



State of Arizona  
Office  
of the  
Auditor General

PERFORMANCE AUDIT

**ARIZONA GAME  
and FISH DEPARTMENT  
Heritage Fund**

Report to the Arizona Legislature  
By Douglas R. Norton  
Auditor General  
August 1996  
Report 96-13



DOUGLAS R. NORTON, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA  
DEPUTY AUDITOR GENERAL

August 15, 1996

Members of the Arizona Legislature

The Honorable Fife Symington, Governor

Mr. Duane Shroufe, Director  
Arizona Game and Fish Department

Transmitted herewith is a report of the Auditor General, A Performance Audit of the Heritage Fund programs at the Arizona Game and Fish Department. The performance audit was conducted pursuant to the provisions of Session Laws 1992, Second Regular Session, Chapter III, Section 4.

The report addresses how the Department can better fulfill its Heritage Fund mandate of acquiring sensitive habitat for threatened and endangered species. In addition, the report recommends several means to enhance the Department's accountability for Heritage Fund activities and expenditures.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on August 16, 1996.

Sincerely,

A handwritten signature in cursive script that reads "Douglas R. Norton".

Douglas R. Norton  
Auditor General

Enclosure

## SUMMARY

The Office of the Auditor General has conducted a performance audit of Heritage Fund programs at the Arizona Game and Fish Department (AGFD). This audit was conducted pursuant to the provisions of Session Laws 1992, Second Regular Session, Chapter 111, Section 4.

### **Heritage Fund Purpose and Accomplishments**

The Heritage Fund was established through a ballot initiative in 1990 to provide monies for preserving, protecting, and enhancing Arizona's natural and scenic environment. The initiative, which was supported by 62 percent of voters, requires that \$10 million in state lottery proceeds be allocated to AGFD each year for Heritage Fund activities. These activities, outlined in Arizona Revised Statutes (A.R.S.) §17-298, include 1) identification, inventory, protection, acquisition, and management of sensitive habitat; 2) habitat evaluation and protection; 3) urban wildlife programs; 4) environmental education; and 5) improving public access to public lands.

Since passage of the Heritage initiative, AGFD has received a total of \$45.9 million for the program through fiscal year 1995. The Department expended \$28.6 million of this money from fiscal years 1991 through 1995, and has budgeted an additional \$11.1 million for use in fiscal year 1996. In fiscal year 1995, the equivalent of 87 permanent full-time employees and 31 full-time limited, seasonal, and contract employees were allocated to the Department's Heritage Fund programs.

The Department has undertaken a wide range of projects and activities with Heritage monies, both within AGFD and through grants to external parties. The Department has used Heritage monies to further promote environmental education, increase staff responsible for evaluating the impact of land management decisions on Arizona's wildlife, expand research concerning threatened and endangered wildlife species such as the Goshawk and Bald Eagle, and acquire habitat for sensitive species, such as the Little Colorado Spinedace, a threatened native fish species. In addition, AGFD has awarded nearly \$5 million in grants since the inception of the Heritage Fund. More than 300 grants have been awarded to public agencies such as school districts, universities, and federal land management agencies for purposes such as environmental education, research, and trail construction.

**Arizona Game and Fish Department  
Needs to Be More Proactive in  
Acquiring Sensitive Habitat  
(See pages 7 through 15)**

AGFD has been slow to acquire habitat for threatened and endangered species because of its reactive approach to land acquisition. To alleviate concerns about AGFD acquiring private lands, the Department has adopted a reactive process in which properties are considered for acquisition only when they have been offered to the Department by a landowner. As a result, in the six years since the Heritage Fund was established, AGFD has purchased only four properties. Until recently, the Department's land acquisition efforts have focused primarily on securing protection for 2 of the 110 sensitive animal species in Arizona. Approximately \$4 million of the money designated for habitat acquisition remains unspent. The Department has spent \$9.3 million of the \$13.4 million received for land acquisition through fiscal year 1996.

The Department needs to be more proactive in its efforts to secure and protect sensitive habitat. To improve program effectiveness, AGFD needs to develop a long-term land acquisition plan, which identifies and prioritizes the best available habitat, to guide its acquisition efforts. Other states have successfully used this approach. Eleven of the 15 states we surveyed had a more proactive approach to land acquisition than Arizona. Furthermore, the Department possesses the resources used by other states to identify and prioritize lands, such as staff expertise, databases and mapping systems, and detailed knowledge of threatened and endangered species.

Increased use of alternative protection strategies could enable the Department to protect significant portions of both public and private land without outright acquisition of property. Conservation easements, legal agreements by which AGFD pays private landowners to restrict the type and amount of development that can occur on their property, and other less formal agreements with private and public landowners, are less expensive land protection options and may require less oversight and management than acquisition. For instance, a nonprofit conservation group in Arizona paid \$164,000 to acquire a conservation easement on a 360-acre parcel valued at approximately \$300,000. The easement restricts construction and prohibits subdivision of the property while allowing the owner to continue ranching. Agreements that protect land without requiring acquisition of property also could work to foster better relations between the Department, landowners, and industry groups.

## **AGFD Can Enhance Its Accountability to the Legislature and the Public (See pages 17 through 20)**

The Department can take several steps to ensure greater accountability for its Heritage Fund programs. First, expanded reporting of Heritage Fund activities and expenditures could be required. Although annual reporting requirements have been added twice since 1990, AGFD must report detailed information to the Arizona Legislature only on its grant and land acquisition programs, which account for less than 40 percent of the \$10 million the Department receives each year. The Legislature should consider amending A.R.S. §17-298 to require AGFD to report annually on all Heritage Fund program areas, summarizing the projects and activities undertaken and the amount of Heritage Fund money expended for these efforts.

Second, accountability could be enhanced through periodic review of Heritage Fund programs. Statutes exempt Heritage Fund monies from the appropriations process and, therefore, minimize legislative review and oversight. In addition, the Heritage Fund is not covered by the Sunset review process. To ensure adequate oversight of Heritage Fund programs, the Legislature could consider requiring a performance audit of AGFD's Heritage Fund every ten years. Such a review could be performed in conjunction with AGFD's Sunset review. The Department should also use consultants or its internal audit staff to monitor program performance and identify areas needing improvement.

Finally, the Department could provide more opportunities for public input. Public involvement in AGFD's Heritage Fund planning and oversight has been restricted primarily to participation in commission meetings and responding to department surveys. To encourage greater public involvement, the Department should consider establishing public advisory committees like those used by the Arizona State Parks Board in its Heritage grants and natural areas programs.

## **Other Pertinent Information (See page 21)**

This report also presents other pertinent information concerning AGFD's acquisition of the Sipes White Mountain Wildlife Area, as well as several appendices that detail Heritage Fund expenditure information.

**(This Page Intentionally Left Blank)**

# Table of Contents

	<u>Page</u>
<b>Introduction and Background</b> .....	<b>1</b>
<b>Finding I: Arizona Game and Fish Department Needs to Be More Proactive in Securing Sensitive Habitat</b> .....	<b>7</b>
Heritage Fund Legislation Requires Acquisition of Sensitive Habitat .....	7
AGFD Slow to Acquire and Protect Habitat .....	7
More Proactive Approach Needed .....	10
AGFD Should Increase the Use of Alternative Protection Strategies .....	13
Recommendations .....	15
<b>Finding II: AGFD Can Enhance Its Accountability to the Legislature and the Public</b> .....	<b>17</b>
Department Can Expand Reporting of Heritage Fund Expenditures .....	17
Periodic Review of Heritage Fund Programs Could Also Enhance Accountability .....	18
Advisory Committees Can Increase Public Input in Heritage Program Decisions .....	19
Recommendations .....	20

## Table of Contents (Concl'd)

	<u>Page</u>
<b>Other Pertinent Information</b> .....	21
<b>Agency Response</b>	
<b>Appendices</b>	
Appendices Overview .....	a-i
Appendix A .....	a-ii
Appendix B .....	b-i
Appendix C .....	c-i
<b>Figure and Table</b>	
Figure 1      Arizona Game and Fish Department Heritage Fund Statutory Apportionment of \$10 Million Annual Allocation .....	2
Table 1      Arizona Game and Fish Department Heritage Fund Properties Acquired .....	8

# INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of Heritage Fund programs at the Arizona Game and Fish Department (AGFD). This audit was conducted pursuant to the provisions of Session Laws 1992, Second Regular Session, Chapter 111, Section 4.

## Heritage Fund Purpose

In 1990, Arizona voters approved a ballot initiative requiring that \$20 million of lottery proceeds each year be earmarked for preserving, protecting, and enhancing the State's natural and scenic environment. The initiative, which was supported by 62 percent of voters, allocates \$10 million of these monies to the Arizona Game and Fish Commission<sup>1</sup> and the other \$10 million to the Arizona State Parks Board. State Parks must use its Heritage monies primarily for developing state, local, and regional parks, developing natural areas, and preserving state historic sites. The initiative also specifies the program areas for which Game and Fish Heritage monies are to be used, and the amount of money that is to be allocated to each program area. These program areas are summarized in Figure 1 (see page 2) and the text below.

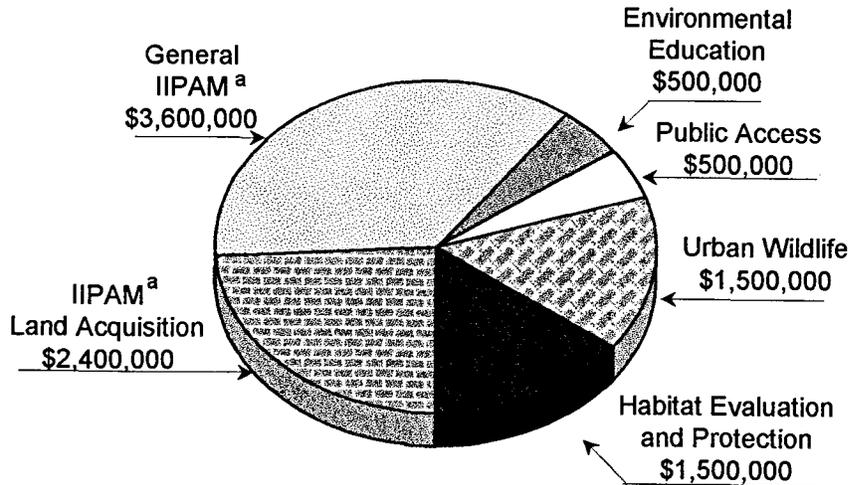
- **Identification, inventory, protection, acquisition, and management of sensitive habitat (IIPAM)**—Sixty percent of AGFD's Heritage Fund monies are designated for monitoring, managing, and protecting threatened, endangered, and sensitive Arizona native wildlife and its habitat.<sup>2</sup> At least 40 percent of this money must be used for acquiring habitat used by these species.
- **Habitat evaluation and protection**—Fifteen percent of Heritage Fund monies are designated for assessing the status, condition, and ecological value of habitats and making subsequent recommendations concerning management, conservation, and protection efforts. These monies are also to be used for protecting the quality, diversity, abundance, and serviceability of habitats for the purposes of maintaining or recovering populations of Arizona wildlife.

---

<sup>1</sup> The Arizona Game and Fish Commission is a five-member body that is appointed by the Governor to oversee the Arizona Game and Fish Department.

<sup>2</sup> Species and habitat are classified as "sensitive" by the Department when they are in scant supply or when they have special management needs. Most of the species are federally listed as endangered or threatened, or on the Department's list of Threatened Native Wildlife in Arizona. Others are candidates for such lists.

**Figure 1**  
**Arizona Game and Fish Department**  
**Heritage Fund**  
**Statutory Apportionment of \$10 Million Annual Allocation**



<sup>a</sup> IIPAM is an acronym for identification, inventory, protection acquisition, and management. Land acquisition is part of IIPAM; however, it is shown separately for presentation purposes.

Source: Auditor General staff analysis of Heritage Fund statutes.

- **Urban wildlife**—Fifteen percent of Heritage monies are to be used for conserving, enhancing, and establishing wildlife and wildlife habitat within, or in close proximity to, urban areas.
- **Environmental education**—Five percent of Heritage monies are to be used for educational and public awareness programs dealing with 1) basic ecological principles, 2) the effects of man and natural processes on the environment, and 3) the importance of safeguarding natural resources.
- **Public access**—The Department is required to use 5 percent of Heritage monies to provide increased public access to publicly held lands for recreational uses. This can be accomplished through constructing or improving roads, trails, and fishing piers. Increased access might also be achieved by purchasing private land or entering into agreements with landowners to allow access through their properties.

Efforts to provide alternative funding for programs to manage nongame wildlife and protect natural areas are not unique to Arizona. A 1991 survey of states conducted by a national conservation group found that 36 states had earmarked monies for programs similar to those required in the Heritage Initiative. At least one other state (Alabama) has passed an initiative since this survey was completed. In addition, proposals are being developed for legislative or voter consideration in two more states (Alaska and Oregon) that would provide funding for programs like those mandated by Arizona's Heritage Initiative. Funding for these programs has come from a variety of sources including real estate transfer taxes, cigarette taxes, vanity license fees, bond issues, lottery proceeds, and direct appropriations.

## **Heritage Accomplishments**

The Arizona Game and Fish Department has used Heritage Fund monies for a wide variety of projects and activities. Some examples of AGFD's Heritage Fund program efforts and accomplishments are highlighted below.

- The Department has awarded nearly \$5 million in grants since initiating the Heritage grant program in fiscal year 1992. During fiscal years 1992 through 1995, more than 300 grants were awarded to public agencies such as school districts, universities, and federal land management agencies for such purposes as developing wildlife habitat at schools for use as outdoor learning laboratories, surveys of sensitive species such as the Southwestern Willow Flycatcher (a native Arizona bird), and trail construction to provide access for the physically impaired. The Mary E. Dill Elementary School in the Altar Valley School District used a department grant when it built and maintained an aquatic habitat to raise the Desert Pupfish, a native Arizona fish, on the school campus.
- The Department has completed a statewide inventory and mapping of Arizona riparian habitats, which include all stream sides, marshlands, and wet areas in the State. These habitats are important because they are used by a majority of threatened and endangered species in Arizona, and are a high protection priority. This effort was part of a multi-agency initiative required by legislation passed in 1992.
- Department personnel and volunteers teamed up to survey urban hawks and owls in the Phoenix and Tucson metropolitan areas. Inventories of urban wildlife habitats will provide information needed to incorporate habitat conservation into urban planning.
- Heritage monies have been used in a variety of ways to expand AGFD's environmental education efforts. The Department renovated the wildlife building at the Arizona State Fairgrounds for use during the Arizona State Fair, Maricopa County Fair, and other meetings and educational events. Heritage monies have also been used to support an annual 13-week series of television programs concerning wildlife topics. The

Department uses Heritage monies to provide free copies of its *Arizona Wildlife Views* magazine to all public school libraries in the State. Finally, AGFD uses Heritage monies to enhance Project WILD, an environmental education program for educators. In fiscal year 1994, more than 1,650 educators attended the Department-sponsored Project WILD teacher-training programs.

- Heritage monies have been used to acquire habitat used by sensitive species. Four properties, comprising more than 2,500 acres, have been acquired with Heritage Fund monies. In addition, the Department has used Heritage Fund monies to obtain special use permits with the Apache Sitgreaves National Forest to protect riparian habitat used by the threatened Apache Trout, a native Arizona fish.
- As part of AGFD's efforts to improve public access to public lands and solve many of the conflicts between recreational users and landowners, the Department initiated the "Adopt a Ranch" program, which establishes a mechanism for recreational groups to participate in maintaining public access to a particular ranch. For example, groups may pick up trash and repair damage caused by vandals to encourage landowners to allow public access to their land.
- Heritage Fund monies have been used to expand the Habitat Evaluation and Protection program. Six regional habitat coordinator and two urban habitat specialist positions, responsible for assessing the impact of proposed land management decisions (e.g., timber sales, road construction, grazing allotments, etc.) on wildlife, have been added to AGFD's regional offices. A computer mapping system was purchased with Heritage monies to facilitate analysis of potential impacts.
- The Department uses a comprehensive planning and management system to direct the use of Heritage monies. This system has been approved by the United States Fish and Wildlife Service for oversight of federal funds. Five-year plans, identifying program objectives, have been developed for each program area. Department staff also prepare annual work plans and performance reports for each program area.

## **Budget and Staffing**

Heritage Fund monies make up a significant portion of the Department's total revenues. The \$10 million AGFD receives annually for Heritage programs accounts for approximately one quarter of its total revenues each year. In fiscal year 1995, the Department received \$17 million (37 percent) from the State Game and Fish Fund, \$13.9 million (30 percent) from federal funds, \$10.9 million (24 percent) from the Heritage Fund, and \$4.4 million (9 percent) from other sources.

As shown in Appendix A (see page a-ii), AGFD has received a total of \$45.9 million for Heritage Fund programs since the initiative passed in fiscal year 1991. (The Department only received \$5.9 million in fiscal year 1991 because the initiative did not pass until

November.) The Department has also earned \$2.5 million interest on its Heritage Fund monies.

The Department spent a total of \$28.6 million of its lottery proceeds for Heritage programs and \$2.2 million in interest income for administrative expenses from fiscal years 1991 through 1995. The appendices presented at the end of the report contain information concerning AGFD's Heritage Fund expenditures. Appendix B (see page b-i) presents Heritage Fund spending by major expenditure categories such as salaries, grants, land purchases, and equipment. The largest portion of the Department's Heritage Fund expenditures over the past 5 years (\$12.3 million, or 43 percent) was for salaries and other employee-related expenditures. Appendix C (see pages c-i through c-v) gives an overview of the types of projects and activities for which Heritage dollars have been used. For example, the Department has spent almost \$200,000 for the operation and maintenance of the Robin's Butte Wildlife Area.

As of June 30, 1995, the Department had a Heritage Fund balance of \$17.6 million. Of this amount, \$10 million was received in fiscal year 1995 and is designated for use in fiscal year 1996. The remaining \$7.6 million was received prior to fiscal year 1995 and has yet to be expended by AGFD for Heritage Fund programs.

In fiscal year 1995, AGFD used Heritage Fund monies to fund the equivalent of 87 permanent FTEs for its Heritage Fund programs. These 87 positions include field staff such as wildlife managers and administrative and technical support staff. The Department also uses a substantial number of contract, seasonal, and limited employees in its Heritage programs. In fiscal year 1995, the equivalent of 31 contract, seasonal, and temporary FTEs were paid with Heritage Fund monies. Most of these employees were involved in wildlife identification, inventory, protection, and management efforts.

## **Audit Scope and Methodology**

This performance audit focuses on AGFD's land acquisition program and the expenditure of Heritage Fund monies. To assess AGFD's Heritage Fund land acquisition program, we reviewed files for more than 70 properties that have been proposed to the Department. In addition, land acquisition officials in 15 other states, the United States Fish and Wildlife Service, the Arizona State Parks Board, and a nonprofit conservation organization were surveyed to learn about their acquisition process and habitat protection strategies. We also examined a number of major expenditure categories, such as vehicle and other equipment purchases. Furthermore, the findings of recent studies regarding the Department's Heritage grants and land acquisition programs conducted by an independent consulting firm were reviewed.

Our audit report of the Arizona Game and Fish Department's Heritage Fund programs presents findings and recommendations in two areas:

- The need for a more proactive approach to land acquisition and protection efforts.
- The need to enhance accountability through more comprehensive reporting, periodic program reviews, and establishment of public advisory committees.

In addition to these audit areas, other pertinent information regarding Heritage-funded acquisition of the Sipes White Mountain Wildlife Area is presented (see page 21). This report also contains several appendices with tables summarizing the Arizona Game and Fish Department's Heritage Fund revenues and expenditures.

This audit was conducted in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Arizona Game and Fish Commission, and the Director and staff of the Arizona Game and Fish Department, for their cooperation and assistance throughout the audit.

## FINDING I

### **ARIZONA GAME AND FISH DEPARTMENT NEEDS TO BE MORE PROACTIVE IN SECURING SENSITIVE HABITAT**

The Arizona Game and Fish Department (AGFD) needs to adopt a more proactive approach toward its land acquisition program. In the six years since the Heritage Initiative was passed, the Department has purchased only four properties. A reactive acquisition process, which relies on landowners to approach the Department with properties for sale, has impeded acquisition efforts to date. A proactive approach for identifying and prioritizing sites would be more effective and could be implemented with AGFD's existing resources. The Department could also increase its use of alternative protection strategies to achieve resource protection, which are less expensive and do not require purchasing land.

#### **Heritage Fund Legislation Requires Acquisition of Sensitive Habitat**

Heritage Fund legislation states that a significant portion of the Game and Fish Heritage Fund be spent for the acquisition of sensitive habitat. Arizona Revised Statutes (A.R.S.) §17-298 requires that at least 24 percent of Game and Fish Heritage Fund monies, or \$2.4 million of the Department's \$10 million annual allotment, be spent annually to acquire habitat for species covered under the Endangered Species Act. The Attorney General's Office, in an internal opinion, has interpreted this statute to include outright purchase of land, as well as legally binding restrictions or enhancements to land without AGFD acquiring title, including conservation easements and special use permits. Therefore, many diverse protection strategies are available that would enable the Department to fulfill its acquisition mandate.

#### **AGFD Slow to Acquire and Protect Habitat**

AGFD has been slow to acquire and protect habitat with Heritage Fund acquisition monies. The Department has purchased only four properties with Heritage Fund monies to date. Furthermore, these acquisitions have focused on protecting only a few sensitive species within Arizona. Due to the small number of properties purchased, the balance in the land acquisition fund has accumulated to \$4.1 million, and was as high as \$6.5 million throughout most of fiscal year 1996.

As shown in Table 1, AGFD has purchased only four properties since the inception of the Heritage Fund.

**Table 1**

**Arizona Game and Fish Department  
Heritage Fund Properties Acquired**

<u>Date</u>	<u>Property</u>	<u>Acres</u>	<u>Price</u>
February 12, 1993	Wenima Wildlife Area	205	\$ 795,500 <sup>a</sup>
October 8, 1993	Sipes White Mountain Wildlife Area	1,362	2,992,909 <sup>b</sup>
February 14, 1995	Slade Wildlife Area	152	555,121
May 31, 1996	Upper Verde Croll Wildlife Area	<u>800</u>	<u>4,617,600</u>
	<b>Total</b>	<b><u>2,519</u></b>	<b><u>\$8,961,136</u></b>

<sup>a</sup> The Wenima Wildlife Area purchase price of \$894,500 included \$795,500 of Heritage Fund monies and \$99,000 of waterfowl conservation monies.

<sup>b</sup> The Sipes White Mountain Wildlife Area purchase price of \$3,792,909 included \$2,992,909 of Heritage Fund monies and \$800,000 in federal aid and waterfowl conservation monies.

Source: Arizona Game and Fish Department purchase requisition, escrow, and title information.

The first three properties acquired by AFGD with Heritage Fund monies are all in Apache County and contain tributaries of the Little Colorado River. The Department acquired these properties primarily to secure habitat for the Little Colorado Spinedace, a native fish species classified as "threatened" under the federal Endangered Species Act. In addition, in May of 1996 the Department acquired the Upper Verde Croll Wildlife Area in Yavapai County. This property contains critical habitat for several sensitive species including the Spikedace and the Razorback Sucker, which is classified as endangered by the federal government. Fair market value, as determined by independent appraisals, was paid for each property.

In addition, AGFD has entered into agreements with the U.S. Forest Service to fence 11 sections of streamside habitat in Apache County to minimize the effect of grazing on riparian areas. The cost of fencing these areas was approximately \$339,602. These agreements are intended to protect the Apache Trout, also a federally threatened species.

The Department has also investigated the possibility of acquiring properties from the State Land Department. At the request of members of the Legislature, the Department generated a priority list of trust lands managed by the State Land Department that would qualify for Heritage Fund acquisition. In February 1994, AGFD informed the State Land Commissioner of 19 parcels that contained sensitive habitat and warranted further investigation. However, the State Land Department felt that selling these lands to AGFD would jeopardize the long-term income from trust lands managed by the State Land Department. In December 1994, the two agencies amended their Memorandum of Understanding, agreeing to meet at least annually to review and identify state trust lands that could potentially be acquired by AGFD.

*Few sensitive species protected*—Prior to AGFD's recent acquisition of property on the Upper Verde River, the Department's protection efforts have focused primarily on protecting 2 of the 110 threatened species within Arizona. The Sipes, Wenima, and Slade purchases help secure protection for the Little Colorado Spinedace. This species of native fish is found only in tributaries of the Little Colorado River. The Department hopes that acquisition measures taken to protect Spinedace habitat will enable the Spinedace to be removed from the Endangered Species List by the year 2000. In addition, agreements with the U.S. Forest Service to protect the Apache Trout have enabled AGFD to predict that this species will be removed from the list by 1999.

While acquisition efforts have focused on the Little Colorado Spinedace and Apache Trout, the properties also contain habitat for other sensitive species. The Department reports that a total of 17 other sensitive species have been found on properties acquired with Heritage Fund monies. For instance, the Bald Eagle, Osprey, and Ferruginous Hawk occasionally use habitat at the Sipes White Mountain Wildlife Area. In addition, the recently acquired Upper Verde Croll Wildlife Area provides habitat for additional sensitive species such as the Spikedace and the Razorback Sucker. According to the Department, all of the properties acquired with Heritage monies also contain habitat that could potentially be used by other sensitive species.

*Land acquisition funds accumulating*—The balance in the land acquisition fund has steadily increased since fiscal year 1991. The Department has spent only \$9.3 million of the \$13.4 million received for land acquisition as of June 30, 1996. This leaves a balance of \$4.1 million in unspent acquisition monies. Voter intent when establishing this Fund was to protect sensitive habitat. Although the exact \$2.4 million may not be spent each year and accumulating funds make larger purchases possible, the current accumulation appears excessive given the absence of a long-term plan for the Department's acquisition and protection program.

## More Proactive Approach Needed

AGFD needs to develop a more proactive approach to better fulfill its land acquisition responsibilities. The Department currently employs a reactive approach, which relies upon landowners to offer properties for sale. A proactive approach would be more effective in identifying lands that require protection and ensuring that the Department is acquiring the most critical habitat with the highest potential for preserving wildlife. In addition, the Department has the tools and resources needed to implement a proactive acquisition strategy. Other states surveyed identify and prioritize sites for acquisition.

*Process reactive*—The Department has adopted a reactive approach to its land acquisition program. AGFD will consider acquiring properties only if they are offered to the Department by the landowner. Lands offered then go through a lengthy evaluation process to survey biological resources, assess the feasibility of purchase, and consider possible site designs and management scenarios. This reactive approach has three major disadvantages:

- **Best land possibly not evaluated**—Although the properties purchased by AGFD meet statutory criteria due to the presence of endangered species, the Department cannot be sure that these were the best properties available. Other properties containing habitat used by more threatened or endangered species may have been available. However, without a more proactive acquisition approach, the Department is limited to only those parcels that are brought to its attention.
- **Many properties do not qualify**—Landowners have offered 75 properties to the Department. Four of these have been acquired. However, 76 percent of the remaining properties were dropped from consideration after initial screening by AGFD staff because they did not meet the program objectives. Most of these properties were eliminated because they did not contain habitat used by species protected by the Endangered Species Act.
- **Resources not used most effectively**—Because many properties proposed do not meet the qualifications to receive Heritage Fund monies, staff time spent evaluating these properties is not being used to its full potential. Approximately \$678,000 has been spent on land acquisition efforts. Staff time would be better used evaluating properties that have been identified as qualifying for Heritage acquisition funds.

The Department has adopted this reactive acquisition process in an effort to minimize opposition to the program. Government acquisition of private land can be controversial, particularly in western states, where a significant portion of land is already under public ownership. In Arizona, 82 percent of all land is publicly owned, including Indian reservations. Because there is relatively little private land in the State, opposition has arisen to AGFD's use of Heritage monies to purchase these lands. Since passage of the Heritage Initiative in 1990, several bills have been introduced to restrict the Department from buying private

land. To avoid controversy concerning private land acquisition, the Commission has limited the properties that AGFD can consider. Only properties offered to the Department can be considered. In addition, AGFD has attempted to minimize the negative impacts of its private land acquisitions by making payments in lieu of property taxes to counties for Heritage-acquired properties.

*Proactive approach more effective and feasible*— A proactive approach with long-term acquisition and protection goals could more effectively protect sensitive habitat than the current process. This long-term plan would involve identifying which species and areas of the State are most in need of protection. The Department could then evaluate which lands best fit acquisition and protection criteria and how to get the highest return for Heritage monies spent. Once priorities are set, the Department could contact the appropriate landowners to notify them of the sensitive habitat on their properties, assess their interest in protecting this habitat, and, if interested, discuss various protection options. These discussions should not focus solely on land acquisition, but should include consideration of alternative protection strategies such as conservation easements and stewardship agreements, as discussed on page 14. Many states use letters of interest or phone contacts to communicate this information to landowners.

The Department has the expertise and information it needs to prioritize acquisition and protection efforts. Staff could draw on a variety of resources to identify program priorities, including:

- **Riparian Inventory and Mapping Project**—As a result of a 1992 request by the Legislature, AGFD developed an extensive inventory and mapping of riparian areas in the State. A majority of threatened and endangered species in Arizona use riparian areas, making riparian habitat a high protection priority. The Department now has detailed information on the location and condition of these habitats throughout the State.
- **Heritage Data Management System (HDMS)**—The HDMS database has existed in the Department since it was transferred from the Nature Conservancy in 1981. The database contains information on documented occurrences of sensitive species in Arizona. Researchers from AGFD, federal agencies, universities, and private firms supply survey and sampling information to the database. The Agency's Geographic Information System (GIS) could utilize HDMS data and information from other sources to generate detailed maps showing where threatened and endangered species exist in the State.
- **Diversity reviews**—In conjunction with HDMS, the Department is in the process of compiling diversity reviews for all sensitive species. These reviews detail the biology, range, population trends, habitat, and protection actions taken for each species.
- **Department staff**—The Department has a number of staff experienced in evaluating specific species and habitats. In fact, several branches within the Department study and monitor endangered species. In addition, the Department's wildlife managers are respon-

sible for overseeing wildlife-related issues on every acre of land in the State, excluding tribal lands. Input from these groups regarding which lands need to be protected and which landowners would be receptive to acquisition or protection arrangements could help AGFD identify acquisition priorities.

In addition to these existing resources, AGFD is currently working with staff at the University of Arizona and Northern Arizona University to develop a data system that contains statewide information on such things as vegetation patterns and land ownership, as well as data concerning the distribution of sensitive species. Such an integrated system would make it easier to identify and prioritize sites needing protection.

*Other states are proactive*—Other states have used proactive techniques to establish priorities for their land acquisition efforts. We surveyed 15 states and found that 11 used a more proactive approach than Arizona, such as statewide inventory of lands and their wildlife values, and the use of existing databases and information on endangered species to prioritize and rank land parcels.<sup>1</sup> Some examples of the approaches implemented in other states are detailed below.

- **Arkansas**—The Arkansas Natural Heritage Commission has an inventory program that gathers data on sensitive species and identifies areas to protect through acquisition. Species surveys are conducted by staff biologists. Lands are then ranked according to endangered species' occurrence on the property. These rankings generate a priority list of sites to acquire and protect.
- **California**—The California Department of Fish & Game's regional personnel are responsible for identifying individual land parcels as well as long-range area acquisition plans consisting of several parcels. Each proposal is evaluated, ranked, and given a priority score. Statewide priorities are then established through comparison of proposals from all regions.
- **Missouri**—The Missouri Conservation Department conducted an inventory of lands statewide. Department personnel reviewed reports, field notes, maps, and aerial photographs. More than 100 sites per county were identified as desirable for protection. In addition, they determined how much of each habitat type was available and selected the best properties. Finally, the Department made phone calls and visits to landowners to inform them of the wildlife and important habitat on their property and the Department's willingness to protect these resources. The program's goal is to acquire one or two high-quality examples of each habitat type for each region in Missouri.

---

<sup>1</sup> States surveyed include Arkansas, California, Florida, Illinois, Indiana, Michigan, Minnesota, Missouri, Montana, Nevada, New Mexico, Ohio, Oregon, Utah, and Wisconsin.

## **AGFD Should Increase the Use of Alternative Protection Strategies**

The Department should focus more on protection strategies other than acquisition. Methods such as conservation easements, special use permits, and stewardship agreements could aid AGFD in protecting both public and private land without the cost and maintenance of purchase. These alternative protection methods typically cost less to obtain and maintain than acquisition. In addition, these protection arrangements could foster better cooperation between the Department, private landowners, and interest groups.

*Protect without purchase*— Resource protection, in some instances, can be accomplished through methods other than property acquisition. Alternative arrangements such as special use permits protect resources on public land, while conservation easements and stewardship agreements protect resources on private land.

Since public land accounts for a significant portion of the State, increased use of special use permits could help the Department protect vast amounts of critical habitat. Special use permits are intergovernmental agreements designed to protect land owned by other government agencies. For example, within the last year the Department entered into agreements with the Apache-Sitgreaves National Forest to fence riparian areas on National Forest land, thereby minimizing the impacts of grazing and logging activities. The cost of these permits is generally limited to the materials and labor involved to complete the project. AGFD paid for the fence materials and installation costs. This particular agreement is projected to protect 61 miles of riparian habitat within the National Forest.

Protection of private land could also be enhanced by using conservation easements. Landowners may be interested in protecting resources on their property without having to sell their land. A conservation easement is a legal agreement by which the Department pays a landowner to restrict or limit the type and amount of development that may take place on a piece of property. For instance, AGFD could purchase an easement to prohibit subdivision of a property while allowing the landowner to continue using the land for ranching or agriculture. Flexibility is one advantage of these easements. Each easement's restrictions are tailored to the particular piece of property, the interests of the individual landowner, and the resource being protected. Six of the states we surveyed used conservation easements in their land protection programs. An official in Montana stated that these easements are particularly useful on large ranches since they can preserve habitat while minimizing the interruption of ranching activities on the land. To date, the AGFD has not entered into any conservation easements. By not using conservation easements, the AGFD could be neglecting significant opportunities to protect wildlife.

Stewardship agreements, which are non-legally binding agreements with private landowners, could also work to protect resources on private land. The landowner does not receive any payment in this arrangement; however, AGFD pays for enhancements necessary to protect resources on the property. Many private landowners prefer these

agreements to conservation easements because of their more informal, non-legal nature. Through fiscal year 1996, the Department has entered into six stewardship agreements with private landowners.

*Alternative methods flexible and less expensive*— The cost of alternative protection methods is less expensive than acquisition in two ways. First, the initial costs are less than acquisition and can provide the same level of protection. The examples below illustrate two alternative methods used by a nonprofit conservation group in Arizona.

- An easement costing \$22,500 was purchased on an 11-acre parcel valued at approximately \$100,000. The easement restricts construction and prohibits any subdivision on the property. The landowner did not want to see this property subdivided and developed in the future. The intent of preserving this parcel as a natural area has been accomplished through this agreement.
- An easement costing \$164,000 was entered into on a 360-acre property with a fair market value of \$300,000. This agreement prohibits subdivision of the property and restricts future construction of residences, but allows the landowner to continue ranching. The easement preserves native vegetation and riparian habitat containing two species of federally endangered fish. The landowner was willing to enter into the easement because he also did not want this property subdivided and developed in the future. The easement ensures that the property will always be maintained as a natural area.

The above easements also entitle the holder to access the property, to enforce the purposes of the easement, and to conduct research. The second advantage of these arrangements is that future costs associated with managing and maintaining the property may be less, since title still rests with the landowner.

*Alternatives could promote landowner cooperation*— Relying less on outright purchase of property and increasing the use of alternative protection methods could work to foster better cooperation between the Department, private landowners, and interest groups. As discussed previously, AGFD has experienced opposition to its acquisition of private lands. Making use of other protection tools gives options to landowners who wish to protect resources on their property without giving up property ownership. By increasing cooperation through these alternative methods, the Department increases the chance that more land will be protected.

## RECOMMENDATIONS

1. AGFD needs to better fulfill its statutory responsibilities to acquire and protect sensitive habitat by:
  - proactively identifying and prioritizing lands needing protection; and
  - increasing the use of conservation easements, special use permits, and stewardship agreements.

**(This Page Intentionally Left Blank)**

## FINDING II

### AGFD CAN ENHANCE ITS ACCOUNTABILITY TO THE LEGISLATURE AND THE PUBLIC

AGFD can ensure greater accountability for its Heritage Fund programs. Legislative oversight and public involvement in the Heritage Fund programs administered by AGFD has been limited. Several steps can be taken to improve accountability including expanded reporting of program activities and expenditures, conducting periodic performance reviews of Heritage program activities, and establishing advisory committees to increase public involvement.

#### Department Can Expand Reporting of Heritage Fund Expenditures

Increased reporting of Heritage Fund activities and expenditures could increase the Legislature's and the public's understanding of how funds are used and improve accountability. Since the Heritage Initiative passed in 1990, the Legislature has twice added reporting requirements to Heritage Fund statutes. Legislation passed in 1991 required AGFD and the Arizona State Parks Board to prepare annual reports for the Legislature concerning Heritage land acquisition program efforts. In 1992, the statutes were further modified to require reporting of grants awarded and the number of FTEs funded in all Heritage Fund programs.

Although these reporting requirements have been established, information provided by AGFD still covers only a portion of its Heritage activities. For instance, the Department is required to provide detailed information only on its grants and land acquisition programs, which account for less than 40 percent of the \$10 million AGFD receives each year. Many of the Department's Heritage Fund activities are not covered by current reporting requirements, including most work in the following program areas: 1) identification, inventory, protection, and management of sensitive species; 2) habitat evaluation and protection; 3) urban wildlife; 4) environmental education; and 5) public access. As a result, questions concerning Heritage Fund programs continue to surface. In 1993, a special legislative committee was formed to review Heritage Fund expenditures. During the course of our audit, some legislators had further questions about the use of Heritage Fund monies.

More comprehensive reporting of Heritage Fund program activities and expenditures is feasible. As part of the Department's comprehensive planning and management system, annual performance reports are developed for all AGFD programs and are presented to

the Arizona Game and Fish Commission. These reports identify the projects and activities performed to meet Heritage objectives, and the cost of these efforts. The Department also maintains detailed Heritage Fund expenditure data on its cost accounting system. For instance, AGFD can generate information regarding monies spent on Mexican Wolf surveys, the Heritage Data Management System, and Little Colorado Spinedace management. Appendix C (see pages c-i through c-v) illustrates further the expenditure information the Department can provide. This information could be used to provide the Legislature and public with a more complete picture of AGFD's Heritage Fund programs. To ensure comprehensive reporting, the Legislature should consider amending Heritage Fund reporting requirements contained in A.R.S. §17-298 to require an annual report that summarizes projects and activities in all major program areas and the cost of these efforts.

### **Periodic Review of Heritage Fund Programs Could Also Enhance Accountability**

Review of Heritage Fund programs has also been limited and could be expanded. Independent performance reviews can provide external assurance to the Legislature and to the public that Heritage Fund monies are being administered efficiently and effectively. The Department should also use its internal audit staff to perform program reviews to identify areas for improvement.

*External review*—Independent review of the Heritage Fund is needed to assure the Legislature and the public that these monies are being used effectively and efficiently. A.R.S. §17-297(B) specifies that Heritage monies are not subject to appropriation. In addition, the Sunset review as it applies to AGFD does not cover the Heritage Fund. As a result, external review of the Heritage Fund has been limited to this special performance audit. To address this lack of review and ensure a review consistent with most other state agencies and programs, the Legislature could consider requiring a performance audit of the Heritage Fund every ten years. If this process began in fiscal year 2001, the timing of this audit would coincide with AGFD's next Sunset review and would occur at the end of the Department's next five-year planning period. The Department develops five-year plans, called program narratives, to guide its programs. Reviewing Heritage Fund programs at the end of this planning period would facilitate comparison of planned and actual outcomes.

*Internal review*—Internal reviews could complement any external reviews conducted. Internal program reviews are beneficial because they allow agencies to monitor compliance, assess program performance, and identify areas for improvement. For instance, the Department hired a consultant in 1994 to perform a limited review of Heritage programs. The consultant identified several problems, including a lack of clear priorities to guide land acquisition efforts and a failure to adequately monitor compliance with grant requirements.

In addition to hiring consultants, the Department could conduct periodic program reviews using AGFD's own internal audit staff. If additional internal audit resources are needed, the Department could use a portion of its Heritage Fund interest earnings to pay for these positions.

### **Advisory Committees Can Increase Public Input in Heritage Program Decisions**

Opportunities for public involvement in Heritage programs can be expanded. Heritage programs and decisions have largely been developed and administered internally, with public involvement limited primarily to participating in Arizona Game and Fish Commission meetings and responding to the Department's public attitude surveys.

Other entities use advisory committees to increase public involvement. For instance, the Arizona State Parks Board has created four advisory committees to obtain public input in its Heritage grant selection and land acquisition processes. Members of the Natural Areas Advisory Committee, which advises the Board on land acquisitions, are required to have scientific expertise in areas such as ecology and hydrology. Committees on historic preservation, trails, and outdoor recreation advise the State Parks Board on grants awarded in these areas. These committees consist of members with expertise in the subject area as well as members from the general public who have experience in outdoor recreation. Arizona State Parks management believes the outside perspective provided by advisory boards has had a positive effect on their grant program. The Minnesota Department of Natural Resources also has established an advisory committee to provide oversight and guidance to its scientific and natural areas program. This committee is comprised of scientists, educators, and laypersons who are knowledgeable about and dedicated to natural area protection.

The Department should consider using advisory committees to increase opportunities for public involvement in its Heritage programs. The Department has established some advisory committees to encourage public involvement. For instance, habitat partnership committees were created to obtain public input regarding habitat issues primarily involving game species, such as elk. The Department also established the Landowner/Lessee/Sportsman Relations Committee to advise AGFD on methods to reduce and resolve conflicts between sportsmen and private landowners, lessees of public land, and land management agencies. This Committee now provides input on the Heritage public access program. The Department could establish similar committees for other Heritage Fund programs. For example, the Department could establish an advisory committee of educators to review grant applications for projects that encourage wildlife education on school sites through the development or enhancement of urban wildlife habitats. In addition, AGFD could establish a land acquisition advisory committee to participate in long-term program planning and review proposed acquisitions. These committees could provide recommendations and advice for commission consideration.

## RECOMMENDATIONS

1. The Legislature should consider amending A.R.S. §17-298 to require more comprehensive reporting of Heritage programs including, at a minimum, an annual performance report that identifies the projects and activities carried out to meet Heritage objectives, and the cost of these efforts.
2. The Legislature should also consider requiring a performance audit of the Heritage program every ten years, timed to coincide with AGFD's Sunset review.
3. AGFD should use advisory committees to increase public involvement in its Heritage programs.

## OTHER PERTINENT INFORMATION

During our audit we obtained other pertinent information regarding the Sipes White Mountain Wildlife Area purchase.

Questions have arisen concerning the Department's use of Heritage Fund monies to purchase the White Mountain Hereford Ranch, now known as the Sipes White Mountain Wildlife Area. The ranch is located southeast of Springerville in Apache County. Concerns focused on the justification for the use of Heritage monies to purchase this ranch, and the appropriateness of the purchase price.

Although the former property owner and AGFD were involved in a dispute prior to the Department's acquisition of the property, the Department reports that the property was purchased to protect the Little Colorado Spinedace rather than to avoid further controversy. The property owner was seeking payment of damages from Game and Fish for its alleged failure to control the elk population in the area, leading to a loss of forage for his cattle. The owner considered legal action against the Department. Game and Fish acknowledges that the former owner was considering legal action over elk depredation, but denies this was the reason for purchasing the land. Instead, Game and Fish states that its primary concern was protecting the riparian habitat on the ranch for the Little Colorado Spinedace. Because the Spinedace is a threatened species, use of Heritage monies to protect its habitat meets the requirement of the law.

Game and Fish identified several reasons for acquiring all, rather than a portion, of the 1,362-acre ranch. Although only part of the property contains sensitive habitat used by the Spinedace, the Department purchased the entire ranch for \$3,792,909. The Department reports that the property owner would only agree to sell the entire property. In addition, AGFD found that the property also contained valuable habitat for other wildlife species such as elk and waterfowl. The Department paid \$800,000 in waterfowl and federal aid monies toward the purchase price for these purposes.

The purchase price of the property was determined to be fair market value through an independent appraisal. This appraisal was then reviewed by a separate party, who also determined this to be fair market value. Furthermore, an adjacent parcel is now on the market for a price per acre slightly above what Game and Fish paid for the White Mountain Hereford Ranch.

**(This Page Intentionally Left Blank)**

## Agency Response

**(This Page Intentionally Left Blank)**



THE STATE



OF ARIZONA

## GAME & FISH DEPARTMENT

2221 West Greenway Road, Phoenix, Arizona 85023-4399 (602) 942-3000

*Governor*  
Fife Symington

*Commissioners:*  
Chairman, Nonie Johnson, Snowflake  
Michael M. Golightly, Flagstaff  
Herb Guenther, Tacna  
Fred Belman, Tucson  
M. Jean Hassell, Scottsdale

*Director*  
Duane L. Shroufe

*Deputy Director*  
Thomas W. Spalding

August 8, 1996

Mr. Douglas R. Norton  
Auditor General  
2910 North 44th St., Suite 410  
Phoenix, AZ 85018

Dear Mr. Norton:

We have reviewed the revised preliminary report draft of the performance audit of the Heritage Fund programs at Arizona Game and Fish Department (AGFD). Our Agency is always striving to improve all aspects of our Department and appreciate the time and effort expended by your staff to develop recommendations regarding the two findings contained in the report.

As you requested, below are our written comments regarding the two findings outlined in this final draft report.

**Finding I: Arizona Game and Fish Department Needs to be More Proactive in Acquiring Sensitive Habitat by:**

**\*proactively identifying and prioritizing lands needing protection;**

We concur that being proactive is a viable alternative to the more measured and cautious approach currently being utilized, however, we also recognize benefits to each approach. AGFD has been involved in development of a broad scale biodiversity assessment that would assist in identifying and prioritizing conservation programs on a statewide basis.

In addition, it would be very important to establish that there is broad support for a more aggressive lands protection process, or work on developing this broad support prior to implementing such a dramatic change in approach.

**\*increasing the use of conservation easements, special use permits, and stewardship agreements.**

Mr. Douglas R. Norton  
August 8, 1996  
Page two

Again, we concur that these are viable alternatives which we have been involved in and will continue to include in the Lands Acquisition Program, as we develop more and more experience in these areas.

**Finding II: AGFD Can Enhance Its Accountability to the Legislature and the Public.**

**1. The Legislature should consider amending A.R.S. §17-298 to require more comprehensive style reporting of Heritage programs including, at a minimum, an annual performance report that identifies the projects and activities carried out to meet Heritage objectives and the cost of these efforts.**

Throughout the body of this draft the term "expanded reporting" versus "more comprehensive reporting", is used. It would be less confusing to continue using the same terminology used in the document. Also, in the body of the draft, there is discussion regarding the use of our existing documents, developed as part of our Comprehensive Management System. We would obviously prefer offering this existing documentation, rather than creating new and additional reporting requirements.

**2. The Legislature should also consider requiring a performance audit of the Heritage program every ten years, timed to coincide with AGFD's Sunset review.**

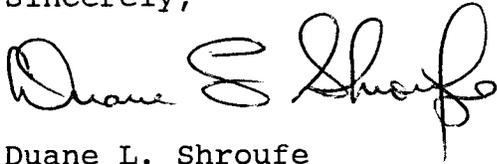
We concur that it is always good management to have an outsider's perspective and review. Every 10 years seems very reasonable, and it would be much less disruptive to an agency to have the audits timed with the Departments Sunset review. We will continue complying with the Single Audit Act, doing our internal Performance Audits, utilizing our internal audit staff to audit our processes and utilizing external auditors.

**3. AGFD should use advisory committees to increase public involvement in its Heritage programs.**

The Department appreciates the suggestion to use advisory committees to increase public involvement. We feel advisory committees can compliment our ongoing outreach efforts and they will be utilized when it is deemed to be the appropriate tool.

Again, we appreciate the time and effort involved in developing positive recommendations to help us to continue to improve our management of the AGFD's Heritage Fund.

Sincerely,

A handwritten signature in cursive script that reads "Duane L. Shroufe". The signature is written in black ink and is positioned above the typed name.

Duane L. Shroufe  
Director



## APPENDICES

**(This Page Intentionally Left Blank)**



## APPENDICES OVERVIEW

The following appendices depict how the Department has spent Heritage Fund monies. These appendices present Heritage Fund expenditure information in three different ways:

- Appendix A      Presents the annual transfer of lottery proceeds to the Heritage Fund and its subsequent expenditure and the fiscal year-end balances. It also presents interest earned on Heritage Fund monies, its expenditure for administrative expenses, and fiscal year-end interest balances.
- Appendix B      Presents costs by the type of expenditure incurred for each fiscal year.
- Appendix C      Presents the costs associated with various projects undertaken by the Game and Fish Department with Heritage Fund monies. Projects are generally grouped under the applicable program area (e.g. habitat evaluation and protection, urban wildlife, and public access). However, common expenditure categories such as publications, motor pool, and grants are presented together at the end of the Appendix.

# APPENDIX A

## Arizona Game and Fish Department Heritage Fund Schedule of Accumulated Fund Balance Fiscal Years 1991 through 1995 (Unaudited)

a-ii

Fiscal Year		Lottery Proceeds <sup>1</sup>					IIPAM <sup>2</sup>		Total from Lottery Proceeds	Interest Income	Administration	Total
		Environmental Education	Public Access	Urban Wildlife	Habitat Evaluation	General	Land Acquisition					
1991	Revenues	\$295,000	\$295,000	\$885,000	\$885,000	\$2,124,000	\$1,416,000	\$5,900,000		\$173,541	\$6,073,541	
	Expenditures	(29,509)	(28,971)	(31,400)		(28,753)	(28,239)	(146,872)			(146,872)	
	Fund Balance, June 30, 1991	265,491	266,029	853,600	885,000	2,095,247	1,387,761	5,753,128		173,541	5,926,669	
1992	Revenues	500,000	500,000	1,500,000	1,500,000	3,600,000	2,400,000	10,000,000		395,271	10,395,271	
	Expenditures	(251,962)	(200,550)	(671,945)	(740,992)	(1,543,691)		(3,409,140)		(408,256)	(3,817,396)	
	Fund Balance, June 30, 1992	513,529	566,479	1,681,655	1,644,008	4,151,556	3,787,761	12,343,988		160,556	12,504,544	
1993	Revenues	500,000	500,000	1,500,000	1,500,000	3,600,000	2,400,000	10,000,000		745,666	10,745,666	
	Expenditures	(370,869)	(340,815)	(1,238,618)	(1,336,719)	(3,022,791)	(801,273)	(7,111,085)		(649,731)	(7,760,816)	
	Fund Balance, June 30, 1993	642,660	724,664	1,943,037	1,807,289	4,728,765	5,386,488	15,232,903		256,491	15,489,394	
1994	Revenues	500,000	500,000	1,500,000	1,500,000	3,600,000	2,400,000	10,000,000		476,851	10,476,851	
	Expenditures	(444,301)	(337,566)	(1,349,801)	(1,409,436)	(3,396,344)	(3,089,888)	(10,027,336)		(528,558)	(10,555,894)	
	Fund Balance, June 30, 1994	698,359	887,098	2,093,236	1,897,853	4,932,421	4,696,600	15,205,567		204,784	15,410,351	
1995	Revenues	500,000	500,000	1,500,000	1,500,000	3,600,000	2,400,000	10,000,000		711,405	10,711,405	
	Expenditures	(513,773)	(388,935)	(1,486,725)	(1,409,098)	(3,506,782)	(561,177)	(7,866,490)		(636,796)	(8,503,286)	
	Fund Balance, June 30, 1995	<u>\$ 684,586</u>	<u>\$ 998,163</u>	<u>\$2,106,511</u>	<u>\$1,988,755</u>	<u>\$5,025,639</u>	<u>\$6,535,423</u>	<u>\$17,339,077</u>		<u>\$279,393</u>	<u>\$17,618,470</u>	
Total revenues		\$2,295,000	\$2,295,000	\$6,885,000	\$6,885,000	\$16,524,000	\$11,016,000	\$45,900,000		\$2,502,734	\$48,402,734	
Total expenditures		(1,610,414)	(1,296,837)	(4,778,489)	(4,896,245)	(11,498,361)	(4,480,577)	(28,560,923)		(2,223,341)	(30,784,264)	
Fund Balance, June 30, 1995		<u>\$ 684,586</u>	<u>\$ 998,163</u>	<u>\$2,106,511</u>	<u>\$1,988,755</u>	<u>\$ 5,025,639</u>	<u>\$ 6,535,423</u>	<u>\$17,339,077</u>		<u>\$ 279,393</u>	<u>\$17,618,470</u>	

<sup>1</sup> Lottery proceeds for a given fiscal year are not considered available for expenditure until the subsequent fiscal year.

<sup>2</sup> Identification, Inventory, Protection, Acquisition, and Management Program. Land acquisition is part of IIPAM; however, it is separated here for presentation purposes.

Source: Auditor General staff analysis of revenue and expenditure data obtained from Game and Fish Department Independent Computer System job cost reports.

## APPENDIX B

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Type Fiscal Years 1991 through 1995 (Unaudited)

<u>Expenditure Type</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>TOTALS</u>
Payroll and employee benefits	\$ 99,539	\$1,303,314	\$3,387,556	\$3,693,060	\$3,828,749	\$12,312,218
Internal and external grants <sup>1</sup>		72,579	685,829	1,325,191	1,331,771	3,415,370
Land purchases			801,273	3,089,689	559,947	4,450,909
All other operating	24,140	1,030,207	1,294,475	1,294,808	1,506,297	5,149,927
Equipment	10,596	289,062	404,300	182,266	158,527	1,044,751
Vehicles		540,849	169,100	12,432	72,939	795,320
Travel	12,597	173,129	368,552	429,890	408,260	1,392,428
<b>SUBTOTAL</b>	<u>146,872</u>	<u>3,409,140</u>	<u>7,111,085</u>	<u>10,027,336</u>	<u>7,866,490</u>	<u>28,560,923</u>
Administration		408,256	649,731	528,558	636,796	2,223,341
<b>TOTAL EXPENDITURES</b>	<u>\$146,872</u>	<u>\$3,817,396</u>	<u>\$7,760,816</u>	<u>\$10,555,894</u>	<u>\$8,503,286</u>	<u>\$30,784,264</u>

<sup>1</sup> These amounts include expenditures to match federal Endangered Species Act monies.

Source: Auditor General staff analysis of expenditure data obtained from Game and Fish Department Independent Computer System job cost reports.

## APPENDIX C

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Program and Project Fiscal Years 1992 through 1995 (Unaudited)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Totals</u>
<b>Initial Planning in 1991</b>					<u>\$ 146,872</u>
<b>Information and Education</b>					
Environmental Education	\$ 50,252	\$ 118,768	\$ 230,705	\$ 150,775	550,500
Public Education	86,444	132,359	111,248	199,235	529,286
Public Access Information and Education	50,848	30,533	34,221	27,461	143,063
Urban Wildlife Education	109,365	272,080	251,438	268,970	901,853
Transfer to Department of Education	<u>113,154</u>	<u>25,503</u>			<u>138,657</u>
Total Information and Education	<u>410,063</u>	<u>579,243</u>	<u>627,612</u>	<u>646,441</u>	<u>2,263,359</u>
<b>Public Access</b>					
Enhancements	131,894	98,120	88,365	200,420	518,799
Inventory	16,636	32,754	8,852	4,447	62,689
Projects		1,295			1,295
Total Public Access	<u>148,530</u>	<u>132,169</u>	<u>97,217</u>	<u>204,867</u>	<u>582,783</u>
<b>Urban Wildlife</b>					
Administration	729	30,872	27,238	44,883	103,722
Wildlife Management	126,282	177,324	172,398	189,354	665,358
Enforcement and Protection	191,018	209,697	227,680	191,012	819,407
Planning and Management	110,107	124,747	144,175	160,466	539,495
Clerical Support		12,823	9,745	18,410	40,978
Arizona Wildlife Viewing Guide	10,000	10,000			20,000
Colorado River Engineering Study	601	4,399			5,000
Ecotourism Research	5,000				5,000
Inventory and Research	2,824	1,841	20,355	24,213	49,233
Landscaping for Desert Wildlife Booklet	14,798	5			14,803
Lower Salt River Nature Trail Rehabilitation	4,363	2,095			6,458
New Residents Wildlife Brochure	5,748				5,748
North Mountain Park Wildlife Viewing Area	126	7,341	2,748		10,215
Papago Butte Wildlife Area			10,000		10,000
Phoenix Peregrine Ecological Survey	8,000	14,316	72		22,388
Pima County GIS Mapping	11,438	26,644			38,082
Prescott Urban Javelina Project	25,754	28,719	5,138	582	60,193
Urban Harris Hawk Ecological Study	39,999	20,050		19,999	80,048
Urban Wildlife Management Symposium	<u>3,477</u>				<u>3,477</u>
Total Urban Wildlife	<u>\$560,264</u>	<u>\$670,873</u>	<u>\$619,549</u>	<u>\$648,919</u>	<u>\$2,499,605</u>

## APPENDIX C

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Program and Project Fiscal Years 1992 through 1995 (Unaudited) (Continued)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Totals</u>
<b>Species Identification, Inventory, Protection, and Management</b>					
Planning and Management	\$ 42,541	\$ 168,354	\$ 199,238	\$ 197,907	\$ 608,040
Clerical Support	5,547	46,836	42,624	44,304	139,311
Landowner Stewardship Program	26,937	21,122	70,639	109,627	228,325
Endangered Species Act Matching Funds		85,230	94,825	97,225	277,280
Heritage Data Management System	215,472	282,629	215,413	216,606	930,120
Heritage Grant Administration	112,323	91,913	54,761	27,486	286,483
Amphibians and Reptiles Inventory, Monitoring, and Management	28,103	90,791	69,236	68,330	256,460
Bald Eagle Management	68,822	64,517	58,848	54,629	246,816
Bat Management	26,345	44,954	49,496	49,205	170,000
Bird Inventory, Monitoring, and Management	51,542	156,126	180,830	167,663	556,161
Black-Footed Ferret Management	8,706	24,033	24,691	23,259	80,689
Cluff Ranch Wildlife Area Operation and Maintenance	5,708	15,136	15,055	15,942	51,841
Desert Rosy Boa Habitat and Population				3,063	3,063
Desert Tortoise Health Assessment and Management	40,796	75,239	76,169	83,166	275,370
Ecosystems Inventory, Monitoring, and Management	57,305	108,425	103,240	100,233	369,203
Farmlands Restoration	45,000	45,000			90,000
Fish Inventory, Monitoring, and Management	51,268	110,472	103,353	99,419	364,512
Fish, Wildlife, and Habitat Research	32,767	54,569	19,967	15,811	123,114
Goshawk and Spotted Owl Management	84,189	173,849	95,159	97,375	450,572
Gould Turkey Reintroduction		10,000			10,000
Mammal Inventory, Monitoring, and Management	244,307	203,513	128,837	175,480	752,137
Mexican Spotted Owl Management		3	44,368	21,619	65,990
Mexican Vole Management	4,195	18,761	8,909	10,557	42,422
Mount Graham Red Squirrel Management	12,247	42,655	47,122	51,878	153,902
Native Fish Statewide Survey, Monitoring, and Management	30,446	124,408	150,915	128,890	434,659
Navajo Nation Biological Survey	25,000	42,220	14	2	67,236
Neotropical Migratory Bird Conservation	20,212	56,193	56,476	47,674	180,555
Page Springs Nature Trail	1,515		25,000		26,515
Parasites and Disease in Razorback and Squawfish	24,862	20,904	24,022	3,996	73,784
Peregrine Falcon Monitoring and Survey	5,267	22,510	23,609	19,795	71,181
Pintail Lake Access	4,759	15,635	2,077		22,471
Rapid Frogs Management	7,371	51,946	56,355	80,411	196,083
Riparian and Candidate Birds Management		13,590	14,715	7,509	35,814
Robin's Butte Wildlife Area Operation and Maintenance	40,464	56,101	52,532	50,674	199,771
Seed Distribution Project	8,915				8,915

(Continued)

## APPENDIX C

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Program and Project Fiscal Years 1992 through 1995 (Unaudited) (Continued)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Totals</u>
Sonoran Pronghorn Ecology	15,827	25,940	20,334	33,713	95,814
Statewide Riparian Inventory and Mapping	335	289,446	403,049	325,462	1,018,292
Tavasci Marsh Restoration Project	10,950	9,445	536	51,134	72,065
Thick-billed Parrot Management	2,417	7,700	6,394	7,500	24,011
Tonto Forest Riparian Inventory and Mapping	<u>3,408</u>	<u>18,723</u>	<u>2,370</u>	<u>          </u>	<u>24,501</u>
Total Species Identification, Inventory, Protection, and Management	<u>1,365,868</u>	<u>2,688,888</u>	<u>2,541,178</u>	<u>2,487,544</u>	<u>9,083,478</u>
<b>Land Acquisition</b>					
Acquired Properties		801,273	3,089,888	561,177	4,452,338
Acquisition Related Expenditures	98,947	142,088	191,056	245,798	677,889
Property Operation and Maintenance				<u>147,614</u>	<u>147,614</u>
Total Land Acquisition	<u>98,947</u>	<u>943,361</u>	<u>3,280,944</u>	<u>954,589</u>	<u>5,277,841</u>
 <b>Habitat Evaluation and Protection</b>					
Habitat Evaluation	580,216	947,769	946,330	962,888	3,437,203
Habitat Protection	23,218	182,412	204,431	202,978	613,039
Habitat Coordination	17,164	7,906	71	4,534	29,675
Clerical Support	549	4,227	8,405	12,050	25,231
Field Operations	2,259	3,137	7,519	7,476	20,391
Geographic Information System	116,972	174,556	182,001	163,056	636,585
Land Access Program	614				614
Total Habitat Evaluation and Protection	<u>740,992</u>	<u>1,320,007</u>	<u>1,348,757</u>	<u>1,352,982</u>	<u>4,762,738</u>
 <b>Grants<sup>1</sup></b>					
External Grants					
Environmental Education		35,933	30,258	47,362	113,553
Species Identification, Inventory, Protection, and Management	72,579	132,914	498,869	538,915	1,243,277
Public Access		156,255	181,257	134,995	472,507
Schoolyard Habitat Projects		53,091	39,957	57,530	150,578
Urban Wildlife		<u>204,936</u>	<u>266,676</u>	<u>296,922</u>	<u>768,534</u>
Total External Grants	<u>\$ 72,579</u>	<u>\$ 583,129</u>	<u>\$1,017,017</u>	<u>\$1,075,724</u>	<u>\$2,748,449</u>

<sup>1</sup> In its Heritage Fund Annual Report, the Game and Fish Department provides further detail on grants awarded.

(Continued)

c-iii

## APPENDIX C

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Program and Project Fiscal Years 1992 through 1995 (Unaudited) (Continued)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Totals</u>
Internal Grants					
Access to Wenima and Sipes Wildlife Areas				\$ 2,004	\$ 2,004
Apache Trout Stream Renovation			\$ 1,250		1,250
Bat Inventory in Buenos Aires National Wildlife Refuge			3,105	2,905	6,010
Big Springs Environmental Study Area Upgrade			1,441	2,400	3,841
Bird Census in Greer Valley			2,108	551	2,659
Cluff Ranch Signage				777	777
Colorado River Information Signs			950		950
Effects of Habitat Destruction on Herpetofauna			8,484	908	9,392
Flat-tailed Horned Lizard Inventory and Monitoring			13,807	1,427	15,234
Forest Dwelling Bats Roost Site Characteristics			5,160	1,999	7,159
Habitat Characteristics of Forest Breeding Birds		\$ 8,948	28,209	7,018	44,175
Little Colorado Spinedace Management Project			544	3,623	4,167
Mexican Wolf Planning and Surveys			789	13,485	14,274
Mittry Lake Handicap Fishing Jetties			5,168	230	5,398
Northern Goshawk Genetic Variation and Demographics			18,383	382	18,765
Osprey Nest Monitoring		2,250			2,250
OX Date Creek Riparian Project			13,770		13,770
Parasites and Disease in Razorback and Squawfish			5,124	5,821	10,945
Rainbow Trout Movement on Verde River			12,532	3,711	16,243
Reprint Landscaping for Desert Wildlife				8,930	8,930
Sonoran Topminnow and Desert Pupfish Brochure			2,246	1,383	3,629
Southwestern Willow Flycatcher Status Survey			9,215	5,855	15,070
Statewide LANDSAT Satellite Imagery			25,000		25,000
The Changing Mile Revisited				14,500	14,500
Urban Bird Watching Guide to Tucson		1,850		1,500	3,350
Urban Fisheries in Salt River Project Canals		4,421	41,852	1,152	47,425
Urban Lake Law Enforcement Compliance Research				5,487	5,487
Urban Wildlife Public Attitude Survey				26,345	26,345
Wildlife Survey of Urban Residential Habitats			14,211	33,311	47,522
Wildlife Viewing Guide to Tucson				13,119	13,119
Total Internal Grants		<u>17,469</u>	<u>213,348</u>	<u>158,823</u>	<u>389,640</u>
Total Grants	<u>\$72,579</u>	<u>\$600,598</u>	<u>\$1,230,365</u>	<u>\$1,234,547</u>	<u>\$3,138,089</u>

C-IV

(Continued)

## APPENDIX C

### Arizona Game and Fish Department Heritage Fund Schedule of Expenditures by Program and Project Fiscal Years 1992 through 1995 (Unaudited) (Continued)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Totals</u>
Publications		\$ 67,850	\$ 61,070	\$ 98,667	\$ 227,587
Audio Visual		53,952	142,766	150,435	347,153
Motor Pool	\$ 11,897	54,144	77,878	87,499	231,418
Total Expenditures from Lottery Proceeds	<u>3,409,140</u>	<u>7,111,085</u>	<u>10,027,336</u>	<u>7,866,490</u>	<u>28,560,923</u>
Administration supported by interest income	<u>408,256</u>	<u>649,731</u>	<u>528,558</u>	<u>636,796</u>	<u>2,223,341</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$3,817,396</u></b>	<b><u>\$7,760,816</u></b>	<b><u>\$10,555,894</u></b>	<b><u>\$8,503,286</u></b>	<b><u>\$30,784,264</u></b>

Source: Auditor General staff analysis of expenditure data obtained from Game and Fish Department Independent Computer System job cost reports.