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Kentucky Department Of Fish And Wildlife Resources

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Abstract

The Kentucky Department of Fish and Wildlife Resources (KDFWR) is administratively attached to the Tourism, Arts, and Heritage Cabinet. It is governed by a nine-member commission composed of citizen representatives—one from each of the nine wildlife districts in the state—who are nominated by Kentucky sportsmen and sportswomen and appointed by the governor. The commission, which meets quarterly in Frankfort, is charged with oversight of the department, including hiring a commissioner to serve as the administrator of the department. The department appears to be consistent with the items it brings before the commission for a vote, but the commission has no written bylaws. This report recommends adoption of bylaws. KDFWR has approximately 500 full-time employees. KDFWR has a 5-year strategic plan with four goals and a set of related objectives. Most of the objectives have measurable outcomes, and the seven division directors are expected to adhere to the plan’s goals. In FY 2012, hunting and fishing license sales and federal reimbursements were 81 percent of KDFWR revenue. The majority of KDFWR revenue is subject to federal regulation. The department receives no general fund dollars. Federal fund sources require that hunting and fishing license revenue be used for the department’s sole use, and program income may be used only for federally approved purposes. In FY 2012, the department’s revenue was approximately $52.7 million. The department is required to have federal and state audits. Recent audits found the department in compliance, with most recommendations pertaining to a lack of expenditure documentation.
Foreword

Numerous individuals and organizations provided valuable assistance. Program Review staff thank the Kentucky Department of Fish and Wildlife Resources Commission members; Commissioner Jon Gassett and his staff; former Tourism, Arts, and Heritage Cabinet Secretary Marcheta Sparrow; the League of Kentucky Sportsmen; and officials with the Indiana Division of Wildlife, the Missouri Department of Conservation, the Ohio Division of Wildlife, the Tennessee Wildlife Resources Agency, the West Virginia Division of Natural Resources, and the Virginia Department of Game and Inland Fisheries.

Bobby Sherman
Director

Legislative Research Commission
Frankfort, Kentucky
August 1, 2013
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Summary

The stated mission of the Kentucky Department of Fish and Wildlife Resources (KDFWR) is to conserve and enhance fish and wildlife resources and provide opportunities for hunting, fishing, trapping, boating, and other wildlife-related activities. The department carries out these responsibilities through selling licenses for hunting and fishing, setting hunting and angling seasons, acquiring land for adequate hunting and fishing opportunities, and promulgating administrative regulations to fulfill its conservation activities and to meet statutory mandates.

The department is attached to the Tourism, Arts, and Heritage Cabinet for administrative purposes. It is governed by a nine-member commission composed of citizen representatives—one from each of the state’s nine wildlife districts—who are nominated by Kentucky sportsmen and sportswomen, appointed by the governor, and confirmed by the Senate. The commission acts as a regulatory body and an advisory board. The commission is required to meet quarterly in Frankfort and is charged with oversight of the department, directing the department to take actions that are in the interest of Kentucky’s fish and wildlife resources, and hiring a commissioner to serve as the administrator of the department.

There are other similarly governed entities in the cabinet. The cabinet secretary sits as a voting member on some commissions and boards, but not on others. When compared to entities in six surrounding states, the governance of KDFWR is similar to the fish and wildlife agencies in Missouri, Tennessee, and Virginia in that they are stand-alone agencies governed by a commission or board. The fish and wildlife agencies in Indiana, Ohio, and West Virginia are part of larger entities with a director appointed by the governor.

KDFWR has approximately 500 full-time employees and is organized with a department commissioner as the head administrator, a deputy commissioner, and seven operational divisions. Each division is led by a director who provides weekly written updates to the department commissioner. Weekly staff meetings apprise staff of division activities. The directors of the law enforcement division, fisheries division, wildlife division, and administrative services division also make formal presentations at KDFWR Commission quarterly meetings.

The KDFWR Commission’s three standing committees are fisheries; wildlife; and administration, education, and policy. Division directors work with the relevant committee members to create proposals for regulatory changes, research projects, land acquisition, or other activities that allow the agency to fulfill its statutory responsibilities. Proposals are then placed on the next meeting agenda of the committee of jurisdiction for debate and passage onto the full KDFWR Commission as an action item. The public has at least 1 month to comment before an item is placed before the full KDFWR Commission for final passage.

Program Review staff examined KDFWR Commission meeting minutes from the past 3 years and found that the department is consistent in terms of items it brings before the commission for a vote. However, the KDFWR Commission has no written bylaws that document items requiring approval by the full commission.
Recommendation 1.1

The Kentucky Department of Fish and Wildlife Resources Commission should adopt bylaws that detail operating procedures and guidelines, including procedures used for reimbursing the department commissioner’s travel expenses.

KDFWR has a 5-year strategic plan with four goals and a set of related objectives. Most objectives have measurable outcomes, and division directors are expected to adhere to the plan’s goals. When presenting proposed projects before a standing committee or the KDFWR Commission, directors must list the specific objectives their proposal addresses and demonstrate how it furthers the goals of the strategic plan. Division directors also provide quarterly updates to the standing committees and to the KDFWR Commission.

KRS 150.061 was amended in 2010 to require the department commissioner to be hired under a defined-term contract. The KDFWR Commission approved and signed a contract with the department commissioner in June 2010, but it was never fully executed. A contract is under review by the Government Contract Review Committee.

In FY 2012, the department’s revenue was approximately $52.7 million and expenditures totaled approximately $57.2 million. From FY 2007 to FY 2011, the department had slightly larger revenues than expenditures each year.

KDFWR receives funding from restricted funds, federal programs, and program income. Restricted funds are funds that are restricted by statute to a specific program or purpose and include hunting and fishing license sales, boat registration fees, and private gifts and grants. Hunting and fishing license sales and federal programs accounted for 81 percent of total revenue in FY 2012. The department does not receive money from the state general fund.

Total revenue has grown over the last 6 years. From FY 2007 to FY 2012, hunting and fishing license sales and motorboat registration fees accounted for 58 percent of total revenue, but these funds have had little to no growth. Federal revenue, program income, and other sources of revenue accounted for the remaining 42 percent of total revenue. These sources varied from year to year.

Department expenditures are from the operating budget and capital funds. The operating budget includes five divisions: wildlife, law enforcement, fisheries, administration and support, and information and education. The capital fund includes land acquisition and capital construction. The wildlife division and the law enforcement division accounted for 45 percent of total expenditures in FY 2012.

Many of the department’s expenditures are tied to federal funds. These funds must be used for specific purposes, and restricted funds are used to provide matching funds. In FY 2012, KDFWR received approximately $16.6 million in federal revenue. Total expenditures from these federal funds were $14.7 million in FY 2012. The federal agencies that provide funds to KDFWR also provide oversight. Most programs require matching state funds. Generally, each program specifies the types of activities and costs that may be funded under the program. Some programs also restrict how certain state funds, such as hunting and fishing license fees, may be used.
KDFWR administers Kentucky’s Wetland and Stream Fee-In-Lieu-Of Mitigation Program (FILO). The program was designed to address permanent damage to Kentucky’s streams and wetlands from projects or activities as required by the Clean Water Act. The US Corps of Engineers sets the fees, and KDFWR uses the revenue to repair and protect streams and wetlands. FILO revenue and expenditures are separate from KDFWR revenue and expenditures. In FY 2012, FILO revenue was approximately $19.5 million, and expenditures were approximately $8.4 million.

KDFWR is required to have federal and state audits. According to recent audits, the department is in compliance. It has received some recommendations, mostly pertaining to a lack of expenditure documentation. The department developed and implemented corrective action plans in response.
At its December 13, 2012, meeting, the Program Review and Investigations Committee directed staff to study the Kentucky Department of Fish and Wildlife Resources (KDFWR). Staff were asked specifically to examine the department’s governance, organization, and funding sources.

KDFWR’s stated mission is “to conserve and enhance fish and wildlife resources and provide opportunities for hunting, fishing, trapping, boating and other wildlife related activities.”

In 1944, sporting groups successfully lobbied the General Assembly to make the Division of Fish and Game an independent state agency governed by its own commission and funded by revenues from hunting and fishing licenses. This type of governance and funding is in place today. Public input by sportsmen and sportswomen via the KDFWR Commission and the League of Kentucky Sportsmen remains a key component of KDFWR’s operations.

This report has five major conclusions.

- KDFWR is attached to the Kentucky Tourism, Arts, and Heritage Cabinet for administrative purposes but is governed by a nine-member commission composed of citizen representatives—one from each of the state’s nine wildlife districts—who are nominated by Kentucky sportsmen and sportswomen, appointed by the governor, and confirmed by the Senate. Three other entities within the cabinet are similar to KDFWR in that their commission or board serves as their governing body. One difference is that the cabinet secretary has...
a seat on the governing body of some of these entities, but not others, including KDFWR.

- The governance of KDFWR is similar to that of the fish and wildlife agencies in Missouri, Tennessee, and Virginia. In three other surrounding states, the governor appoints the director, who is advised by a board or commission. Among these six states, Kentucky appears to be the only one in which sportsmen and sportswomen specifically play an active role in nominating members of the governing body.

- KDFWR is structured and organized so that regulatory changes, research projects, land acquisition, and other activities that allow the agency to fulfill its statutory responsibilities are reviewed at several levels. There are also multiple avenues for receiving public input during this process.

- KDFWR receives no general fund dollars. The department is funded by hunting and fishing license fees, federal reimbursement, boat registration fees, miscellaneous receipts, private gifts and grants, program income, and interest income. Because federal funds require that hunting and fishing license revenue be used for the department’s sole use and that program income may be used only for federally approved purposes, the majority of KDFWR revenue is subject to federal regulation. In FY 2012, hunting and fishing license sales, federal reimbursements, and program income were 84 percent of KDFWR revenue.

- KDFWR is required to have federal and state audits. According to recent audits, the department is in compliance. The majority of recommendations pertain to a lack of expenditure documentation. The department developed and implemented corrective action plans in response.

**Department Governance**

KDFWR is attached to the Tourism, Arts, and Heritage Cabinet (TAHC) for administrative purposes. The cabinet helps the department through the biennial budget process, provides legal counsel, assists with personnel issues, and approves the department commissioner’s travel budget. However, the cabinet does not play an active role in KDFWR policy decisions.\(^3\)
The department is governed by the KDFWR Commission, a nine-member board consisting of one representative from each wildlife district in the state. When new members are selected, the department organizes a public meeting in the respective district. Attending sportsmen and sportswomen nominate up to five citizens from their district, one of whom the governor appoints to a 4-year term on the commission. Each appointment must be confirmed by the Senate, and each individual may be reappointed only once. Commission members are not paid, but they are reimbursed for actual and necessary travel and other expenses related to official commission business. The governor may remove a commissioner for inefficiency, neglect of duty, or misconduct in office.

The KDFWR Commission acts as a regulatory body and as an advisory board. Each member also represents sportsmen and sportswomen in the district. The commission is required to meet quarterly in Frankfort and is charged with oversight of the department, directing the department to take actions that are in the interest of the commonwealth’s fish and wildlife resources, and hiring a commissioner to serve as the administrator of the department.

The department commissioner has general supervisory authority over approximately 500 full-time employees and controls all activities, functions, and appointments of the department. The department commissioner works for the KDFWR Commission under a contract term not to exceed 4 years.

Comparison To Similar Kentucky Agencies

TAHC provides administrative support to approximately 15 state entities that have a board or commission. Three of these are similar to KDFWR in that their board or commission acts as the governing body and appoints a director to serve as the administrative head. These three are the Kentucky Horse Park, the Kentucky State Fair Board, and the Kentucky Historical Society.

The Kentucky Horse Park is governed by a 15-member commission, whose members are appointed by the governor. At least two members are representatives from the horse industry, and two members are active in industry and commerce. The secretaries of TAHC and the Cabinet for Economic Development serve as ex officio members with full voting rights. The commission meets quarterly and is charged with formulating the policies, rules, and regulations necessary to operate the Kentucky Horse Park. The commission appoints an executive director to be the chief
administrative officer of the park. The horse park is designed to operate without general fund dollars, but it has received them.\textsuperscript{5}

The Kentucky State Fair Board is governed by a 15-member board composed of the governor, the commissioner of agriculture, the dean of the College of Agriculture of the University of Kentucky, 10 members appointed by the governor, one member appointed by the Senate, and one member appointed by the House of Representatives. The secretary of TAHC is one of the governor’s current appointees on the board, but the secretary is not a voting member. The board is charged with managing and administering the funds, buildings, grounds, and equipment of the Kentucky Exposition Center and the Kentucky International Convention Center, and also with producing the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition. Under KRS 247.130, the board may appoint a president who serves as the chief executive officer. The fair board has received some general fund money from the state.\textsuperscript{6}

The Kentucky Historical Society is governed by a 22-member executive committee consisting of the governor, four member-elected officers, one person designated by the State Archives and Records Commission, and 16 other members who are elected by the membership of the society. The executive committee meets quarterly and serves as the policy-making body of the society.\textsuperscript{7} The society is supported by the Kentucky Historical Society Foundation, a 501(c)(3) organization, but may also receive funds from the State Treasury under KRS 171.321(3).

Although the governance of these three entities is similar to that of KDFWR, there are some differences. TAHC has no formal representation on the KDFWR Commission, but the cabinet secretary is a voting member on the Kentucky Horse Park Commission and is a nonvoting member of the Kentucky State Fair Board. Similarly, the governor sits on the Kentucky Historical Society’s executive committee but is not on the KDFWR Commission.
Comparison To Other States’ Fish And Wildlife Departments

Program Review staff compared the governance of KDFWR to that of similar agencies in six surrounding states: Indiana, Missouri, Ohio, Tennessee, Virginia, and West Virginia. In Illinois, the other surrounding state, there was no agency for which comparisons would have been valid.\textsuperscript{a} As Table 1.1 shows, Missouri, Tennessee, and Virginia are similar to Kentucky in that their fish and wildlife departments are stand-alone agencies that are governed by a board or commission. The number of full-time employees in these departments ranges from 419 to 1,411. The number of commissioners ranges from 4 to 13. KDFWR has approximately 500 full-time employees and nine commissioners.

The fish and wildlife departments in Indiana, Ohio, and West Virginia are part of larger agencies. In these states, the governor appoints a director, who is advised by a board or commission. The number of full-time employees in these agencies ranges from 232 to 400. The number of commissioners ranges from 7 to 12. Kentucky appears to be the only state in which sportsmen and sportswomen play an active role in nominating members of the governing body.

Table 1.1 Governance Of Kentucky Department Of Fish And Wildlife Resources And Similar Agencies In Surrounding States

<table>
<thead>
<tr>
<th>Governance</th>
<th>State</th>
<th>Full-Time Staff*</th>
<th>Commissioners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-alone entity; governed by a commission; commission appoints head of agency; advisory and regulatory</td>
<td>Kentucky</td>
<td>500</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Missouri</td>
<td>1,411</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Tennessee</td>
<td>665</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Virginia</td>
<td>419</td>
<td>11</td>
</tr>
<tr>
<td>Part of larger agency; governed by a director who is appointed by the governor; commission is primarily advisory</td>
<td>Indiana</td>
<td>232</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Ohio</td>
<td>400</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>West Virginia</td>
<td>322</td>
<td>7</td>
</tr>
</tbody>
</table>

*Full-time staff are estimated because some employees are hired on a seasonal basis. Source: Staff analysis.

Stand-Alone Agencies. Missouri’s Department of Conservation, which has more than 1,400 full-time employees, is a stand-alone agency within the executive branch. It is governed by a four-member commission whose members are appointed by the governor with the advice and consent of the Senate. Members

\textsuperscript{a} Specifically, the statutory responsibilities of the Illinois Department of Natural Resources are much broader than for agencies in the other states, including regulation of oil, coal, and gas extraction; allocation of drinking water; and management of floodplains.
serve staggered 6-year terms. The commission is charged with the control, management, restoration, conservation, and regulation of the bird, fish, game, forestry, and wildlife resources in the state. The commission appoints a director who serves as the administrative officer of the department.

Tennessee’s Wildlife Resources Agency employs 665 full-time employees and is governed by a 13-member commission. All members are private citizens. The governor appoints nine of the members to 6-year terms; the House of Representatives and the Senate each appoint two members to 4-year terms. No member may serve consecutive terms. The commission appoints an executive director for the agency, approves the budget, promulgates necessary rules and regulations, and establishes objectives to carry out the state wildlife conservation policies.

Virginia’s Department of Game and Inland Fisheries employs 419 full-time employees and is governed by an 11-member board, representing each of Virginia’s congressional districts. Members are appointed by the governor, subject to the General Assembly’s approval, and can serve two consecutive 4-year terms. The board is charged with supervising the department, which includes responsibility for agency operations, approval of appropriations requests, agency director appointment, and the director’s compliance with all board and statutory directives.

**Part Of Larger Agency.** Indiana’s Division of Fish and Wildlife employs more than 230 full-time workers and is housed in the Department of Natural Resources with 13 other divisions. The Department of Natural Resources is headed by a director who is appointed by and reports directly to the governor. The director also serves on an autonomous advisory board known as the Natural Resources Commission, which has 12 members. Seven citizen members are appointed by the governor and serve 3-year terms, three are ex-officio members from other state agencies, and one representative is from the Indiana Academy of Science. The commission reviews and approves administrative rules and presides over appeals to issued permits. The commission does not set management direction or deal with human resource matters. Beneath the director are three deputy directors, each of whom is responsible for a team under which many of the department’s divisions are organized. The Division of Fish and Wildlife is in the Land Management Team. This team also includes the divisions of engineering, forestry, land acquisition, natural preserves, outdoor recreation, state parks and reservoirs, and Indiana state park inns.
The Ohio Division of Wildlife employs 400 people and is part of the Department of Natural Resources. The division director is hired by and reports directly to the department head. An eight-member Wildlife Council serves primarily as an advisory board to the division director, but the council is also statutorily required to approve hunting seasons, bag limits, and other related items. Members of the council are appointed by the governor.

The West Virginia Division of Natural Resources is housed in the Department of Commerce and employs more than 320 people. The governor appoints the division director and the seven members of the Natural Resource Commission. The commission consists of the director, who serves as the presiding officer, one citizen from each of West Virginia’s three congressional districts, and three other citizens chosen from the state at large. The Natural Resource Commission serves as an advisory board to the director.

**Department Organization And Operations**

As Figure 1.A shows, KDFWR is organized with a department commissioner as the head administrator, a deputy commissioner, and seven operational divisions. Each division is led by a director who provides weekly written updates to the department commissioner and holds weekly staff meetings to apprise staff of division activities. The directors of the law enforcement, fisheries, wildlife, and administrative services divisions also make formal presentations at the quarterly meetings of the KDFWR Commission.
The law enforcement division has 143 full-time employees and is responsible for enforcing state and federal regulations and statutes related to statewide boating, fishing, and hunting. The division’s full-time dispatch center operates 24 hours per day, 7 days a week.

The wildlife division has 137 full-time employees who help manage wildlife and habitat on public and private property within the state. This division is responsible for providing public access and hunting opportunities, conducting research and surveys on a
variety of game and nongame species, and drafting regulations that allow responsible harvest and provide protection of wildlife.

The fisheries division, which has 78 full-time employees, is divided into two branches. The fisheries branch operates two state hatcheries and one federal hatchery located in Kentucky. It is the branch’s responsibility to transport fish. This branch also conducts research on the state’s fish populations. The stream and wetland restoration branch operates the Fee-In-Lieu-Of program and seeks to restore, enhance, and preserve the aquatic resources of Kentucky through a partnership with resource and regulatory agencies and private landowners.

The information and education division, which has 64 full-time employees, is divided into four branches. The broadcast branch produces *Kentucky Afield* radio and television programs. The information branch publishes *Kentucky Afield* magazine and annual hunting, fishing, and boating guides. This branch also publishes brochures for information centers throughout the state. The recruitment retention branch is responsible for hunter and aquatic education programs and archery in Kentucky schools. The environmental education branch operates the Salato Wildlife Education Center in Frankfort. Three regional branches provide conservation education in middle schools and operate three conservation camps.

The administrative services division has 28 full-time employees and is responsible for developing and monitoring the biennial budget, accounts payable/receivable, management of federal grants, human resources, and information technology. It also handles the sale of licenses and permits and the purchasing of property.

The engineering division has 24 full-time employees who assist in planning, designing, and administering capital construction projects. The division has three branches. The survey branch is responsible for property surveys, hydrographic surveys for fishing access projects, and investigation of boundary challenges and encroachments. The facilities maintenance branch is responsible for building maintenance and ground keeping at the KDFWR headquarters in Frankfort and for setting up and removing displays at trade shows. The lake and stream branch is responsible for the construction and maintenance of boat ramps, fishing structures, bank access sites, and 24 dams owned by the department.
The public affairs division has four full-time employees who are responsible for point-of-sale items; direct mail; social surveys; and other advertising, social media, and special events.

**Commission Organization And Operations**

KRS 150.023 requires that the KDFWR Commission meet quarterly in Frankfort. A majority of the nine members must be present to constitute a quorum for the transaction of business. Meetings are open to the public, and department staff report that the commission adheres to all open meeting rules outlined in KRS Chapter 61. Meeting dates are scheduled 1 year in advance to allow for members of the public to plan their attendance.8

At its first meeting of each fiscal year, the KDFWR Commission elects a chair, vice chair, and secretary. Historically, the chair serves two 1-year terms.9 New members must attend an orientation program provided by the department, and all members receive ethics and antiharassment training annually.

**Committees**

The KDFWR Commission has three standing committees: fisheries; wildlife; and administration, education, and policy. Each has four commission members who are appointed by the chair. The committees serve as a first step in the KDFWR Commission approval process.

Ideas for regulatory changes, new projects, or research most often come from the department’s field staff or sportsmen and sportswomen.10 These ideas go to the appropriate division director, who works with the relevant committee members to create a viable proposal. The proposal goes to the department commissioner or deputy commissioner, who in turn places the item on the next meeting agenda for the committee of jurisdiction. After discussion, the committee may request additional information from staff or forward the proposal to the KDFWR Commission as an action item. The public has at least 1 month to comment before an item is placed before the KDFWR Commission for final passage.

Because of the workload and time constraints at the quarterly meetings, the KDFWR Commission at times creates ad-hoc committees, usually with three commission members, to address specific topics. For example, one such ad-hoc committee was formed in 2006 for the creation of the department’s 5-year strategic
plan. There are two active ad-hoc committees. The finance and budget ad-hoc committee is designed to allow the KDFWR Commission to play a more active role in the creation of the department’s upcoming biennial budget. The wildlife management areas ad-hoc committee has been charged with finding a way to categorize the department’s wildlife management areas in such a way that they can be managed more effectively.

**Items Requiring Commission Approval**

The commission was unable to provide documentation showing a list of items that require its approval. Department officials said the commission had recently discussed adopting written bylaws that would incorporate existing operating procedures and guidelines, but they said that the document is still in draft form. Program Review staff were told that, in the past, items requiring KDFWR Commission approval have been defined as changes to existing administrative regulations or promulgation of new ones; land acquisitions, sales, or transfers; approval of meeting minutes; annual legislative agenda and proposals; awarding of special commission permits; and approval of the department’s strategic plan. Judging from commission meeting minutes from the past 3 years, the department has been consistent in the items it brings before the commission for a vote.

**Recommendation 1.1**

The Kentucky Department of Fish and Wildlife Resources Commission should adopt bylaws that detail operating procedures and guidelines, including procedures used for reimbursing the department commissioner’s travel expenses.

**Strategic Plan.** In the summer of 2006, the KDFWR Commission requested that the department develop a 5-year strategic plan to better define the agency’s mission, goals, and objectives. The team that was assembled to work on this task consisted of the department’s executive staff, the chair of the KDFWR Commission, and the chairs of the wildlife; fisheries; and administration, education, and policy committees. This team spent nearly a year soliciting ideas from employees and the public to identify the most critical issues related to habitat, fish and wildlife populations, outdoor recreational opportunities, funding, and

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b KRS 48.810 requires executive branch agencies to prepare, submit, update, and report on progress of strategic plans. Full plans and progress summaries are to be provided to the Legislative Research Commission and others with each biennial budget request.
partnerships. These efforts included a 3-month-long website review, a discussion that aired on the Kentucky Afield television show, and seven public meetings. Based on public input, the department drafted a plan that the KDFWR Commission adopted. The same process was used, with two additional public meetings, to create the 2013-2017 Strategic Plan.

The four main goals of KDFWR’s Strategic Plan for FY 2013-2017 are to

- conserve and enhance fish and wildlife populations and habitats;
- increase opportunities for hunting, fishing, boating, and other wildlife-related activities;
- foster a more informed, involved public; and
- secure ample, dedicated, long-term funding.

Department staff noted that nearly all objectives related to the goals have measurable outcomes unless they are process-oriented objectives, such as the passage of needed legislation. Division directors are expected to adhere to the plan’s goals. When they are presenting a proposed project or regulatory change, they must list the specific objectives it addresses and demonstrate how it furthers the goals of the strategic plan. Division directors also provide quarterly updates to the standing committees and to the KDFWR Commission.

**Department Commissioner’s Contract.** Prior to the passage of SB 64 in 2010, the department’s commissioner was employed by the KDFWR Commission for an indefinite term. SB 64 amended KRS 150.061 to require the department commissioner to be hired under a defined-term contract not to exceed 4 years.

A contract was approved by the KDFWR Commission at its June 11, 2010, meeting and was signed by the commission chair, the department commissioner, and an attorney appointed by TAHC. This contract was not signed by the TAHC secretary and the cabinet’s general counsel, nor did it receive approval from the secretary of the Finance and Administration Cabinet. According to TAHC officials, the contract did not proceed because it included provisions that did not comply with procurement policy. The same officials further stated that in October 2010 the original draft contract was revised to meet procurement policy upon the advice of the Finance and Administration Cabinet’s procurement office, but the contract was never executed.
Program Review staff requested a copy of the contract from the Government Contract Review Committee in April 2013. According to TAHC officials, it was at this point that they learned that the October 2010 revised contract had not been executed through the eMARS approval process. Department and cabinet officials moved to enter the contract into the state’s procurement system, which they completed on May 2, 2013. The contract is under review by the Government Contract Review Committee.

Annual Review Of Department Commissioner. KRS 150.061 also requires the KDFWR Commission to conduct an annual performance review of the department’s commissioner. According to several KDFWR commissioners, the commission has conducted an annual review since SB 64 was enacted in 2010. One KDFWR commissioner said that the reviews are relatively informal; members go into closed session and discuss the department commissioner’s performance. When a consensus is reached, the chairman relays the findings to the commissioner. Since these reviews occur in closed session as required by KRS 150.061, there is no documentation of either the discussions that occurred or the results.

Department Commissioner’s Travel. Under KRS 150.061, the department commissioner is entitled to reimbursement for actual and necessary travel expenses and expenses incidental to official duties. The department does not have a written internal policies and procedures process for travel and expense reimbursement, but Legislative Research Commission staff interviewed department officials and KDFWR commissioners about the topic.

The department commissioner’s annual travel budget is approved by the KDFWR Commission and the TAHC secretary. Out-of-state travel must receive prior approval from the commission and the cabinet secretary. At least during the tenure of the current and previous KDFWR Commission chairmen, upon returning from both out-of-state travel and trips within Kentucky, the department commissioner must submit a form accompanied with receipts to the KDFWR Commission chair, who reviews the documents and signs off on the reimbursement. None of the current department commissioner’s travel reimbursement requests have been denied. He noted that this is because his travel must be approved beforehand and that he is in nearly daily communication with the commission chair as to his whereabouts.
Chapter 2

Revenue And Expenditures

KDFWR receives funding to protect fish and wildlife resources; maintain sporting activities such as boating, hunting, and fishing; and enforce related laws. In FY 2012, the department’s revenue was approximately $52.7 million; expenditures totaled approximately $57.2 million, $4.5 million more than revenue. The difference was attributable to FY 2012 capital projects and accumulated capital projects from previous years, such as land acquisition of Veterans Memorial Wildlife Management Area and Big Rivers Wildlife Management Area and State Forest. The FY 2012 figures do not reflect the department’s recent expenditure pattern, shown in Table 2.1. From FY 2007 to FY 2011, the department had larger revenues than expenditures each year.

Table 2.1
Revenue And Expenditures (In Millions)
FY 2007 To FY 2012

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$47.6</td>
<td>$46.2</td>
<td>$53.0</td>
<td>$48.5</td>
<td>$50.4</td>
<td>$52.7</td>
</tr>
<tr>
<td>Expenditures</td>
<td>47.5</td>
<td>45.8</td>
<td>50.1</td>
<td>48.1</td>
<td>49.9</td>
<td>57.2</td>
</tr>
<tr>
<td>Difference</td>
<td>$0.1</td>
<td>$0.4</td>
<td>$2.9</td>
<td>$0.4</td>
<td>$0.5</td>
<td>-$4.5</td>
</tr>
</tbody>
</table>

Source: Kentucky, Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Revenue

Figure 2.A shows KDFWR’s annual revenue from FY 2007 to FY 2012. Revenue has increased since FY 2007, but there were decreases in 2 years. In FY 2008, revenue decreased slightly because of a drop in federal funds. Revenue decreased in FY 2010 because FY 2009 revenue was particularly high. A large increase in FY 2009 revenue—discussed below—was caused by increased federal funds and sales of hunting and fishing licenses.
KDFWR is funded from federal programs, restricted funds, and program income. Restricted funds are restricted by statute to a specific program or purpose and include hunting and fishing license sales, boat registration fees, and private gifts and grants. The department does not receive money from the state general fund. Table 2.2 shows KDFWR revenue sources in FY 2012. Hunting and fishing license sales and federal programs accounted for 81 percent of total revenue.

### Table 2.2

**Revenue Sources**

<table>
<thead>
<tr>
<th>Resource</th>
<th>Revenue (Millions)</th>
<th>Percentage Of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunting and fishing licenses</td>
<td>$26.4</td>
<td>50%</td>
</tr>
<tr>
<td>Federal reimbursement</td>
<td>16.6</td>
<td>31%</td>
</tr>
<tr>
<td>Boat registration fees</td>
<td>3.6</td>
<td>7%</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>2.0</td>
<td>4%</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>1.9</td>
<td>4%</td>
</tr>
<tr>
<td>Program income</td>
<td>1.5</td>
<td>3%</td>
</tr>
<tr>
<td>Interest income</td>
<td>0.4</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52.7</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Note: The revenue total shown differs from the actual sum because of rounding. Source: Kentucky. Dept. of Fish and Wildlife Resources. Summary of receipts and disbursements, fiscal year ending 2012.*
Hunting And Fishing Licenses

One-half of KDFWR revenues comes from the sale of hunting and fishing licenses. Kentucky residents and nonresidents must have licenses to fish, hunt, and trap. Prices are based on a person’s age, residency, disability, and desired activity. In FY 2012, KDFWR collected approximately $26 million in hunting and fishing licenses. This revenue must be for the department’s sole use, or its entire federal allotment is frozen.17

People may purchase a variety of licenses including an individual hunting license, individual fishing license, combined fishing and hunting license, sportsman license, and youth sportsman’s license. Sportsman licenses include hunting and fishing licenses and deer and turkey permits. Adult sportsman license holders receive waterfowl and trout permits as well. Permits have a variety of functions and are required for certain activities in addition to regular licenses, including participating in the elk lottery, using dogs to chase bears; hunting deer, bears, and turkeys; and harvesting trout.

Figure 2.B shows that hunting and fishing license revenue has been relatively stable over the past 6 years.a One-third of total hunting and fishing license revenue is from those who are not residents of Kentucky.18

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*a In this report, hunting and fishing license revenue includes elk hunt revenue, which is from the sale of elk quota hunt permit and elk tags. This was approximately $628,000 for FY 2012.*
Federal Funding

Federal funding is the second largest source of revenue. In FY 2012, federal funding revenue totaled $16.6 million and was 31 percent of KDFWR total revenue. Funding for some programs is based on hunting and fishing license sales, state land area, and sporting equipment.

As shown in Figure 2.C, federal revenue over the last 6 years has fluctuated, peaking in FY 2009 and FY 2011. From FY 2008 to FY 2009, federal funds increased 48 percent from $12.8 million to $18.9 million.

Figure 2.C
Federal Revenue
FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Boat Registration

Boat registration is required for all watercraft with a motor. Fees are based on watercraft length and type of motor.20 Owners must renew registration every April. In FY 2012, boat registration fee revenue totaled $3.6 million and was 7 percent of KDFWR total revenue.
revenue. The department uses boat registration fees to provide the state match for boating safety grants issued by the US Department of Homeland Security.\textsuperscript{21}

Figure 2.D shows that motorboat revenue over the last 6 years was flat. Funds are approximately $3.5 million each year.\textsuperscript{b}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{motorboat_revenue.png}
\caption{Motorboat Registration Fee Revenue FY 2007 To FY 2012}
\end{figure}

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

\section*{Program Income}

The program income fund is derived primarily from crops in state wildlife management areas, but also from portions of conservation camp fees, and interest on this income. The US Fish and Wildlife Service requires that program income and its interest may be used only for federally approved purposes.\textsuperscript{22} KDFWR has an agreement with the US Fish and Wildlife Service that program income be used for land acquisition.\textsuperscript{23} In FY 2012, program income revenue was $1.5 million, 3 percent of KDFWR total revenue.

\begin{itemize}
\item In FY 2012, program income revenue was $1.5 million, 3 percent of KDFWR total revenue. Program income is primarily from crop income on state wildlife management areas. This revenue source varies from year to year.
\item In this report, motorboat registration fee revenue includes motorboat dealer license fees. In FY 2012, total dealer license revenue was $20,000.
\end{itemize}
Figure 2.E shows that program income over the last 6 years was small and relatively unstable. From FY 2011 to FY 2012, program income increased from $0.95 million to $1.5 million.

![Figure 2.E](image)

**Figure 2.E**

Program Income Revenue

FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Other Revenue

Other sources of income include private gifts and grants, interest income, camp fees, magazine subscriptions, commercial license and permit sales, and other miscellaneous receipts. In FY 2012, other income revenue was $4.6 million, 9 percent of KDFWR total revenue.

Figure 2.F shows that other revenue over the past 6 years varied from year to year, peaking in FY 2012.
Figure 2.F
Other Revenue
FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Although total revenue has grown over the past 6 years, some sources of funding have had little to no growth. From FY 2007 to FY 2012, hunting and fishing license sales and motorboat registration fees accounted for 58 percent of total revenue, but these funds have had little to no growth. Federal revenue, program income, and other sources of revenue accounted for the remaining 42 percent of total revenue. These sources varied from year to year.

Expenditures

In FY 2012, expenditures totaled approximately $57.2 million. Department expenditures are from the operating budget and capital funds. The operating budget includes the wildlife, law enforcement, fisheries, administrative services, and information and education divisions. These expenditures include labor, supplies, and advertising. The capital fund includes land acquisition and capital construction.

Many of the department’s expenditures are tied to federal funds. These funds must be used for specific purposes, and restricted funds are used to provide matching funds.
The department’s expenditures were approximately $47 million to $50 million per year for the 5 previous fiscal years. Figure 2.G shows annual KDFWR expenditures from FY 2007 to FY 2012. The department’s expenditures were approximately $47 million to $50 million per year with the exception of FY 2012.

![Figure 2.G](image)

Figure 2.G
Expenditures
FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Table 2.3 indicates KDFWR expenditures in FY 2012 by unit. The wildlife and law enforcement divisions accounted for 45 percent of total expenditures in FY 2012.

![Table 2.3](image)

Table 2.3
Expenditures
FY 2012

<table>
<thead>
<tr>
<th>Department Unit</th>
<th>Expenditures (Millions)</th>
<th>Percentage Of Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wildlife division</td>
<td>$14.4</td>
<td>25%</td>
</tr>
<tr>
<td>Law enforcement division</td>
<td>11.6</td>
<td>20%</td>
</tr>
<tr>
<td>Land acquisition</td>
<td>8.5</td>
<td>15%</td>
</tr>
<tr>
<td>Fisheries division</td>
<td>8.1</td>
<td>14%</td>
</tr>
<tr>
<td>Administrative services division</td>
<td>6.3</td>
<td>11%</td>
</tr>
<tr>
<td>Information and education division</td>
<td>5.8</td>
<td>10%</td>
</tr>
<tr>
<td>Capital construction</td>
<td>1.8</td>
<td>4%</td>
</tr>
<tr>
<td>Boating access</td>
<td>0.6</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57.2</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Note: The expenditures total shown is different from the actual sum because of rounding.
Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.
Federal Expenditures

Several federal programs distribute funds to states to manage, conserve, or promote the use of fish and wildlife resources through grants that are administered by state agencies. In FY 2012, KDFWR received approximately $16.6 million in federal revenue. Total expenditures from these federal funds were $14.7 million in FY 2012.

The federal agencies that provide funds to KDFWR provide oversight to ensure that the funds are being used as intended. Most programs require matching state funds. Generally, each program specifies the types of activities and costs that may be funded under the program. States must provide performance reports for projects and must submit audits for the programs. Some programs also restrict how certain state funds, such as hunting and fishing license revenue, may be used.

The percentage of federal and state revenues or expenditures in any fiscal year may differ from the match rates. Typically, the state pays the cost associated with projects funded by these programs and is later reimbursed by the federal government. KDFWR also receives federal funding through a number of smaller programs with purposes such as controlling invasive species and managing native species. Funding received under these programs accounts for a relatively small share of the federal funds that KDFWR receives.

Table 2.4 shows the federal/state match rates, federal expenditures, and Kentucky expenditures for FY 2012 for the five largest programs based on total funding.

**Table 2.4**

<table>
<thead>
<tr>
<th>Program</th>
<th>State Match Rate</th>
<th>Federal Expenditures</th>
<th>State Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittman-Robertson Wildlife Restoration</td>
<td>25%</td>
<td>$5,064,268</td>
<td>$1,652,754</td>
</tr>
<tr>
<td>Dingell-Johnson Sport Fish Restoration</td>
<td>25</td>
<td>3,806,875</td>
<td>2,021,429</td>
</tr>
<tr>
<td>Boating Safety Financial Assistance</td>
<td>50</td>
<td>1,265,638</td>
<td>1,531,557</td>
</tr>
<tr>
<td>State Wildlife Grant</td>
<td>35</td>
<td>936,269</td>
<td>234,215</td>
</tr>
<tr>
<td>Voluntary Public Access and Habitat Incentive</td>
<td>12</td>
<td>409,521</td>
<td>24,016</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$11,482,571</td>
<td>$5,463,971</td>
</tr>
</tbody>
</table>

Source: eMARS.
The Pittman-Robertson Wildlife Restoration Program provides federal funds to states to help manage state wildlife resources. States must pay 25 percent of the costs of projects funded under this program. A state that receives funds under the program must use revenue from the sale of hunting licenses only within the state’s fish and wildlife agency.

**Pittman-Robertson Wildlife Restoration Program.** This program funds management of wild birds, mammals, and wildlife habitats; supports public access and use of wildlife resources; provides hunter education; and develops shooting ranges. The state matching rate is 25 percent. Federal expenditures in Kentucky were slightly more than $5 million in FY 2012. Expenditures from state funds totaled $1.65 million.

A portion of the revenue collected from federal taxes on archery equipment, firearms, and ammunition is appropriated to provide the federal funds for this program. Fifty percent of program funds are distributed to states based on their share of the nation’s land area. (Kentucky has just over 1 percent of US land area.) The remaining 50 percent of program funds is distributed based on each state’s share of hunting licenses sold. In 2012, Kentucky accounted for 1.6 percent of licenses sold.26

State funds come primarily from hunting license fees. A state receiving wildlife restoration funds must pass legislation restricting the use of hunting license fees to the administration of the state’s fish and wildlife agency. States that divert these fees to other purposes risk losing future funding or control of projects under the program.

The Dingell-Johnson Sport Fish Restoration Program provides federal funds to states to manage their sport fish populations and provide the public with fishing opportunities. A state that receives funds under the program must use revenue from the sale of hunting licenses only within the state’s fish and wildlife agency.

**Dingell-Johnson Sport Fish Restoration Program.** This program is a joint federal and state program to manage sport fish populations and make fishing accessible to the public. The state matching rate is 25 percent. In FY 2012, Kentucky spent $3.8 million in federal funds through this program, which accounts for 26 percent of the federal funds KDFWR received in FY 2012. Kentucky spent approximately $2 million in state funds under this program.

The federal government’s share of the funds comes primarily from revenues generated on taxes of fishing equipment, motorboat fuel, and electric motors. Funds that are allocated to the Sport Fish Restoration Program are distributed to states by formula. Forty percent of the funds is distributed based on each state’s share of the nation’s land area. Sixty percent is distributed based on each state’s share of total fishing licenses sold. In FY 2012, Kentucky had 1.6 percent of fishing licenses sold.28

The state’s share comes mainly from fees collected on the sale of fishing licenses. To participate in the program, a state must pass legislation stating that these fees will not be used for any purpose other than administration of the state’s fish and wildlife agency.
States that use these fees for other purposes may lose future federal funding under this program.

The department has funded numerous grants related to Kentucky’s sport fish populations. Many of the grants have focused on managing fish populations. These grants’ activities include sampling lake and stream populations and developing spawning beds and other fish habitats. This program is also used to maintain boat ramps, dams, and bank fishing areas.

To use these federal funds, states apply for grants from the US Fish and Wildlife Service. States must submit performance reports for each grant within 90 days of the grant’s anniversary date or when the grant ends. States must also submit an audit of the program annually to the US Fish and Wildlife Service.

**Boating Safety Financial Assistance.** The US Department of Homeland Security provides funds to states for boating safety. These funds may be used to pay for equipment, supplies, operating costs, salaries, and training associated with boating safety. Federal funds provided under this program may be used to pay for up to 50 percent of the total costs of a state’s boating safety program.

One-third of the total federal funds under this program is distributed equally to states, one-third is distributed based on each state’s share of boating vessels, and one-third is distributed based on the amount each state spends on boating safety programs. In FY 2012, Kentucky spent approximately $1.3 million in federal funds on grants through this program. Expenditures from state funds totaled $1.5 million. KDFWR uses these funds for patrolling waterways, officer training, and boating education.

**State Wildlife Grants.** The US Fish and Wildlife Service provides grants to states to protect fish, wildlife, and their habitats. This program differs from the sport fish restoration and wildlife restoration programs in that it includes wildlife species that are not typically hunted or fished. This program prioritizes species in need of conservation. The state matching rate is 35 percent.

One-third of the federal funds under this program is distributed to states based on their share of the nation’s land area. The remaining funds are distributed based on states’ share of total US population. In FY 2012, Kentucky spent nearly $1 million in federal funds and approximately $234,000 in state funds on State Wildlife Grants.
State Wildlife Grants have been used to fund the restoration of freshwater mussels, alligator gar, and lake sturgeon. They have also been used for various inventory projects on bats, amphibians, reptiles, and multiple bird species.

**Voluntary Public Access And Habitat Incentive Program.** This program compensates private landowners for providing public access to their land for hunting and fishing. For example, KDFWR contracts with the owners of land along Elkhorn Creek at Peaks Mill for public access to the creek.

The US Department of Agriculture administers the program. To receive funds, states must apply for grants explaining how the project would meet the objectives of the program. The department reimburses states for up to 88 percent of the costs of projects. In FY 2012, Kentucky spent $409,521 in federal funds under this program.

**Cash Balance**

Figure 2.H shows KDFWR’s cash balance over the past 6 years. As of June 30, 2012, the department’s ending cash balance was $33 million. A cash balance is common in surrounding states’ fish and wildlife departments: $51.8 million in Missouri, $10 million in Tennessee, and $25 million in Virginia. Ohio requires a minimum carry-forward of $15 million.

**Figure 2.H**

Cash Balance On June 30
FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.
Data provided by KDFWR show that almost all the balance comes from federal funds, hunting and fishing licenses, and program income. There are restrictions on how each of these funds may be used. Federal funds are restricted to federally approved projects. To be eligible for federal funds, a state must agree to use revenues from hunting and fishing licenses only for the administration of the state’s wildlife agency.\(^3\) Program income is restricted under grant agreement between KDFWR and the US Fish and Wildlife Service.\(^3\) Under this agreement, program income must be used for land acquisition.

**Wetland And Stream Fee-In-Lieu-Of Mitigation Program**

KDFWR also administers Kentucky’s Wetland and Stream Fee-In-Lieu-Of Mitigation Program (FILO). The program was designed to address permanent damage to Kentucky’s wetlands and streams from projects or activities as required by the Clean Water Act.\(^3\) Project owners must obtain permits from the US Army Corps of Engineers and the Kentucky Division of Water prior to beginning these activities. The permitting process requires owners to mitigate any permanent impacts to streams and wetlands. Alternatively, owners may pay a fee into the Mitigation Program. The Army Corps of Engineers sets the fees, and KDFWR uses the revenue to repair and protect streams and wetlands in parts of the state.\(^3\) The program operates under a memorandum of agreement between KDFWR and the Army Corps of Engineers.\(^3\) Under the agreement, fees paid into the program for a project that adversely affects a stream or wetland must be used for mitigation projects within the same water basin. Projects must be approved by a mitigation review team consisting of representatives from the Army Corps of Engineers, Kentucky Department of Water, US Fish and Wildlife Service, US Environmental Protection Agency, and KDFWR. Recent changes to the memorandum of agreement require that fees be used within 3 years of when they are paid.

FILO revenue and expenditures are separate from KDFWR revenue and expenditures. Table 2.5 shows the Mitigation Program revenues and expenditures from FY 2007 to FY 2012. FILO revenue consists of fees, interest income, and private gifts and grants. The department may spend up to 10 percent of FILO revenues on administration.

\(^c\) There are two mitigation programs in Kentucky. One program, administered by KDFWR, covers most of the state. The other program, administered by Northern Kentucky University, serves Boone, Bracken, Campbell, Carroll, Gallatin, Grant, Kenton, Mason, and Pendleton Counties.
Table 2.5
Wetland And Stream Fee-In-Lieu-Of Mitigation Program
Revenue And Expenditures (In Millions)
FY 2007 To FY 2012

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$12.2</td>
<td>$13.2</td>
<td>$16.6</td>
<td>$10.6</td>
<td>$5.5</td>
<td>$19.5</td>
</tr>
<tr>
<td>Expenditures</td>
<td>1.4</td>
<td>2.7</td>
<td>6.6</td>
<td>5.8</td>
<td>3.3</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.

Because FILO revenue and expenditures are separate from those of KDFWR, the FILO cash balance is independent of the department’s cash balance. As of June 30, 2012, FILO’s ending cash balance was $72.8 million. With the exception of FY 2011, the cash balance has steadily increased over the last 6 years, as shown in Figure 2.1.

Figure 2.1
Wetland And Stream Fee-In-Lieu-Of Mitigation Program
Cash Balance On June 30
FY 2007 To FY 2012

Source: Kentucky. Dept. of Fish and Wildlife Resources. Summaries of receipts and disbursements, fiscal years ending 2007 to 2012.
Audits

KDFWR is required to have federal and state audits. A federal audit occurs, on average, every 5 years. The department is included in the annual Kentucky Single Statewide Audit. As of 2010, statute requires that the auditor of public accounts examine the department annually and specifies what this statutory audit should cover.

According to recent audits, the department is in compliance. It has received a few recommendations, most pertaining to a lack of expenditure documentation. The department developed and implemented corrective action plans in response, and it reports that it is working with the Personnel Cabinet to develop a solution to the identified problems.

Federal

The US Department of the Interior’s Office of Inspector General periodically audits state fish and wildlife agencies. The most recent audits for KDFWR were released in 2006 and 2010. The audits covered spending under the Pittman-Robertson Wildlife Restoration and the Dingell-Johnson Sport Fish Restoration Programs.

The 2006 audit noted that KDFWR had inadequate documentation for two grant expenditures and insufficient property records for a 33-acre tract of land. The inspector general recommended that KDFWR improve internal controls and record keeping. The audit also noted that Kentucky did not have a statute restricting the use of hunting and fishing license revenue to support KDFWR as required for participation in the Dingell-Johnson Sport Fish Restoration and Pittman-Robertson Wildlife Restoration Programs. The 2006 General Assembly removed hunting and fishing license revenues from those funds that may be transferred to the general fund.
fund through the budget bill. Although KRS 150.150 did state that revenues from license sales would be used only for the protection of wildlife, the 2010 General Assembly added language stating that revenues from license sales would be placed in a restricted account and not commingled with other funds.

The 2010 audit did not find similar issues and found that recommendations made in 2006 had been addressed. The only additional finding in the 2010 audit was that compensatory time provided to staff could not be charged to projects that staff were working on when the time was earned. In a corrective action plan submitted on February 3, 2011, KDFWR agreed with the finding and detailed its process to allow compensatory time granted to staff to be charged to projects staff were working on when the time was earned.

State

The Statewide Single Audit has had no recommendations for KDFWR since FY 2006. The FY 2006 audit recommended that the department create and implement policy and procedures for job duties, accounting records, vendor invoice payments, timely cash drawdowns, and payroll errors. The audit also recommended that the department use all state financial accounting system components, inform staff of policies for handling receipts and documentation, and rectify the difference in its indirect cost rates and federally approved indirect cost rates. The FY 2007 audit stated that each of the findings for FY 2006 had been corrected.

The FY 2010 statutory audit requested that the department have better control of program income receipts, strengthen internal controls of financial reporting, have more control over procurement card purchases, and have more control over collections and reporting of funds for the hunger relief program.

It was noted that KDFWR should reexamine its promotional activities. The department had contracts with the Louisville Bats and the University of Louisville. The department purchased a marketing package that included in-park advertising, a private box, and food for two Louisville Bats games.

By the FY 2011 statutory audit, the internal controls of financial reporting and collections and reporting of funds for the hunger relief program issues had been corrected. The audit still recommended better control of program income receipts, more control over procurement card purchases, and a better choice of
promotional activities. KDFWR began making policy and procedural changes to gain better control of program receipts and procurement card purchases. According to KDFWR, the contracts with the sports teams are consistent with the goal of increasing license sales and the number of sportsmen and sportswomen.

The FY 2012 statutory audit had no recommendations.
## Appendix

### Summary And Status Of Selected KDFWR Statutory Requirements

<table>
<thead>
<tr>
<th>Statute</th>
<th>Manner Of Compliance</th>
</tr>
</thead>
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<tr>
<td><strong>Department Or Department Commissioner</strong></td>
<td><strong>Manner Of Compliance</strong></td>
</tr>
<tr>
<td>KRS 150.015(2): Establish hunger relief program.</td>
<td>Residents may donate $2, upon renewal of car registration, toward hunger relief programs. KDFWR dispenses collected funds.</td>
</tr>
<tr>
<td>KRS 150.0241(4): File report on &quot;No Net Loss&quot; of state hunting accessible properties with KDFWR and Legislative Research Commission (LRC) annually by October 1.</td>
<td>The Interim Joint Committee on Natural Resources has received the report annually. The most recent report was not received until December.</td>
</tr>
<tr>
<td>KRS 150.025(2): Public notification of new administrative regulations within 5 days of filing date.</td>
<td>KDFWR provides a website link to proposed and new administrative regulations.</td>
</tr>
<tr>
<td>KRS 150.028(1-5): Promulgate regulations relating to permitted and prohibited uses (and penalties thereof) of department-owned properties.</td>
<td>301 KAR</td>
</tr>
<tr>
<td>KRS 150.061(4): File annual receipts and disbursements report with the secretary of state.</td>
<td>The Secretary of State’s Office reported that reports had been received intermittently until 1996. KDFWR provided Program Review staff with copies of reports from fiscal years 2007 to 2012.</td>
</tr>
<tr>
<td>KRS 150.150(3): File hunger relief fund expenditures report with Governor’s Office and LRC annually.</td>
<td>LRC and the Governor’s Office confirmed they have received the report annually.</td>
</tr>
<tr>
<td>KRS 150.179(3): Suspend fishing license requirement for fishing in the state for 1 weekend per year.</td>
<td>The KDFWR website indicates that this is done annually.</td>
</tr>
<tr>
<td>KRS 150.195: Promulgate regulations relating to licenses and permits issued by the department.</td>
<td>301 KAR</td>
</tr>
<tr>
<td>KRS 150.225(1): Promulgate regulations through the commission to set reasonable license, permit, and registration fees.</td>
<td>301 KAR 5:050 and 301 KAR 3:022</td>
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<tr>
<td>KRS 150.280 Promulgate regulations relating to the propagation and holding of protected wildlife.</td>
<td>301 KAR</td>
</tr>
<tr>
<td>KRS 150.390(3): Promulgate a regulation specifying conditions for predation permits for wild elk.</td>
<td>301 KAR 2:132</td>
</tr>
<tr>
<td>KRS 150.450: Promulgate regulations governing the taking of minnows and crayfish from state waters.</td>
<td>301 KAR 1:130</td>
</tr>
<tr>
<td>KRS 150.520: Promulgate regulations governing the taking, selling, and buying of mussels.</td>
<td>301 KAR 1:085 and KAR 3:022</td>
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### Statute

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<tr>
<th>Statute</th>
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<tr>
<td>KRS 150.730: Promulgate regulations to amend captive cervid permit requirements to comply with statutes.</td>
<td>301 KAR 2:083</td>
</tr>
<tr>
<td>KRS 150.023(1): Must meet quarterly in Frankfort.</td>
<td>Meeting minutes indicate the commission meets at least quarterly in Frankfort and more frequently as needed.</td>
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<tr>
<td>KRS 150.061(1)(a): Appoint a commissioner under a defined-term contract not to exceed 4 years.</td>
<td>The current contract is under review by the Government Contract Review Committee.</td>
</tr>
<tr>
<td>KRS 150.061(1)(b): Conduct review of commissioner annually.</td>
<td>Commission members meet annually in closed session to evaluate the commissioner, but no formal minutes or reports are produced.</td>
</tr>
<tr>
<td>KRS 150.603: Administer waterfowl and migratory game bird permit sales, expend revenues toward waterfowl projects, and provide data thereof in annual report.</td>
<td>Program Review staff confirmed that these figures are included in the KDFWR’s annual report to the Secretary of State’s Office.</td>
</tr>
<tr>
<td>KRS 150.605: Promulgate regulation to govern the process for commissioning the production of a state waterfowl stamp.</td>
<td>301 KAR 3:090</td>
</tr>
</tbody>
</table>

**Source:** KRS Chapter 150.
Endnotes

4 Ibid.
9 Ibid.
12 Ibid.
15 Ibid.
18 Ibid.
35 Ibid.