



Susan Montee, CPA
Missouri State Auditor

August 2007

CONSERVATION

Department of Conservation



Office Of
Missouri State Auditor
Susan Montee

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The following findings were included in our audit report on the Department of Conservation.

The Missouri Department of Conservation (MDC) owns, leases, or manages 461 named conservation areas, as well as about 840 other properties. The MDC does not maintain a centralized area plan tracking system. Our review of 10 conservation areas that contained at least 500 acres or had undergone recent significant development found that in three of the areas, MDC had undertaken major expansions and/or facility development without developing an area plan or updating an existing area plan. The MDC spent nearly \$3 million for an additional lake and hatchery improvements at one of the three properties.

The MDC Protection Division does not maintain adequate records for seized evidence, including guns and knives. Almost half of the 1,600 records in the MDC electronic case tracking system listed no storage location, and 508 records had a seizure date that was more than three years old. Evidence logs for the freezer used to store confiscated wildlife at MDC central headquarters had been misplaced, so there were no records of evidence items placed in the freezer between January 23, 2003, and December 14, 2006. In addition, MDC agents also occasionally seized illegal contraband that, according to the seized evidence report, were stored at various MDC locations and, in some cases, at an office located at an agent's home.

The MDC reimbursed the state General Revenue Fund \$66,388 for about 2,400 hours of law enforcement services provided by the Missouri State Water Patrol (MSWP); however, it appears no additional services, beyond the statutorily required duties of the MSWP, were received by the MDC that would warrant or justify this one-time reimbursement.

For fiscal year 2006, costs incurred by the MDC for its flight operations unit totaled about \$579,000. Utilization of the MDC aircraft has significantly decreased since 2001 while MDC has maintained the same number of aircraft and pilots. It appears the number of general transportation trips has remained relatively steady while the number of flights related to resource management have dramatically reduced. The MDC should review the utilization and related flight operations costs to determine if this unit should continue to operate at its current level.

The MDC reported a combined operating loss of more \$1,075,000 for its five manned shooting ranges for fiscal year 2006. The MDC also has 17 archery only, 7 shotgun only, and 40 firearms unmanned shooting ranges. The most recently constructed manned range, completed in 2001, cost approximately \$3,000,000, and the planned replacement of another existing manned range is budgeted at \$4,000,000. The estimated cost to develop a typical unmanned firearms shooting range is between \$200,000 and \$300,000

(over)

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and a small archery range is between \$7,000 and \$10,000. The MDC should evaluate shooting range fees, operating costs, and public usage to determine if current and future planned operations of manned shooting ranges is cost beneficial.

The MDC does not always document roll call votes taken in closed session and does not always report decisions made in the closed sessions in the department's public records, as required by state law. The MDC discussed an issue in closed session which did not appear to be allowable for closed session under state law. Similar conditions were noted in our prior audit report.

It should be noted that, based upon their interpretation of the Sunshine Law, the MDC refused to provide complete copies of closed session minutes for our review. The MDC did provide redacted versions of the closed session minutes; however, the information provided was so limited that we were unable to determine if many of the actions taken in closed session were reported in open session. The MDC has determined and assured us that the withheld information would have no material effect upon our audit of the department. This action by the department resulted in a scope limitation related to our audit.

Our report also included recommendations related to department area planning procedures and the inspection of some commercial permit holder facilities.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF CONSERVATION

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS	4-18

<u>Number</u>	<u>Description</u>	
1.	Conservation Area Planning	5
2.	Protection Division Concerns and Cooperative Agreement	9
3.	Flight Operations	14
4.	Manned Shooting Ranges	15
5.	Public Records and Closed Session Minutes	16

FOLLOW-UP ON PRIOR AUDIT FINDINGS	19-27
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION	28-34

Appendix

A	Comparative Statement of Receipts, Disbursements, Other Financing Uses, and Changes in Cash and Investments, Years Ended June 30, 2006 and 2005	31
B	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2006 and 2005	32
C	Comparative Statement of Expenditures (From Appropriations), Years Ended June 30, 2006, 2005, 2004, 2003, and 2002	33
D	Statement of Changes in General Capital Assets, Two Years Ended June 30, 2006	34

STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Conservation Commission
and
John Hoskins, Director
Department of Conservation
Jefferson City, MO 65102

We have audited the Department of Conservation. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2006 and 2005. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Review certain revenues and expenditures.
4. Evaluate the economy and efficiency of certain management practices and operations.
5. Determine the extent to which recommendations included in our prior audit report were implemented.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. Certain information contained in the Commission meeting minutes for closed sessions was not provided to us based upon the department's interpretation of state law. Department officials have determined and assured us that this withheld information has no material effect on the audit. However, we could not audit certain potential transactions or information related to transactions because of this limitation the department imposed on the scope of our audit.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the

effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. 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.

Except as discussed in the second paragraph, our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The work for this audit was substantially completed by March 2007.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Conservation.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Dennis Lockwood, CPA
Audit Staff: James Samek
Jonathan Edwards
Ali Arabian

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CONSERVATION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Conservation Area Planning

The Missouri Department of Conservation (MDC) does not maintain a centralized tracking system for conservation area management plans, did not prepare plans for some areas, and did not update some area plans prior to significant expansion or facility development. In addition one tract of land was not properly recorded in the MDC land tracking system and the MDC has taken little action to make this tract available for public use.

MDC's policies and procedures for area planning, which were last updated in 1999, are contained in the department's Area and Resource Management Manual. The policy states, "Area plans will clearly and succinctly define long-term management direction for the area." Selection of areas for plan development or updates is the responsibility of Regional Coordination Teams (RCT). The selection criteria noted in the policy should include the following: an area requiring active management or a management change to meet resource directives, an area with high potential for public use or visibility, or an area for which significant capital improvements or development are desired. The plans are prepared by area planning and implementation teams whose members are selected by the RCT from the various MDC divisions. MDC personnel indicated that the area plans are an important component in the development of divisional and regional budgets and workload planning. The area plans are also the primary means to identify existing natural resources and potential resource management activities and public utilization of MDC owned lands.

A. The MDC does not maintain a centralized area plan tracking system. A centralized tracking system would allow MDC management to monitor regional coordination team compliance with area planning policies and procedures, and help ensure area plans are developed or updated when an area meets the selection criteria for area planning. Our review noted the following specific concerns:

1. The MDC owns, leases, or manages 461 named conservation areas, as well as about 840 other properties such as fishing accesses, community lakes, towersites, hatcheries, natural areas, wildlife areas, nature centers, education centers, and other facilities that have been assigned an area identification number. We reviewed 10 conservation areas that contained at least 500 acres or had undergone recent significant development, and requested the MDC provide the current plans for these 10 areas. For the three following areas, the MDC undertook major expansions and or facility development without developing an area plan or updating an existing area plan.

- MDC indicated that no area plan had been prepared for the Danville Conservation Area located in Warren County. The property was originally acquired in 1965 and included 1,055 acres. In 1982 and 1985, MDC acquired additional tracts bringing the total acreage to 2,655 acres. Since the property was first acquired, the MDC has developed six parking lots, three campsites, three miles of trails, and two privies. Two large natural areas have been designated.
- The area plan for the Elam Bend Conservation Area in Gentry County acquired in 1979 was developed in 1981. The plan was an interim operations and management plan. Since 1981, the area has been expanded by 840 acres and now totals 1,483 acres. This area now includes an unmanned shooting range, a concrete boat ramp, five camping areas, and nine parking lots. Since fiscal year 2003, MDC has spent over \$121,000 on capital improvements on this area.
- The area plan for the Blind Pony Hatchery and Wildlife Area located in Saline County covered fiscal years 1991 to 1995. The area has been expanded to 2,207 acres; however, 524 of those acres were added between 1989 and 1991, and the area plan did not include management recommendations for those portions of the area. The plan indicated that management recommendations for the newly added portions would be developed and added to the plan by January 1992. The MDC was unable to provide any documentation that those management recommendations were developed. The current area manager indicated that the additional acreage was very similar to the other land in the area and was managed in accordance with the goals and methods included in the 1991 plan. The 1991 plan included \$722,500 for various lake and hatchery improvements; however, since fiscal year 2003, the MDC has spent nearly \$3 million for additional lake and hatchery improvements.

Our review also noted the area plan for the Hidden Hollow Conservation Area in Macon County, totaling 1,360 acres, was developed in 1986 and no planning cycle was identified. The area plan for the Huzzah Conservation Area in Crawford County, totaling 6,144 acres, was prepared in 1990 and a five-year planning cycle was identified. We did not identify any significant expansions or facility development for these two areas. However, since these plans were developed over 15 years ago, the MDC should consider reviewing or updating area plans that are several years old. The other five area plans we reviewed had been developed or updated recently and appeared to be in compliance with MDC area planning guidelines.

2. We reviewed a report from one RCT team of all area plans with the applicable area acreages, the date the most recent plan was approved, and the length of the planning cycle. That report listed 29 conservation areas assigned to the forestry division in that region, with 24 of those areas having a current plan. Four of the listed smaller areas had plans that were over 10 years old and these plans did not identify a planning cycle. One area containing 407 acres was listed as having no plan due to a decision that a plan was not needed for this area. We searched the MDC conservation atlas information and identified 14 additional MDC properties in the region totaling over 3,500 acres. MDC indicated that no area plans had been prepared for these areas for various reasons, such as some were small natural areas and some had restrictions on possible development or type of public use; however, one area contained 255 acres with two large lakes, boat ramps, an archery range, a pavilion, and four parking lots. Another area included a total of 880 acres in two separate tracts with no identifiable facilities, but forest improvement practices had been implemented.

To allow the area plans to serve as a management and budgeting measure as intended, the MDC should ensure area plans are developed or updated in compliance with area planning policy.

- B. The area planning guidance indicates that plans should include identification of desirable expansion zones for each area. For the 10 areas we reviewed, it appears almost all additional land acquired was located in or was immediately adjacent to the desirable expansion zone. These expansion zones were identified during a period when land acquisition was a high priority. In 2003, the MDC developed a Land Protection and Restoration Guide which included revised expansion zones that were in part based upon the expansion zones in the area plans. It appears the MDC's priorities have changed, but the areas plans remain the same. The MDC reported over 260,000 acres of land are now included in the desirable expansion zones. At June 30, 2006, the MDC owned 783,816 acres of land and the acquisition of an additional 260,000 acres would result in a 33 percent increase in total acreage.

The MDC Capital Improvements Coordinating Committee, which makes recommendations for land acquisition to the Conservation Commission, has adopted a list of eleven capital improvement priority guidelines that ranks the acquisition of new public use land or habitat facilities by the MDC as the eighth and ninth lowest priorities for fiscal year 2007. As area plans are reviewed, the MDC should review the expansion zones to determine that the land and habitat included in the expansion zones are consistent with MDC's capital improvements priorities, long term goals, and strategic plans.

- C. Our review of land acquisitions noted another MDC owned property that did not have an area plan. This property was acquired as part of a donation to the MDC

from a private citizen's estate in 2002. In 2002 and 2005, the MDC sold most of the donated property. The remaining 105 acre tract is located along the Grand River in Chariton County. This property was not listed in the "active" records within the MDC land tracking system or identified in the MDC mapping system. The MDC indicated that nothing had been done with the property and no formal review had been conducted of the property for development or public use potential pending completion of a boundary survey.

The MDC indicated that staff handling the property acquisition and related records had retired, and problems with the land tracking system prevented the tract from being recorded at the time of acquisition. The MDC is undertaking a reconciliation of their paper-based real estate purchase records to the land tracking system to determine if all MDC property has been recorded correctly. MDC should complete the reconciliation of real estate acquisition records to the land tracking system, update the land tracking system to include the previously unrecorded tract and any other unrecorded tracts, and review the property to identify the potential for development and public use.

WE RECOMMEND the MDC:

- A. Ensure area plans are developed and updated in compliance with MDC policies and procedures and consider implementing a centralized tracking system to monitor area planning coordination activities.
- B. Review expansion zones identified in area plans for consistency with MDC's long-term goals and strategic plans.
- C. Complete the reconciliation of real estate acquisition records to the land tracking system, update the land tracking system to include the previously unrecorded tracts, and review the property to identify the potential for development and public use.

AUDITEE'S RESPONSE

- A. *The Department is in the process of updating the Area Planning policy and procedures. This recommendation will be considered in that process.*
- B. *The Department has made a change in its approach to land acquisition since the development of the area plans reviewed. The Department is very judicious in its approach to area expansion and the criteria used in the decision-making process are consistent with the long-term goals and plans outlined in our Next Generation planning document.*
- C. *The Department has completed its reconciliation of the real estate acquisition records to the land tracking system. The management of the 105 acre tract has been assigned to the*

Wildlife Division and the tract has been moved to the active records in the land tracking system.

2. Protection Division Concerns and Cooperative Agreement

The MDC Protection Division does not maintain adequate records for seized evidence and did not perform some inspections of commercial permit holder facilities as required by MDC policy. The MDC reimbursed the General Revenue Fund \$66,388 for law enforcement services provided by the Missouri State Water Patrol (MSWP); however, it appears no additional services, beyond the statutorily required duties of the MSWP, were received.

- A. The MDC Protection Division does not maintain adequate records for seized evidence. The Protection Division manages the law enforcement activities of the department and employs about 200 commissioned conservation agents. During law enforcement, the agents seize as evidence personal property of offenders, illegal contraband, and illegally taken or possessed wildlife. The personal property includes guns, knives, spotlights, fishing gear, traps, and other items used in violation of hunting and fishing regulations.

MDC Protection Division Policy 1.12 states that property seized by an agent as a result of an investigation, if not claimed within a year by an owner who has rightful possession to it, must be disposed of by the county at public sale. This policy may be substantially consistent with Section 542.301.5, RSMo, which states that property forfeited by a judge can be sold and the proceeds shall go to the county. In addition, Section 542.301.15, RSMo, requires any other seized property still held by a law enforcement official for more than three years following seizure which has not been forfeited and has ceased to be useful as evidence shall be deemed abandoned and sold, and the proceeds remitted to the state treasurer.

The MDC maintains an electronic case tracking system which tracks arrest records and includes seized property records. At our request, MDC prepared a report of seized evidence items as recorded in the system. That report included about 1,600 records of items seized since 1999; however, the limited descriptions of the items in the report made it difficult to determine the exact number of seized items. The report indicated many items were stored in agent's home offices, a safe, a freezer, a MDC facility, or the location was not specified on the report. Nearly half of the records listed no storage location. Our review noted the following:

1. We noted 508 records had a seizure date that was more than three years old, and 86 of those records indicated a gun had been seized. We requested the MDC provide the current storage location for 21 of the guns or the method and time of disposition, if applicable. Of the 21 items, the

MDC still had possession of three guns and had not obtained a court order regarding disposition of the items. In addition, one item was held pursuant to a court order forfeiting the weapon to the MDC, but it appears no further action was taken by the MDC and the gun was not recorded in their weapons inventory. One weapon had been turned over to the local sheriff and the remaining 16 weapons had been returned to the owner, defendant, or co-defendant.

The case tracking system was not updated for 8 of the 16 weapons that had been returned. The MDC indicated that current status or disposition of seized evidence could be located in the individual paper-based case files maintained by the conservation agents, but for six of the 21 items, those records had been purged under MDC record retention policies. Five of the 21 items that had been returned to the defendant had been held more than one year, which is not consistent with the MDC disposal policy.

The MDC should require the seized evidence information in the case tracking system be updated to record the correct location and status of all seized property, or develop additional procedures to track seized evidence and ensure seized evidence is handled in accordance with MDC policies and state law.

2. The MDC indicated that evidence logs are used at the various storage locations to record the receipt and disposition of seized evidence and confiscated wildlife. We examined evidence logs for the evidence room at MDC central headquarters in Jefferson City. The supervisor in charge of this storage location indicated that some pages of the log for the evidence freezer used to store confiscated wildlife had been misplaced. There were no records of evidence items placed into the freezer between January 23, 2003, and December 14, 2006. The last date any wildlife item was recorded as being removed from the freezer was in 2001 and the freezer log listed 19 items that had been seized between 2001 and 2003. In addition, several sets of deer antlers that were not recorded on any log were located in the evidence room. MDC indicated that some of the antlers had been forfeited to MDC by court order.

The evidence report discussed in Part 1 above noted several items were listed as stored in the MDC Camdenton office. We requested copies of the evidence logs for that location. The MDC indicated that evidence logs were not maintained for that location but use of evidence logs would be implemented immediately.

We discussed MDC procedures to review evidence logs and to conduct inventories of evidence storage locations. There is no formal requirement that evidence logs be maintained but most locations do so. Additionally,

there is no formal requirement that evidence logs be reviewed or inventories be conducted.

The MDC should establish policies and procedures for the maintenance of seized property records at all storage locations and perform periodic inventories of seized evidence.

3. MDC agents also occasionally seized illegal contraband, such as small quantities of illicit drugs, drug paraphernalia, and alcoholic beverages that, according to the seized evidence report, were stored at various MDC locations and, in some cases, at an agent's office located in the agent's home. MDC policy permits the storage of the illegal contraband in MDC facilities. To improve security and controls, the MDC should consider implementing policies to limit the storage of illegal contraband in MDC facilities and agent's home offices and require that type of evidence to be transferred to local sheriff's offices or the highway patrol as soon as reasonably possible.

- B. The MDC Protection Division did not perform some inspections of commercial permit holder facilities as required by MDC policy. The MDC issues commercial permits to commercial fishermen, fur buyers and dealers, wildlife hobbyists, wildlife breeders, game bird and big game hunting preserves, licensed trout fishing areas, taxidermists, falconry hunters, commercial deer processing operators, dog training areas, hound running areas, and field trial areas. There are 60 Class II Wildlife Breeder permits and only those permittees are allowed to hold dangerous game, such as mountain lions, bears, wolves, or poisonous snakes. MDC policies require annual inspections of wildlife breeders and hunting preserves and recommend periodic inspections for other permittees. Where live animals are permitted, the MDC inspection includes determining that containment methods comply with size and minimum construction requirements, observation of animals and sanitary conditions, and a records check. Fur buyers and dealers and taxidermists inspections are primarily a review of records and comparisons to items on hand.

In fiscal year 2006, the MDC issued nearly 3,800 commercial permits. There were 914 facilities for which an annual inspection is required. While there is no facility inspection requirement for 314 commercial fishing permittees, these are monitored by the MDC observing their activities while they are actively engaged in commercial fishing. The remaining approximate 2,500 permittees may be inspected but there is no requirement that an annual inspection be performed. The MDC does not have a centralized tracking system for commercial permit inspections. Protection division district supervisors are instructed to monitor the permit inspection activities of the conservation agents.

We requested the MDC provide a copy of the inspections performed in fiscal year 2006 for 15 permittees for which an annual inspection was required. Three

permittees for which an inspection was required were not subjected to an inspection. In addition, two inspections were only documented on an agent's calendar or in his work notes and not on the required inspection form, and one inspection was conducted by phone.

We also requested fiscal year 2006 inspection documentation for 10 permittees for which a periodic inspection was recommended. Five of these inspections were completed, four inspections were not completed, and one inspection was not documented on an inspection form.

MDC should implement a commercial permit inspection tracking tool to ensure commercial permittees are subjected to inspections as required by MDC policies.

- C. Under a cooperative agreement, the MDC reimbursed the state's General Revenue Fund \$66,388 for about 2,400 hours of law enforcement services provided by the Missouri State Water Patrol (MSWP); however, it appears no additional services, beyond the statutorily required duties of the MSWP, were received by the MDC that would warrant or justify this one-time reimbursement. The MDC agreed to reimburse the General Revenue Fund from the Conservation Commission Fund up to \$482,800 for up to 17,472 hours of law enforcement services by MSWP officers who patrolled MDC conservation areas, waters, and boat accesses. Those services were to be provided between November 1, 2005, and June 30, 2006. The MDC areas patrolled by the MSWP officers appeared to be within patrol zones that were already an area of responsibility of the Water Patrol established by state law. The MSWP submitted monthly reports of patrol hours at MDC areas. The agreement was not renewed for fiscal year 2007. Except for the monthly reporting, it appears the MDC received no additional services from the MSWP that were not provided under the statutory duties of the MSWP.

If it is reasonable and proper for the MDC to reimburse the General Revenue Fund for MSWP services in one fiscal year, then MDC should reimburse the General Revenue Fund for MSWP services each fiscal year. The MDC does not provide funding assistance to other law enforcement agencies, such as county sheriffs, that provide general law enforcement services on MDC properties.

WE RECOMMEND the MDC:

- A.1. Require the seized evidence information in the case tracking system be updated to record the correct location and status of all seized property or develop additional procedures to track seized evidence and ensure seized evidence is handled in accordance with MDC policies and state law.
2. Establish policies and procedures for the maintenance of seized property records at all storage locations and perform periodic inventories of seized evidence.

3. Consider implementing policies to limit the storage of illegal contraband in MDC facilities and require that type of evidence to be transferred to local sheriff's offices or the highway patrol as soon as reasonably possible.
- B. Implement a commercial permit inspection tracking tool to ensure commercial permittees are subjected to inspections as required by MDC policies.
- C. Ensure future cooperative agreements for law enforcement services result in additional services to MDC. In addition, MDC should evaluate the necessity to reimburse, on an on-going basis, all law enforcement agencies that provide general law enforcement duties on MDC lands.

AUDITEE'S RESPONSE

- A.1. *The Protection Division is reviewing its guidelines and the recommendation will be considered. The Protection Division is also reviewing the seized property reporting capabilities in the case tracking system for possible upgrades.*
2. *The incomplete evidence log for seized illegal wildlife at the central office has been reconstructed and updated based on existing records. The "sets of deer antlers that were not recorded on any log" mentioned in the audit were forfeited to the Department by court order and used in Operation Game Thief exhibits, and are not evidence items. The Protection Division will consider addressing the maintenance of seized property records in its seizure guidelines and will perform periodic inventories of seized evidence.*
3. *The Protection Division will consider formalizing the procedures for the storage of illegal contraband. Although the Department sometimes stores contraband at the local Sheriff's office or the Missouri State Highway Patrol, there are times we prefer to maintain evidence at our regional offices to secure evidence and limit the chain of custody.*
- B. *The Protection Division will review current policies for commercial permit inspections in view of competing conservation agent work priorities, and will consider implementing a commercial permit inspection tracking tool.*
- C. *As clearly outlined in the agreement and as told to the auditors, the agreement resulted in enhanced services being performed. The Department will continue to enter into cooperative agreements when necessitated by the specific situation.*

AUDITOR'S COMMENT

- C. The department could not provide any documentation to show that additional, or enhanced, services were received beyond the MSWP's statutory duties.

3.**Flight Operations**

Although the MDC has significantly reduced the utilization of their fleet of aircraft since 2001, the department has maintained the same number of aircraft and pilots. The MDC owns two airplanes and a helicopter, and has one-half interest in another airplane with the Missouri Department of Transportation.

MDC flight operations reported for fiscal year 2006 a total of 1,121 flight hours for 388 trips in the four aircraft. The MDC employs four full-time pilots and occasionally uses planes and pilots from other state agencies. MDC personnel indicated the pilots spend little, if any, time on non-flight related duties. MDC pilots logged 1,380 flight hours which is higher than the number of flight hours for the MDC aircraft since one plane requires two pilots and MDC pilots flew other agencies' planes. The MDC indicated that it was necessary to have all four aircraft to meet the needs of the agency. The following table indicates the number of flights and flight hours for the 4 aircraft for fiscal year 2006:

Aircraft	Flights	Flight Hours
Shared King Air 200	73	119.1
Cessna 402	164	362.1
Cessna 210	71	227.8
Bell Helicopter	80	412.3
Total	388	1,121.3

In response to recommendations in our audit report on the state's passenger aircraft, Report 2003-28, issued in April 2003, the MDC indicated that for fiscal year 2001 the MDC had four aircraft and four pilots and flew 640 flights requiring 1,638 flight hours. Utilization of the MDC aircraft has significantly decreased since 2001 while MDC has maintained the same number of aircraft and pilots.

We also reviewed the MDC's records of the flights by the activity or purpose of the flight. For fiscal year 2006, the activity or purpose for each flight were reported as follows:

Activity/Purpose	Number of Flights
General Transportation	246
Resource Science	77
Enforcement	19
Other	17
Photography	13
Fire Protection	10
Total	388

As noted above, in fiscal year 2006, 246 flights were for general passenger transportation. In their response to our 2001 audit report, the MDC indicated that for the fifteen year period prior to 2000, passenger transportation flights accounted for less than 40 percent of all flights each year, or about 256 flights. It appears the number of general transportation trips has remained relatively steady while the number of flights related to resource management have dramatically reduced.

The following table indicates the number of MDC aircraft flown per day during fiscal year 2006 and the total days that those number of aircraft were flown. All four of the MDC's aircraft were flown on the same day only four times during the year.

Number of aircraft flown on the same day	Total days those number of aircraft were flown
1	116
2	82
3	23
4	4
Total	225
Days with 2 trips for one aircraft	24

In addition, the MDC reported 23 flights were made with an aircraft owned by another state agency. Those flights required 85 flight hours to complete and 12 of the 23 flights were for general transportation.

The MDC has significantly reduced their utilization of flight operations over the last five years but has not reduced the number of aircraft and pilots. For fiscal year 2006, the costs incurred by the MDC for the flight operations unit totaled about \$579,000. The costs incurred by the department for the flight operations unit and the level of utilization indicates the operation of this unit at its current level may not be necessary or justified.

WE RECOMMEND the MDC review the utilization and related costs of the MDC flight operations unit to determine if this unit should continue to operate at its current level.

AUDITEE'S RESPONSE

Flight operations, utilization and future needs are reviewed on a routine basis. As previously planned, the Flight Services staff was reduced by one pilot on July 1, 2007.

4.	Manned Shooting Ranges
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The MDC reported a combined operating loss of \$1,075,349 for its five manned shooting ranges for fiscal year 2006. There are two manned shooting ranges in the St. Louis area, two in the Kansas City area, and one near Springfield. The MDC reported the ranges

were used by the public about 130,000 times in fiscal year 2006. The MDC charges nominal fees to the public, such as \$3 per hour per shooting station or \$3 per round of trap or skeet shooting. Participants in hunter education classes and youth groups are not charged a user fee. Three of the manned ranges also have small archery ranges.

The MDC reported total direct expenditures (not including depreciation or other administrative costs) for the shooting ranges of \$1,321,618 in fiscal year 2006, and reported related revenues of \$246,269, or only 18.6 percent of the direct operating costs. The most recently constructed manned range, completed in 2001, cost approximately \$3,000,000, and the planned replacement of another existing manned range is budgeted at \$4,000,000.

The MDC also has 17 archery only, 7 shotgun only, and 40 firearms (rifle, shotgun, or pistol) unmanned shooting ranges. The estimated cost to develop a typical unmanned firearms shooting range is between \$200,000 and \$300,000 and a small archery range is between \$7,000 and \$10,000. There are unmanned ranges within reasonable driving distances of the metropolitan areas served by the manned ranges. The current MDC strategic plan includes development of five additional unmanned shooting ranges if cooperative local community partnerships can be identified.

The MDC indicated it is not their intention to operate the shooting ranges at or near break even but to increase public opportunities for outdoor recreation. However, considering the significant cost associated with the manned shooting ranges, the MDC should evaluate shooting range fees, operating costs, and public usage to determine if current and future planned operations of manned shooting ranges is cost beneficial.

WE RECOMMEND the MDC evaluate shooting range fees, operating costs, and public usage to determine if changes in the operations of manned shooting ranges should be considered.

AUDITEE'S RESPONSE

The Outreach and Education Division is in the process of reviewing the fees currently charged at the shooting ranges; nominal increases, if any, are expected. The Division reviews and evaluates the operating costs of the manned shooting ranges annually; staffing is based on public usage and programs provided.

5. Public Records and Closed Session Minutes

The MDC does not always document roll call votes taken in closed session and does not always report decisions made in the closed sessions in the department's public records, as required by state law. The MDC discussed an issue in closed session which did not appear to be allowable for closed session under state law. Similar conditions were noted in our prior audit report.

- A. The MDC does not document roll call votes taken in closed session in the manner required by state law. Sections 610.015 and 610.020(7), RSMo, specify that the minutes of meetings shall record all roll call votes, including the name of each official and how each official voted. While it appears almost all closed sessions votes were reported as being unanimous, some exceptions were noted. The MDC should ensure information regarding how each member voted on all roll call votes taken in closed session is recorded as required by state law.

- B. Under Section 610.021 RSMo, the MDC is required to make public the results of votes related to certain decisions made in closed sessions within specified timeframes or after conclusion of the action authorized by the vote. This includes decisions on settlement agreements arising from litigation; execution of lease, purchase or sale of real estate; personnel actions; and execution of contracts and rejection of bids.

Between January 26, 2006, and November 2, 2006, we noted several examples in which the MDC did not appear to comply with statutory requirements in the closed session minutes for meetings held. In two instances, settlement agreements arising from litigation were approved in closed session but the settlement agreements were not announced in a later open meeting. Another instance involved a vote to reject a counteroffer of a lease for a piece of property which was made in closed session as allowed under Section 610.021, RSMo, and was immediately followed by a vote to raze buildings on the property. The second vote does not appear to fall within the allowable types of actions for closed sessions. In addition, for all votes taken in closed session, the MDC did not record in the open session minutes the results of closed session votes in the manner required.

Unless the MDC publicly announces or releases results of votes taken in closed sessions within a reasonable time following the conclusion of the action as required, the public cannot be aware that a decision has been made or that the related records are available. The MDC should ensure all closed session votes and the related actions are publicly announced as and when required, and ensure only items allowed by state law are discussed in closed session.

It should be noted that, based upon their interpretation of the Sunshine Law, the MDC refused to provide complete copies of closed session minutes for our review. The MDC did provide redacted versions of the closed session minutes that indicated approval or rejection of real estate transactions, contract negotiations, award or rejection of bids, and other actions that were apparently allowable actions for closed meetings. However, the information provided was so limited that we were unable to determine if many of the actions taken in closed session were reported in open session.

The MDC has determined and assured us that the withheld information would have no material effect upon our audit of the department. Pending litigation involving our office should fully resolve or address this issue.

WE RECOMMEND the MDC:

- A. Ensure all roll call votes taken in closed session are recorded as required by state law.
- B. Ensure all closed session votes and the related actions are publicly announced as and when required and ensure only matters allowed by state law are discussed in closed session.

AUDITEE'S RESPONSE

- A. *We will implement this recommendation.*
- B. *The Department is very cognizant of the Sunshine Law and we feel we are in compliance with all requirements. Our General Counsel has researched this issue and concluded that due to the variance of language used throughout the Sunshine Law, "shall be made public" means it is an open record and would be made available upon request; it does not mean it must be announced in a public meeting. We will continue to abide by our General Counsel's interpretation.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF CONSERVATION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Conservation on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2004; our report titled Statewide Fleet Management Follow-Up issued in December 2005; and our report titled Statewide Heavy Equipment Utilization issued in June 2005. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Strategic Planning

- A. The Missouri Department of Conservation (MDC) did not perform annual reviews or updates to its strategic plan prepared for fiscal year 2004.
- B. Long-term projections of anticipated revenues and expenditures were not tied to the strategic plan. In addition, the MDC had not conducted a comprehensive property, facility, and infrastructure inventory; assessed long-term operating costs and maintenance needs for department facilities; and did not incorporate long-term operational and maintenance needs into the strategic plan.
- C. The strategic plan was not adequately coordinated with the department's budget process.
- D.1. The MDC had not developed specific measurements for some goals and was not able to determine if conservation goals had been accomplished.
- D.2. Data was not available or was not used to measure progress toward or achievement of stated goals.

Recommendation:

The MDC:

- A. Ensure strategic plans are reviewed and performance measures are tested annually for effectiveness and revise the plans, if necessary.
- B. Include as a part of the strategic plan, long-term projections of anticipated revenues and expenditures required to implement and maintain the department's programs and strategic goals. In addition, the department should complete development of the facility inventory, operating cost assessment, and long-term maintenance assessment, and incorporate the information into the annual strategic plan and budgeting process.

- C. Coordinate the strategic planning process with the budgeting process and ensure that the responsibility for implementing strategic goals is assigned to appropriate divisions. In addition, the department should ensure division directions state a clear, direct relationship with the strategic goals.
- D.1. Ensure strategic goals are measurable and specific.
- 2. Improve the performance measurement process by using trend data to measure and support results achieved and defining how much improvement is needed.

Status:

A, C&

D. Partially implemented. The department is still developing more specific performance measures, has not fully coordinated the strategic planning process with the budgeting process, and is still developing measurable and specific strategic goals and trend data to measure and support results. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Expenditures

A. In accordance with a previous audit recommendation, the MDC implemented a revised policy for program distributions for grants and cooperative agreements. However, grant and cooperative agreements did not always indicate who was responsible for ensuring compliance with the terms of the contracts and conducting the agreed-upon monitoring procedures. Some advance payments, rather than payments on a reimbursement basis, were noted.

B. Clothing allowances were provided to employees and volunteers who had infrequent contact with external parties and could easily be identified by the use of a name tag or other less costly method.

C. The MDC did not have a policy limiting expenditures for gifts and awards to employees, and the cost of some gifts and awards were unreasonable.

Recommendation:

The MDC:

A. Ensure all program distribution agreements and activities comply with the policy for grants and cooperative agreements. These agreements and activities should include appropriate termination clauses, monitoring assignment and monitoring activities, and should be disbursed on a reimbursement basis.

- B. Discontinue providing clothing allowances to employees and volunteers who are not required to wear a uniform while on duty.
- C. Develop a policy specifying allowable expenditures for gifts and awards and ensure expenditures for gifts and awards are allowed only for items of reasonable cost which have no identifiable market value.

Status:

- A. Partially implemented. The MDC continues to fund certain agreements in advance, as allowed by MDC policy. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

3. Conflicts of Interest Policy

- A. The MDC did not compile or publish a listing of employees with outside employment or business ownership/family relationship conflicts. As a result, employees involved in purchasing activities were not aware of various vendors from which they should be restricting purchases. In addition, some employees who held concurrent employment at MDC and other state agencies had not filed outside employment forms.
- B. The department director and a commission member were ex-officio non-voting members of a not-for-profit organization with a business relationship to the department. However, neither the director nor the commissioner had reported the entity on their disclosure form filed with the Missouri Ethics Commission.

Recommendation:

The MDC:

- A. Improve the reporting and monitoring of employees' conflict of interest by:
 - Providing a mechanism for employees to report conflicts of interest other than outside employment or business ownership/relationship.
 - Ensuring all employees submit the outside employment disclosure form.
 - Developing and publishing, for department use, the listing of employees that MDC has placed on restricted procurement status due to the existence of conflicts of interest.
 - Following up on the instances of non-compliance with department policy.
- B. Follow up on the instances of non-compliance with state law noted above, and stress to employees and department officials through additional training or other

communication the importance of completely and accurately reporting all conflicts of interest and subjective perceptions of conflicts of interest.

Status:

A&B. Implemented.

4. Capital Asset Records and Procedures

- A. The MDC had initiated a policy of conducting annual physical inventories of capital assets. Physical inventories of capital assets were performed by asset custodians and there was no requirement that an independent individual perform the count or supervise, review, or spot check the physical count results.
- B. Pool vehicles were not separately identified or analyzed for appropriate usage levels or compliance with state policy for pool vehicles.
- C. The MDC did not maintain vehicle usage logs for department vehicles.
- D.1. The MDC did not track which employees were approved for personal commuting in state-owned vehicles on an annual, temporary, and occasional basis.
 - 2. The MDC did not require employees to submit reports of taxable commuting miles.
- E.1. Adequate market analysis was not performed to determine the actual rental values of department-owned homes.
 - 2. Employee's taxable benefits were not reported for employees renting department-owned homes.

Recommendation:

The MDC:

- A. Conduct a physical inventory of all capital assets on an annual basis and reconcile the results of the inventory to the detailed capital asset records. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties, or spot checks or supervisory reviews should be performed on the physical inventory results.
- B. Separately identify, account for, and analyze all vehicles used in a pool capacity to ensure compliance with state policy.
- C. Maintain mileage logs for all on-road department vehicles as required by OA policy. These logs should be periodically reviewed for propriety.

- D.1. Establish a central information reporting system to track which employees are approved for personal commuting on an annual, temporary, and occasional basis.
 - 2. Require all employees are approved for commuting during a given month to submit reports of taxable commuting miles or a statement that taxable commuting miles were not utilized.
- E.1. Perform a market analysis of the rental value of department owned-employee occupied homes.
 - 2. Assess rental rates to department employees in amounts consistent with the results of the analysis or record and report taxable benefits on the employees' W-2 wage and tax statements.

Status:

- A. Implemented. Spot checks of inventories are performed by persons independent of record-keeping or custodial duties.
- B, D.1
&E.1. Implemented.
- C. Not implemented. The department indicated that it controls the usage of vehicles by ensuring that all vehicles are properly marked with MDC logos. Although not repeated in the current MAR, our recommendation remains as stated above.
- D.2. Partially implemented. The MDC requires but does not ensure all commuting employees submit the required monthly report. Although not repeated in the current MAR, our recommendation remains as stated above.
- E.2. Implemented. The MDC revised the rental rates and required new rental agreements effective January 1, 2007.

5. Inventory

- A. Adequate analysis of cost recovery of for-sale inventory activities was not performed.
- B. Adequate analysis of cost recovery for nursery activities was not performed.

Recommendation:

The MDC:

- A. Perform comprehensive periodic analyses to ensure the activities of the for-sale inventory program are meeting the goals and objectives of management especially related to the level of cost recovery attained. In addition, the department's review of publication sales activities should consider all operating costs including employee salaries and fringe benefits.
- B. Document comprehensive periodic cost recovery analyses of the activities associated with nursery stock production and sales to determine if costs are recovered in accordance with management's objectives.

Status:

A&B. Not implemented. The MDC indicated it is not their intent to recover all costs associated with for-sale items and nursery items sold to the public. Although not repeated in the current MAR, our recommendation remains as state above.

6. Public Records

- A.1. The MDC did not document roll call votes taken in closed session and did not always report decisions made during closed session meetings in the department's public records in compliance with state law.
 - 2. The MDC did not document how some items discussed in closed session complied with state law.
- B. The department policy for providing assistance and information included a 10-cent per page copy fee but did not indicate an hourly fee for duplicating or research time.

Recommendation:

The MDC:

- A.1. Conduct and record all actions taken in closed session by roll call vote and disclose the final votes taken in closed session as required by state law.
 - 2. Ensure only allowable, specified subjects are discussed in closed session as required by state law.
- B. Review and retain documentation of the justification for fees charged for photocopying, research, proprietary information requests, and database copies.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Implemented.

STATEWIDE FLEET MANAGEMENT FOLLOW-UP

3. Fleet Management

- 3.1. The department did not have policies or guidelines requiring employees to minimize fleet expenses or use the Office of Administration's (OA) trip optimizer.
- 3.3. The department did not have a policy establishing the fleet management program and the roles and responsibilities of the fleet manager.
- 3.4. The department did not have fleet policies regarding minimum vehicle replacement criteria, vehicle assignment, minimum use requirements, and tracking vehicle use.

Recommendation:

The Director of the Department of Conservation:

- 3.1. Establish policies and/or formal guidance to require:
 - Employees use OA's trip optimizer to help determine whether state vehicles, rental vehicles, or personal vehicles should be used for transportation;
 - The tracking and monitoring of mileage reimbursements;
 - Consideration of surplus vehicles; and
 - Justification of Sport Utility Vehicles (SUV).
- 3.3. Establish an overall policy that establishes the fleet management program and the roles and responsibilities of the fleet manager.
- 3.4. Formalize guidance and/or establish fleet policies on minimum vehicle replacement criteria, vehicle assignment, minimum use requirements, and tracking vehicle use.

Status:

- 3.1. Partially implemented. The department has made the OA trip optimizer available to employees but does not require it be used. The MDC also established a reduced mileage reimbursement rate, which is re-computed and adjusted annually, for employees who drive their own vehicles when an agency vehicle is available. Guidelines for consideration of surplus vehicle and justification of SUV's have been adopted. Although not repeated in the current MAR, our recommendation remains as stated above.

3.3
&4. Implemented.

STATEWIDE HEAVY EQUIPMENT UTILIZATION

Heavy Equipment Utilization

1. The MDC did not coordinate with other agencies when purchasing heavy equipment to receive the lowest price.
2. The MDC did not establish guidelines specifying usage thresholds, or what should be done with heavy equipment not meeting certain usage levels.

Recommendation:

The Director of the Department of Conservation:

1. Require procurement officials to periodically meet, to the extent possible, and coordinate, planned heavy equipment purchases.
2. Establish equipment utilization, sharing, and disposal policies and guidelines to ensure the efficient and economical utilization of department-owned and leased equipment.

Status:

1&2. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CONSERVATION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Conservation is constitutionally created pursuant to Article IV, Sections 40(a) and 46. The general functions of the department are to control, manage, restore, conserve, and regulate all bird, fish, game, forestry, and wildlife resources of the state. At June 30, 2006, the department owned 783,816 acres of land in the state.

The department is headed by a four-member bipartisan commission, appointed by the Governor with the advice and consent of the Senate. They serve without compensation for staggered six-year terms. The commission members at June 30, 2006, were:

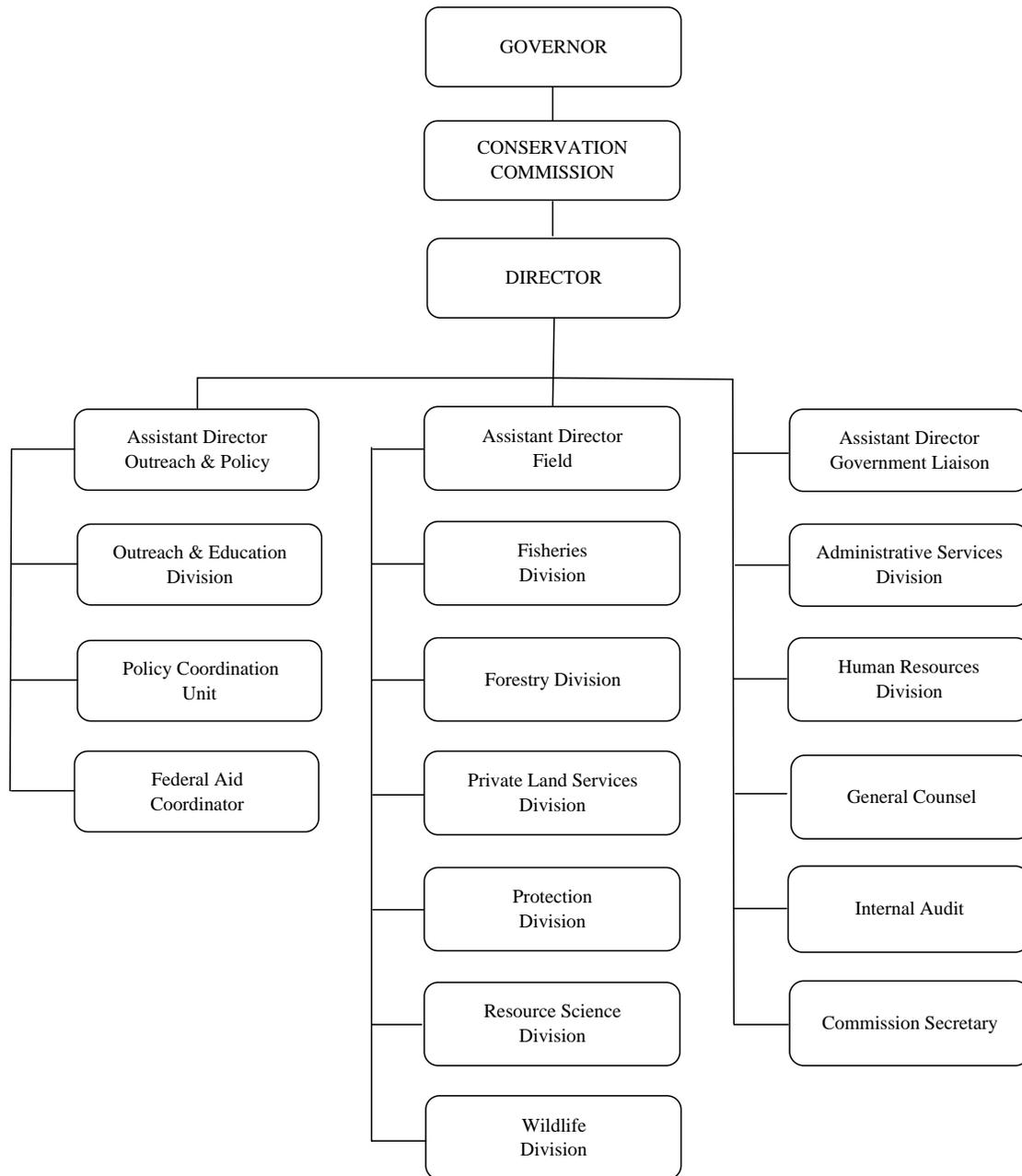
<u>Commissioner</u>	<u>Term Expires</u>
Stephen C. Bradford	July 1, 2007
Cynthia Metcalfe	July 1, 2007
Lowell F. Mohler	July 1, 2009
William F. McGeehan	July 1, 2011

The commission appoints a director who serves as the administrative officer of the Department of Conservation. The director appoints other employees and is assisted by three assistant directors with programs carried out by the divisions of fisheries, forestry, wildlife, protection, private land services, resource sciences, outreach and education, administrative services, and human resources.

John Hoskins was appointed Director effective July 1, 2002. At June 30, 2006, the department employed 1,587 full-time and 618 part-time individuals.

An organization chart and certain financial information follows:

DEPARTMENT OF CONSERVATION
ORGANIZATION CHART
JUNE 30, 2006



Appendix A

DEPARTMENT OF CONSERVATION
 CONSERVATION COMMISSION FUND
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING USES
 AND CHANGES IN CASH AND INVESTMENTS

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
RECEIPTS		
Sales and use tax	\$ 99,198,845	96,679,801
Permit sales	29,723,303	30,682,443
Sales, rentals and leases	7,764,292	7,461,383
Federal reimbursements	24,387,069	19,198,694
Interest	1,265,130	768,589
Donations, refunds and miscellaneous	2,368,816	2,328,811
	<u>164,707,455</u>	<u>157,119,721</u>
DISBURSEMENTS		
Personal service	67,302,844	66,022,678
Employee fringe benefits	21,253,772	20,147,362
Operations	60,800,982	53,951,253
Capital improvements and acquisitions	23,581,386	13,088,695
	<u>172,938,984</u>	<u>153,209,988</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES	<u>(8,231,529)</u>	<u>3,909,733</u>
OTHER FINANCING USES		
Appropriations exercised by other state agencies		
OA - Insurance and legal expense	708,441	1,164,402
OA - Worker's compensation	43,874	59,962
OA - Unemployment insurance	164,704	140,036
Office of the State Auditor	41,522	35,942
Department of Revenue	490,128	710,854
	<u>1,448,669</u>	<u>2,111,196</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES	(9,680,198)	1,798,537
CASH AND INVESTMENTS, JULY 1	<u>31,333,950</u>	<u>29,535,413</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 21,653,752</u>	<u>31,333,950</u>

Appendix B

DEPARTMENT OF CONSERVATION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2006			2005		
		Appropriation	Lapsed		Appropriation	Lapsed	
		Authority	Expenditures	Balances	Authority	Expenditures	Balances
CONSERVATION COMMISSION FUND							
Conservation Programs	\$	137,196,601	127,567,781	9,628,820	133,931,123	121,943,948	11,987,175
MDC Construction		44,000,000	19,684,265	24,315,735 *	18,317,827	0	18,317,827 *
Statewide Construction		15,176,625	12,266,162	2,910,463 *	34,385,315	19,208,690	15,176,625 **
Total Conservation Commission Fund	\$	196,373,226	159,518,208	36,855,018	186,634,265	141,152,638	45,481,627

* Biennial appropriations

** Biennial appropriation reappropriated to subsequent biennial period

Appendix C

DEPARTMENT OF CONSERVATION
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2006	2005	2004	2003	2002
Salaries and wages	\$	66,774,975	65,499,807	61,862,996	60,879,272	62,090,931
Benefits		7,831,369	8,091,387	7,921,277	7,656,202	4,834,207
Travel, in-state		1,814,733	1,502,117	1,710,335	1,576,510	1,979,578
Travel, out-of-state		206,297	200,892	191,149	240,361	260,114
Fuel and utilities		1,745,407	1,542,782	1,464,886	1,424,956	1,213,529
Supplies		19,255,380	17,685,334	14,811,623	11,492,568	11,561,115
Professional development		542,938	541,493	552,836	512,878	595,772
Communication service and supplies		1,339,282	1,421,008	1,439,916	1,449,355	1,369,444
Services:						
Professional		9,321,312	9,630,919	11,180,458	9,259,590	9,061,061
Housekeeping and janitorial		939,576	954,628	818,860	817,474	609,988
Maintenance and repair		2,032,047	1,866,241	1,812,036	1,718,252	1,466,927
Equipment:						
Computer		1,498,067	1,457,058	1,740,536	1,905,788	2,040,269
Motorized		5,508,680	3,905,645	7,707,842	6,435,239	4,205,280
Office		438,387	486,839	269,489	236,748	170,729
Other		2,758,236	2,508,575	2,970,379	2,660,840	1,394,150
Property and improvements		23,581,386	13,088,695	10,852,560	14,160,889	15,892,428
Building lease payments		553,811	599,324	664,141	621,502	718,075
Equipment rental and leases		2,449,988	2,008,214	1,663,201	1,101,090	557,240
Miscellaneous expenses		1,734,926	1,703,759	1,644,366	1,718,887	2,776,968
Refunds		190,865	197,437	136,818	148,792	183,224
Program distributions		9,000,546	6,260,484	5,425,221	3,839,042	3,364,864
Total Expenditures	\$	<u>159,518,208</u>	<u>141,152,638</u>	<u>136,840,922</u>	<u>129,856,236</u>	<u>126,345,892</u>

Appendix D

DEPARTMENT OF CONSERVATION
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
TWO YEARS ENDED JUNE 30, 2006

	<u>Equipment</u>	<u>Buildings</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total General Capital Assets</u>
BALANCE, July 1, 2004	\$ 75,642,878	74,554,896	302,565,646	9,360,541	462,123,961
Adjustments	(4,050,077) ⁽¹⁾	0	(25,000) ⁽²⁾	0	(4,075,077)
Additions	9,151,986	1,811,317	4,313,862	4,012,810	19,289,975
Dispositions	<u>(5,999,151)</u>	<u>(785,308)</u>	<u>(2,499)</u>	<u>(466,212)</u>	<u>(7,253,170)</u>
BALANCE, June 30, 2005	74,745,636	75,580,905	306,852,009	12,907,139	470,085,689
Adjustments	253,274 ⁽³⁾	0	(26,970) ⁽⁴⁾	0	226,304
Additions	8,020,263	11,159,667	4,692,770	9,409,330	33,282,030
Dispositions	<u>(3,867,312)</u>	<u>(663,566)</u>	<u>(427,509)</u>	<u>(10,668,826)</u>	<u>(15,627,213)</u>
BALANCE, June 30, 2006	<u>\$ 79,151,861</u>	<u>86,077,006</u>	<u>311,090,300</u>	<u>11,647,643</u>	<u>487,966,810</u>

(1) Adjustments for removal of under threshold items, corrections, and vehicle preparation costs

(2) Adjustments to correct prior year additions

(3) Adjustments to correct for preparation costs and upgrades

(4) Adjustments to correct for buildings included in land