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Legislative Audit Bureau

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Janice Mueller
State Auditor

DATE: July 11, 2005

TO: Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*
State Auditor

SUBJECT: Proposed Audit of the Fish and Wildlife Account—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering separate requests from Senator Leibham and Representative Suder regarding the use of funds from the Fish and Wildlife Account of the Conservation Fund. In fiscal year (FY) 2004-05, the Fish and Wildlife Account received an estimated \$68.0 million in revenues, primarily from hunting and fishing license fees. These funds are used to support various activities associated with hunting and fishing, such as habitat development, fish and wildlife management, law enforcement, land acquisition, research, and administration.

The 2005-07 biennial budget bill approved by the Legislature includes fee increases for several types of licenses and creates a \$20 youth deer gun and archery license for residents age 17 and younger. These fee changes are estimated to generate an additional \$5.0 million in FY 2005-06 and \$7.8 million in FY 2006-07.

Concerns have been raised about the extent to which fees collected for hunting and fishing activities are being used for the purposes for which they were intended and the amount of overhead costs the Department of Natural Resources (DNR) charges to the Fish and Wildlife Account. We last conducted an audit of the Fish and Wildlife Account in 1998. In that audit (report 98-9), we found that from \$50.4 million in FY 1996-97 user fee expenditures, \$981,000 was spent on activities that did not directly support hunting or fishing opportunities and \$11.6 million was spent on DNR's overhead costs. In response to our audit, the Legislature subsequently capped the amount DNR may spend on administration at 16.0 percent of annual Fish and Wildlife Account expenditures.

There is substantial interest in how DNR continues to use fish and wildlife funds, especially in how the fees paid by hunters and anglers are spent and whether fish and wildlife expenditure patterns have changed since our 1998 audit. These concerns result, in part, from DNR's accounting practices, which make it difficult to identify the ultimate source of funds used to finance various programs.

An audit of the Fish and Wildlife Account could examine:

- the extent to which revenue generated from user fees is spent on activities that primarily benefit hunters and anglers;
- the extent to which revenue generated from user fees is spent on activities that benefit multiple users and on activities that do not directly support hunting or fishing;
- the extent to which DNR exercises flexibility in spending Fish and Wildlife Account funds;
- compliance with the legislative restriction on the amount of administrative costs that DNR may charge to the Fish and Wildlife Account;
- how the level and source of fish and wildlife funding in Wisconsin compares to that of other states; and
- options for enhancing DNR's accountability for its use of fish and wildlife funds.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/km

cc: Senator Robert Cowles	Representative Samantha Kerkman
Senator Scott Fitzgerald	Representative Dean Kaufert
Senator Mark Miller	Representative David Travis
Senator Julie Lassa	Representative David Cullen
Senator Joseph Leibham	Representative Scott Suder
Scott Hassett, Secretary	
Department of Natural Resources	