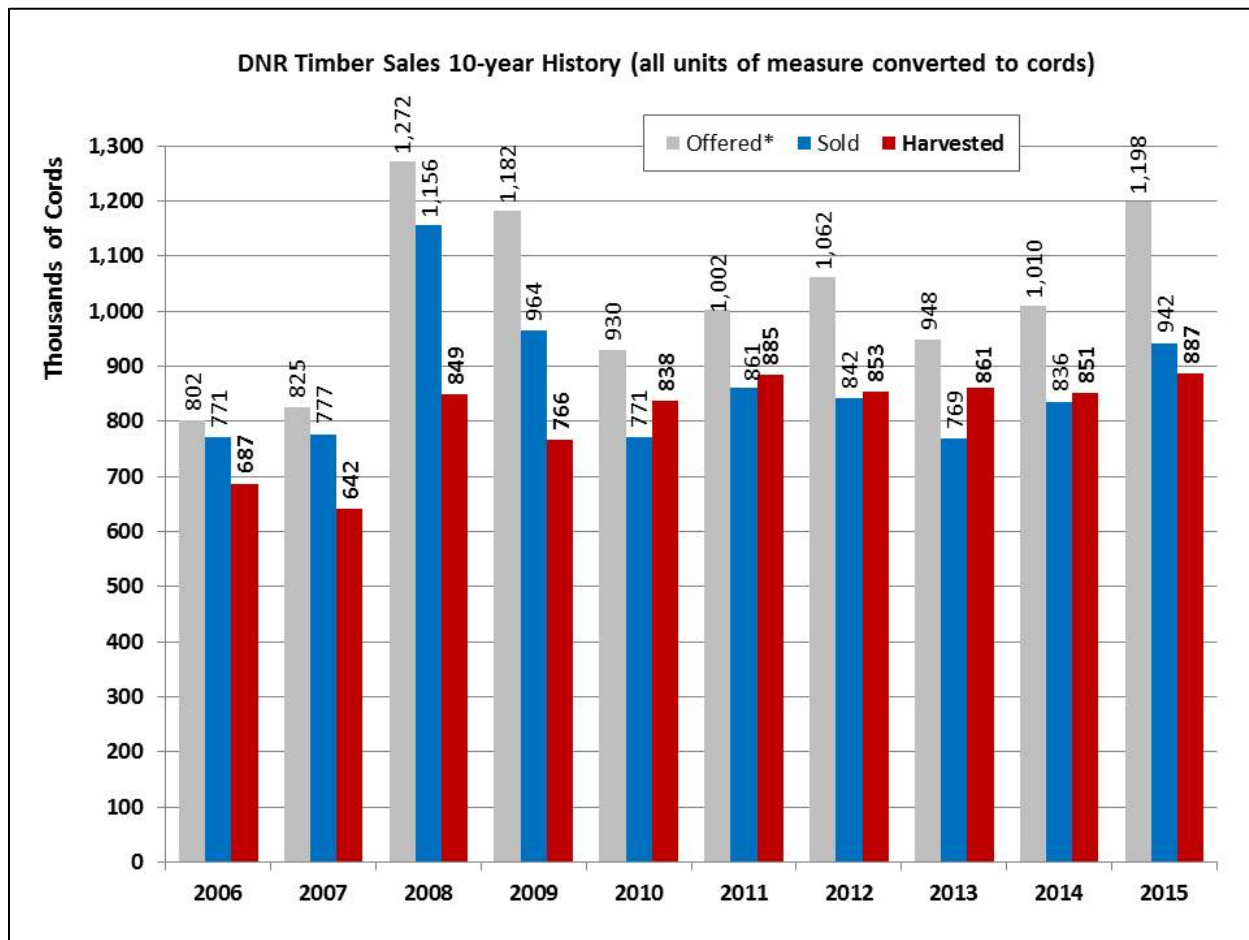


Figure 3. DNR 10-Year Timber Sales History, Volume Offered, Sold, and Harvested.

Notes: The large increase in volume offered and sold in FY2008-09 was due to the re-offering of sales forfeited in 2007. The 887,000 cord harvest in FY2015 was a modern era record harvest level from state lands.

In FY 2015, the average price received for timber sold increased to \$27.65 per cord equivalent compared to \$24.42 in FY 2014. In FY 2015, the average price received for timber scaled (harvested) increased to \$23.89 per cord equivalent as compared to \$22.64 in FY 2014 (Figure 4). In a given fiscal year, regular timber sales revenue is a combination of a 15 percent down payment at the time of sale plus the 85 percent balance due when harvested.

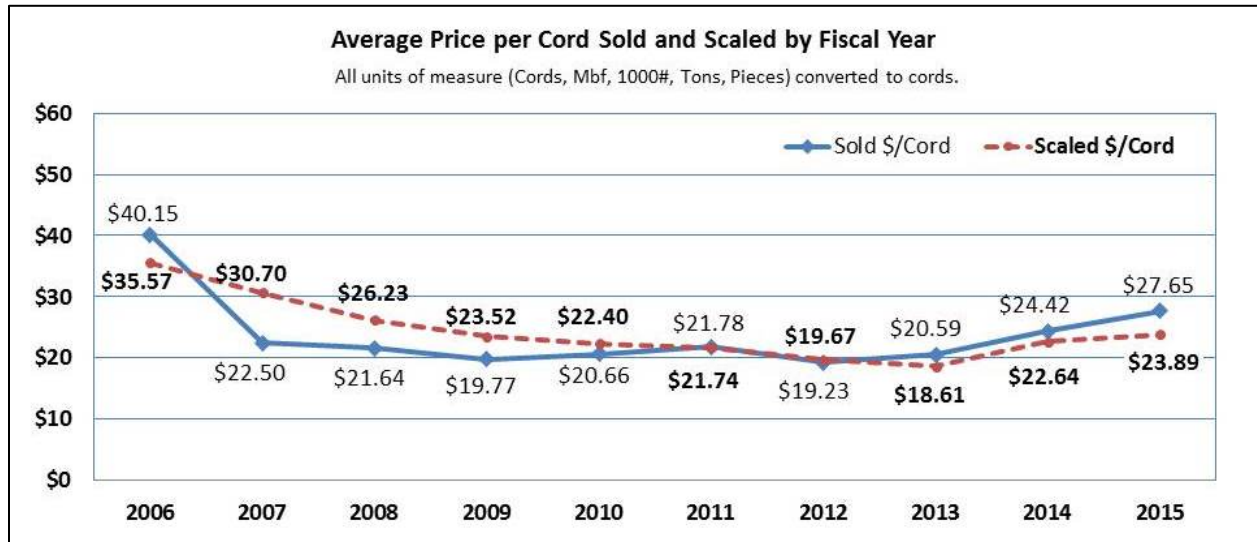


Figure 4. DNR 10-Year History Average Price Received for Timber Sold and Scaled, all Land Types.

Due to the timber market collapse that began in August 2006, the average price per cord sold for state timber dropped 60% in FY2009 compared to the value received in FY2005. Many of the sales that were sold in FY2005-06 for \$40+ per cord were forfeited and then resold in subsequent years at a lower price. Due to the harvest of windstorm-damaged salvage timber sales in FY2012-13, the average price/cord of timber harvested (scaled) decreased. Local market scarcity drove up key species and product prices in FY2014 and again in FY2015.

FINANCIAL PERFORMANCE COMPARISONS

As per Minn. Stat. 16A.125 effective July 1, 2013, the cost certificate "...shall include an analysis that compares costs certified under Minn. Stat. 16A.125 with costs incurred on other public and private lands with similar land assets." This topic was addressed in the recently completed Office of the Legislative Auditor (OLA) Evaluation Report on DNR Forest Management.² In this report, OLA concluded "...that differences in forest management goals, policies, and land features prevent meaningful comparisons of profitability between state forest managers and other land managers" (2014 OLA Report, p81). However, the OLA report included an "efficiency" comparison between DNR's combined Tower, Hibbing, and Cloquet forestry areas and Saint Louis County (SLC) Minnesota Land Department. The basis for comparison was new cords offered per full-time equivalent (FTE). OLA found "...the efficiency of the [DNR] Forestry Division's timber sales activity compared favorably with SLC's activity" (2014 OLA Report, p87). With that being said, a comparative analysis of financial performance is provided with the following caveats:

1. Profit potential, a function of land productivity, species/product mix, management policy, and geography, is somewhat variable within the Upper Midwest region and relatively low when compared with the Pacific Northwest and Southern U.S.
2. Availability of detailed financial reporting in the public domain is extremely limited.
3. Structural and functional differences in land and resource management organizations result in a variety of combinations of land related management activities including: forestry, real estate, minerals, and recreation.
4. Sources of revenue and other funding are highly variable between organizations.
5. Cost accounting formats are not uniform among land managing organizations; available accounting numbers require a range of adjustments to be somewhat comparable.
6. With one exception, financials are self reported and unaudited.

The analysis of financial performance included: profit potential, profitability, management efficiency, and land productivity. Of the land managing entities analyzed, operating margins ranged from 8.1 percent to 54 percent with MNDNR managed School Trust reporting an operating margin of 33.6 percent. Profit potential (gross revenue per cord) ranged from \$25.88 to \$114.47 per cord equivalent with DNR managed School Trust land reporting the low \$25.88 per cord. In terms of management efficiency, cost per cord ranged from \$14.48 to \$62.51 with DNR managed School Trust reporting \$18.93 per cord. In terms of land productivity/policy, cords harvested per managed acre ranged from 0.23 to 0.94 with DNR managed School Trust land reporting an average 0.28 cords harvested per managed acre (Table 4).

² Office of the Legislative Auditor, Program Evaluation Division. 2014. Evaluation Report DNR Forest Management. Saint Paul, MN: Office of the Legislative Auditor, State of Minnesota. 99p

Table 4. Minn. Stat. 16A.125, Subd. 5.c. - Financial Performance Comparisons (a)

(amounts in thousands, except as noted)	MNDNR School Trust FY2015	CAS County CY2014	SLC County CY2014	DUG County CY2014	CNF Federal FY2015	PCH REIT CY2014
REVENUES						
Timber Sales (Stumpage)	\$11,152.2	\$1,821.3	\$5,689.5	\$3,098.4	\$4,169.9	\$161,098.4
Land Use	\$1,137.2	\$65.5	\$908.7	\$2.5	\$213.8	
Sum Revenue	\$12,289.4	\$1,886.8	\$6,598.3	\$3,100.9	\$4,383.7	\$161,098.4
EXPENSES						
Total Expenditure	\$8,157.4	\$998.3	\$4,539.5	\$1,426.2	\$4,029.2	\$87,974.8
INCOME FROM OPERATIONS						
Profit/(Loss) from Operations	\$4,132.0	\$888.5	\$2,058.8	\$1,674.7	\$354.5	\$73,123.5
PROFIT POTENTIAL						
Gross Timber Rev per Cord (b)	\$25.88	\$26.41	\$28.81	\$33.46	\$41.25	\$114.47
Gross Revenue per Mgmt Acre	\$8.19	\$10.60	\$10.49	\$12.40	\$9.54	\$107.40
PROFITABILITY						
Operating Margin	33.6%	47.1%	31.2%	54.0%	8.1%	45.4%
Operating P/(L) per Cord (b)	\$9.59	\$12.89	\$10.42	\$18.09	\$3.51	\$51.96
MGMT EFFICIENCY						
Cost per cord	\$18.93	\$14.48	\$22.98	\$15.40	\$39.86	\$62.51
LAND PRODUCTIVITY						
Cords Harvested per Mgmt Acre (c)	0.28	0.33	0.23	0.37	0.23	0.94
STATISTICAL DATA						
Fiscal Year End	June 30	Dec 31	Dec 31	Dec 31	Sept 30	Dec 31
Cords Sold	448.8	79.3	187.6	91.7	94.3	
Cords Harvested	413.1	58.6	207.4	93.5	107.8	1,407.4
Avg. of Cords Sold & Harvested	431.0	69.0	197.5	92.6	101.1	
Timber Mgmt Acres	1,500.0	178.0	628.8	250.0	459.3	1,500.0
Total Admin Acres	2,520.3	255.7	893.2	277.1	666.5	1,580.0

TABLE NOTES

- a) Comparisons include: Cass County MN (CAS), Saint Louis County MN (SLC), Douglas County WI (DUG), Chippewa National Forest MN (CNF), and Potlatch Timber REIT-Resource Management Segment ID,AR,MN (PCH).
- b) Used cords sold or harvested if avg. cords sold & harvested not available.
- c) Used Admin acres if commercial timber acres not available.

Department of Natural Resources
Division of Forestry
MS 16A.125 Costs for Fiscal Year 2015

A Base Data from Division of Lands and Minerals, Division of Forestry and MMB Records
Base data used to calculate costs for management, improvement, roads, and administration

Acres of Permanent School Fund Land Subject to Cost Certification	2,370,418
Acres of University Trust Fund Land Subject to Cost Certification	18,345
Total Acres of Trust Fund Land Subject to Cost Certification	2,388,763
Total Trust Acres Served by State Forest Roads	498,278
Total Acres of State Land Subject to Forest Management Activities	5,287,326

Net Allowable Forestry Expenditures Paid From the General Fund and FMIA Fund	\$ 19,298,791.70
Direct Costs of Forestry Activities (Admin, Management, Improvement, Roads)	\$ 13,043,715.24
Sum of Allowable Forestry General Operations (support) Costs	\$ 6,255,076.46

B Forest Management Costs for Trust Lands
Management includes preparing and administering timber sales, supervising harvests, maintaining up to date information on timber resources, and controlling forest pests and disease.

1 Management Cost Determination:

Sum of Allowable Forestry General Fund/FMIA Direct Costs for Management	\$ 2,087,813.55
Management Portion of Forestry General Operating GF/FMIA Costs	\$ 1,074,342.58
Total Management Costs to be Allocated	\$ 3,162,156.13
Management Cost Per Acre	\$ 0.60
School Trust Acres times Management Cost Per Acre (cost per acre times school trust acres)	\$ 1,417,660.23
University Trust Acres times Management Cost Per Acre (cost per acre times university acres)	\$ 10,971.47

⁽¹⁾ The totals charged against school and university acres may be off due to rounding of the cost per acre.

2 Timber Sales Cost Determination:

Sum of Allowable Forestry General Fund/FMIA Direct Costs for Timber Sales	\$ 6,531,577.68
Timber Sales Portion of Forestry General Operating GF/FMIA Costs	\$ 3,361,005.11
Total Timber Sales Costs	\$ 9,892,582.79
Trust Land Timber Sales Cost Per Acre	\$ 1.87
School Trust Acres times Timber Sales Cost Per Acre (cost per acre times school acres)	\$ 4,435,050.22
University Trust Acres times Timber Sales Cost Per Acre (cost per acre times university acres)	\$ 34,323.48

⁽¹⁾ The totals charged against school and university acres may be off due to rounding of the cost per acre.

3 Total General Fund/FMIA Management Costs for Trust Lands:

Sum of Mgmt Costs for School Trust Lands	\$ 5,852,710.45
Sum of Mgmt Costs for University Trust Lands	\$ 45,294.95

C Forest Improvement Costs for Trust Lands

Improving the forest includes ensuring reforestation and regrowth following harvest, promoting tree growth by thinning and removing competing vegetation, and developing better varieties of trees.

Sum of Allowable Forestry General Fund/FMIA Forest Improvement Costs	\$ 1,235,612.74
Forest Improvement Portion of Forestry General Operating GF/FMIA Costs	\$ 635,818.93
Total Forest Improvement Costs	\$ 1,871,431.67
Trust Land Forest Improvement Cost Per Acre ⁽¹⁾	\$ 0.35
School Trust Forest Improvement Cost (cost per acre times school trust acres)	\$ 839,001.67
University Trust Forest Improvement Cost (cost per acre times university trust acres)	\$ 6,493.15

⁽¹⁾ The totals charged against school and university acres may be off due to rounding of the cost per acre.

D Forest Road Costs for Trust Lands

Maintaining the state forest road systems includes maintaining road surfaces, bridges, and right-of-way, and installing and maintaining culverts and signs. Costs are allocated by state forest road miles directly serving trust acres.

Sum of Allowable Forestry General Fund/FMIA State Forest Road Costs	\$ 764,202.75
State Forest Roads Portion of Forestry General Operating GF/FMIA Costs	\$ 393,241.80
Sum Qualifying State Forest Road Costs	\$ 1,157,444.55
Trust Land Acreage as a Percent of Total Acres Served by State Forest Roads	9.424%
State Forest Road Costs Allocated to Trust Lands	\$ 109,077.57
Trust Land Forest Road Cost Per Acre	\$0.046
School Trust Forest Improvement Cost (cost per acre times school trust acres)	\$ 108,239.89
University Trust Forest Improvement Cost (cost per acre times university trust acres)	\$ 837.68

⁽¹⁾ The totals charged against school and university acres may be off due to rounding of the cost per acre.

E Administrative Costs for Trust Lands

Administration includes many support activities that maintain efficiency and allow foresters to concentrate on managing the state's forests.

Sum of Allowable Forestry General Fund/FMIA Administrative Costs	\$ 2,424,508.51
Administrative Portion of Forestry General Operating GF/FMIA Costs	\$ 790,668.04
Total Net Admin Costs	\$ 3,215,176.55
Total Direct Trust Land Costs (includes General Ops allocations)	\$ 6,852,577.80
Total Qualifying General Fund/FMIA Costs Less Admin	\$ 16,083,615.16
Trust Direct Costs as a Percent of Total Qualifying GF/FMIA Direct Costs	42.61%
Trust Portion of Administrative Costs	\$ 1,369,856.67
Trust Land Administrative Cost Per Acre ⁽¹⁾	\$0.57
School Trust Administrative Costs (cost per acre times school trust acres)	\$ 1,359,336.57
University Trust Administrative Costs (cost per acre times university trust acres)	\$ 10,520.10

⁽¹⁾ The totals charged against school and university acres may be off due to rounding of the cost per acre.

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