

**REPORT OF THE AUDIT OF THE
KENTUCKY DEPARTMENT OF
FISH AND WILDLIFE RESOURCES**

**Made Pursuant To
KRS 150.152**

**For the Fiscal Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

Kentucky Legislature's Interim Joint Committee on Natural Resources and Energy
Kentucky Department of Fish and Wildlife Resources Commission
Rich Storm, Commissioner
Kentucky Department of Fish and Wildlife Resources

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying Statement of Revenue Sources - Modified Cash Basis of the Fish and Game Fund of the Kentucky Department of Fish and Wildlife Resources (KDFWR), as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise KDFWR's basic financial statement as listed in the table of contents.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the revenue sources of the Fish and Game Fund, as of June 30, 2023, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of KDFWR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Kentucky Legislature's Interim Joint Committee
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Kentucky Department of Fish and Wildlife Resources Commission
Rich Storm, Commissioner
Kentucky Department of Fish and Wildlife Resources

Responsibilities of Management for the Financial Statement

KDFWR's management is responsible for the preparation and fair presentation of the financial statement in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 KDFWR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KDFWR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Kentucky Legislature's Interim Joint Committee
on Natural Resources and Energy
Kentucky Department of Fish and Wildlife Resources Commission
Rich Storm, Commissioner
Kentucky Department of Fish and Wildlife Resources

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 26, 2024 on our audit of the Kentucky Department of Fish and Wildlife Resources' (KDFWR) compliance with KRS Chapter 45A and KRS 150.0242, as required by KRS 150.152, for the year ended June 30, 2023. The purpose of that report is to express an opinion on KDFWR's compliance based on our audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of KDFWR's 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 solely 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 the effectiveness of 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 KDFWR's internal control over financial reporting and compliance.

Respectfully Submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 26, 2024

FINANCIAL STATEMENT

**KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES
STATEMENT OF REVENUE SOURCES – MODIFIED CASH BASIS
FISH AND GAME FUND**

For The Year Ended June 30, 2023

Revenues:

Hunting & Fishing Licenses	\$	34,777,701
Motor Boat Registration Fees and Dealer Licenses		5,914,775
Fines, Fees, Rentals and General Sales		1,140,948
Interest Income		697,211
Miscellaneous Revenues		883,261
Program Income		242,629
Proceeds From Asset Disposition		153,519
Fish and Game Law Enforcement Fines		130,011
Private Grants, Donations, and Gifts		81,562
Fish and Wildlife Educational Program		29,227
Fish and Wildlife Hunter for the Hungry		194

Total Revenues

\$ 44,051,038

The accompanying notes are an integral part of the financial statement.

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NOTES TO THE FINANCIAL STATEMENT

KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2023

Note 1 - Organization

The Kentucky Department of Fish and Wildlife Resources (KDFWR) is organized as an agency of the Commonwealth of Kentucky, with the mission to conserve and enhance fish and wildlife resources and provide opportunities for hunting, fishing, trapping, boating, and other wildlife related activities. KRS 150.152 requires an annual audit of KDFWR, specifically to: 1) examine the separate revenue streams of each account within KDFWR's Fish and Game Fund; 2) to disaggregate and report the revenues and expenditures, by type, within the Program Income Fund of the Fish and Game Fund; 3) identify internal controls, weaknesses, operating inefficiencies, and make recommendations for improvements; 4) examine all department procurement procedures and procurements made by the department since the previous annual statewide audit to ensure compliance with the requirements of KRS Chapter 45A and 150.0242; and 5) submit a written report to the Interim Joint Committee on Natural Resources and Energy in conjunction with the release of the statewide single audit of the Commonwealth of Kentucky.

The Department of Fish and Wildlife Resources Commission (Commission) oversees KDFWR's operations and is made up of nine (9) members, one (1) from each commission district, as appointed by the Governor in accordance with KRS 150.022. As the oversight authority of KDFWR, the Commission advises the commissioner to take actions as may be beneficial to the department and in the interest of wildlife and conservation of natural resources.

Note 2 - Basis of Presentation and Accounting Policies

Basis of Presentation

The accompanying financial statement has been prepared on a cash basis of accounting modified by the application of KRS 45.229, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues are recognized when cash is received and expenditures are recorded when paid. The application of KRS 45.229 provides that for a period of thirty (30) days after the close of any fiscal year (FY), warrants may be drawn against available balances of appropriations made for that fiscal year, for the payment of expenditures incurred during the year or in fulfillment of contracts properly made during the year but for no other purpose.

Revenue Recognition

As noted above, revenues under the cash basis of accounting are recognized when cash is received. The primary sources of revenue for the funds presented are hunting and fishing license fees and boat registration fees for the Fish and Game Fund. Total revenues were \$44,051,038 in FY 2023, an increase of \$342,389 from \$43,708,649 in FY 2022.

KENTUCKY DEPARTMENT OF FISH AND WILDLIFE RESOURCES
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2023
(Continued)

Note 3 - Financial Reporting

KRS 150.152 requires the examination of the separate revenue streams of each account within the Fish and Game Fund, as well as a disaggregation and report on the revenues and expenditures, by type, within the Program Income Fund of the Fish and Game Fund. The Program Income Fund is closed. This report presents:

Statement of Revenue Sources - Modified Cash Basis for the Fish and Game Fund

This statement presents the separate revenue streams of the Fish and Game Fund. Revenues are categorized into major sources, and further detailed by license type or grantor, when possible. As noted above, the statement is presented on the cash basis of accounting modified by the application of KRS 45.229, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Note 4 – Cash and Cash Equivalents

The cash receipts of KDFWR are deposited with the Commonwealth's State Treasury. The Commonwealth's Office of Financial Management is responsible for investing the funds of KDFWR as part of the Commonwealth's investment pool. See the Commonwealth's Annual Comprehensive Financial Report for disclosure of the legally authorized investments and the credit risk classifications of the investment pool.

In accordance with applicable statutes, KDFWR is to receive interest on the available balances accumulated from the collection of fees. Interest is received pro-rata, based on the average balances of KDFWR.

Note 5 – Risk Management

KDFWR is exposed to various risks to loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. KDFWR utilized the Commonwealth of Kentucky's Risk Management Funds to cover exposure to these potential losses. The Commonwealth's Annual Comprehensive Financial Report should be referred to for additional disclosures related to the Risk Management Fund.

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



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

Kentucky Legislature's Interim Joint Committee on Natural Resources and Energy
Kentucky Department of Fish and Wildlife Resources Commission
Rich Storm, Commissioner
Kentucky Department of Fish and Wildlife Resources

We have audited, 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, the financial statement of the Statement of Revenue Sources – Modified Cash Basis for the Fish and Game Fund of the Kentucky Department of Fish and Wildlife Resources (KDFWR) as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise KDFWR's basic financial statement, and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the KDFWR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the KDFWR's internal control. Accordingly, we do not express an opinion on the effectiveness of the KDFWR's 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 statements 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.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards*
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the KDFWR's financial statement is 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 financial statement. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Allison Ball

Allison Ball

Auditor of Public Accounts

Frankfort, Ky

March 26, 2024

**REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS
AND INTERNAL CONTROL OVER COMPLIANCE**



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance With Applicable Requirements And Internal Control Over Compliance

Independent Auditor's Report

Kentucky Legislature's Interim Joint Committee on Natural Resources and Energy
Kentucky Department of Fish and Wildlife Resources Commission
Rich Storm, Commissioner
Kentucky Department of Fish and Wildlife Resources

Report on Compliance

Opinion on KRS Chapter 45A and KRS 150.0242

We have audited the Kentucky Department of Fish and Wildlife Resources' (KDFWR) compliance with KRS Chapter 45A and KRS 150.0242, as required by KRS 150.152, for the year ended June 30, 2023.

In our opinion, KDFWR complied, in all material respects, with the compliance requirements referred to above that are applicable to KDFWR for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the requirements per KRS 150.152. Our responsibilities under those standards and KRS 150.152 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of KDFWR and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of KDFWR's compliance with the compliance requirements referred to above.

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Report On Compliance With Applicable Requirements
And Internal Control Over Compliance
(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to KDFWR.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KDFWR's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Governmental Auditing Standards*, and KRS 150.152 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about KDFWR's compliance with the requirements as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and KRS 150.152 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding KDFWR's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of KDFWR's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with KRS Chapter 45A and KRS 150.0242, but not for the purpose of expressing an opinion on the effectiveness of KDFWR's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Compliance With Applicable Requirements
And Internal Control Over Compliance
(Continued)

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of KRS 150.152. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

Allison Ball

Allison Ball

Auditor of Public Accounts

Frankfort, Ky

March 26, 2024