



A REPORT
TO THE
MONTANA
LEGISLATURE

FINANCIAL-COMPLIANCE AUDIT

Department of Fish, Wildlife & Parks

*For the Two Fiscal Years Ended
June 30, 2015*

DECEMBER 2015

LEGISLATIVE AUDIT
DIVISION

15-18

FINANCIAL-COMPLIANCE AUDITS

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Financial-compliance audits are conducted by the Legislative Audit Division to determine whether an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) licenses.

The Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports in addition to those reports required by Government Auditing Standards. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2013, was issued March 28, 2014. The Single Audit Report for the two fiscal years ended June 30, 2015, will be issued by March 31, 2016. Copies of the Single Audit Report can be obtained by contacting:

Single Audit Coordinator
Office of Budget and Program Planning
Room 277, State Capitol
P.O. Box 200802
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Cindy Jorgenson
Angus Maciver

December 2015

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Department of Fish, Wildlife & Parks (department) for the two fiscal years ended June 30, 2015.

Since the last audit, the department has implemented the two prior audit recommendations by addressing internal controls related to Revenue Estimates and complied with the state law related to accounts payable. The current report contains no recommendations to the department. The department's written response to the audit is included on page C-1. We thank the director and staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

/s/ Tori Hunthausen

Tori Hunthausen, CPA
Legislative Auditor

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APPOINTED AND ADMINISTRATIVE OFFICIALS

			<u>Term Expires</u>
Montana Fish & Wildlife Commission	Dan Vermillion, Chair	Livingston	2019
	Richard Stuker, Vice Chair	Chinook	2017
	Gary Wolfe	Missoula	2017
	Matthew Tourtlotte	Billings	2017
	Richard Kerstein	Scobey	2019
Montana State Parks & Recreation Board	Tom Towe, Chair	Billings	2019
	Mary Sexton	Choteau	2019
	Diane Conradi	Whitefish	2017
	Jeff Welch	Livingston	2017
	Doug Smith	Dagmar	2017
Administrative Officials	Jeff Hagener, Director		
	Mike Volesky, Chief of Staff		
	Sue Daly, Chief of Administration		
	Paul Sihler, Chief of Operations		
	Chas VanGenderen, Administrator, Parks Division		
	Ken McDonald, Administrator, Wildlife Division		
	Bruce Rich, Administrator, Fisheries Division		
	Tom Flowers, Administrator, Enforcement Division		
	Ron Aasheim, Administrator, Communication and Education Division		
	Dustin Temple, Administrator/CIO, Technology Services Division		

For additional information concerning the Department of Fish, Wildlife & Parks, contact:

Sue Daly, Administrator, Chief of Administration
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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Department of Fish, Wildlife & Parks

For the Two Fiscal Years Ended June 30, 2015

DECEMBER 2015

15-18

REPORT SUMMARY

The Department of Fish, Wildlife & Parks controls 335 fishing access sites and 55 state parks; issues hunting and fishing licenses; and oversees fish and wildlife preservation programs, enforcement activities, land management, and community education programs.

Context

The five-member Fish & Wildlife Commission sets fish and wildlife regulations, approves property acquisitions, and approves certain rules and activities of the Department of Fish, Wildlife & Parks (department) as provided by statute. Commission members are appointed by the Governor and confirmed by the Senate. Similarly, there is a five-member Montana State Parks and Recreation Board that sets park regulations, approves property transactions, and endorses other rules and activities provided by statute. Board members are appointed by the Governor and confirmed by the Senate. There are seven regional offices throughout the state. The department is headquartered in Helena. The main source of funding for department activities is licenses, permits, and federal awards. The department collected \$52,494,301 in fiscal year 2015 and \$48,231,305 in fiscal year 2014 in Licenses and Permits. Federal Revenues in fiscal year 2015 were \$28,638,541 and \$25,863,127 in fiscal year 2014.

In the 2014 license year the department issued the following licenses:

- ◆ Resident Fishing - 147,391
- ◆ Nonresident Fishing - 182,413
- ◆ Resident Hunting – 363,950
- ◆ Nonresident Hunting – 26,106
- ◆ Resident Hunting Combo – 50,476
- ◆ Nonresident Hunting Combo – 27,240

For selected licenses we performed testing to gain assurance that the licenses and subsequent allocations of funds were in accordance with state law.

Throughout the audit we tested compliance with laws related to the operations of the department, which included but was not limited to: game bird license fees, river restoration programs, supplemental game damage licenses, and youth trapping.

We also tested compliance with federal regulations related to the Sport Fish Restoration and Wildlife Restoration and Basic Hunter Education programs, expenditures related to personal services and operating expenses, and License and Permits Revenues. We also visited selected state parks and camp grounds in Eastern Montana, to gain an understanding of day-to-day operations and to test compliance with state laws.

Results

No findings resulted from our audit, and we make no recommendations to the department.

The department implemented the two recommendations contained in our prior audit report.

For a complete copy of the report (15-18) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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Call toll-free 1-800-222-4446, or e-mail ladhotline@mt.gov.

Chapter I – Introduction

Introduction

We performed a financial-compliance audit of the Department of Fish, Wildlife & Parks (department) for the two fiscal years ended June 30, 2015. The objectives of the audit were to:

1. Determine whether the department's financial schedules present fairly the results of operations and changes in fund equity and property held in trust for each of the fiscal years ended June 30, 2015, and June 30, 2014.
2. Obtain an understanding of the department's control systems to the extent necessary to support our audit of the department's financial schedules, and, if appropriate, make recommendations for improvements in the management and internal controls of the department.
3. Determine whether the department complied with selected state and federal laws and regulations.
4. Determine the status of prior audit recommendations.

Throughout the audit we tested compliance with laws related to the operations of the department, which included but was not limited to: game bird license fees, river restoration programs, supplemental game damage licenses, and youth trapping.

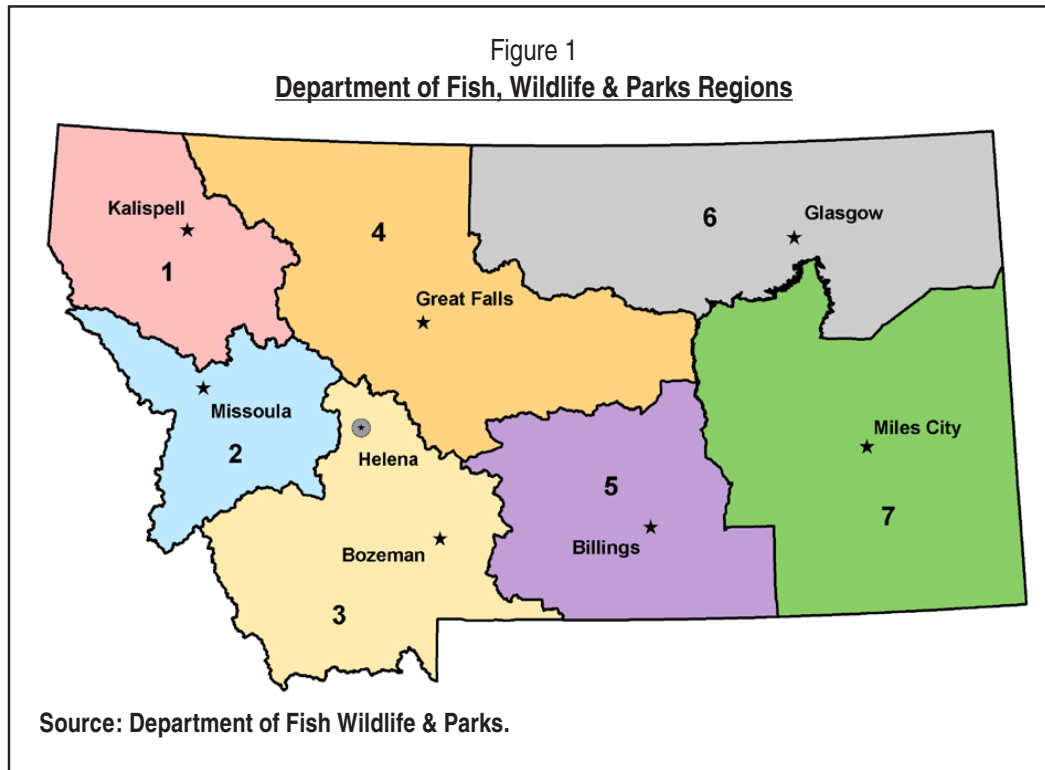
We also tested compliance with federal regulations related to the Sport Fish Restoration and Wildlife Restoration and Basic Hunter Education programs, expenditures related to personal services and operating expenses, and License and Permits Revenues. We also visited selected state parks and camp grounds in Eastern Montana, to gain an understanding of day to day operations and test compliance with state laws.

Section 17-8-101(6), MCA, provides that the legislative auditor, during regularly scheduled audits of state agencies, shall audit and report on the reasonableness of internal service fund type fees and charges and on the fund equity balances. During the audit period, department Internal Service Funds included the duplicating center, equipment, aircraft, and warehouse inventory. We found fees and charges and ending equity balances, including equipment and inventory, in the Internal Service Funds at June 30, 2015, and June 30, 2014, to be reasonable.

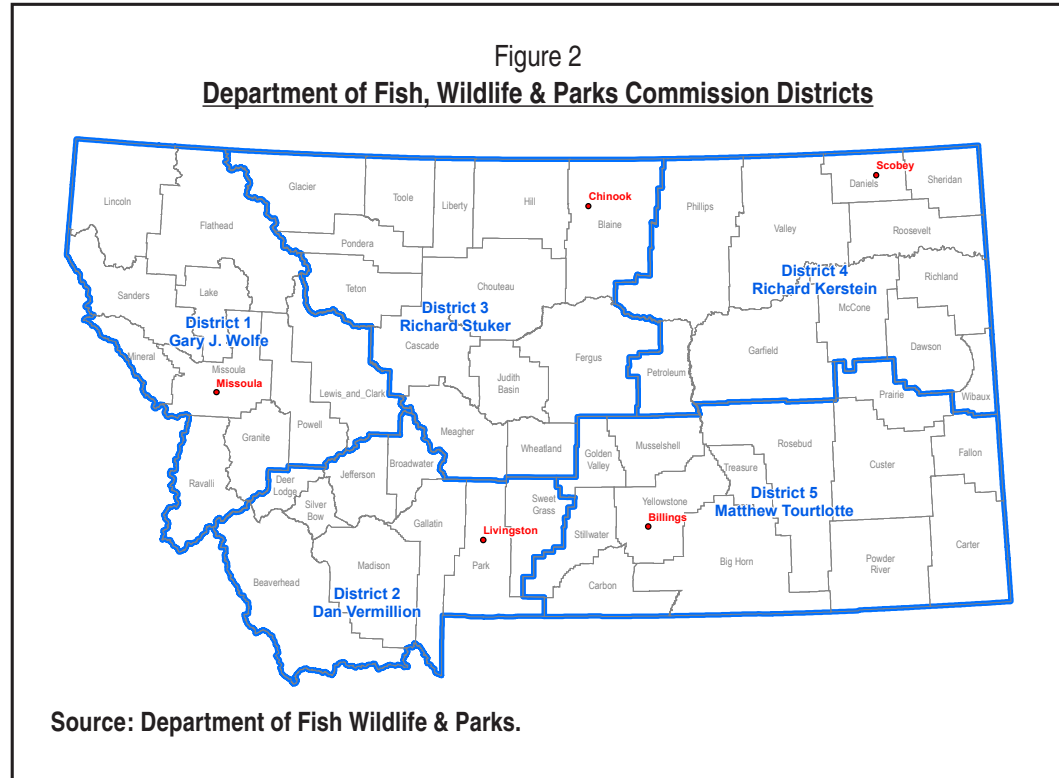
Background

The department's mission is to provide for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

The department's headquarters are located in Helena. The department maintains seven regional offices located in Kalispell, Missoula, Bozeman, Billings, Great Falls, Glasgow, and Miles City. There are also five area offices located in Libby, Havre, Lewistown, Butte, and Helena. A regional supervisor oversees the Fish and Wildlife programs; a regional park manager oversees the Parks program. The department's organizational chart is on page 6 of this report.

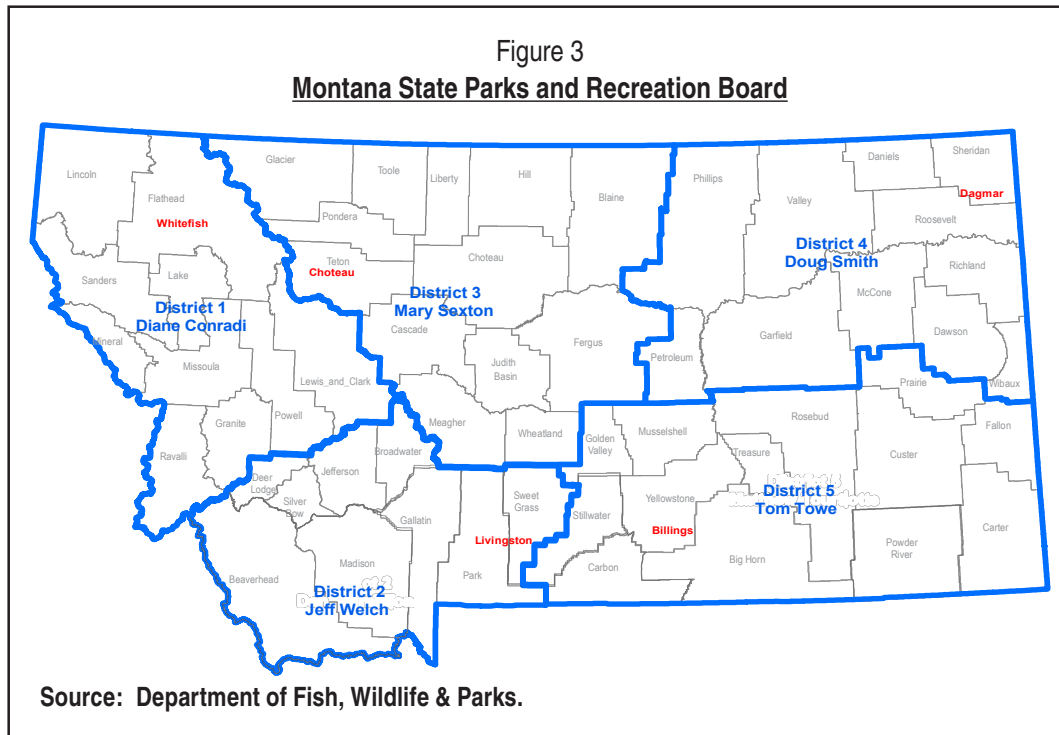


The five-member Fish & Wildlife Commission sets fish and wildlife regulations, approves property acquisitions, and approves certain rules and activities of the department as provided by statute. Commission members are appointed by the Governor and confirmed by the Senate. Statute requires representation from five geographical areas of the state.



User fees, such as hunting and fishing licenses and state park use fees, are the department's primary sources of funding. The department also receives federal funds to aid in fish and wildlife restoration efforts, parks development and maintenance, boating safety, education and regulation, and other programs.

Similarly, there is a five-member Montana State Parks and Recreation Board that sets park regulations, approves property transactions, and endorses other rules and activities provided by statute. Board members are appointed by the Governor and confirmed by the Senate. The primary funding sources are a portion of the accommodations tax, coal tax trust interest, light vehicle registration fees, a portion of the motorboat fuel tax, and other miscellaneous revenues generated from park fees.



The department was authorized 700 full time equivalent (FTE) positions in fiscal year 2015 and allocated to programs as noted below. The following paragraphs outline the department organization as reflected in program expenditures on the Schedule of Total Expenditures & Transfers-Out on page A-7.

Administration (79 FTE) manages the administration branch of the department. This branch is responsible for providing consistent, quality direction to the divisions and regions throughout the agency. The functions are centralized to provide services including accounting, information technology, fiscal management and budget preparation, procurement and property management, management of federal aid, maintenance of internal control procedures, sale of hunting, fishing and other recreational licensees, and maintenance of biological and GIS applications.

Capital Outlay (No assigned FTE) accounts for major repair and maintenance of the department's properties, renovation and construction of facilities, and protection and enhancement of critical habitats.

Communication and Education (27 FTE) is responsible for public relation functions of the department, including film production and publication and distribution of the Montana Outdoors magazine. The division also informs the public about fish and wildlife laws, administrative rules, and policies designed to regulate outdoor recreational activities.

Department Management (78 FTE) provides oversight of the Wildlife, Enforcement, Communication and Education, Fisheries, and Parks Divisions as well as the seven regional offices that are responsible for program implementation. The division also includes a Design and Construction Bureau which oversees capital construction, a strategic planning section to support division-wide planning needs, and the Lands Section which manages department real estate issues.

Enforcement (117 FTE) is responsible for ensuring compliance with laws and regulations regarding fish, wildlife, and parks through enforcement actions, education, and enhancing relations with landowners, recreational users, and the general public.

Fisheries (180 FTE) is responsible for preserving and perpetuating all aquatic species and their ecosystems, and for meeting public demand for fishing opportunities and aquatic wildlife stewardship, and managing the fishing access site program.

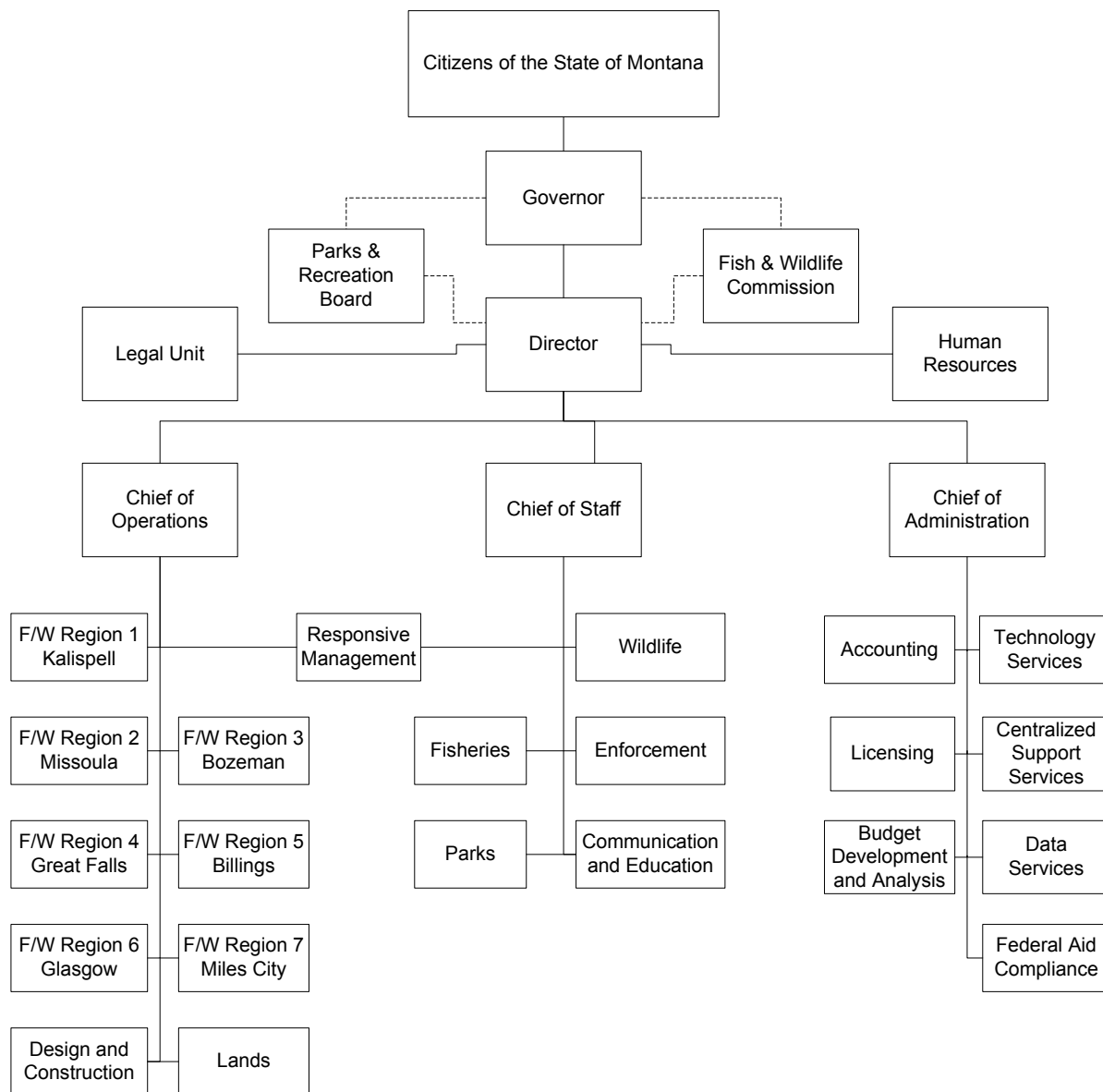
Parks (83 FTE) is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of certain state-owned properties, including 55 state parks, and providing for their use and enjoyment.

Wildlife (136 FTE) is responsible for the department's statewide wildlife management program, which enhances the use of Montana's renewable wildlife resources for public benefit. The goals of the division are to protect, regulate, and perpetuate wildlife populations with habitat management and regulated harvest, maintain and enhance wildlife habitat, and provide wildlife recreational opportunities to the public.

Prior Audit Recommendations

Our prior audit report contained two recommendations, which the department implemented.

Figure 4
Organizational Chart for Montana Fish, Wildlife & Parks



Source: Department of Fish, Wildlife & Parks.

Independent Auditor's Report and Department Financial Schedules

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
Angus Maciver

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Introduction

We have audited the accompanying Schedules of Changes in Fund Equity & Property Held in Trust, Schedules of Total Revenues & Transfers-In, and Schedules of Total Expenditures & Transfers-Out of the Department of Fish, Wildlife & Parks for each of the fiscal years ended June 30, 2015, and 2014, and the related notes to the financial schedules.

Management's Responsibility for the Financial Schedules

Management is responsible for the preparation and fair presentation of these financial schedules in accordance with the regulatory format prescribed by the Legislative Audit Committee, based on the transactions posted to the state's accounting system without adjustment; this responsibility includes recording transactions in accordance with state accounting policy; and designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the department's preparation and fair presentation of the financial schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control, and accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial schedules are prepared from the transactions posted to the state's primary accounting system without adjustment, in the regulatory format prescribed by the Legislative Audit Committee. This is a basis of accounting other than accounting principles generally accepted in the United States of America. The financial schedules are not intended to, and do not, report assets, liabilities, and cash flows.

The effects on the financial schedules of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles" paragraph, the financial schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the department as of June 30, 2015, and June 30, 2014, or changes in financial position or cash flows for the years then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the Schedules of Changes in Fund Equity & Property Held in Trust, Schedules of Total Revenues & Transfers-In, and Schedules of Total Expenditures & Transfers-Out, present fairly, in all material respects, the results of operations and changes in fund equity and property held in trust of the Department of Fish, Wildlife & Parks for each of the fiscal years ended June 30, 2015, and 2014, in conformity with the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the Department of Fish, Wildlife & Parks internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

November 23, 2015

DEPT. OF FISH, WILDLIFE & PARKS
SCHEDULE OF CHANGES IN FUND EQUITY & PROPERTY HELD IN TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Permanent Fund
FUND EQUITY: July 1, 2014								
PROPERTY HELD IN TRUST: July 1, 2014	\$ (75,487)	\$ 76,491,414	\$ (189,396)	\$ 183,569	\$ 440,642	\$ 6,728,750	\$ 0	\$ 43,470,723
							\$ 190,817	
ADDITIONS								
Budgeted Revenues & Transfers-In		63,149,894	28,322,424		57,405	3,755,281		2,334,784
Nonbudgeted Revenues & Transfers-In		5,039,823	509,570		178,695	356,759		(226,964)
Prior Year Revenues & Transfers-In Adjustments	(202)	(178,048)	557,057	5,371	2,933	27,394		423,035
Direct Entries to Fund Equity	877,072	10,416,857		329,786	(10,719)	(116,944)		785,369
Additions to Property Held in Trust							46,384	
Total Additions	876,870	78,428,526	29,389,051	335,157	228,314	4,022,490	46,384	3,316,224
REDUCTIONS								
Budgeted Expenditures & Transfers-Out		63,861,901	29,134,014	518,725	192,998	3,664,647		
Nonbudgeted Expenditures & Transfers-Out		4,457,627	524		3,197	(63,885)		1,461,735
Prior Year Expenditures & Transfers-Out Adjustments	(2,541)	(211,654)	378,261		(71)	(2,487)		
Reductions in Property Held in Trust							41,627	
Total Reductions	918,420	68,107,874	29,512,799	518,725	196,124	3,598,275	41,627	1,461,735
FUND EQUITY: June 30, 2015	\$ (117,037)	\$ 86,812,066	\$ (313,143)	\$ 1	\$ 472,832	\$ 7,152,966	\$ 0	\$ 45,325,211
PROPERTY HELD IN TRUST: June 30, 2015							\$ 195,574	

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
 Additional information is provided in the notes to the financial schedules beginning on page A-9.

DEPT. OF FISH, WILDLIFE & PARKS
SCHEDULE OF CHANGES IN FUND EQUITY & PROPERTY HELD IN TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Permanent Fund
FUND EQUITY: July 1, 2013								
PROPERTY HELD IN TRUST: July 1, 2013	(4,107)	72,323,409	(48,786)	27,285	384,152	6,379,134	0	41,220,944
							185,644	
ADDITIONS								
Budgeted Revenues & Transfers-In	202	57,563,296	25,807,898		39,791	3,389,374		2,437,865
Nonbudgeted Revenues & Transfers-In		4,720,179	32,855	(5,371)	193,589	257,919		749,352
Prior Year Revenues & Transfers-In Adjustments	9	949,968	65,647		4,997			(229,420)
Direct Entries to Fund Equity	825,898	8,827,866						721,254
Additions to Property Held in Trust							21,332	
Total Additions	826,109	72,061,309	25,906,400	(5,371)	238,376	3,647,293	21,332	3,679,050
REDUCTIONS								
Budgeted Expenditures & Transfers-Out	886,428	62,783,000	26,018,061	(156,284)	191,656	3,893,203		1,429,270
Nonbudgeted Expenditures & Transfers-Out		4,773,601	8	(5,371)	(9,770)	(595,875)		
Prior Year Expenditures & Transfers-Out Adjustments	11,062	336,702	28,943			349		
Reductions in Property Held in Trust				(161,655)	181,885	3,297,677	16,159	1,429,270
Total Reductions	897,490	67,893,304	26,047,011	(161,655)	181,885	3,297,677	16,159	
FUND EQUITY: June 30, 2014	(75,487)	76,491,414	(189,396)	183,569	440,642	6,728,750	0	43,470,723
PROPERTY HELD IN TRUST: June 30, 2014							190,817	

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
 Additional information is provided in the notes to the financial schedules beginning on page A-9.

DEPT. OF FISH,WILDLIFE & PARKS
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Permanent Fund	Total
TOTAL REVENUES & TRANSFERS-IN BY CLASS								
Licenses and Permits								
Taxes	\$ 52,494,301						\$ 1,114,881	\$ 53,608,982
Charges for Services	(174)							(174)
Investment Earnings	3,155,263	\$ 75				3,782,675		6,938,013
Fines and Forfeits	294,152				\$ 383		1,341,134	1,635,669
Monetary Settlements	219,426							219,224
Sale of Documents, Merchandise and Property	5,000							5,000
Rentals, Leases and Royalties	795,264				238,400		74,964	1,033,664
Grants, Contracts, and Donations	17,174							92,138
Transfers-In	2,207,756				249	3,156		2,211,161
Capital Asset Sale Proceeds	4,785,039		748,961	5,371		353,603	76	5,893,051
Federal Indirect Cost Recoveries	37,775							37,775
Miscellaneous	3,971,572							3,971,572
Federal	29,122		1,474					30,595
Total Revenues & Transfers-In		28,638,541						28,638,541
Less: Nonbudgeted Revenues & Transfers-In	(202)	68,011,669	29,389,052	5,371	239,033	4,139,434	2,530,854	104,315,211
Prior Year Revenues & Transfers-In Adjustments		5,039,823	509,570		178,695	356,759	(226,964)	5,857,883
Actual Budgeted Revenues & Transfers-In	(202)	(178,048)	557,057	5,371	2,933	27,394	423,035	837,540
Estimated Revenues & Transfers-In	0	63,149,894	28,322,424	0	57,405	3,755,281	2,334,784	97,619,769
Budgeted Revenues & Transfers-In Over (Under) Estimated	0	62,933,375	28,500,000	0	75,500	3,758,000	2,320,000	97,586,875
	\$ 0	\$ 216,519	\$ (177,576)	\$ 0	\$ (18,095)	\$ (2,719)	\$ 14,784	\$ 32,914
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS								
Licenses and Permits								
Taxes	\$ 75,580						\$ 6,646	\$ 82,226
Charges for Services	(168)							(168)
Investment Earnings	45,900	\$ 75				(2,719)		43,256
Fines and Forfeits	9,748				\$ (118)		3,175	12,805
Monetary Settlements	7,342							7,342
Sale of Documents, Merchandise and Property	5,000							5,000
Rentals, Leases and Royalties	10,023				(17,977)		4,964	(7,954)
Grants, Contracts, and Donations	2,174							7,138
Transfers-In	13,494							13,494
Federal Indirect Cost Recoveries	(7,569)	10,594						3,025
Miscellaneous	47,667							47,667
Federal	7,327		1,474					8,801
Budgeted Revenues & Transfers-In Over (Under) Estimated		(189,719)						(189,719)
	\$ 0	\$ 216,519	\$ (177,576)	\$ 0	\$ (18,095)	\$ (2,719)	\$ 14,784	\$ 32,914

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

DEPT. OF FISH, WILDLIFE & PARKS
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Permanent Fund	Total
TOTAL REVENUES & TRANSFERS-IN BY CLASS								
Licenses and Permits								
Taxes		\$ 48,231,305					\$ 410,518	\$ 48,641,823
Charges for Services		(186)						(186)
Investment Earnings		2,916,804	\$ 5,655					6,311,833
Fines and Forfeits		468,108						2,753,623
Sale of Documents, Merchandise and Property	211	175,881			\$ 362			176,092
Rentals, Leases and Royalties		950,656						1,188,670
Grants, Contracts, and Donations		17,897			238,014			279,813
Transfers-In		2,241,508					261,917	2,241,508
Capital Asset Sale Proceeds		4,141,442					210	4,427,055
Federal Indirect Cost Recoveries		7,461						7,461
Miscellaneous		4,042,135	32,855	(5,371)				4,042,115
Federal		40,431	(20)					45,214
Total Revenues & Transfers-In	211	63,233,443	25,906,400	(5,371)	238,376	3,647,293	2,957,796	95,978,149
Less: Nonbudgeted Revenues & Transfers-In		4,720,179	32,855	(5,371)	193,589	257,919	749,352	5,948,523
Prior Year Revenues & Transfers-In Adjustments	9	949,968	65,647		4,997		(229,420)	791,200
Actual Budgeted Revenues & Transfers-In	202	57,563,296	25,807,898	0	39,791	3,389,374	2,437,865	89,238,426
Estimated Revenues & Transfers-In		57,471,225	26,122,000		45,500	3,417,000	2,420,000	89,475,725
Budgeted Revenues & Transfers-In Over (Under) Estimated	202	\$ 92,071	\$ (314,102)	\$ 0	\$ (5,709)	\$ (27,626)	\$ 17,865	\$ (237,299)
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS								
Licenses and Permits								
Taxes		\$ 7,270					\$ (2,080)	\$ 5,191
Charges for Services		(174)						(174)
Investment Earnings		53,552	\$ (917)					25,009
Fines and Forfeits		10,482						21,353
Sale of Documents, Merchandise and Property	202	(3,768)			\$ (139)		11,010	(3,566)
Rentals, Leases and Royalties		19,446						13,875
Grants, Contracts, and Donations		949			(5,571)		8,935	9,884
Transfers-In		3,968						3,968
Capital Asset Sale Proceeds		(17,780)						(17,780)
Federal Indirect Cost Recoveries		633						633
Miscellaneous		15,674	1,616					15,674
Federal		1,819	(314,801)					3,435
Budgeted Revenues & Transfers-In Over (Under) Estimated	202	\$ 92,071	\$ (314,102)	\$ 0	\$ (5,709)	\$ (27,626)	\$ 17,865	\$ (314,801)
								\$ (237,299)

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

DEPT. OF FISH,WILDLIFE & PARKS
SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM (ORG) EXPENDITURES & TRANSFERS-OUT	Administration	Capital Outlay	Communication & Education Division	Department Management	Enforcement Division	Fisheries Division	Parks Division	Wildlife Division	Total
Personal Services									
Salaries	\$ 3,883,308		\$ 1,571,563	\$ 4,072,010	\$ 5,889,968	\$ 9,423,759	\$ 4,394,262	\$ 7,000,559	\$ 36,235,429
Hourly Wages						2,188			2,188
Employee Benefits	1,394,764		557,312	1,420,726	2,185,700	3,512,573	1,467,602	2,501,513	13,040,189
Personal Services-Other	4,703						6,329		11,032
Total	5,282,775		2,128,875	5,492,736	8,075,668	12,938,520	5,868,193	9,502,072	49,288,838
Operating Expenses									
Other Services	3,566,736	\$ 259,555	595,456	211,313	97,007	1,675,052	406,105	5,977,140	12,788,366
Supplies & Materials	2,149,864	69,724	541,032	190,070	410,652	1,380,443	404,628	1,287,890	6,434,303
Communications	676,749	20	126,306	136,566	191,636	203,547	155,897	251,246	1,741,968
Travel	57,020	5,962	118,749	222,003	935,807	1,187,441	462,924	1,282,521	4,272,427
Rent	521,940	152,928	11,478	363,103	114,899	328,086	45,576	640,048	2,178,059
Utilities	11,800		11,791	182,684	8,319	377,344	291,619	47,206	930,762
Repair & Maintenance	625,229		62,939	117,190	69,396	886,323	486,137	375,291	2,622,505
Other Expenses	1,520,545	540	56,794	930,546	172,400	148,874	121,546	133,742	3,084,987
Goods Purchased For Resale	93,782		5,615	1,088	43	12,128	156,955		269,611
Total	9,223,665	488,729	1,530,160	2,354,563	2,000,159	6,199,238	2,531,387	9,995,084	34,322,988
Equipment & Intangible Assets									
Equipment	53,111			13,158	44,910	441,799	308,532	762,476	1,623,985
Livestock					712				712
Total	53,111			13,158	45,622	441,799	308,532	762,476	1,624,697
Capital Outlay									
Land & Interest In Land		6,082,520				119		1,000	6,083,639
Buildings		377,605							377,605
Other Improvements		5,878,105					40		5,878,145
Total		12,338,230				119	40	1,000	12,339,389
Grants									
From State Sources		289,737	101,463		1		403,898		795,100
From Federal Sources	259,546	1,329,246	11,551						1,600,343
Total	259,546	1,618,983	113,014		1		403,898		2,395,443
Transfers-out									
Fund transfers	3,405,757			129,541	41,738	71,245	165,309	488,618	4,302,209
Total	3,405,757			129,541	41,738	71,245	165,309	488,618	4,302,209
Debt Service									
Loans				18,117					18,117
Total				18,117					18,117
Post Employment Benefits									
Other Post Employment Benefits	11,961						726		12,687
Employer Pension Expense	8,885						700		9,585
Total	20,846						1,426		22,272
Total Expenditures & Transfers-Out	\$ 18,245,702	\$ 14,445,942	\$ 3,772,050	\$ 8,008,114	\$ 10,163,188	\$ 19,650,921	\$ 9,278,785	\$ 20,749,250	\$ 104,313,951
EXPENDITURES & TRANSFERS-OUT BY FUND									
General Fund					\$ 50,768	\$ 867,651			\$ 918,419
State Special Revenue Fund	\$ 12,878,231	\$ 8,349,583	\$ 2,875,202	\$ 7,548,237	9,557,823	7,714,710	\$ 8,733,855	\$ 10,450,233	68,107,874
Federal Special Revenue Fund	737,223	5,577,633	896,848	459,877	554,597	11,068,560	348,805	9,869,256	29,512,799
Capital Projects Fund		518,725							518,725
Enterprise Fund							196,124		196,124
Internal Service Fund	3,168,513							429,762	3,598,275
Permanent Fund	1,461,735								1,461,735
Total Expenditures & Transfers-Out	18,245,702	14,445,942	3,772,050	8,008,114	10,163,188	19,650,921	9,278,784	20,749,251	104,313,951
Less: Nonbudgeted Expenditures & Transfers-Out	3,245,873	329,535	56,492		80,259	1,053,768	431,735	661,536	5,859,198
Prior Year Expenditures & Transfers-Out Adjustments	29,332	10,632	(29,193)	(18,046)	(147,954)	48,958	(39,908)	307,687	161,508
Actual Budgeted Expenditures & Transfers-Out	14,970,496	14,105,775	3,744,750	8,026,160	10,230,883	18,548,195	8,886,957	19,780,027	98,293,246
Budget Authority	19,517,256	75,338,337	4,160,791	8,572,046	11,153,774	26,291,191	11,032,937	25,149,140	181,215,471
Unspent Budget Authority	\$ 4,546,759	\$ 61,232,562	\$ 416,041	\$ 545,885	\$ 922,890	\$ 7,742,996	\$ 2,145,980	\$ 5,369,113	\$ 82,922,226
UNSPENT BUDGET AUTHORITY BY FUND									
General Fund					\$ 27,706	\$ 458			\$ 28,164
State Special Revenue Fund	\$ 3,526,447	\$ 45,609,313	\$ 283,102	\$ 192,596	501,727	926,783	\$ 1,928,645	\$ 2,139,491	55,108,104
Federal Special Revenue Fund	644,443	15,623,248	132,939	353,290	393,457	6,815,755	194,940	3,169,203	27,327,275
Enterprise Fund							22,395		22,395
Internal Service Fund	375,870							60,418	436,288
Unspent Budget Authority	\$ 4,546,759	\$ 61,232,562	\$ 416,041	\$ 545,885	\$ 922,890	\$ 7,742,996	\$ 2,145,980	\$ 5,369,113	\$ 82,922,226

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

DEPT. OF FISH,WILDLIFE & PARKS
SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

PROGRAM (ORG) EXPENDITURES & TRANSFERS-OUT	Administration	Capital Outlay	Communiation & Education Division	Department Management	Enforcement Division	Fisheries Division	Parks Division	Wildlife Division	Total
Personal Services									
Salaries	\$ 3,898,815		\$ 1,427,919	\$ 3,785,978	\$ 5,790,988	\$ 9,153,050	\$ 4,239,462	\$ 6,515,740	\$ 34,811,952
Hourly Wages	184				(637)		37	2,027	1,611
Employee Benefits	1,382,323		519,591	1,307,327	2,040,875	3,254,282	1,417,601	2,240,850	12,162,850
Personal Services-Other	(3,754)						(2,425)		(6,179)
Total	5,277,569		1,947,510	5,093,306	7,831,225	12,407,332	5,654,675	8,758,617	46,970,234
Operating Expenses									
Other Services	3,513,734	\$ 311,689	535,245	248,189	113,246	2,009,212	523,580	7,308,069	14,562,965
Supplies & Materials	2,388,744	266,123	471,796	260,947	615,229	1,431,666	405,294	1,771,363	7,611,163
Communications	749,221	587	198,817	137,265	174,829	205,160	193,312	278,322	1,937,512
Travel	93,288	1,442	120,390	214,093	898,360	1,186,404	435,864	1,249,217	4,199,058
Rent	478,300	214,669	18,487	230,517	115,900	120,890	55,620	607,941	1,842,324
Utilities	12,374		10,917	182,026	11,285	418,121	286,256	50,692	971,671
Repair & Maintenance	791,259	5,087	33,311	232,198	72,066	1,099,512	451,266	562,458	3,247,157
Other Expenses	980,456	939	87,056	927,571	126,520	86,663	110,072	115,821	2,435,097
Goods Purchased For Resale	45,416		7,788	922	3	459	157,806	20	212,414
Total	9,052,792	800,535	1,483,807	2,433,727	2,127,437	6,558,087	2,619,071	11,943,904	37,019,361
Equipment & Intangible Assets									
Equipment	(31,650)	(2,743)	13,980	14,998	32,652	402,609	598,288	194,999	1,223,133
Livestock					2,000	1,500			3,500
Intangible Assets						50			50
Total	(31,650)	(2,743)	13,980	14,998	34,652	404,158	598,288	194,999	1,226,683
Capital Outlay									
Land & Interest In Land		2,048,349						2,065	2,050,414
Buildings		288,994							288,994
Other Improvements		5,652,618							5,652,618
Total		7,989,961						2,065	7,992,026
Grants									
From State Sources		259,475	141,482		7,599		390,000		798,556
From Federal Sources	623,922	1,413,098	546		7,600				2,045,166
Total	623,922	1,672,573	142,029		15,199		390,000		2,843,723
Benefits & Claims									
From State Sources								800	800
Total								800	800
Transfers-out									
Fund transfers	3,561,346			131,614	38,672	7,023		(244,309)	3,494,345
Total	3,561,346			131,614	38,672	7,023		(244,309)	3,494,345
Debt Service									
Loans				21,615					21,615
Total				21,615					21,615
Other Post Employment Benefits									
Other Post Employment Benefits	15,924						272		16,196
Total	15,924						272		16,196
Total Expenditures & Transfers-Out	\$ 18,499,904	\$ 10,460,327	\$ 3,587,326	\$ 7,695,259	\$ 10,047,185	\$ 19,376,600	\$ 9,262,306	\$ 20,656,076	\$ 99,584,982

EXPENDITURES & TRANSFERS-OUT BY FUND

General Fund					\$ 64,954	\$ 832,536			\$ 897,490
State Special Revenue Fund	\$ 13,357,973	\$ 6,902,474	\$ 2,830,186	\$ 7,270,623	9,416,272	8,448,840	\$ 8,847,538	\$ 10,819,399	67,893,304
Federal Special Revenue Fund	901,188	3,714,136	757,140	424,636	565,960	10,095,224	232,883	9,355,844	26,047,011
Capital Projects Fund	(5,371)	(156,284)							(161,655)
Enterprise Fund							181,885		181,885
Internal Service Fund	2,816,844							480,834	3,297,677
Permanent Fund	1,429,270								1,429,270
Total Expenditures & Transfers-Out	18,499,904	10,460,327	3,587,326	7,695,259	10,047,185	19,376,600	9,262,306	20,656,076	99,584,982
Less: Nonbudgeted Expenditures & Transfers-Out	2,630,210	1,278,360	85,798	1,744	44,680	1,045,182	147,231	358,659	5,591,863
Prior Year Expenditures & Transfers-Out Adjustments	310,488	27,593	10,614	632	2,631	(19,652)	22,210	22,540	377,056
Actual Budgeted Expenditures & Transfers-Out	15,559,206	9,154,374	3,490,915	7,692,883	9,999,874	18,351,070	9,092,865	20,274,877	93,616,064
Budget Authority	21,312,273	52,287,667	3,750,568	8,539,349	11,493,555	27,545,793	10,135,032	25,993,470	161,057,706
Unspent Budget Authority	\$ 5,753,067	\$ 43,133,293	\$ 259,654	\$ 846,465	\$ 1,493,681	\$ 9,194,722	\$ 1,042,166	\$ 5,718,593	\$ 67,441,642

UNSPENT BUDGET AUTHORITY BY FUND

General Fund					\$ 28,994	\$ 33,703			\$ 62,697
State Special Revenue Fund	\$ 3,449,614	\$ 32,111,097	\$ 200,461	\$ 169,303	433,824	742,362	\$ 799,130	\$ 1,092,816	38,998,607
Federal Special Revenue Fund	2,155,391	10,503,471	59,192	677,162	1,030,862	8,418,658	201,113	4,618,987	27,664,836
Capital Projects Fund		518,725							518,725
Enterprise Fund							41,923		41,923
Internal Service Fund	148,062							6,790	154,853
Unspent Budget Authority	\$ 5,753,067	\$ 43,133,293	\$ 259,654	\$ 846,465	\$ 1,493,681	\$ 9,194,722	\$ 1,042,166	\$ 5,718,593	\$ 67,441,642

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
Additional information is provided in the notes to the financial schedules beginning on page A-9.

Department of Fish, Wildlife & Parks

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 2015

1. Summary of Significant Accounting Policies

Basis of Accounting

The department uses the modified accrual basis of accounting, as defined by state accounting policy, for its Governmental fund category (General, State Special Revenue, Federal Special Revenue, Capital Projects, and Permanent). In applying the modified accrual basis, the department records:

- ♦ Revenues when it receives cash or when receipts are realizable, measurable, earned, and available to pay current period liabilities.
- ♦ Expenditures for valid obligations when the department incurs the related liability and it is measurable, with the exception of the cost of employees' annual and sick leave. State accounting policy requires the department to record the cost of employees' annual and sick leave when used or paid.

The department uses accrual basis accounting for its Proprietary (Enterprise and Internal Service) and Fiduciary (Agency) fund categories. Under the accrual basis, as defined by state accounting policy, the department records revenues in the accounting period when realizable, measurable, and earned, and records expenses in the period incurred when measurable.

Expenditures and expenses may include: entire budgeted service contracts even though the department receives the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format was adopted by the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the state's accounting system without adjustment.

The department uses the following funds:

Governmental Fund Category

- ♦ **General Fund** – to account for all financial resources except those required to be accounted for in another fund.
- ♦ **State Special Revenue Fund** – to account for proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that

are legally restricted to expenditures for specific state program purposes. Department State Special Revenue Funds include revenue from licenses and permits, fuel taxes, motor vehicle registration fees, accommodation taxes, private grants, donations, and wildlife/fisheries mitigation funds.

- ♦ **Federal Special Revenue Fund** – to account for activities funded from federal revenue sources. Department Federal Special Revenue Funds include sport fish & wildlife restoration, parks development, boating safety, education & regulation, and other federal programs.
- ♦ **Capital Projects Fund** – to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds. The department uses this fund for projects administered by the Department of Administration's Architecture and Engineering Division. The department also accounts for some activities related to land acquisition, leasing, easement purchases, or development agreements in the capital projects fund.
- ♦ **Permanent Fund** – to account for financial resources that are permanently restricted to the extent that only earnings, not principal, may be used for purposes that support the department's programs. The department uses this fund to record revenue from the sale or lease of department lands, a portion of certain hunting licenses statutorily dedicated to wildlife habitat purposes, and the department's share of the state coal severance tax. Revenue earned from the investment of the trust fund money is transferred to the state special revenue fund for expenditure.

Proprietary Fund Category

- ♦ **Internal Service Fund** – to account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursement basis. Department Internal Service Funds include duplication services, department owned vehicles, aircraft, and warehouse inventory items.
- ♦ **Enterprise Fund** – to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate; (c) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity; or (d) when laws or regulations require that the activities' cost of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues. The department's enterprise fund is the Visitor's Services Fund. This fund accounts for obtaining and selling educational, commemorative and interpretive merchandise at various sites throughout the state.

Fiduciary Fund Category

- ♦ **Agency Fund** – to account for resources held by the state in a custodial capacity. Agency funds may be used on a limited basis for internal (to the

State) clearing account activity but these must have a zero balance at fiscal year-end. The department agency fund accounts for license agent bonds and collections due to a tribe for licenses sold on their behalf.

2. General Fund Equity

The negative fund balance in the General Fund does not indicate overspent appropriation authority. The department has authority to pay obligations from the statewide General Fund within its appropriation limits. The department expends cash or other assets from the statewide fund when it pays General Fund obligations. The department's outstanding liabilities exceed the assets it has placed in the fund, resulting in negative ending General Fund Equity for each of the two fiscal years ending June 30, 2014 and 2015. These balances reflect the results of the activity of the department and not the fund equity balance of the statewide General Fund

3. Direct Entries to Fund Equity

Direct entries to fund equity in the General Fund, State Special Revenue Fund, and Permanent Fund include entries generated by SABHRS to reflect the flow of resources within individual funds shared by separate agencies. Direct entries to fund equity in the State Special Revenue Fund also include corrections of errors from a previous period that occurred at least two fiscal years prior.

Direct entries to fund equity in the Capital Projects Fund is a correction from a previous period that occurred at least two fiscal years prior related to an error in the overhead assessed on capital projects.

Direct entries to fund equity in the Enterprise Fund and Internal Service Fund include:

- ♦ A change was mandated by the Governmental Accounting Standards Board (GASB) in conjunction with the implementation of Statement 68—Accounting and Financial Reporting for Pensions. The change in accounting principle for GASB 68 results in a 2014-15 net decrease to fund equity in the Enterprise Fund of \$11,134 and a net decrease to fund equity in the Internal Service Fund in the amount of \$141,248.
- ♦ A change occurred in the application of an accounting principle related to GASB Statement 45—Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Since 2007-08 the liability and expenses related to Other Post-Employment Benefits (OPEB) was overstated. The state's OPEB is limited to post-employment health care benefits to employees and dependents that elect to continue coverage after retirement and pay administratively established premiums. The Department of Administration (DOA) calculates and records the OPEB costs and the related liability on an annual basis for all state agencies. Generally accepted accounting principles (GAAP) and state policy require the calculation to

include an adjustment be made to offset the amount of interest already included in the actuarial estimates. DOA believed the adjustment applied only if the state made contributions to fund the liability. However, the adjustment is not optional. The restatement for the change in application related to GASB 45 results in an increase to fund equity in the Enterprise Fund of \$415 and an increase to the fund equity of the Internal Service Fund of \$24,304 in fiscal year 2014-15.

4. Unspent Budget Authority

Administration Program -The Administration program had unspent budget authority of \$5.7 million and \$4.5 million at June 30, 2014 and June 30, 2015 respectively. The unspent authority in FY14 and FY 15 includes unused carry forward authority, contracts and grants spanning more than one year, and a voluntary budget reduction in lieu of a license fee increase.

Capital Outlay Program - The Capital Outlay program had unspent budget authority of \$43.1 million and \$61.2 million at June 30, 2014 and June 30, 2015 respectively. Capital projects are approved by each Legislature and can take several years to complete. Budgetary authority carries over each fiscal year until the projects are finished and any remaining authority is then reverted.

Enforcement Division – The Enforcement Division had unspent budget authority of \$1.4 million and \$900K at June 30, 2014 and June 30, 2015 respectively. The unspent authority for FY14 and FY15 includes contracts and grants spanning more than one year and a voluntary budget reduction in lieu of a license fee increase.

Fisheries Division – The Fisheries Division had unspent budget authority of \$9.1 million at June 30, 2014 and \$7.7 million at June 30, 2015. The unspent authority for FY14 and FY15 includes a decrease in federal apportionments included in the base authority, contracts and grants spanning more than one year, and a voluntary budget reduction in lieu of a license fee increase.

Parks Division – The Parks Division had unspent budget authority of \$1 million at June 30, 2014 and \$2.1 million at June 30, 2015. The unspent authority for FY14 and FY15 is from contracts and grants spanning more than one year.

Wildlife Division – The Wildlife Division had unspent budget authority of \$5.7 million at June 30, 2014 and \$5.3 million at June 30, 2015. The unspent authority for FY14 and FY15 includes an increase in the availability of federal grants and contracts spanning more than one year and a voluntary budget reduction in lieu of a license fee increase.

Report on Internal Control and Compliance

LEGISLATIVE AUDIT DIVISION

B-1

Tori Hunthausen, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
Angus Maciver

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee
of the Montana State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedules of Changes in Fund Equity & Property Held in Trust, Schedules of Total Revenues & Transfers-In, and Schedules of Total Expenditures & Transfers-Out of the Department of Fish, Wildlife & Parks for each of the fiscal years ended June 30, 2015, and 2014, and the related notes to the financial schedules, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial schedules, we considered the Department of Fish Wildlife & Parks' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of Department of Fish Wildlife & Parks' internal control. Accordingly, we do not express an opinion on the effectiveness of Department of Fish Wildlife & Parks' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial schedules will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department of Fish, Wildlife & Parks financial schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination on financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ *Cindy Jorgenson*

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

November 23, 2015

DEPARTMENT OF FISH,
WILDLIFE & PARKS

DEPARTMENT RESPONSE



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December 21, 2015

Tori Hunthausen, Legislative Auditor
Legislative Audit Division
Room 160, State Capitol
P.O. Box 201705
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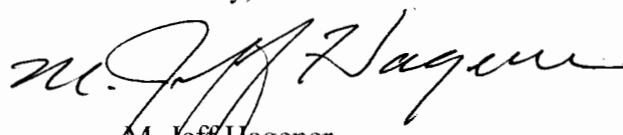
Dear Ms. Hunthausen:

I would like to thank the Legislative Auditor and Division Staff for their professional work and interactions with our staff at the Department of Fish, Wildlife & Parks during the fiscal audit process. The rapport established between the Auditor's office and the staff of the Department made the process efficient and professional.

I have reviewed the Financial-Compliance Audit for the two fiscal years ending June 30, 2015 and have no comments or exceptions to your report.

We will continue to strive to improve the fiscal management of Fish, Wildlife and Parks and appreciate the guidance provided by your office. If we can provide additional information, please contact us.

Sincerely,


M. Jeff Hagener
Director

c: Sue Daly