

STATE OF HAWAII
Accounting Manual

Volume I
Part 400: General Nature of the Accounting System

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SECTION 430: FUND STRUCTURE

The fund structure of the State's accounting system has evolved from compliance with legal requirements and from conformity to generally accepted principles of governmental accounting. The various funds and groups of accounts are described in the following paragraphs.

General Fund

The General Fund is used to account for all financial operations not accounted for in another fund. The basic operating functions of the government are financed primarily through the General Fund, and it receives a greater variety of revenues than any of the other funds. Ordinarily the General Fund receives revenues not designated for specific purposes; exceptions are made, however, for appropriated receipts that are earmarked for certain uses by Federal or State laws.

The annual operating budget adopted by the Legislature provides the basic framework within which the resources and obligations of the General Fund are accounted.

Special Funds

Special Funds are used to account for revenues designated for particular purposes. The nature of these funds is the same as the General Fund except that Special Funds have statutory or other legal limitations imposed upon their use. In the State of Hawaii, Special Funds are used extensively for highway construction and maintenance, harbor and airport operations, and certain activities in the educational area.

Bond Funds

Bond Funds are used to account for proceeds of bond issues. A separate fund account is maintained for each item authorized by the Legislature to be financed from the proceeds of bond issues. The accounts are maintained in a manner that discloses the status of each fund account from the time it is opened until the time proceeds are fully expended.

Trust and Agency Funds

Trust and Agency Funds are used to account for cash or other assets held by the State in a trust or agency capacity. The accounts are maintained in accordance with the terms of a trust or an agency agreement, or in accordance with other governing regulations. Trust and Agency Funds are also used as clearing accounts for tax and certain other collections pending subsequent distribution.

July 1, 1969

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SECTION 430: FUND STRUCTURE (cont'd.)

General Fixed Assets Group of Accounts

The General Fixed Assets Group of Accounts is used to record fixed assets purchased, constructed, or otherwise acquired by the State. Such assets are carried in this self-balancing group of accounts regardless of the funds through which they were acquired.

General Bonded Debt and Interest Group of Accounts

The General Bonded Debt and Interest Group of Accounts is used to account for the State's liability for future payment of bond principal and interest.

July 1, 1969