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# **Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health**

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawai'i

Report No. 15-17  
December 2015



**THE AUDITOR**  
STATE OF HAWAI'I

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## Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawai'i State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. Financial audits attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. Management audits, which are also referred to as performance audits, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called program audits, when they focus on whether programs are attaining the objectives and results expected of them, and operations audits, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
3. Sunset evaluations evaluate new professional and occupational licensing programs to determine whether the programs should be terminated, continued, or modified. These evaluations are conducted in accordance with criteria established by statute.
4. Sunrise analyses are similar to sunset evaluations, but they apply to proposed rather than existing regulatory programs. Before a new professional and occupational licensing program can be enacted, the statutes require that the measure be analyzed by the Office of the Auditor as to its probable effects.
5. Health insurance analyses examine bills that propose to mandate certain health insurance benefits. Such bills cannot be enacted unless they are referred to the Office of the Auditor for an assessment of the social and financial impact of the proposed measure.
6. Analyses of proposed special funds and existing trust and revolving funds determine if proposals to establish these funds are existing funds meet legislative criteria.
7. Procurement compliance audits and other procurement-related monitoring assist the Legislature in overseeing government procurement practices.
8. Fiscal accountability reports analyze expenditures by the state Department of Education in various areas.
9. Special studies respond to requests from both houses of the Legislature. The studies usually address specific problems for which the Legislature is seeking solutions.

Hawai'i's laws provide the Auditor with broad powers to examine all books, records, files, papers, and documents and all financial affairs of every agency. The Auditor also has the authority to summon persons to produce records and to question persons under oath. However, the Office of the Auditor exercises no control function, and its authority is limited to reviewing, evaluating, and reporting on its findings and recommendations to the Legislature and the Governor.



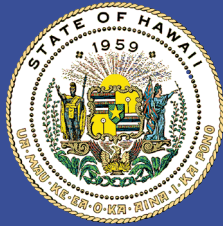
### THE AUDITOR

STATE OF HAWAII

Kekuanao'a Building

465 S. King Street, Room 500

Honolulu, Hawai'i 96813



Office of the Auditor  
465 S. King Street  
Rm. 500  
Honolulu, HI 96813  
Ph. (808) 587-0800

Jan K. Yamane  
Acting State Auditor  
State of Hawai'i

**Eight special funds  
and one trust fund  
with balances totaling  
more than \$385,000  
had no activity during  
our review period and  
should be closed.**

Response

For the full text of this and  
other reports, visit our website:  
<http://auditor.hawaii.gov/>

# Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health

Report No. 15-17, December 2015

*Sixty-three special funds, revolving funds, trust funds, and trust  
accounts were reviewed*

## **Nineteen special funds and two trust funds did not meet criteria**

Our review of special funds, revolving funds, trust funds, and trust accounts of the Department of Health (DOH) and its administratively attached agency, the Hawai'i Health Systems Corporation (HHSC), found 19 special funds and 2 trust funds did not meet criteria.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. This is our fifth review of DOH and HHSC's revolving funds, trust funds and trust accounts, and our first review of their special funds since Act 130, Session Laws of Hawai'i 2013, amended Section 23-12, HRS, to include reviews of all special funds statewide.

Special funds are used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes. Revolving funds, such as loan funds, are often established with an appropriation of seed money from the general fund, and must demonstrate the capacity to be self-sustaining. Trust funds, such as a pension fund, invoke the State's fiduciary responsibility to care for and use the assets held for benefit for those with a vested interest in the assets. Trust accounts are typically separate holding or clearing accounts and are often used as accounting devices for crediting or charging state agencies or projects for payroll and other costs.

For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes only. We do not present conclusions about the effectiveness of programs or their management, or whether programs should be continued.

## **Inactive funds result in unused moneys**

Eight special funds and one trust fund with balances totaling more than \$385,000 as of June 30, 2015, had no activity during our review period. According to DOH, these funds should be closed.

## **General fund appropriations received for programs supported by special funds**

Three DOH and HHSC hospital programs receive general fund appropriations for programs supported by special funds. Although these funds meet the criteria of self-sustainability, we could not conclude the programs need general fund appropriations. To do so would require further inquiry into the individual funds' programs and activities, which was beyond the scope of our review.

## **Reporting shortfall**

DOH and HHSC inconsistently adhered to statutory reporting requirements for non-general funds and administratively created funds and accounts. DOH is also not reporting annual filings for the Mental Health and Substance Abuse Special Fund. Accurate and complete reporting, as well as timely closing of funds, would greatly improve the Legislature's oversight and control of these funds and provide increased budgetary flexibility.

## **Agency response**

DOH generally agreed with our observations and said it will take appropriate action to ensure compliance with reporting requirements and closing inactive funds. DOH did not agree with our conclusion to repeal three funds; however, we stand by our conclusions. HHSC did not respond to our draft report.

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# **Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health**

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Hawai'i

Submitted by

**THE AUDITOR**  
STATE OF HAWAI'I

Report No. 15-17  
December 2015

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## Foreword

This is a report of our review of special funds, revolving funds, trust funds, and trust accounts used by the Department of Health and its administratively attached agency, the Hawai'i Health Systems Corporation.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the State Auditor to review all existing special, revolving, and trust funds and accounts once every five years. This is our fifth review of the revolving funds, trust funds, and trust accounts of the Department of Health and the Hawai'i Health Systems Corporation. It is our first review of their special funds since Act 130, Session Laws of Hawai'i 2013, amended Section 23-12, HRS, to include reviews of all special funds statewide.

We wish to express our appreciation for the cooperation and assistance extended to us by officials and staff of the Department of Health and the Hawai'i Health Systems Corporation.

Jan K. Yamane  
Acting State Auditor

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# Chapter 1

## Introduction

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This review encompasses the special funds, revolving funds, trust funds, and trust accounts of the Department of Health (DOH) and its administratively attached agency, Hawai'i Health Systems Corporation (HHSC). Section 23-12, *Review of special, revolving, and trust funds*, Hawai'i Revised Statutes (HRS), requires the State Auditor to review all special, revolving, and trust funds administered by each state department every five years.

This is our fifth periodic review of DOH's revolving funds, trust funds, and trust accounts. Our first review, conducted in 1995 (Report No. 95- 32), included five revolving funds, trust funds, and trust accounts. Our second review, conducted in 2001 (Report No. 01- 07), included 18 such funds, and our third, conducted in 2005 (Report No. 05-08), included 16. Our last review, conducted in 2010 (Report No. 10-09), analyzed 22 funds and accounts. This is our first review of DOH and HHSC's special funds and accounts since Act 130, Session Laws of Hawai'i (SLH) 2013, amended Section 23-12, HRS, to also require reviews of special funds at all agencies.

In this report, we reviewed 63 funds and accounts, including 41 special funds, 5 revolving funds, 10 trust funds, and 7 trust accounts.

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## Background

Through Act 240, SLH 1990, the Legislature required the Auditor to review all special and revolving funds and to recommend whether they be continued, modified, or repealed. The Legislature was concerned with the proliferation of these types of funds because moneys deposited into and spent from such funds are not subject to the same level of legislative scrutiny as those in the State's general fund.

The review required by Act 240 was completed and presented in five separate reports issued in 1991 and 1992. We reviewed 166 special and revolving funds and recommended that 70 be repealed, discontinued, or allowed to sunset. We also found that many held cash balances far in excess of program needs and recommended that unneeded cash be transferred to the general fund.

Regular reviews of revolving and trust funds were later required by Act 280, SLH 1993. Codified as Section 23-12, HRS, the act expanded the scope of Act 240, SLH 1990, by requiring the Auditor to review all revolving and trust funds administered by the State once every

five years. The law was again broadened in 2013 through Act 130, to include a review of all special funds once every five years and to add the departments of Defense and Transportation to the list of agencies reviewed.

Section 23-12, HRS, now specifies that five-yearly reviews must include:

1. An evaluation of the original intent and purpose of each fund, both as expressed by the Legislature and as understood by the expending agency;
2. The degree to which each fund achieves its stated and claimed purposes;
3. An evaluation of the fund's performance standards as established by the agency; and
4. A summary statement reflecting total fund transactions in the preceding five fiscal years, including the fund balance at the beginning of each fiscal year, total deposits and withdrawals, amount of interest earned, total expenditures made from the fund, and the ending fund balance for each fiscal year.

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## **Description of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts**

### ***Special funds***

Section 37-62, HRS, defines a special fund as one that is “dedicated or set aside by law for a specified object or purpose, but excluding revolving funds and trust funds.” According to the State of Hawai‘i’s *Accounting Manual*, special funds are funds used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes. Examples of special funds include the Captive Insurance Administrative Fund, which is funded through fees and premium taxes and supports the State’s Captive Insurance Program, and the Wireless Enhanced 911 Fund. The Wireless Enhanced 911 Fund receives surcharges from wireless phone users for the upgrade of the 911 emergency system.

### ***Revolving funds***

Section 37-62, HRS, defines a revolving fund as one “from which is paid the cost of goods and services rendered or furnished to or by a state agency and which is replenished through charges made for the goods or services or through transfers from other accounts or funds.” Revolving funds are often established with an appropriation of seed money from the general fund. Activities commonly financed through revolving funds include loan programs, which are initially established by general fund seed moneys and are then replenished through the repayment of loans. An example of a revolving fund is the State Motor Pool Revolving Fund,

which is used to purchase and maintain the State's fleet of motor vehicles and is replenished by charges to state agencies for the use of the vehicles.

### ***Trust funds***

Section 37-62, HRS, defines a trust fund as one in which “designated persons or classes of persons have a vested beneficial interest or equitable ownership, or which was created or established by a gift, grant, contribution, devise or bequest that limits the use of the fund to designated objects or purposes.” Trust funds invoke a fiduciary responsibility of state government to care for and use the assets held only for those designated to benefit from the funds. A pension fund is an example of a trust fund. Contributions and payments are to be held for the beneficiaries of the pension fund. Another example is tenants' security deposits, which are held in trust for the future benefit of tenants and landlords. Until forfeited or returned, deposits are the property of the tenants and should be accounted for accordingly.

### ***Trust accounts***

The Department of Accounting and General Services defines a trust account as a separate holding or clearing account for state agencies. Trust accounts also serve as accounting devices to credit or charge agencies or projects for payroll or other costs.

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## **Criteria for Reviewing Special Funds, Revolving Funds, Trust Funds, and Trust Accounts**

### ***Special and revolving fund criteria***

In 2002, the Legislature set the requirements for establishing and continuing special and revolving funds. Sections 37-52.3 and 37-52.4, HRS, now state that special and revolving funds may only be established by statute. The criteria used to review special and revolving funds are the extent to which each fund:

- Serves a need, as demonstrated by the purpose of the program to be supported by the fund; the scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and an explanation of why the program cannot be implemented successfully under the general fund appropriation process;
- Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries, or a clear link between the program and the sources of revenue—as opposed to serving primarily as a means to provide the program or users with an automatic means of support, removed from the normal budget and appropriation process;
- Provides an appropriate means of financing for the program or activity, that is used only when essential to the successful operation of the program or activity; and

- Demonstrates the capacity to be financially self-sustaining.

### ***Trust fund and trust account criteria***

Unlike the requirements for special and revolving funds, the law is silent on whether a trust fund or trust account can be established other than by statute. The criteria used to review trust funds and trust accounts are the extent to which each fund or account:

- Continues to serve the purpose for which it was originally created;
- Provides the benefits or services originally intended to beneficiaries;
- Requires no general fund appropriation; and
- Meets the definition of a trust fund or trust account, respectively.

The first two criteria are derived from the objectives of Section 23-12, HRS, which ask for an evaluation of the original intent of each fund and the degree to which each fund achieves its stated purpose. The third criterion assesses whether a fund relies on general fund appropriations. If general fund appropriations are needed to finance its activities (as opposed to providing seed moneys only), classification as a trust fund may not be warranted. The fourth criterion assesses whether a fund is held by the State only for the benefit of those with a vested interest in the assets.

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## **Objectives of the Review**

1. Identify and review all special funds, revolving funds, trust funds, and trust accounts of the Department of Health (DOH) and its administratively attached agency, Hawai'i Health Systems Corporation (HHSC).
2. For each special fund, revolving fund, trust fund, and trust account, determine the original intent and purpose, per statute and as understood by the agency, and determine the degree to which each fund or account achieves its stated and claimed purposes.
3. Evaluate fund performance standards established by the agencies.
4. Provide a five-year (FY2011–FY2015) unaudited financial summary for each fund or account reviewed.

## Scope and Methodology

We reviewed all special funds, revolving funds, trust funds, and trust accounts directly administered by DOH and HHSC during the five-year period under review (FY2011–FY2015). Funds and accounts included those established by statute as well as by administrative authority.

We researched statutes, session laws, and legislative history. We reviewed applicable administrative rules, policies and procedures, financial audit reports, agency financial reports, performance standards established by the agency, and other documents as appropriate.

According to the Senate Ways and Means Committee, there is no master list of non-general funds. To identify funds subject to this review, we used a variety of sources, including our prior reviews, accounting reports from the Department of Accounting and General Services, non-general fund reports filed by DOH and HHSC, legislative budget briefing documents, and other documents. To gain an understanding of fund operations, we interviewed key fiscal and program personnel as necessary.

We obtained a summary statement for each fund that reflects total fund transactions in the preceding five fiscal years (July 1, 2011 to June 30, 2015), including fund balances at the beginning of each fiscal year, total revenues, amount of interest earned, total expenditures, transfers, and ending fund balances for each fiscal year. We requested explanations for discrepancies between ending balances for FY2010 reported in our last DOH review, Report No. 10-09, and opening balances reported for FY2011.

Procedures were performed on each fund using relevant criteria as stated above. We reviewed fund information for consistency with the intent of each fund's use and to ascertain the relationship between charges on users and expenditures. We reviewed and compared fund balances to financial activity and projected program needs and standards. We reviewed information provided by DOH and HHSC on performance standards established for the funds or accounts and performed other procedures as necessary. We did not audit DOH or HHSC's financial data, which are provided for informational purposes only.

Where appropriate, we relied on our prior reports, including Report Nos. 95-32, *Review of Revolving and Trust Funds of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*; 01-07, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*; 05-08, *Review of Revolving Funds,*

*Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health and Human Services; 10-09, Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services; and 12-04, Study of the Transfer of Non-general Funds to the General Fund.*

Our review was conducted from May 2015 to September 2015 and followed standard office procedures according to the Office of the Auditor's *Manual of Guides*. Recommendations were made where applicable.

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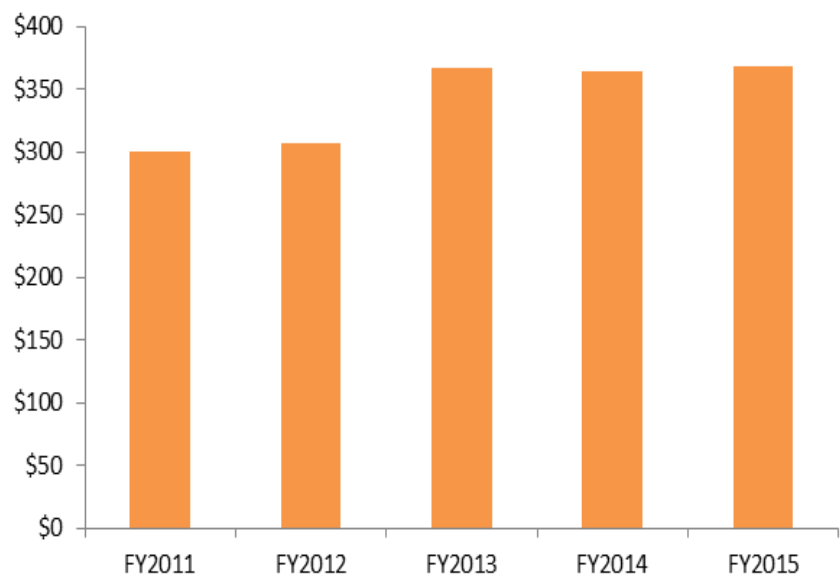
# Chapter 2

## Department of Health

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This chapter presents the results of our review of 41 special funds, 5 revolving funds, and 17 trust funds and accounts of the Department of Health (DOH) and its administratively attached agency, Hawai‘i Health Systems Corporation (HHSC). Fund fiscal year-end balances amounted to at least \$300 million during the period reviewed. Exhibit 2.1 displays the totals for these fund balances at the end of each fiscal year.

**Exhibit 2.1**  
**Cash Balances for DOH and HHSC Non-General Funds,**  
**FY2011–FY2015 (in millions)**



Source: Office of the Auditor

Substantial amounts are also collected, expended, and transferred by the funds and accounts annually. As shown in Exhibit 2.2, DOH and HHSC special funds, revolving funds, and trust funds and accounts collected more than \$668 million and spent or transferred more than \$666 million in FY2015. Exhibit 2.2 presents totals for the combined revenue and interest, expense and transfers, and ending fund balances for the different fund types for FY2015.

**Exhibit 2.2**  
**DOH and HHSC Fund and Account Totals by Type, FY2015**

| Fund Type                      | Revenue and Interest | Expenses and Transfers | Year-End Cash Balance |
|--------------------------------|----------------------|------------------------|-----------------------|
| Special Funds                  | \$590,219,000        | \$579,919,000          | \$171,920,000         |
| Revolving Funds                | 75,959,000           | 84,575,000             | 192,391,000           |
| Trust Funds and Trust Accounts | 2,059,000            | 2,031,000              | 4,622,000             |
| <b>Total</b>                   | <b>\$668,237,000</b> | <b>\$666,525,000</b>   | <b>\$368,933,000</b>  |

Source: Office of the Auditor

For each fund or account we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use and whether it meets the criteria for continuance of a special or revolving fund or the definition of a trust fund or account. We also include information about fund transfers. We do not assess the effectiveness of programs and their management. However, in our review of special and revolving funds, we do conclude on the fund's necessity based on the purpose and scope of the program it supports, and whether the program can be implemented successfully under the general fund appropriation process. Funds and accounts are presented in alphabetical order. Financial data were obtained from the State's accounting system and reviewed by DOH.

Exhibit 2.3 presents DOH funds that do not meet criteria for continuance and should be repealed or reclassified.



### Exhibit 2.3

#### DOH Funds Not Meeting Criteria

| Fund Name   | Fund Type | FY2015<br>Ending<br>Balance<br>(rounded) | No longer serves<br>original purpose | No clear nexus between<br>benefits sought and<br>user charges or a<br>clear link between the<br>program and revenue<br>sources | Program can operate<br>under general fund<br>appropriation process | Inappropriate financing<br>mechanism | Not financially self-<br>sustaining | Does not serve a need | Does not meet special<br>or trust fund definition |
|---|-----------|--|--------------------------------------|--|--|--------------------------------------|-------------------------------------|-----------------------|---|
| Community Health<br>Centers Special Fund                      | Special   | \$11,633,000                             |                                      | ✓  | ✓  | ✓                                    |                                     |                       |   |
| Domestic Violence and<br>Sexual Assault Special<br>Fund       | Special   | \$550,000                                |                                      | ✓  | ✓  | ✓                                    |                                     |                       |   |
| Early Childhood<br>Obesity Special Fund                       | Special   | \$25,000                                 | ✓                                    |  | ✓  |                                      |                                     | ✓                     | ✓   |
| Early Intervention<br>Trust Fund                              | Trust     | \$0                                      | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Emergency Medical<br>Services Special Fund                    | Special   | \$24,022,000                             |                                      | ✓  | ✓  | ✓                                    |                                     |                       |   |
| Funding for Grant<br>Pursuant to Chapter<br>42F, HRS          | Special   | \$198,000                                | ✓                                    |  | ✓  |                                      |                                     | ✓                     | ✓   |
| Grant — Catholic<br>Charities — Lanakila<br>Senior Center     | Special   | \$6,800                                  | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Grant — Emergency<br>Room Subsidy at<br>Wai'anae Coast Clinic | Special   | \$0                                      | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Grant — Hawai'i<br>Primary Care<br>Association Dental         | Special   | \$30                                     | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Hawai'i Birth Defects<br>Special Fund                         | Special   | \$761,000                                |                                      | ✓  | ✓  | ✓                                    |                                     |                       |   |

| Fund Name   | Fund Type | FY2015<br>Ending<br>Balance<br>(rounded) | No longer serves<br>original purpose | No clear nexus<br>between benefits<br>sought and user<br>charges or a clear link<br>between the program<br>and revenue sources | Program can operate<br>under general fund<br>appropriation process | Inappropriate financing<br>mechanism | Not financially self-<br>sustaining | Does not serve a need | Does not meet special<br>or trust fund definition |
|---|-----------|--|--------------------------------------|--|--|--------------------------------------|-------------------------------------|-----------------------|---|
| Healthy Aging Partnerships Program                      | Special   | \$6,000                                  | ✓                                    |  | ✓  |                                      |                                     | ✓                     | ✓   |
| Hilo Shippers' Wharf Committee Charitable Trust         | Trust     | \$590                                    | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Hospital-Based Poison Center                            | Special   | \$110,000                                | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Interagency Federal Revenue Maximization Revolving Fund | Special   | \$6,500                                  | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Partnership in Community Living Program                 | Special   | \$4,000                                  | ✓                                    |  |  |                                      |                                     | ✓                     | ✓   |
| Program — All Inclusive Care for Elderly                | Special   | \$69,900                                 | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Public Health Nursing Services Special Fund             | Special   | \$12,000                                 | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Resources to Nonprofit, Community-Based Health Care     | Special   | \$91,200                                 | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Respite Services  | Special   | \$50,000                                 | ✓                                    |  | ✓  |                                      |                                     | ✓                     | ✓   |
| Subsidy — St. Francis Medical Center — Bone Marrow      | Special   | \$100,000                                | ✓                                    |  |  |                                      |                                     | ✓                     |   |
| Trauma System Special Fund                              | Special   | \$14,107,000                             |                                      | ✓  | ✓  | ✓                                    |                                     |                       |   |

Source: Office of the Auditor

## Department of Health

### ***Asbestos and Lead Abatement Special Fund (special fund)***

#### ***Section 342P-8, HRS***

#### **Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$253         | \$254         | \$316         | \$336         | \$357         |
| Revenues              | 196           | 257           | 233           | 212           | 246           |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (195)         | (195)         | (213)         | (191)         | (221)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$254</b>  | <b>\$316</b>  | <b>\$336</b>  | <b>\$357</b>  | <b>\$382</b>  |
| Encumbrances          | \$6           | \$7           | \$3           | \$8           | \$1           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1998, the fund is used to partially fund the operating costs of the asbestos and lead abatement program's mandated activities and functions; fund statewide education, demonstration, and outreach programs; provide for the accreditation of training programs; provide training opportunities to ensure the maintenance of professional competence among staff administrators; and plan for future growth and expansion to meet emerging needs. Revenues come from fees for notification of renovation and demolition involving asbestos-containing materials, certification of asbestos and lead abatement entities and individuals, and registration and accreditation of laboratory facilities. Expenditures consist of staff salaries, travel, continuing education, and operating expenses that support the program activities and its functions.

### ***Clean Air Special Fund (special fund)***

#### ***Section 342B-32, HRS***

#### **Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>   | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|-----------------|----------------|----------------|
| Beginning Balance     | \$7,973        | \$8,705        | \$9,719         | \$10,183       | \$7,438        |
| Revenues              | 3,650          | 3,864          | 3,438           | 424            | 3,300          |
| Interest              | 14             | 41             | 23              | 24             | 29             |
| Expenditures          | (2,932)        | (2,891)        | (2,997)         | (3,193)        | (2,968)        |
| Transfers (net)       | 0              | 0              | 0               | 0              | 0              |
| <b>Ending Balance</b> | <b>\$8,705</b> | <b>\$9,719</b> | <b>\$10,183</b> | <b>\$7,438</b> | <b>\$7,799</b> |
| Encumbrances          | \$102          | \$253          | \$269           | \$149          | \$50           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1992, the fund supports the air pollution control program and pays for all reasonable direct and indirect costs to develop, support, and administer the permit program requirements, including reviewing applications, enforcing the terms and conditions, monitoring emissions and ambient air quality, and performing complaint investigations. Revenues come from permit application and annual emission fees paid by regulated industries.

***Community Health  
Centers Special Fund  
(special fund)***

***Section 321-1.65, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>   |
|-----------------------|----------------|----------------|----------------|----------------|-----------------|
| Beginning Balance     | \$4,725        | \$4,136        | \$5,097        | \$5,069        | \$7,414         |
| Revenues              | 6,544          | 6,312          | 5,920          | 8,789          | 9,383           |
| Interest              | 0              | 0              | 0              | 0              | 0               |
| Expenditures          | (7,133)        | (5,351)        | (5,948)        | (6,444)        | (5,164)         |
| Transfers (net)       | 0              | 0              | 0              | 0              | 0               |
| <b>Ending Balance</b> | <b>\$4,136</b> | <b>\$5,097</b> | <b>\$5,069</b> | <b>\$7,414</b> | <b>\$11,633</b> |
| Encumbrances          | \$1,455        | \$2,854        | \$2,815        | \$2,209        | 2,951           |

This fund serves the purpose for which it was created but does not meet the criteria for a special fund. The fund should be repealed as there is no clear link between the benefits sought for the federally qualified health centers (FQHCs) and the revenues derived from tobacco taxes charged to wholesalers and dealers for conducting business as provided under Section 245-15, Hawai‘i Revised Statutes (HRS). According to department personnel, the program could be supported through direct general fund appropriations. Created in 2006, the fund supports the operations of FQHCs to provide comprehensive primary care services for uninsured/underinsured individuals at or below 250 percent of the federal poverty level.

***Deposit Beverage  
Container Special Fund  
(special fund)***

***Section 342G-104, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>   | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$32,537        | \$24,415        | \$19,466        | \$15,790        | \$15,483        |
| Revenues              | 55,070          | 54,677          | 58,200          | 59,658          | 62,697          |
| Interest              | 0               | 0               | 0               | 0               | 0               |
| Expenditures          | (61,892)        | (59,626)        | (61,876)        | (59,965)        | (55,891)        |
| Transfers (net)       | (1,300)         | 0               | 0               | 0               | 0               |
| <b>Ending Balance</b> | <b>\$24,415</b> | <b>\$19,466</b> | <b>\$15,790</b> | <b>\$15,483</b> | <b>\$22,289</b> |
| Encumbrances          | \$13,970        | \$15,214        | \$16,236        | \$10,791        | \$13,464        |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2002, the fund supports the Deposit Beverage Container Program to increase participation in recycling activities that can protect and preserve environmental resources and reduce economic costs to residents and businesses within the state. Revenues come from deposit and container fees collected on every deposit beverage sold in Hawai‘i. Expenditures consist of deposit reimbursements to consumers for recycling containers, handling fees to recycling companies, and other costs. In FY2011, transfers totaling \$1,300,000 were made to the general fund pursuant to Act 192, Session Laws of Hawai‘i (SLH) 2010, and Act 124, SLH 2011, to address the state’s budget shortfall.

***Dietitian Licensure  
Special Fund  
(special fund)***

***Section 448B-10, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$0           | \$0           | \$13          | \$20          |
| Revenues              | 0             | 0             | 13            | 7             | 9             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$0</b>    | <b>\$0</b>    | <b>\$13</b>   | <b>\$20</b>   | <b>\$29</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2000, the fund supports the operations of the dietitian licensure program. The program licenses applicants and dietitians in order to safeguard the public health, safety, and welfare; protect those seeking dietetic services from persons unauthorized to perform these services; assure the highest degree of professional conduct on the part of dietitians; and assure the availability of high-quality dietetic services. Revenues come from application, examination, re-examination, license, renewal, and penalty fees paid by applicants and dietitians. Expenditures consist of costs related to receiving and reviewing applications and payments, verifying credentials and criminal background checks, and preparing and mailing license approval documents. Not more than \$30,000 may be used during any fiscal year for activities to administer the program. Moneys in excess of \$35,000 at the end of each fiscal year are deposited to the general fund.

***Disability and  
Communication  
Access Board Special  
Fund  
(special fund)***

***Section 348F-7, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|---------------|---------------|---------------|----------------|----------------|
| Beginning Balance     | \$7           | \$6           | \$7           | \$191          | \$1,271        |
| Revenues              | 1             | 1             | 188           | 1,083          | 918            |
| Interest              | 0             | 0             | 0             | 1              | 6              |
| Expenditures          | (2)           | 0             | (4)           | (4)            | (2)            |
| Transfers (net)       | 0             | 0             | 0             | 0              | 0              |
| <b>Ending Balance</b> | <b>\$6</b>    | <b>\$7</b>    | <b>\$191</b>  | <b>\$1,271</b> | <b>\$2,193</b> |
| Encumbrances          | \$3           | \$1           | \$1           | \$2            | \$2            |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2001, the fund supports the operations of the Disability and Communication Access Board. Revenues come from applicant fees for American Sign Language interpreter credentials and fees paid by architects, engineers, and project managers for blueprint reviews of accessibility designs of all state and county construction plans. Expenditures consist of office supplies, training, travel, and equipment.

***Domestic Violence and Sexual Assault Special Fund  
(special fund)***

***Section 321-1.3, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$1,003       | \$660         | \$472         | \$424         | \$380         |
| Revenues              | 365           | 212           | 381           | 293           | 380           |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (708)         | (400)         | (429)         | (337)         | (210)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$660</b>  | <b>\$472</b>  | <b>\$424</b>  | <b>\$380</b>  | <b>\$550</b>  |
| Encumbrances          | \$156         | \$320         | \$221         | \$107         | \$141         |

This fund serves the purpose for which it was created but does not meet the criteria for a special fund. The fund should be repealed and the remaining balance transferred to the general fund. Although there is a link between the benefits sought from the domestic violence and sexual assault activities and revenues derived from a portion of income tax refunds designated by individuals; interest and investment earnings; and grants, donations, and contributions, there is no clear link with the revenues derived from fees of \$1 per certified copy collected for birth, marriage, divorce, or death certificates. The program could be supported through direct general fund appropriations. Created in 1997, the fund provides support for domestic violence and sexual assault intervention or prevention.

***Drinking Water Treatment Revolving Loan Fund  
(revolving fund)***

***Section 340E-35, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>   | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$30,459*       | \$36,550        | \$45,823        | \$64,924        | \$69,440        |
| Revenues              | 16,435          | 15,373          | 24,495          | 31,207          | 29,861          |
| Interest              | 504             | 213             | 142             | 176             | 244             |
| Expenditures          | (10,848)        | (6,313)         | (5,536)         | (26,867)        | (52,564)        |
| Transfers (net)       | 0               | 0               | 0               | 0               | 0               |
| <b>Ending Balance</b> | <b>\$36,550</b> | <b>\$45,823</b> | <b>\$64,924</b> | <b>\$69,440</b> | <b>\$46,981</b> |
| Encumbrances          | \$7,801         | \$9,869         | \$11,441        | \$42,865        | \$38,250        |

\*FY2011 beginning balance does not agree to FY2010 ending balance in Report No. 10-09 due to timing differences in recording accounting transactions.

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 1997, the fund is used to finance public water systems' infrastructure costs to comply with federal and state requirements and its public health objectives through a loan program and a set-aside program. The loan program provides loans for drinking water infrastructure projects and receives 69 percent of an annual federal capitalization grant and 100 percent of state matching funds. The set-aside programs can use up to 31 percent of the annual federal capitalization grant to administer the program and assist projects and activities that do not receive loan assistance. Revenues come from an annual federal capitalization grant, principal and interest from loan repayments, investment earnings, and state matching funds. Expenditures consist of staff salaries, travel, telephone service, training, supplies, equipment, and contractual services that support the loan program.

***Drug Demand  
Reduction  
Assessments Special  
Fund  
(special fund)***

***Section 706-650, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|---------------|---------------|----------------|----------------|----------------|
| Beginning Balance     | \$901         | \$539         | \$934          | \$1,146        | \$1,434        |
| Revenues              | 626           | 554           | 641            | 654            | 580            |
| Interest              | 0             | 0             | 0              | 0              | 0              |
| Expenditures          | (288)         | (159)         | (429)          | (366)          | (514)          |
| Transfers (net)       | (700)         | 0             | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$539</b>  | <b>\$934</b>  | <b>\$1,146</b> | <b>\$1,434</b> | <b>\$1,500</b> |
| Encumbrances          | \$0           | \$0           | \$0            | \$0            | \$118          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1995, the fund is used to supplement drug treatment and other drug demand reduction programs. Revenues come from assessments made on those convicted of crimes related to drugs and intoxicating compounds. Expenditures consist of staffing and operating costs incurred to procure substance abuse prevention and treatment services and for the execution and monitoring of agreements within the fund. In FY2011, a transfer of \$700,000 was made to the general fund pursuant to Act 124, SLH 2011, to address the State's budget shortfall.



**Early Childhood  
Obesity Special Fund  
(special fund)**

**Administratively  
established**

**Financial Data for Fiscal Years 2012–2015 (in thousands)**

|                       | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$0           | \$173         | \$25          |
| Revenues              | 0             | 250           | 1             | 0             |
| Interest              | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | (77)          | (149)         | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$0</b>    | <b>\$173</b>  | <b>\$25</b>   | <b>\$25</b>   |
| Encumbrances          | \$0           | \$150         | \$0           | \$0           |

This fund no longer serves the purpose for which it was created and does not meet the criteria for the establishment of special funds under Section 37-52.3, HRS, including the definition of a special fund, since no funds were dedicated or set aside by law for a specified object or purpose. The fund should be closed and the remaining balance transferred to the general fund. Administratively established in FY2012, using general funds authorized through the Supplemental Appropriations Act of 2012 for family health services programs, the fund finances the collection and analysis of Hawai‘i-specific early childhood obesity data to identify children at risk, a public awareness campaign on the health implications of early childhood obesity, and the promotion of best practices throughout community-based initiatives to improve healthy life choices. However, the fund supported the Early Childhood Comprehensive Systems Program. Moneys were expended for training for child care providers, obesity prevention education, website development, and resource development on physical activity and nutrition for young children and their families.

**Early Intervention  
Special Fund  
(special fund)**

**Section 321-355, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$1,081        | \$1,733        | \$1,464        | \$1,085        | \$1,279        |
| Revenues              | 1,269          | 378            | 435            | 547            | 371            |
| Interest              | 0              | 0              | 0              | 0              | 0              |
| Expenditures          | (1,617)        | (647)          | (814)          | (353)          | (374)          |
| Transfers (net)       | 1,000          | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$1,733</b> | <b>\$1,464</b> | <b>\$1,085</b> | <b>\$1,279</b> | <b>\$1,276</b> |
| Encumbrances          | \$168          | \$553          | \$15           | \$16           | \$0            |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1997 as a cooperative funding mechanism between the public and private sectors, the fund is used to expand and enhance early intervention services for infants and toddlers with special needs. Revenues come from federal reimbursements through Medicaid and Tricare for services received by infants and toddlers. Expenditures consist of staff salaries and purchase of service or fee for service contracts to provide early intervention services. In FY2011, transfers were made from the Hawai'i Tobacco Settlement Special Fund to pay for service contracts with nonprofit agencies that provided mandated early intervention services.

**Early Intervention  
Trust Fund  
(trust fund)**

**Section 321-356, HRS**

This fund should be repealed, since it is not serving the purpose for which it was created and does not meet the criteria for a trust fund. The department is unaware of its existence and did not provide a record of the fund's financial activity during our review period. The fund was created in 1997 to expand and enhance early intervention services for infants and toddlers with special needs. Revenues were to come from government grants and private contributions, including gifts or donations from corporations, foundations, and individuals.

**Electronic Device  
Recycling Fund  
(special fund)**

**Section 339D-10, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|---------------|---------------|----------------|----------------|----------------|
| Beginning Balance     | \$391         | \$652         | \$919          | \$1,162        | \$1,231        |
| Revenues              | 302           | 320           | 337            | 362            | 378            |
| Interest              | 5             | 4             | 3              | 3              | 5              |
| Expenditures          | (46)          | (57)          | (97)           | (296)          | (204)          |
| Transfers (net)       | 0             | 0             | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$652</b>  | <b>\$919</b>  | <b>\$1,162</b> | <b>\$1,231</b> | <b>\$1,410</b> |
| Encumbrances          | \$5           | \$301         | \$309          | \$415          | \$601          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2008, the fund supports the Electronic Device Recycling Program to encourage recycling of electronic devices sold within the state. Revenues come from fees, payments, and penalties collected by the department, including a \$5,000 annual registration fee for covered electronic devices and \$2,500 annual registration fee for covered televisions collected from each manufacturer.

**Emergency Medical  
Services Special Fund  
(special fund)**

**Section 321-234, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>   | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$21,219        | \$25,788        | \$25,972        | \$22,560        | \$23,489        |
| Revenues              | 9,732           | 9,400           | 9,349           | 14,182          | 13,907          |
| Interest              | 347             | 137             | 61              | 60              | 99              |
| Expenditures          | (5,510)         | (9,353)         | (12,822)        | (13,313)        | (13,473)        |
| Transfers (net)       | 0               | 0               | 0               | 0               | 0               |
| <b>Ending Balance</b> | <b>\$25,788</b> | <b>\$25,972</b> | <b>\$22,560</b> | <b>\$23,489</b> | <b>\$24,022</b> |
| Encumbrances          | \$8,820         | \$10,741        | \$9,476         | \$8,798         | \$9,309         |

This fund serves the purpose for which it was created, but does not meet the criteria for a special fund. The fund should be repealed since there is no clear link between the benefits sought for the comprehensive emergency medical services (EMS) and revenues derived from vehicle registration fees charged on essentially all vehicles annually provided under Section 249-31(b), HRS, and tobacco taxes charged to wholesalers

and dealers for the privilege of conducting business as provided under Section 245-15, HRS. According to department personnel, the program could be supported through direct general fund appropriations.

Created in 2004, the fund supports the operations of a state EMS system, including enhanced and expanded services. The system provides for personnel, training, communications, emergency transportation, facilities, coordination with emergency medical and critical care services, coordination and use of available public safety agencies, promotion of consumer participation, access to care, mandatory standard medical recordkeeping, consumer information and education, independent review and evaluation, disaster linkage, mutual aid agreements, and other necessary components.

***Environmental  
Management Special  
Fund  
(special fund)***

***Section 342G-63, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$3,477        | \$2,664        | \$2,755        | \$2,419        | \$2,206        |
| Revenues              | 1,118          | 1,380          | 1,314          | 1,304          | 1,457          |
| Interest              | 59             | 15             | 7              | 6              | 9              |
| Expenditures          | (1,990)        | (1,304)        | (1,657)        | (1,523)        | (1,606)        |
| Transfers (net)       | 0              | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$2,664</b> | <b>\$2,755</b> | <b>\$2,419</b> | <b>\$2,206</b> | <b>\$2,066</b> |
| Encumbrances          | \$688          | \$368          | \$356          | \$163          | \$240          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1993, the fund has three purposes and sources of revenue: (1) advance glass disposal, (2) solid waste tip fees, and (3) tire surcharge fees. Revenues from the advance disposal fee are used to fund county glass recovery programs. Revenues from the solid waste disposal surcharge can be used to partially fund the operating costs of the program, fund statewide education programs, and provide annual training for municipal solid waste operators. Revenues from the motor vehicle tire surcharge may be used to support permitting, monitoring, and enforcement activities as well as promoting tire recovery, recycling, and reuse in the state. Expenditures consist of operational and personnel costs, including office supplies, travel, monitoring, and inspections that support the glass recovery, solid waste disposal, and motor vehicle tire programs.

The motor vehicle tire surcharge was repealed on January 1, 2006. According to the department, it stopped collecting the surcharge on June 30, 2003, since the fund reached its statutory limit, which capped the amounts collected between \$2.75 million and \$3 million. Currently, there are no revenues related to the tire surcharge. Moneys remaining are still used to support monitoring and enforcement of illegally dumped tires.

***Environmental  
Response Revolving  
Fund  
(revolving fund)***

***Section 128D-2, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b> |
|-----------------------|----------------|----------------|----------------|----------------|---------------|
| Beginning Balance     | \$3,589        | \$3,443        | \$2,610        | \$2,392        | \$1,783       |
| Revenues              | 3,235          | 2,625          | 3,106          | 3,068          | 2,544         |
| Interest              | 2              | 0              | 0              | 0              | 0             |
| Expenditures          | (3,383)        | (3,458)        | (3,324)        | (3,677)        | (3,405)       |
| Transfers (net)       | 0              | 0              | 0              | 0              | 0             |
| <b>Ending Balance</b> | <b>\$3,443</b> | <b>\$2,610</b> | <b>\$2,392</b> | <b>\$1,783</b> | <b>\$922</b>  |
| Encumbrances          | \$1,107        | \$886          | \$809          | \$1,414        | \$493         |

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 1988, the fund is used for emergency response actions, as well as oil spill planning, prevention, preparedness, education, research, training, removal remediation, and oil recycling programs. The fund also supports environmental protection and natural resources protection programs, including, but not limited to, energy conservation and alternative energy development, and addresses concerns related to air quality, global warming, clean water, polluted runoff, and solid and hazardous waste. Revenues come from environmental response tax of 5¢ per barrel of petroleum, as well as cost recovery fines, fees, and penalties.

***Funding for Grant  
Pursuant to Chapter  
42F, HRS  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$342         | \$255         | \$198         | \$198         |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (171)         | (349)         | (57)          | 0             | 0             |
| Transfers (net)       | 513           | 262           | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$342</b>  | <b>\$255</b>  | <b>\$198</b>  | <b>\$198</b>  | <b>\$198</b>  |
| Encumbrances          | \$179         | \$131         | \$0           | \$0           | \$0           |

This fund meets neither the criteria for the establishment of special funds under Section 37-52.3, HRS, nor the definition of a special fund because no funds were dedicated or set aside by law for a specified object or purpose. The fund should be closed and the remaining balance returned to the Emergency and Budget Reserve Fund. Administratively established in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Special Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, for grant-in-aid activities. Expenditures consist of salaries, supplies, transportation, insurance, and contractual services, pursuant to Chapter 42F, HRS, which authorizes the director of the Office on Aging to apply for, receive, and disburse grants and donations from all sources for elder programs and services.

***Grant — Catholic  
Charities — Lanakila  
Senior Center  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$7           | \$7           | \$7           | \$7           | \$7           |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$7</b>    | <b>\$7</b>    | <b>\$7</b>    | <b>\$7</b>    | <b>\$7</b>    |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund should be closed and the remaining balance transferred to the general fund. The fund does not serve the purpose for which it was created and has had no financial activity since 2007.

***Grant — Emergency  
Room Subsidy at  
Wai‘anae Coast Clinic  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011      | FY2012      | FY2013      | FY2014      | FY2015      |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance     | \$0*        | \$0*        | \$0*        | \$0*        | \$0*        |
| Revenues              | 0           | 0           | 0           | 0           | 0           |
| Interest              | 0           | 0           | 0           | 0           | 0           |
| Expenditures          | 0           | 0           | 0           | 0           | 0           |
| Transfers (net)       | 0           | 0           | 0           | 0           | 0           |
| <b>Ending Balance</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> |
| Encumbrances          | \$0         | \$0         | \$0         | \$0         | \$0         |

\*Zero balance shown due to rounding.

This fund should be closed and the remaining balance transferred to the general fund. The fund does not serve the purpose for which it was created and has had no financial activity since 2007.

***Grant — Hawai‘i  
Primary Care  
Association Dental  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011      | FY2012      | FY2013      | FY2014      | FY2015      |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance     | \$0*        | \$0*        | \$0*        | \$0*        | \$0*        |
| Revenues              | 0           | 0           | 0           | 0           | 0           |
| Interest              | 0           | 0           | 0           | 0           | 0           |
| Expenditures          | 0           | 0           | 0           | 0           | 0           |
| Transfers (net)       | 0           | 0           | 0           | 0           | 0           |
| <b>Ending Balance</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> | <b>\$0*</b> |
| Encumbrances          | \$0         | \$0         | \$0         | \$0         | \$0         |

\*Zero balance shown due to rounding.

This fund should be closed and the remaining balance transferred to the general fund. The fund does not serve the purpose for which it was created and has had no financial activity since 2007.

***Hawai'i Birth Defects  
Special Fund  
(special fund)***

***Section 321-426, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b>  | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|----------------|---------------|---------------|
| Beginning Balance     | \$850         | \$929         | \$887          | \$1,011       | \$871         |
| Revenues              | 241           | 159           | 387            | 255           | 252           |
| Interest              | 14            | 5             | 3              | 3             | 3             |
| Expenditures          | (176)         | (206)         | (266)          | (398)         | (365)         |
| Transfers (net)       | 0             | 0             | 0              | 0             | 0             |
| <b>Ending Balance</b> | <b>\$929</b>  | <b>\$887</b>  | <b>\$1,011</b> | <b>\$871</b>  | <b>\$761</b>  |
| Encumbrances          | \$86          | \$87          | \$35           | \$44          | \$18          |

This fund serves the purpose for which it was created, but does not meet the criteria for a special fund. The fund should be repealed and the remaining balance transferred to the general fund since there is no clear link between the benefits sought for the Hawai'i Birth Defects Program and revenues derived from marriage license fees, authorized under Section 321-426, HRS. According to department personnel, the program could be supported through direct general fund appropriations.

Created in 2002, the fund supports the operations of the Hawai'i Birth Defects Program. The program enables the state to have a continuous, reliable, and timely statewide information and monitoring source for ascertaining the number of births with specific disabilities and abnormalities due to birth defects, trends, and changes over time.

***Hawai'i Organ and  
Tissue Education  
Special Fund  
(special fund)***

***Section 327-24, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$12          | \$16          | \$24          | \$23          | \$45          |
| Revenues              | 10            | 18            | 13            | 42            | 33            |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (6)           | (10)          | (14)          | (20)          | (17)          |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$16</b>   | <b>\$24</b>   | <b>\$23</b>   | <b>\$45</b>   | <b>\$61</b>   |
| Encumbrances          | \$1           | \$0           | \$0           | \$0           | \$0           |



This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2008, the fund is used to increase the number of organ transplants. Moneys are expended for educational purposes in the area of organ donation. Revenues come from voluntary donations of \$1 from persons registering a motor vehicle that is collected by the counties.

***Hawai'i Tobacco  
Settlement Special  
Fund  
(special fund)***

***Section 328L-2, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>   | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$39,714        | \$27,577        | \$28,038        | \$27,819        | \$26,785        |
| Revenues              | 35,290          | 25,724          | 48,258          | 52,309          | 46,879          |
| Interest              | 0               | 0               | 0               | 0               | 2               |
| Expenditures          | (47,487)        | (25,263)        | (48,432)        | (53,343)        | (50,089)        |
| Transfers (net)       | 60              | 0               | (45)            | 0               | 0               |
| <b>Ending Balance</b> | <b>\$27,577</b> | <b>\$28,038</b> | <b>\$27,819</b> | <b>\$26,785</b> | <b>\$23,577</b> |
| Encumbrances          | \$8,127         | \$8,947         | \$9,965         | \$7,718         | \$8,511         |

This fund serves the purpose for which it was created and meets the criteria for a special fund. Created in 1999, the fund receives, allocates, and appropriates all tobacco settlement moneys and interest and earnings accruing from the investment of moneys in the fund. In November 1998, the attorneys general of 46 states signed a comprehensive agreement with the nation's largest tobacco companies, requiring them to make annual payments to states in perpetuity as reimbursement for past tobacco-related costs, such as Medicaid expenditures. This settlement is referred to as the Master Settlement Agreement, and states are free to use the tobacco settlement moneys for any purpose. The fund is used to maximize financial resources for tobacco prevention and control, health promotion and disease prevention programs, the children's health program, and as a long-term source of stable funding for prevention-oriented public health efforts, including the Hawai'i Home Visitation Program. In FY2011, transfers to the fund of \$612,000 were made from the Office of Health Care Assurance for a loan repayment of earmarked funds; transfers of \$448,000 were made from the Chronic Disease and Management Control for health promotion and disease prevention programs; and transfers of \$1 million were made to the Early Intervention Special Fund to pay for service contracts with nonprofit agencies that provided mandated early intervention services. In FY2013, transfers of \$45,000 were made to the Alcohol and Drug Abuse Division for a temporary loan to fund the Tobacco Inspection Program.

The following chart states how moneys were initially allocated in FY2000 pursuant to Act 304, SLH 1999, allocations for the period under review pursuant to Act 119, SLH 2009, and Act 124, SLH 2011, and allocations beginning FY2016 pursuant to Act 118, SLH 2015.

| <b>Fund</b>                                      | <b>Act 304 (SLH 1999)<br/>(Established Fund;<br/>Effective FY2000)*</b> | <b>Act 119 (SLH 2009)<br/>(For FY2010 through<br/>FY2015)**</b> | <b>Act 124 (SLH 2011)<br/>(For FY2012 and<br/>FY2013 only)***</b> | <b>Act 118 (SLH 2015)<br/>(Effective FY2016)****</b> |
|--|---|---|---|--|
| Emergency and Budget Reserve Fund                | 40%   | 15%   | 0%  | 15%  |
| Department of Health                             | 35%   | 25%   | 25%   | 0%   |
| Hawaii Tobacco Prevention and Control Trust Fund | 25%   | 6.5%  | 0%  | 12.5%  |
| University Revenue-Undertakings Fund             | 0%  | 28%   | 28%   | 26%  |
| General Fund                                     | 0%  | 25.5%   | 47%   | 46.5%  |
| <b>Total</b>                                     | <b>100%</b>   | <b>100%</b>   | <b>100%</b>   | <b>100%</b>  |

\*Act approved July 7, 1999, and took effect on July 1, 1999.

\*\*Act approved June 12, 2009, and took effect on July 1, 2009.

\*\*\*Act approved June 15, 2011, and took effect upon its approval.

\*\*\*\*Act approved June 12, 2015, and took effect on July 1, 2015.

During times of emergency, economic downturn, or unforeseen reduction in revenues, the fund supports programs determined to be essential to public health, safety, welfare and education through the Emergency and Budget Reserve Fund. The fund also supports programs for tobacco prevention control among youth and adults through the Hawai'i Tobacco Prevention and Control Trust Fund as well as the construction and operation of the university health and wellness center through a portion of the University Revenue-Undertakings Fund. The department received a portion of the fund revenue for the purpose of the children's health program managed by the Department of Human Services and for health promotion and disease prevention programs. However, pursuant to Act 118, SLH 2015, beginning July 1, 2015, such programs are now supported by the general fund.

**Healthy Aging  
Partnerships Program  
(special fund)**

**Administratively  
established**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$63          | \$51          | \$6           | \$6           |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | (74)          | (45)          | 0             | 0             |
| Transfers (net)       | 63            | 62            | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$63</b>   | <b>\$51</b>   | <b>\$6</b>    | <b>\$6</b>    | <b>\$6</b>    |
| Encumbrances          | \$0           | \$45          | \$0           | \$0           | \$0           |

This fund meets neither the criteria for the establishment of special funds under Section 37-52.3, HRS, nor the definition of a special fund because no funds were dedicated or set aside by law for a specified object or purpose. The fund should be closed and the remaining balance returned to the Emergency and Budget Reserve Fund. The fund was administratively created in 2010 using moneys from the Emergency and Budget Reserve Fund authorized through Act 191, SLH 2010, for FY2010–FY2011, and Act 25, SLH 2011, which extended the lapse date from June 30, 2011, to June 30, 2012. The fund supports the healthy aging partnership program to provide various workshops for participants with chronic health problems. According to department personnel, the program could be supported through direct general fund appropriations.

**Hilo Shippers' Wharf  
Committee Charitable  
Trust  
(trust fund)**

**Third Circuit Court  
Order**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$1           | \$1           | \$1           | \$1           | \$1           |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund should be closed and the remaining balance transferred to the County of Hawai‘i pursuant to the Third Circuit Vesting Order No. 03-1-0010. Created in 1954, the fund was used to account for voluntary contributions from importers on the island of Hawai‘i to combat plague and promote public health and safety on the island.

***Hospital-Based Poison  
Center  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011       | FY2012       | FY2013       | FY2014       | FY2015       |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Beginning Balance     | \$110        | \$110        | \$110        | \$110        | \$110        |
| Revenues              | 0            | 0            | 0            | 0            | 0            |
| Interest              | 0            | 0            | 0            | 0            | 0            |
| Expenditures          | 0            | 0            | 0            | 0            | 0            |
| Transfers (net)       | 0            | 0            | 0            | 0            | 0            |
| <b>Ending Balance</b> | <b>\$110</b> | <b>\$110</b> | <b>\$110</b> | <b>\$110</b> | <b>\$110</b> |
| Encumbrances          | \$0          | \$0          | \$0          | \$0          | \$0          |

This fund should be closed and the remaining balance transferred to the general fund. The fund does not serve the purpose for which it was created and has had no financial activity since 2006.

***Interagency Federal  
Revenue Maximization  
Revolving Fund  
(special fund)***

***Section 29-24, HRS  
(repealed by Act 124,  
SLH 2011)***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011     | FY2012     | FY2013     | FY2014     | FY2015     |
|-----------------------|------------|------------|------------|------------|------------|
| Beginning Balance     | \$7        | \$7        | \$7        | \$7        | \$7        |
| Revenues              | 0          | 0          | 0          | 0          | 0          |
| Interest              | 0          | 0          | 0          | 0          | 0          |
| Expenditures          | 0          | 0          | 0          | 0          | 0          |
| Transfers (net)       | 0          | 0          | 0          | 0          | 0          |
| <b>Ending Balance</b> | <b>\$7</b> | <b>\$7</b> | <b>\$7</b> | <b>\$7</b> | <b>\$7</b> |
| Encumbrances          | \$0        | \$0        | \$0        | \$0        | \$0        |

Since the statute that created the fund was repealed through Act 124, SLH 2011, this fund should be closed and the remaining balance transferred to the general fund. Created in 1995, the fund was established to account for all deposits and proceeds collected from

the federal government and third-party payers for costs not previously claimed by the State.

***Kalaupapa Memorial  
Hospital Fund  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$5           | \$7           | \$7           | \$9           | \$9           |
| Revenues              | 2             | 0             | 3             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | (1)           | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$7</b>    | <b>\$7</b>    | <b>\$9</b>    | <b>\$9</b>    | <b>\$9</b>    |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. The account serves as a holding account for donations received by the Kalaupapa Care Home formerly known as the Kalaupapa Memorial Hospital. Expenditures consist of bank service charges and a purchase of a television for the care home residents.

***Kalaupapa Patient  
Donation Fund  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$10          | \$1           | \$1           | \$1           | \$1           |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (9)           | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    | <b>\$1</b>    |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. The account acts as a holding account for donations made to the patients of the Kalaupapa settlement. Revenues come from donations received by the Kalaupapa

Patient Advisory Council and the department. Expenditures consist of Christmas gifts and cable bills paid on behalf of the patients and bank service charges.

***Kualoa Supplemental  
Environmental Project  
Fund  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011       | FY2012      | FY2013      | FY2014     | FY2015     |
|-----------------------|--------------|-------------|-------------|------------|------------|
| Beginning Balance     | \$0          | \$150       | \$85        | \$25       | \$5        |
| Revenues              | 150          | 0           | 0           | 0          | 0          |
| Interest              | 0            | 0           | 0           | 0          | 0          |
| Expenditures          | 0            | (65)        | (60)        | (20)       | (5)        |
| Transfers (net)       | 0            | 0           | 0           | 0          | 0          |
| <b>Ending Balance</b> | <b>\$150</b> | <b>\$85</b> | <b>\$25</b> | <b>\$5</b> | <b>\$0</b> |
| Encumbrances          | \$0          | \$0         | \$0         | \$0        | \$0        |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. Administratively created in 2008, the account was established pursuant to a legal settlement for water pollution administrative enforcement action. Funds were transferred from the City and County of Honolulu to the Department of Accounting and General Services for a one-time study to understand the associated health risks of the presence of high levels of the bacteria enterococci in tropical beach sand.

***Leaking Underground  
Storage Tank Fund  
(revolving fund)***

***Section 342L-51, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011       | FY2012         | FY2013         | FY2014         | FY2015         |
|-----------------------|--------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$791        | \$953          | \$1,051        | \$1,082        | \$1,092        |
| Revenues              | 162          | 98             | 31             | 10             | 10             |
| Interest              | 0            | 0              | 0              | 0              | 0              |
| Expenditures          | 0            | 0              | 0              | 0              | 0              |
| Transfers (net)       | 0            | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$953</b> | <b>\$1,051</b> | <b>\$1,082</b> | <b>\$1,092</b> | <b>\$1,102</b> |
| Encumbrances          | \$0          | \$0            | \$0            | \$0            | \$0            |

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 1989, the fund supports the department to respond to petroleum releases from underground storage tanks or tank systems by monitoring and enforcing underground storage tank owner and operator compliance with Section 342L-51, HRS. Revenues come from federal grants and fines collected by the department for violation of underground storage tank requirements.

***Mai‘ili‘ili Supplemental  
Environmental Project  
Fund  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2012–2015 (in thousands)**

|                       | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$0           | \$414         | \$204         |
| Revenues              | 0             | 600           | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | (186)         | (210)         | (33)          |
| Transfers (net)       | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$0</b>    | <b>\$414</b>  | <b>\$204</b>  | <b>\$171</b>  |
| Encumbrances          | \$0           | \$261         | \$51          | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. Administratively created in 2012, the account was established pursuant to a legal settlement for water pollution administrative enforcement action. Funds were transferred from the City and County of Honolulu in FY2013 for a one-time project to develop and implement the Mai‘ili‘ili watershed management plan.

**Medical Marijuana  
Registry and  
Regulation Special  
Fund  
(special fund)**

**Section 321-30.1, HRS**

**Financial Data for Fiscal Years 2014–2015 (in thousands)**

|                       | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|
| Beginning Balance     | \$0           | \$328         |
| Revenues              | 0             | 192           |
| Interest              | 0             | 0             |
| Expenditures          | 0             | (190)         |
| Transfers (net)       | 328           | 201           |
| <b>Ending Balance</b> | <b>\$328</b>  | <b>\$531</b>  |
| Encumbrances          | \$0           | \$68          |

The fund has a limited history from which to determine if it is serving its purpose and meeting special fund criteria. Created in 2013, the fund is used to offset the cost of processing and issuing patient registry identification certificates and primary caregiver registration certificates, and implementing a medical marijuana registry program. Revenues come from medical marijuana registration fees of no more than \$35 per registration by a patient or caregiver. Expenditures consist of personnel costs, equipment, supplies, utilities, and other operating costs of the program. In fiscal years 2014–2015, transfers-in of \$328,000 and \$201,000, respectively were made from the Department of Public Safety to establish the special fund pursuant to Act 177, SLH 2013. Act 241, SLH 2015, changed the fund name to the Medical Marijuana Registry and Regulation Special Fund. The act also established a licensing system of medical marijuana dispensaries and production centers and allows qualifying patients or caregivers to transport medical marijuana in any public place under certain conditions.



***Mental Health and  
Substance Abuse  
Special Fund  
(special fund)***

***Section 334-15, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>   | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$16,849        | \$17,817        | \$23,116        | \$28,370        | \$41,887        |
| Revenues              | 17,244          | 19,433          | 14,300          | 23,550          | 14,920          |
| Interest              | 265             | 106             | 65              | 80              | 181             |
| Expenditures          | (14,528)        | (13,779)        | (8,940)         | (9,332)         | (10,445)        |
| Transfers (net)       | (2,013)         | (461)           | (171)           | (781)           | 898             |
| <b>Ending Balance</b> | <b>\$17,817</b> | <b>\$23,116</b> | <b>\$28,370</b> | <b>\$41,887</b> | <b>\$47,441</b> |
| Encumbrances          | \$10,276        | \$1,904         | \$3,735         | \$1,661         | \$5,699         |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1991, the fund supports the department's mental health and substance abuse programs through revenues and other moneys collected from certification programs and treatment services rendered. Program activities include community-based outpatient services, case management services, psychosocial rehabilitation services, crisis services, residential services, and treatment services. Revenues come from Medicaid, Medicare, and other reimbursements from insurance companies and users of the program. Expenditures consist of operating expenses including supplies, utilities, travel, repairs and maintenance, malpractice insurance, and contracted services. In FY2011, transfers of \$2 million were made to the general fund, pursuant to Act 124, SLH 2011. The remaining transfers consist of Medicaid claim payments and reimbursements made with the Department of Human Services.

***Mental Health Center  
Patients Trust Fund  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$26          | \$26          | \$27          | \$27          | \$28          |
| Revenues              | 0             | 1             | 0             | 1             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$26</b>   | <b>\$27</b>   | <b>\$27</b>   | <b>\$28</b>   | <b>\$28</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. It is unknown when the fund was administratively created. Revenues are derived from donations and vending machine beverage sales to provide goods and services to adults with severe and persistent mental illness who are served by the O‘ahu Community Mental Health Center.

***Neurotrauma Special Fund***  
***(special fund)***

***Section 321H-4, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$3,107        | \$2,294        | \$2,342        | \$2,459        | \$2,228        |
| Revenues              | 868            | 829            | 861            | 802            | 785            |
| Interest              | 0              | 0              | 0              | 0              | 0              |
| Expenditures          | (431)          | (781)          | (744)          | (1,033)        | (943)          |
| Transfers (net)       | (1,250)        | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$2,294</b> | <b>\$2,342</b> | <b>\$2,459</b> | <b>\$2,228</b> | <b>\$2,070</b> |
| Encumbrances          | \$1,499        | \$1,180        | \$1,370        | \$1,146        | \$828          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2002, the fund is used for funding and contracting for services relating to neurotrauma, including (1) education on neurotrauma; (2) assistance to individuals and families to identify and obtain access to services; (3) creation of a registry of neurotrauma injuries within the State to identify incidence, prevalence, individual needs, and related information; and (4) administrative expenses not to exceed 2 percent of the total amount collected.

Revenues come from surcharges imposed on violators of certain traffic offenses, such as accidents involving death or serious bodily injury or accidents involving substantial bodily injury, driving under the influence of intoxicants, speeding, and incidents related to lack of seat belts or child passenger restraints. In FY2011, transfers totaling \$1,250,000 were made to the general fund pursuant to Act 192, SLH 2010, and Act 124, SLH 2011, to address the state’s budget shortfall.

**Newborn Metabolic  
Screening Special  
Fund  
(special fund)**

**Section 321-291, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$1,146        | \$1,466        | \$1,445        | \$1,175        | \$1,151        |
| Revenues              | 1,107          | 1,055          | 905            | 1,238          | 1,151          |
| Interest              | 20             | 8              | 4              | 3              | 4              |
| Expenditures          | (807)          | (1,084)        | (1,179)        | (1,265)        | (1,258)        |
| Transfers (net)       | 0              | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$1,466</b> | <b>\$1,445</b> | <b>\$1,175</b> | <b>\$1,151</b> | <b>\$1,048</b> |
| Encumbrances          | \$465          | \$353          | \$317          | \$194          | \$107          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1996, the fund is used to pay for laboratory testing, follow-up testing, educational materials, continuing education, quality assurance, equipment, and indirect costs of the Newborn Metabolic Screening Program. Revenues come from a \$55 fee for each initial newborn screening kit prepaid by the hospital, laboratory, or birth attendant.

**Noise, Radiation, and  
Indoor Air Quality  
Special Fund  
(special fund)**

**Section 342P-7, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$592         | \$577         | \$546         | \$491         | \$473         |
| Revenues              | 117           | 97            | 100           | 181           | 140           |
| Interest              | 10            | 3             | 2             | 1             | 2             |
| Expenditures          | (142)         | (131)         | (157)         | (200)         | (180)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$577</b>  | <b>\$546</b>  | <b>\$491</b>  | <b>\$473</b>  | <b>\$435</b>  |
| Encumbrances          | \$9           | \$40          | \$8           | \$12          | \$20          |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1998, the fund supports the Noise Section, Radiation Section, and AC-Ventilation/IAQ Unit of the department's Indoor and Radiological Health Branch. The program protects the public's health and the environment from exposures to asbestos and lead-based paint hazards. Revenues come

from fees for permits, licenses, inspections, certificates, notifications, variances, investigations, and review for noise pollution and radiologic technology. Moneys are expended to partially fund the operating costs of program-mandated activities and functions; fund statewide education, demonstration, and outreach programs; provide training opportunities to ensure the maintenance of professional competence among staff and administrators; and plan for future growth and expansion to meet emerging needs.

**Office of Health Care  
Assurance Special  
Fund  
(special fund)**

**Section 321-1.4, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$7           | \$7           | \$8           | \$50          | \$45          |
| Revenues              | 0             | 1             | 45            | 0             | 20            |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | (3)           | (5)           | (11)          |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$7</b>    | <b>\$8</b>    | <b>\$50</b>   | <b>\$45</b>   | <b>\$54</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$4           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2007, the fund is used to deposit moneys collected from the issuance or renewal of licenses, permits, variances, and administrative penalties from hospitals, nursing homes, ambulatory surgical centers, clinical laboratories, and other facilities and organizations related to health care assurance programs. Expenditures consist of operating costs and educational program expenses of the Office of Health Care Assurance (OHCA); improving health outreach efforts, programs, and community development, and consultations to regulated industries; and educating the public, department staff, and providers of regulated health care facilities and agencies.

The fund is also used to deposit civil monetary penalties (CMP) which result from investigations conducted by OHCA on behalf of the Centers of Medicare and Medicaid Services. Since there may be federal law issues related to the commingling of the CMP funds with other funds, Act 71, SLH 2015, established a separate special fund called the Civil Monetary Penalty Special Fund to collect such funds.

***Partnership in  
Community Living  
Program  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$0           | \$5           | \$4           | \$4           |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | (145)         | (1)           | 0             | 0             |
| Transfers (net)       | 0             | 150           | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$0</b>    | <b>\$5</b>    | <b>\$4</b>    | <b>\$4</b>    | <b>\$4</b>    |
| Encumbrances          | \$150         | \$5           | \$0           | \$0           | \$0           |

This fund meets neither the criteria for the establishment of special funds under Section 37-52.3, HRS, nor the definition of a special fund because no funds were dedicated or set aside by law for a specified object or purpose. The fund should be closed and the remaining balance returned to the Emergency and Budget Reserve Fund. Administratively established in 2010, using moneys appropriated from the Emergency and Budget Reserve Special Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, the fund supported the Partnerships in Community Living Program.

***Patient Trust Account  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$139         | \$162         | \$174         | \$134         | \$119         |
| Revenues              | 159           | 173           | 139           | 132           | 137           |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (136)         | (161)         | (179)         | (147)         | (140)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$162</b>  | <b>\$174</b>  | <b>\$134</b>  | <b>\$119</b>  | <b>\$116</b>  |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. The account serves as a holding account used to manage Hawai‘i State Hospital (HSH) patients’ money that provides a convenient and immediate system for withdrawals for

their use. Revenues come from deposits made by patients, their family members, staff, social security, or non-profit organizations into the account maintained by the HSH Business Office through local banks.

***Program for All  
Inclusive Care for  
Elderly  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$70          | \$70          | \$70          | \$70          | \$70          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$70</b>   | <b>\$70</b>   | <b>\$70</b>   | <b>\$70</b>   | <b>\$70</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund should be closed and the remaining balance transferred to the general fund. The fund is not serving the purpose for which it was created and has had no financial activity since 2006.

***Public Health Nursing  
Services Special Fund  
(special fund)***

***Section 321-432, HRS  
(repealed by Act 147,  
SLH 2015)***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$18          | \$16          | \$12          | \$12          | \$12          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (2)           | (4)           | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$16</b>   | <b>\$12</b>   | <b>\$12</b>   | <b>\$12</b>   | <b>\$12</b>   |
| Encumbrances          | \$1           | \$0           | \$0           | \$0           | \$0           |

This fund was repealed through Act 147, SLH 2015, and no longer serves the purpose for which it was created. The fund should be closed and the remaining balance transferred to the general fund. Created in 2002, the fund was used to receive Medicaid reimbursements from the Department of Human Services (DHS) for case management services provided

to families of medically fragile children. The Department of Health expended funds to provide staff training in case management services in collaboration with the DHS Medicaid and Early and Periodic Screening Diagnosis and Treatment Program.

***Public Health-  
Donations, Gifts and  
Grants  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>  | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance     | \$2,621        | \$2,648        | \$3,421        | \$3,516        | \$3,619        |
| Revenues              | 1,427          | 2,131          | 1,438          | 1,357          | 1,728          |
| Interest              | 0              | 0              | 0              | 0              | 0              |
| Expenditures          | (1,400)        | (1,358)        | (1,343)        | (1,254)        | (1,649)        |
| Transfers (net)       | 0              | 0              | 0              | 0              | 0              |
| <b>Ending Balance</b> | <b>\$2,648</b> | <b>\$3,421</b> | <b>\$3,516</b> | <b>\$3,619</b> | <b>\$3,698</b> |
| Encumbrances          | \$393          | \$179          | \$431          | \$787          | \$440          |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. The trust fund was administratively established to deposit donations, gifts, and contributions. Donations and gifts are made by private foundations and individuals for the benefit of patients and clients of the department. Grants are also received from private foundations, counties, and other state agencies for the same purpose.

***Resources to  
Nonprofit, Community-  
Based Health Care  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$91          | \$91          | \$91          | \$91          | \$91          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$91</b>   | <b>\$91</b>   | <b>\$91</b>   | <b>\$91</b>   | <b>\$91</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund should be closed and the remaining balance transferred to the general fund. The fund is not serving the purpose for which it was created and has had no financial activity since 2006.

***Respite Services  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$0           | \$200         | \$50          | \$50          | \$50          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | (150)         | 0             | 0             | 0             |
| Transfers (net)       | 200           | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$200</b>  | <b>\$50</b>   | <b>\$50</b>   | <b>\$50</b>   | <b>\$50</b>   |
| Encumbrances          | \$200         | \$50          | \$0           | \$0           | \$0           |

This fund meets neither the criteria for the establishment of special funds under Section 37-52.3, HRS, nor the definition of a special fund because no funds were dedicated or set aside by law for a specified object or purpose. The fund should be closed and the remaining balance returned to the general fund. Administratively established in 2009, using moneys appropriated from the General Appropriation Act of 2009, the fund was used to support respite care.

***Sanitation and  
Environmental Health  
Special Fund  
(special fund)***

***Section 321-27, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b>  | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b>  |
|-----------------------|---------------|----------------|---------------|---------------|----------------|
| Beginning Balance     | \$542         | \$676          | \$1,081       | \$710         | \$696          |
| Revenues              | 707           | 1,124          | 479           | 977           | 2,161          |
| Interest              | 8             | 3              | 3             | 2             | 4              |
| Expenditures          | (581)         | (722)          | (853)         | (993)         | (1,153)        |
| Transfers (net)       | 0             | 0              | 0             | 0             | 0              |
| <b>Ending Balance</b> | <b>\$676</b>  | <b>\$1,081</b> | <b>\$710</b>  | <b>\$696</b>  | <b>\$1,708</b> |
| Encumbrances          | \$23          | \$30           | \$11          | \$32          | \$3            |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1994 as the



Environmental Health Program Enhancement and Education Fund, the fund name was changed in 2010 through Act 176, SLH 2010, to include sanitation program activities. The fund receives fees used to partially fund operating costs to enhance the capacity of sanitation and environmental health programs. The majority of the revenues come from food industry permit fees, food facility building plan review fees, and temporary food permit fees to support the food safety program. Other revenues are derived from tattoo and swimming pool permit fees, occupational license registration fees, and other fees. In 2014, food establishment fees were increased from \$46 a year to approximately \$200 a year. Due to the change in the fee schedule, revenues to the fund are projected to increase to \$1.8 million by FY2016. Expenditures include salaries for 13 statewide inspector positions, and program enhancements, such as a comprehensive web-based food safety electronic inspection, billing and permitting system with a public portal, and a restaurant grading system that was launched in July 2014.

***State Health Planning  
and Development  
Special Fund  
(special fund)***

***Section 323D-12.6, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$202         | \$223         | \$299         | \$456         | \$551         |
| Revenues              | 53            | 92            | 182           | 148           | 9             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (32)          | (16)          | (25)          | (53)          | (29)          |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$223</b>  | <b>\$299</b>  | <b>\$456</b>  | <b>\$551</b>  | <b>\$531</b>  |
| Encumbrances          | \$1           | \$4           | \$4           | \$2           | \$1           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1999, the fund is used to account for all moneys collected under Chapter 323D, which are used to administer the state health planning and cost containment activities. These activities include promoting accessibility for all the people of the state to quality health care services at a reasonable cost; providing technical assistance and advice to the statewide council in the preparation, review, and revision of the state health services and facilities plan; and administering the state certificate of need program. Revenues come from fees charged to applicants requesting certificates of need. These certificates are required for all persons and nonprofit and for-profit entities and are issued by the state agency if there is a public need for the facility or service, and the cost of the facility or service will not be

unreasonable in the light of the benefits it will provide and its impacts on health care costs. Moneys in the fund are expended by the State Health Planning and Development Agency to assist in offsetting program expenses.

***State Hospital —  
Donations  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$28          | \$40          | \$46          | \$48          | \$52          |
| Revenues              | 101           | 99            | 95            | 117           | 117           |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (89)          | (93)          | (93)          | (113)         | (109)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$40</b>   | <b>\$46</b>   | <b>\$48</b>   | <b>\$52</b>   | <b>\$60</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. The fund is used to (1) provide support to the patient work program through staff utilization of such services and purchase of goods produced by the work program, (2) account for donations from individuals or organizations to the Hawai'i State Hospital (HSH), (3) provide support to community placement patients who are discharged from HSH, and (4) provide achievement awards to HSH staff. Revenues come from the sale of goods and services produced by patients in the work program, donations from individuals and organizations, and rent paid by community patients.

***Subsidy — St. Francis  
Medical Center — Bone  
Marrow  
(special fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$100         | \$100         | \$100         | \$100         | \$100         |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$100</b>  | <b>\$100</b>  | <b>\$100</b>  | <b>\$100</b>  | <b>\$100</b>  |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund should be closed and the remaining balance transferred to the general fund. The fund is not serving the purpose for which it was created and has had no financial activity since 2007.

***Temporary Deposits—  
Salary Overpayments  
Trust Accounts  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$302         | \$310         | \$304         | \$288         | \$327         |
| Revenues              | 177           | 96            | 40            | 91            | 75            |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (169)         | (102)         | (56)          | (52)          | (94)          |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$310</b>  | <b>\$304</b>  | <b>\$288</b>  | <b>\$327</b>  | <b>\$308</b>  |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. The account serves as a temporary holding account for the collection of partial payments made by employees who were overpaid. After employees fully reimburse their overpayments, moneys are transferred to the program's respective funds and adjustments are made to the Department of Accounting and General Services' payroll system.

***Trauma System Special  
Fund  
(special fund)***

***Section 321-22.5, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>  | <b>FY2012</b>  | <b>FY2013</b>   | <b>FY2014</b>   | <b>FY2015</b>   |
|-----------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Beginning Balance     | \$8,098        | \$8,043        | \$9,393         | \$10,226        | \$14,463        |
| Revenues              | 6,404          | 6,365          | 5,975           | 10,646          | 11,345          |
| Interest              | 106            | 45             | 25              | 28              | 58              |
| Expenditures          | (5,565)        | (5,060)        | (5,167)         | (6,437)         | (11,759)        |
| Transfers (net)       | (1,000)        | 0              | 0               | 0               | 0               |
| <b>Ending Balance</b> | <b>\$8,043</b> | <b>\$9,393</b> | <b>\$10,226</b> | <b>\$14,463</b> | <b>\$14,107</b> |
| Encumbrances          | \$1,860        | \$1,720        | \$2,591         | \$2,477         | \$2,180         |

This fund serves the purpose for which it was created but does not meet the criteria for a special fund. The fund should be repealed as there is

no clear link between the benefits sought for the comprehensive state trauma system and revenues derived from cigarette taxes, surcharges, accidents involving bodily injury, damage to vehicle or property, and unattended vehicle or other property damage. In addition, there is only partial nexus with the benefits sought and revenues from surcharges paid by violators of certain traffic-related violations. According to department personnel, the program could be supported through direct general fund appropriations.

Created in 2006, the fund supports the continuing development and operation of a comprehensive state trauma system. Moneys subsidize hospital costs of under-compensated and uncompensated trauma care for providing care to trauma patients, maintaining on-call physicians for trauma care, and maintaining staff to operate the injury prevention program. Additional revenues come from federal grants; legislatively appropriated funds, such as grants-in-aid, donations, and contributions; and interest earned on the fund. In FY2011, a transfer of \$1 million was made to the general fund, pursuant to Act 124, SLH 2011.

***Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust (trust account)***

***Administratively established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | FY2011      | FY2012      | FY2013      | FY2014      | FY2015      |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance     | \$58        | \$58        | \$58        | \$56        | \$56        |
| Revenues              | 0           | 0           | 0           | 0           | 0           |
| Interest              | 0           | 0           | 0           | 0           | 0           |
| Expenditures          | 0           | 0           | (2)         | 0           | 0           |
| Transfers (net)       | 0           | 0           | 0           | 0           | 0           |
| <b>Ending Balance</b> | <b>\$58</b> | <b>\$58</b> | <b>\$56</b> | <b>\$56</b> | <b>\$56</b> |
| Encumbrances          | \$0         | \$0         | \$0         | \$0         | \$0         |

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. Administratively created in 1944, the account was established with a \$10,000 grant under the will of Charles A. Brown to provide the non-diseased children of Hansen's Disease patients with financial assistance for education-related expenses.

***Vital Statistics  
Improvement Special  
Fund  
(special fund)***

***Section 338-14.6, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$887         | \$809         | \$639         | \$752         | \$597         |
| Revenues              | 345           | 213           | 402           | 266           | 362           |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (423)         | (383)         | (289)         | (421)         | (532)         |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$809</b>  | <b>\$639</b>  | <b>\$752</b>  | <b>\$597</b>  | <b>\$427</b>  |
| Encumbrances          | \$93          | \$10          | \$8           | \$12          | \$4           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1997, the fund is used to assist in the modernization, automation, and offsetting of costs for the daily operations of the system of vital statistics. Revenues come from fees of \$1 for each certified copy of birth, marriage, divorce, or death certificates and \$2.50 for each certified copy of a verification issued.

***Waimano School  
Institutional Fund  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2013 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> |
|-----------------------|---------------|---------------|---------------|
| Beginning Balance     | \$3           | \$3           | \$3           |
| Revenues              | 32            | 31            | 0             |
| Interest              | 0             | 0             | 0             |
| Expenditures          | (32)          | (31)          | (3)           |
| Transfers (net)       | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$3</b>    | <b>\$3</b>    | <b>\$0</b>    |
| Encumbrances          | \$0           | \$0           | \$0           |

The trust account was closed and no longer serves the purpose for which it was created. The account was administratively established as an aggregate account composed of individual patient accounts held by the Waimano Training School and Hospital, which served as a guardian for these patients. Patients' social security income and family contributions were deposited into the account and funds were distributed from the account to cover patient expenses. The account was closed in FY2013 after the closure of the Waimano Training School and Hospital in FY1999 and all remaining funds were distributed to cover patient expenses.

**Wastewater Treatment  
Certification Board  
Special Fund  
(special fund)**

**Section 340B-3.5, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$61          | \$72          | \$70          | \$76          | \$67          |
| Revenues              | 25            | 15            | 25            | 12            | 22            |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (14)          | (17)          | (19)          | (21)          | (19)          |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$72</b>   | <b>\$70</b>   | <b>\$76</b>   | <b>\$67</b>   | <b>\$70</b>   |
| Encumbrances          | \$1           | \$4           | \$1           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1999, the fund supports the operations of the Board of Certification of Operating Personnel in Wastewater Treatment Facilities. The board screens and reviews hundreds of applications for certificate renewals, exams, requests for reciprocity, and continuing education units. Revenues come from examination registration, renewal, reciprocity, and temporary certification fees for wastewater treatment plant operators. Expenditures consist of examination fees, office supplies, membership dues, travel, and conference fees that support the board's operations.

**Water Pollution Control  
Revolving Fund  
(revolving fund)**

**Section 342D-83, HRS**

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>    | <b>FY2012</b>    | <b>FY2013</b>    | <b>FY2014</b>    | <b>FY2015</b>    |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Balance     | \$98,668*        | \$104,561        | \$108,097        | \$148,844        | \$128,692        |
| Revenues              | 35,486           | 49,890           | 67,426           | 39,040           | 42,767           |
| Interest              | 2,034            | 592              | 319              | 387              | 533              |
| Expenditures          | (34,784)         | (50,103)         | (28,642)         | (61,779)         | (28,609)         |
| Transfers (net)       | 3,157            | 3,157            | 1,644            | 2,200            | 0                |
| <b>Ending Balance</b> | <b>\$104,561</b> | <b>\$108,097</b> | <b>\$148,844</b> | <b>\$128,692</b> | <b>\$143,383</b> |
| Encumbrances          | \$26,009         | \$15,914         | \$54,852         | \$37,314         | \$17,959         |

\*FY2011 beginning balance does not agree to FY2010 ending balance in Report No. 10-09 since the FY2010 ending balance is based on adjusted audited financial data and the FY2011 beginning balance is based on unadjusted amounts.

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 1989, the fund supports a loan program that assists in financing the construction of water pollution control projects necessary to prevent contamination of groundwater and coastal water resources. The fund provides low-interest loans to Hawai‘i’s four county agencies and other eligible applicants. Revenues come from state matching funds, federal capitalization grants, and interest income from loans and investments. Expenditures consist of staff salaries, travel, telephone service, training supplies, equipment, and contractual services that support the loan program. In FY2011–FY2014, transfers were made from the general fund for the state matching funds required by the federal capitalization grants.

## Hawai‘i Health Systems Corporation

### Financial Data for Fiscal Year 2011 (in thousands)

#### ***Collections Revolving Funds (revolving fund)***

#### ***Administratively established***

|                       | FY2011     |
|-----------------------|------------|
| Beginning Balance     | \$2        |
| Revenues              | 0          |
| Interest              | 0          |
| Expenditures          | (2)        |
| Transfers (net)       | 0          |
| <b>Ending Balance</b> | <b>\$0</b> |
| Encumbrances          | \$0        |

This revolving fund was closed in FY2011. Originally established pursuant to Act 192, SLH 1994, and later repealed and administratively re-established, the fund was used to expedite patient bill collection and credit balance refunds. Revenues came from payment of bills less than \$1,000 from patients and health insurance providers. The deposits were then used to refund credit balances of less than \$1,000.

***Donations, Gifts, and  
Grants  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$36          | \$36          | \$36          | \$36          | \$36          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$36</b>   | <b>\$ 36</b>  | <b>\$36</b>   | <b>\$36</b>   | <b>\$36</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. The Hawai'i Health Systems Corporation (HHSC) administratively established a trust fund to receive donations, gifts, and grants that are restricted by the grantor or donor or designated for specific purpose. Most funds are held outside the State Treasury. Donations and gifts are received from private foundations and individuals; grants are received from private foundations.

***Health Systems  
Special Fund  
(special fund)***

***Section 323F, HRS***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b>   | <b>FY2012</b>  | <b>FY2013</b>   | <b>FY2014</b>  | <b>FY2015</b>  |
|-----------------------|-----------------|----------------|-----------------|----------------|----------------|
| Beginning Balance     | \$13,408        | \$14,195       | \$8,484         | \$10,057       | \$6,550        |
| Revenues              | 317,449         | 341,241        | 366,317         | 407,029        | 417,920        |
| Interest              | 0               | 0              | 0               | 0              | 0              |
| Expenditures          | (1,652,707)     | (1,916,446)    | (2,559,308)     | (2,951,804)    | (3,579,055)    |
| Transfers (net)       | 1,336,045       | 1,569,494      | 2,194,564       | 2,541,268      | 3,157,852      |
| <b>Ending Balance</b> | <b>\$14,195</b> | <b>\$8,484</b> | <b>\$10,057</b> | <b>\$6,550</b> | <b>\$3,267</b> |
| Encumbrances          | \$15            | \$15           | \$15            | \$13           | \$13           |

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1996, the fund is used to deposit all fees, proceeds, and reimbursements to or received by the HHSC and various hospitals. Revenues to the fund come from patient claim revenues, including payments made by HMSA, Kaiser, Medicare, and Medicaid, as well as rental and copier fees. Transfers from the corporate and regional levels assist with payroll costs for each hospital.



***Patients' Safekeeping  
Trust Fund  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$119         | \$119         | \$123         | \$83          | \$83          |
| Revenues              | 1             | 4             | 0             | 0             | 3             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (1)           | 0             | (40)          | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$119</b>  | <b>\$123</b>  | <b>\$83</b>   | <b>\$83</b>   | <b>\$86</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. The HHSC administratively established this fund to manage and safeguard long-term care patients' moneys, which include pension, retirement, social security, and miscellaneous income. Moneys are expended from these accounts with the patients' consent to meet their personal needs. Other hospitals' accounts are also held outside the State Treasury.

***Salary Overpayment  
Trust Account  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$15          | \$7           | \$11          | \$9           | \$9           |
| Revenues              | 4             | 9             | 1             | 2             | 1             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | (12)          | (5)           | (3)           | (2)           | (1)           |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$7</b>    | <b>\$11</b>   | <b>\$9</b>    | <b>\$9</b>    | <b>\$9</b>    |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust account. The HHSC has administratively established the account to serve as a temporary holding account for recoveries until the debt is satisfied. Moneys are subsequently transferred to the program's special funds with an adjustment to the Department of Accounting and General Services' payroll system.

**Weinberg Grant Fund  
(trust fund)****Administratively  
established****Financial Data for Fiscal Years 2011–2015 (in thousands)**

|                       | <b>FY2011</b> | <b>FY2012</b> | <b>FY2013</b> | <b>FY2014</b> | <b>FY2015</b> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Beginning Balance     | \$45          | \$45          | \$45          | \$45          | \$45          |
| Revenues              | 0             | 0             | 0             | 0             | 0             |
| Interest              | 0             | 0             | 0             | 0             | 0             |
| Expenditures          | 0             | 0             | 0             | 0             | 0             |
| Transfers (net)       | 0             | 0             | 0             | 0             | 0             |
| <b>Ending Balance</b> | <b>\$45</b>   | <b>\$45</b>   | <b>\$45</b>   | <b>\$45</b>   | <b>\$45</b>   |
| Encumbrances          | \$0           | \$0           | \$0           | \$0           | \$0           |

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. Created in 1999 to account for a grant received from the Harry and Jeanette Weinberg Foundation for telemedicine and telehealth infrastructure equipment and related expenses, the fund supports a regional HHSC telehealth and telemedicine facility, a high-speed telecommunications system. The fund is held outside the State Treasury and has continued limited activity of interest income and account analysis fees.

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# Chapter 3

## Observations on DOH and HHSC'S Reporting and Accounting for Funds

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As we reported in our *Study of the Transfer of Non-general Funds to the General Fund*, Report No. 12-04, special and revolving and other types of non-general funds collectively represent about half of the State's operating budget—moneys that are not subject to the same level of legislative scrutiny as are general fund moneys. Accurate and complete reporting of all non-general funds as required by law would greatly improve the Legislature's oversight and control of these funds and provide increased budgetary flexibility.

During our review of the special funds, revolving funds, and trust funds and accounts of the Department of Health (DOH) and the Hawai'i Health Systems Corporation (HHSC), we noted inconsistent adherence to statutory requirements and reporting of financial transactions and balances. Nine DOH funds had no activity during our review period, resulting in unsued moneys. Some health and hospital programs received general fund appropriations in addition to special fund moneys. And all non-general funds were not reported as required by law.

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### Inactive Funds Result in Unused Moneys

We noted eight special funds and one trust fund with remaining balances totaling more than \$385,000 as of June 30, 2015, had no activity during our review period. According to DOH personnel, these funds should have been closed. Exhibit 3.1 presents a summary of these inactive funds with remaining balances.

### Exhibit 3.1

#### DOH Inactive Funds with Remaining Balances

| Fund Name   | Fund Type | Criteria                      | Year of Last Financial Activity | FY2015 Fund Balance |
|---|-----------|-------------------------------|---------------------------------|---------------------|
| Grant — Catholic Charities — Lanakila Senior Center     | Special   | Administratively established  | 2007                            | \$6,837             |
| Grant — Emergency Room Subsidy at Wai'anae Coast Clinic | Special   | Administratively established  | 2007                            | 0*                  |
| Grant — Hawai'i Primary Care Association Dental         | Special   | Administratively established  | 2007                            | 30                  |
| Hilo Shippers' Wharf Committee Charitable Trust         | Trust     | Third Circuit Court Order     | Prior to 2006                   | 592                 |
| Hospital-Based Poison Center                            | Special   | Administratively established  | 2006                            | 110,001             |
| Interagency Federal Revenue Maximization Revolving Fund | Special   | Section 29-24, HRS (repealed) | 2009                            | 6,500               |
| Program for All Inclusive Care for Elderly              | Special   | Administratively established  | Prior to 2006                   | 69,904              |
| Resources to Nonprofit, Community-Based Health Care     | Special   | Administratively established  | 2006                            | 91,205              |
| Subsidy — St. Francis Medical Center — Bone Marrow      | Special   | Administratively established  | 2007                            | 100,000             |
| <b>Total</b>  |           |                               |                                 | <b>\$385,069</b>    |

\*Zero balance shown due to rounding.

Source: Office of the Auditor

Department program personnel who manage and monitor their own funds have not communicated with the accounting division, which is responsible for informing the Department of Accounting and General Services to close these accounts. As a result, approximately \$384,000 of excess funds sit idle in inactive special funds and should be transferred to the general fund. These funds should be closed.

Further, pursuant to Third Circuit Court Vesting Order Trust No. 03-1-0010, the court ordered on October 3, 2003, that the Hilo Shipper's Wharf Committee Trust Fund be transferred to the County of Hawai'i. A partial transfer to the county was made on June 25, 2004;

however, there still is a balance of \$592 as of June 30, 2015. According to department personnel, the entire trust fund balance should have been transferred to the County of Hawai'i.

## DOH and HHSC Receive General Fund Appropriations for Programs Supported by Special Funds

Three DOH programs and HHSC hospital programs received general fund appropriations for programs supported by special funds. When department and hospital personnel were asked about these programs receiving general fund support, DOH and HHSC said they record general fund appropriations and related expenditures in general fund accounts, do not commingle the general fund moneys with special fund moneys, and report general funds to the State separately from its special funds. Although we conclude these funds meet the criteria of self-sustainability, we cannot conclude that the programs need general fund appropriations. To do so requires further inquiry into the individual funds' programs and activities, which is beyond the scope of our review. Exhibit 3.2 lists DOH and HHSC special funds and programs that received general fund appropriations.

### Exhibit 3.2

#### DOH and HHSC Special Funds Programs That Received General Fund Appropriations, FY2011-FY2015

| Fund                                       | Program General Fund Appropriation Use | General Fund Appropriations |
|--|--|-----------------------------|
| Sanitation and Environmental Health Fund   | Operating costs, including payroll     | FY2011 - \$4,038,675        |
|  |  | FY2012 - \$3,912,377        |
|  |  | FY2013 - \$4,003,937        |
|  |  | FY2014 - \$4,570,539        |
|  |  | FY2015 - \$4,887,831        |
| State Health Planning and Development Fund | Operating costs, including payroll     | FY2011 - \$508,242          |
|  |  | FY2012 - \$508,814          |
|  |  | FY2013 - \$493,600          |
|  |  | FY2014 - \$484,429          |
|  |  | FY2015 - \$484,429          |
| Hawai'i Systems Special Fund (HHSC)        | Operating costs, including payroll     | FY2011 - \$82,140,000       |
|  |  | FY2012 - \$73,965,000       |
|  |  | FY2013 - \$86,027,000       |
|  |  | FY2014 - \$120,492,000      |
|  |  | FY2015 - \$116,940,000      |

Source: DOH and HHSC

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## **DOH and HHSC Did Not Report All Funds As Required by Law**

Section 37-47, Hawai'i Revised Statute (HRS), requires departments to submit to the Legislature an annual report of each non-general fund account. These reports, often referred to as non-general fund reports, must include:

1. The name of the fund and a cite to the law authorizing the fund;
2. The intended purpose of the fund;
3. Current program activities that the fund supports;
4. The balance of the fund at the beginning of the current fiscal year;
5. The total amount of expenditures and other outlays from the fund account for the previous fiscal year;
6. The total amount of revenue deposited to the account for the previous fiscal year;
7. A detailed list of all transfers from the fund;
8. The amount of moneys encumbered in the account as of the beginning of the fiscal year;
9. The amount of funds in the account that are required for bond conveyance or other related bond obligations;
10. The amount of moneys in the account derived from bond proceeds; and
11. The amount of moneys in the fund held in certificates of deposit, escrow accounts, or other investments.

We noted that 21 of the 63 funds and trust accounts we reviewed were not reported to the Legislature in non-general fund report filings. At the end of FY2015, these funds and accounts had a balance of almost \$32 million, as shown in Exhibit 3.3.

**Exhibit 3.3****DOH and HHSC's Funds and Trust Accounts Not Reported to the Legislature**

| <b>Department of Health</b>   |                  |  |
|---|------------------|--|
| <b>Fund Name</b>  | <b>Fund Type</b> | <b>FY2015<br/>Ending Balance<br/>(rounded)</b> |
| Dietitian Licensure Special Fund  | Special          | \$29,000                                       |
| Funding for Grant Pursuant to Chapter 42F, HRS                                | Special          | 198,000  |
| Hawai'i Tobacco Settlement Special Fund*                                      | Special          | 23,577,000                                     |
| Healthy Aging Partnerships Program  | Special          | 6,000  |
| Kalaupapa Memorial Hospital Fund  | Trust Account    | 9,000  |
| Kalaupapa Patient Donation Fund   | Trust Account    | 1,000  |
| Kualoa Supplemental Environmental Project Fund                                | Trust            | 0  |
| Mai'iili'i Supplemental Environmental Project Fund                            | Trust            | 171,000  |
| Mental Health Center Patients Trust Fund                                      | Trust            | 28,000   |
| Partnership in Community Living Program                                       | Special          | 4,000  |
| Patient Trust Account   | Trust Account    | 116,000  |
| Public Health — Donations, Gifts and Grants                                   | Trust            | 3,698,000                                      |
| Respite Services  | Special          | 160,000  |
| State Hospital — Donations  | Trust Account    | 60,000   |
| Temporary Deposits — Salary Overpayments Trust Accounts                       | Trust            | 308,000  |
| Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust | Trust Account    | 56,000   |
| <b>DOH Subtotal</b>   |                  | <b>\$28,421,000</b>                            |

## Hawai'i Health Systems Corporation

| Fund Name                        | Fund Type     | FY2015<br>Ending Balance<br>(rounded) |
|----------------------------------|---------------|---------------------------------------|
| Donations, Gifts, and Grants     | Trust         | \$36,000                              |
| Hawai'i Systems Special Fund*    | Special       | 3,267,000                             |
| Patients' Safekeeping Trust Fund | Trust         | 86,000                                |
| Salary Overpayment Trust Account | Trust Account | 9,000                                 |
| Weinberg Grant Fund              | Trust         | 45,000                                |
| <b>HHSC Subtotal</b>             |               | <b>\$3,443,000</b>                    |
| <b>Total</b>                     |               | <b>\$31,864,000</b>                   |

\* Non-General Fund Report was filed for some, but not all of the accounts comprising the fund.

Fund reports are one of the primary means through which legislative money committees track non-general funds. The reports are used to monitor fund balances and identify excess moneys for possible transfer to the general fund. According to the Senate Ways and Means Committee, there is no master list of non-general funds. The Department of Budget and Finance compiles a report of all non-general fund accounts to submit to the Legislature prior to the start of each legislative session. All departments must complete and submit Form 37-47, *Report on Non-General Fund Information*, to the Department of Budget and Finance for each of their non-general funds. While we have no evidence to suggest omission of non-general fund reports by DOH and HHSC was intentional, we must reiterate the importance of this reporting function.

## DOH and HHSC Are Not Reporting Administratively Created Funds

Section 37-52.5, HRS, requires any executive department that administratively establishes a new fund or account to submit a report to the Legislature. The report, which must be filed within 30 working days of a fund's creation, must include a justification for the fund or account and identification of its sources of revenue. The law also requires each department, at least 20 days prior to the convening of each regular legislative session, to submit a report listing of all administratively established funds or accounts along with a statement of their revenues, expenditures, encumbrances, and ending balances for each fund or account.



We noted DOH and HHSC did not submit reports to the Legislature for all administratively created funds and trust accounts. At the end of FY2015, these funds and accounts had a balance of approximately \$5 million, as shown in Exhibit 3.4.

#### Exhibit 3.4

#### DOH and HHSC's Administratively Created Funds and Trust Accounts Not Reported to the Legislature

| Department of Health  |               |  |
|---|---------------|--|
| Fund Name   | Fund Type     | FY2015<br>Ending<br>Balance<br>(rounded) |
| Early Childhood Obesity Special Fund  | Special       | \$25,000                                 |
| Funding for Grant Pursuant to Chapter 42F, HRS                                | Special       | 198,000                                  |
| Healthy Aging Partnerships Program  | Special       | 6,000                                    |
| Kalaupapa Memorial Hospital Fund  | Trust Account | 9,000                                    |
| Kalaupapa Patient Donation Fund   | Trust Account | 1,000                                    |
| Kualoa Supplemental Environmental Project Fund                                | Trust         | 0  |
| Mai'ilili Supplemental Environmental Project Fund                             | Trust         | 171,000                                  |
| Mental Health Center Patients Trust Fund                                      | Trust         | 28,000                                   |
| Partnership in Community Living Program                                       | Special       | 4,000                                    |
| Patient Trust Account   | Trust Account | 116,000                                  |
| Public Health-Donations, Gifts and Grants                                     | Trust         | 3,698,000                                |
| Respite Services  | Special       | 160,000                                  |
| State Hospital-Donations  | Trust Account | 60,000                                   |
| Temporary Deposits-Salary Overpayments Trust Accounts                         | Trust         | 308,000                                  |
| Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust | Trust Account | 56,000                                   |
| <b>DOH Subtotal</b>   |               | <b>\$4,840,000</b>                       |

## Hawai'i Health Systems Corporation

| <b>Fund Name</b>                 | <b>Fund Type</b> | <b>FY2015<br/>Ending<br/>Balance<br/>(rounded)</b> |
|----------------------------------|------------------|--|
| Donations, Gifts, and Grants     | Trust            | \$36,000   |
| Patients' Safekeeping Trust Fund | Trust            | 86,000   |
| Salary Overpayment Trust Account | Trust Account    | 9,000  |
| Weinberg Grant Fund              | Trust            | 45,000   |
| <b>HHSC Subtotal</b>             |                  | <b>\$176,000</b>                                   |
| <b>Total</b>                     |                  | <b>\$5,016,000</b>                                 |

Source: Office of the Auditor

Shortly after passage of Section 37-52.5, HRS, the state comptroller issued Memorandum No. 2002-35 in October 2002 alerting agency heads as well as departmental administrative and fiscal officers of this reporting requirement. The memorandum noted that departments and agencies are responsible for meeting the requirements as of July 1, 2002. However, DOH and HHSC told us they have not filed these reports. These informational gaps hinder the Legislature's ability to monitor non-general funds.

## DOH Is Not Reporting Annual Filings for Mental Health and Substance Abuse Special Fund

Section 334-15(b), HRS, requires the director of health to report annually to the Legislature on each account created in the Mental Health and Substance Abuse Special Fund, including the account balance and ceiling increases, transfers, expenditures, and purposes of expenditures. Such reports are used to assist the Legislature with monitoring the fund. Department program personnel informed us that they have not filed this report and were not aware of the statutory requirement.

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## Responses of the Affected Agency

### Comments on Agency Responses

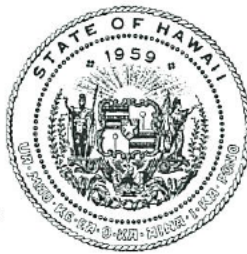
We transmitted a draft of this review to the Department of Health (DOH) and its administratively attached agency, the Hawai‘i Health Systems Corporation (HHSC), on November 25, 2015. A copy of the transmittal letter to the department is included as Attachment 1. The department’s response, dated December 4, 2015, is included as Attachment 2. HHSC chose not to respond to the draft report.

The department agreed with our conclusion to repeal or close 14 special funds and 2 trust funds. As to the two special funds that did not meet the clear nexus requirement, the department said these funds are under review by various legislative committees and the decision to continue or repeal the funds will likely be made in the upcoming legislative session. The department generally agreed with our observations and said it will take appropriate action to close the inactive funds that no longer serve their original purpose and ensure compliance with all statutory reporting requirements.

The department did not agree with our conclusion to repeal three special funds that did not meet the clear nexus criteria. However, we stand by our conclusion that the programs supported by these special funds can be funded through general fund appropriations. The Legislature should consider amending to the sources of revenue for these special funds as follows:

- 1. Community Health Centers Special Fund** (Section 321-1.65, HRS) – amend Section 245-15, HRS, to direct a portion of the cigarette excise tax to the DOH for its primary health care incentive program established under Section 321-1.5, HRS;
- 2. Domestic Violence Sexual Assault Special Fund** (Section 321-1.3, HRS) – amend Section 321-1.3(c), HRS, by deleting “Fees remitted pursuant to Section 338-14.5,” HRS; and repeal Section 338-14.5(3), HRS, directing \$1 to the domestic violence sexual assault fund. Section 338-14.5(5), HRS, provides that the remainder of the \$10 fee collected by DOH for each certified copy goes to the credit of the state general fund; and
- 3. Hawai‘i Birth Defects Special Fund** (Section 321-426, HRS) – repeal Section 572-5(a)(4), HRS, directing \$10 from the marriage license fees to the birth defects special fund; and amend Section 572-5(a)(1), HRS, to increase the amount from \$32 to \$42 to the credit of the general fund.

STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



JAN K. YAMANE  
Acting State Auditor

(808) 587-0800  
FAX: (808) 587-0830

November 25, 2015

**COPY**

The Honorable Virginia Pressler, M.D.  
Director  
Department of Health  
1250 Punchbowl Street  
Honolulu, Hawaii 96813

VIA EMAIL ONLY: [Ginny.pressler@doh.hawaii.gov](mailto:Ginny.pressler@doh.hawaii.gov)

Dear Dr. Pressler:

Attached for your information is a PDF copy of our confidential draft report no. 4, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health*. We ask that you telephone us by Monday, November 30, 2015, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit your hard copy response to our office no later than 12 noon, Monday, December 7, 2015.

The Governor and presiding officers of the two houses of the Legislature have also been provided PDF copies of this confidential draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Jan K. Yamane  
Acting State Auditor

Attachment

DAVID Y. IGE  
GOVERNOR OF HAWAII



VIRGINIA PRESSLER, M.D.  
DIRECTOR OF HEALTH

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. BOX 3378  
HONOLULU, HI 96801-3378

In reply, please refer to:  
File: A 16-004

December 4, 2015

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OFF. OF THE AUDITOR  
STATE OF HAWAII

Ms. Jan K. Yamane  
Office of the Auditor, State of Hawaii  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813

Subject: Response to Draft Report No. 4 "Review of Special Funds,  
Revolving Funds, Trust Funds, and Trust Accounts (SRT) of the  
Department of Health

Dear Ms. Yamane:

Attached are the Department of Health's comments for the Review of Special funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health for FY 2011-FY 2015.

We appreciate the opportunity to comment on the report.

Sincerely,

A handwritten signature in blue ink that reads "Virginia Pressler". The signature is written in a cursive style.

VIRGINIA PRESSLER, M.D.  
Director of Health

Attachment



SUBJECT: REVIEW OF SPECIAL FUNDS, REVOLVING FUNDS, TRUST FUNDS, AND TRUST ACCOUNTS OF THE DEPARTMENT OF HEALTH FOR FY 2011-FY 2015

The Department of Health (DOH) appreciates the opportunity to comment on the subject report. We realize that this review is a management tool to assist DOH in making ongoing improvements to our existing processes in order to better manage and monitor these sources of funding. Please note that Hawaii Health Systems Corporation (HHSC) is an administratively attached agency to DOH and therefore, DOH will not be providing a response to accounts that are under the purview of HHSC.

We would like to comment on specific areas of the report.

#### Chapter 2 - Department of Health

In Exhibit 2.3, DOH Funds Not Meeting Criteria, there are some funds in this exhibit that we would like to provide additional information.

- Community Health Centers Special Fund. The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, (2) the program can operate under general fund appropriation process, and (3) it is an inappropriate financing mechanism. Act 316/2006 SLH established the community health centers special fund for which funds shall be used for the operations of federally qualified health centers. The purpose of the bill is to discourage smoking by increasing the tax on cigarettes, to allocate funds to effective sources in the prevention and treatment of disease and injury, and to appropriate moneys for these purposes. The community health centers special fund is being used to contract with thirteen (13) federally qualified health centers to provide comprehensive primary care services to the uninsured/underinsured population statewide. In addition, this special fund is being used to provide primary and urgent care in Hana on the island of Maui, and for emergency room services in the Waianae District on the island of Oahu. There is a direct connection between the services being provided and the revenue source. In 2006, the Legislature decided that to sustain funding for this program, the revenues from the cigarette taxes would be used. If an additional general fund appropriation is made to replace the current revenues being given to this special fund, the program will be able to sustain its operations. We feel that the funding mechanism is appropriate for this program.
- Domestic Violence and Sexual Assault Special Fund. The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, (2) the program can operate under general fund appropriation process, and (3) it is an inappropriate financing mechanism. The funds received from tax refunds and the fees collected for marriage, birth, and death certificates are used to support this program. This fund currently supports a full time Domestic Violence coordinator. General funds to support this program were eliminated and DOH has not been able to carry out domestic violence prevention efforts that include the Domestic Violence Fatality Reviews (DVRF). For the Domestic Violence Prevention Program, there are no general funds to support the development and implementation of public awareness and education messages to change established norms and cultural beliefs to prevent violence from occurring at all. The special fund provides the flexibility to continue the activities for which is fund was initially established. This special fund will

provide the dedicated resources needed to ensure that prevention efforts remain uninterrupted.

- Emergency Medical Services Special Fund. The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, (2) the program can operate under general fund appropriation process, and (3) it is an inappropriate financing mechanism. DOH is currently reviewing this special fund and it is anticipated that the issues concerning this fund that are contained in this report will be discussed in this upcoming legislative session. Discussions are currently being held with the various legislative committees and it is anticipated that a decision to continue or repeal this special fund will be made in this upcoming legislative session.
- Hawaii Birth Defects Special Fund. The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, (2) the program can operate under general fund appropriation process, and (3) it is an inappropriate financing mechanism. The rationale behind the fee attached to the marriage license was to support families having healthy babies. The data is used to support families having healthy babies and to provide accurate information to support disprove theories about increased number of babies born with defects or possible causes of birth defects (i.e., environmental causes). It was determined that the special fund would provide a sustainable mechanism for funding the activities of this program.
- Trauma System Special Fund. The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, (2) the program can operate under general fund appropriation process, and (3) it is an inappropriate financing mechanism. In conjunction with the Emergency Medical Services Special Fund, DOH is currently reviewing this special fund and it is anticipated that the issues concerning this fund that are contained in this report will be discussed in this upcoming legislative session. Discussions are currently being held with the various legislative committees and it is anticipated that a decision to continue or repeal this special fund will be made in this upcoming legislative session.

### Chapter 3 – Observations on DOH and HHSC’s Reporting and Accounting for Funds

DOH recognizes and acknowledges that policies and procedures in place to assist the programs in managing these funds needs to be reviewed and updated.

DOH acknowledges that there are some funds that have been inactive for more than 3 fiscal years and we will work to determine whether these funds are still required for the purpose for which it was established. If it is determined that these funds should be closed, appropriate action will be taken to liquidate the remaining balances in the account(s) and request to close the account(s).

In accordance with Section 37-47, Hawaii Revised Statutes (HRS), it appears that not all funds under DOH’s purview were reported to the Legislature and acknowledge that for the funds reviewed, we did



not report all of these funds. DOH will work to identify funds that need to be reported in accordance with Section 37-47, HRS and will make every effort to provide the required reports.

DOH acknowledges that we were not aware of the annual filing requirements for the Mental Health and Substance Abuse Special Fund as required by Section 334-15(b), HRS. Going forward, DOH administration will work with the appropriate programs to submit an annual report as required by statute.