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

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

Report No. 15-19  
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.



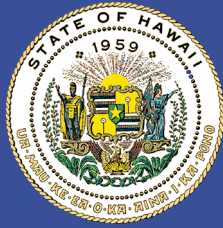
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**The department and HPHA inconsistently adhered to statutory reporting requirements for non-general funds and administratively created funds and accounts.**

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 Human Services

Report No. 15-19, December 2015

*Forty-seven special funds, revolving funds, trust funds, and trust accounts were reviewed*

## **Fourteen special funds, one revolving fund, three trust funds, and two trust accounts did not meet criteria**

Our review of special funds, revolving funds, trust funds, and trust accounts of the Department of Human Services and its administratively attached agency, the Hawai'i Public Housing Authority (HPHA), found 14 special funds, 1 revolving fund, 3 trust funds, and 2 trust accounts 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 the department's and HPHA's revolving funds, trust funds and trust accounts, and our first 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.

## **Reporting shortfall**

The department and HPHA inconsistently adhered to statutory reporting requirements for non-general funds and administratively created funds and accounts. 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**

The department said it concurred with a majority of our recommendations and will implement them as soon as is practical. HPHA did not respond to us directly, but wrote in an email to the department that it concurs with our findings. The department disagreed with our analysis of the Spouse and Child Abuse Special Account; however, we stand by our conclusion.

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

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A Report to the  
Governor  
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the State of  
Hawai'i

Submitted by

**THE AUDITOR**  
STATE OF HAWAI'I

Report No. 15-19  
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 Human Services and its administratively attached agency, the Hawai‘i Public Housing Authority.

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 Human Services and the Hawai‘i Public Housing Authority. 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 Human Services and the Hawai‘i Public Housing Authority.

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 Human Services (DHS) and its administratively attached agency, the Hawai‘i Public Housing Authority (HPHA). 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 DHS’ revolving funds, trust funds, and trust accounts. Our first review, conducted in 1995 (Report No. 95-32), included 14 revolving funds, trust funds, and trust accounts. Our second review, conducted in 2001 (Report No. 01-07), included 27 such funds; and our third, conducted in 2005 (Report No. 05-08), included 33. Our last review, conducted in 2010 (Report No. 10-09), analyzed 40 funds and accounts. This is our first review of DHS’ special funds 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 47 funds and accounts, including 17 special funds, 9 revolving funds, 8 trust funds, and 13 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 Human Services and its administratively attached agency, the Hawai‘i Public Housing Authority.
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 agencies, 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 DHS and HPHA 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 agencies, 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 DHS and HPHA, 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 DHS 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 DHS and HPHA on performance standards established for the funds or accounts and performed other procedures as necessary. We did not audit DHS' or HPHA'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 October 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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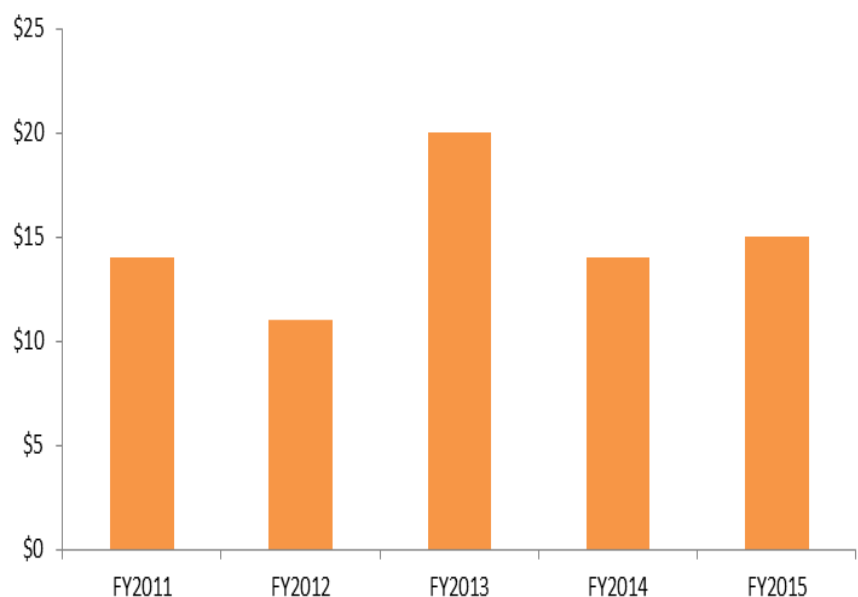
# Chapter 2

## Department of Human Services

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This chapter presents the results of our review of 17 special funds, 9 revolving funds, and 21 trust funds and accounts of the Department of Human Services (DHS) and its administratively attached agency, the Hawai‘i Public Housing Authority (HPHA). Fund fiscal year-end balances amounted to at least \$11 million during the period reviewed. Exhibit 2.1 displays the totals for these cash balances at the end of each fiscal year.

**Exhibit 2.1**  
**Cash Balances for DHS and HPHA 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, DHS and HPHA special funds, revolving funds, and trust funds and accounts collected more than \$226 million and spent or transferred more than \$225 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**  
**DHS and HPHA Fund and Account Totals by Type, FY2015**

Fund Type	Revenue and Interest	Expenses and Transfers	Year-End Cash Balance
Special Funds	\$58,155,000	\$58,627,000	\$1,904,000
Revolving Funds	33,676,000	32,291,000	9,702,000
Trust Funds and Trust Accounts	134,641,000	134,282,000	3,190,000
<b>Total</b>	<b>\$226,472,000</b>	<b>\$225,200,000</b>	<b>\$14,796,000</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, conclusions about its use and whether it meets the criteria for continuance of a special fund 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 DHS and HPHA.

Exhibit 2.3 shows DHS and HPHA funds that do not meet criteria for continuance and should be repealed or reclassified.

**Exhibit 2.3****DHS and HPHA Funds Not Meeting Criteria****Department of Human Services**

<b>Fund Name</b>	<b>Fund Type</b>	<b>FY2015 Ending Balance (rounded)</b>	<b>No longer serves original purpose</b>	<b>No clear nexus between benefits sought and user charges or a clear link between the program and revenue sources</b>	<b>Program can operate under general fund appropriation process</b>	<b>Inappropriate financing mechanism</b>	<b>Not financially self- sustaining</b>	<b>Does not serve a need</b>	<b>Does not meet special or trust fund definition</b>
Blind Shop Revolving and Handicraft Fund	Revolving	\$71,000	✓					✓	
Blueprint for Change Program	Special	\$16,000	✓					✓	✓
Child Care Licensing and Registration Special Fund	Special	\$0	✓					✓	
Costs Related to Homeless Assistance	Special	\$47,000	✓					✓	✓
DHS Homeless Trust Fund	Trust	\$1,000	✓						
Geist Foundation	Trust Account	\$1,000	✓						
Hale Mahaolu	Special	\$4,000	✓		✓			✓	✓
Hawai'i Immigrant Health Initiative Program	Special	\$427,000	✓		✓			✓	✓
Housing First Special Fund	Special	\$26,000			✓		✓		
Kahikolu 'Ohana O Wai'anae Project	Trust	\$1,000	✓						
Outreach Services	Special	\$80,000	✓		✓			✓	✓
Outreach Services to Locate Uninsured Children	Special	\$15,000	✓		✓			✓	✓
Outstationed Eligibility Worker Services	Special	\$100,000	✓		✓			✓	✓
Recruitment of Foster Parents	Trust Account	\$6,000	✓						
Shelter Plus Care Program	Special	\$7,000	✓		✓			✓	✓
Spouse and Child Abuse Special Account	Special	\$1,139,000		✓					
Support Domestic Violence Shelters Statewide	Special	\$0	✓					✓	✓



## Hawai'i Public Housing Authority

Fund Name	Fund Type	FY2015 Ending Balance (rounded)	No longer serves original purpose	No clear nexus between benefits sought and user charges or a clear link between the program and revenue sources	Program can operate under general fund appropriation process	Inappropriate financing mechanism	Not financially self- sustaining	Does not serve a need	Does not meet special or trust fund definition
Financial Assistance for Housing	Special	\$2,000	✓						
Housing Project Bond Special Fund	Special	\$0	✓					✓	
Temporary Deposits - Payroll Overpayment HCDCH	Trust	\$42,000							✓

Source: Office of the Auditor

## Department of Human Services

**Blind Shop Revolving  
and Handicraft Fund  
(revolving fund)****Section 347-12, HRS  
(repealed by Act 147,  
SLH 2015)**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$71	\$71	\$71	\$71	\$71
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>\$71</b>	<b>\$71</b>	<b>\$71</b>	<b>\$71</b>	<b>\$71</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and does not meet the criteria for a revolving fund. The fund should be closed since it was repealed in 2015 by Act 147 and the department ceased workshop and home labor program operations in FY2005. Created in 1959, the fund supported workshops or home labor for the blind and others. Revenues consisted of proceeds derived from workshops or home labor. Expenditures consisted of materials, machinery, and other facilities, and for the erection, operation, and conduct of such workshops.

***Blueprint for Change  
Program  
(special fund)***

***Administratively  
established***

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$0	\$100	\$16	\$16	\$16
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(100)	(84)	0	0	0
Transfers (net)	200	0	0	0	0
<b>Ending Balance</b>	<b>\$100</b>	<b>\$16</b>	<b>\$16</b>	<b>\$16</b>	<b>\$16</b>
Encumbrances	\$100	\$16	\$0	\$0	\$0

This fund meets neither the criteria for establishing 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 Fund through Act 191, Session Laws of Hawai‘i (SLH) 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012 for Neighborhood Place Walk-in Centers.

***Child Care Licensing  
and Registration  
Special Fund  
(special fund)***

***Section 346-159, HRS***

This fund no longer serves the purpose for which it was created and should be closed. The department has not been able to establish reasonable fees for the program, which resulted in the suspension of child care licensing and registration fee activities. The fund was created in 2012 to administer child care licensing and registration, further the provisions of quality child care services, and ensure the health and safety of children. The department did not provide financial data for this fund.

***Commission on  
Fatherhood  
(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	\$3	\$2	\$2	\$2	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(1)	0	0	(2)	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account no longer serves the purpose for which it was created and does not meet the criteria for a trust account. The account, which was closed in FY2015 pursuant to Act 147, SLH 2015, supported a statewide program to promote healthy family relationships between parents and children.

***Commission on the  
Status of Women Trust  
Fund  
(trust fund)***

***Section 367-5, 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	\$3	\$3	\$3	\$3	\$3
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>\$3</b>	<b>\$3</b>	<b>\$3</b>	<b>\$3</b>	<b>\$3</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 2000 to receive private contributions for the Commission on the Status of Women, the fund supports women's health, educational, vocational and safety programs.

**Costs Related to  
Homeless Assistance  
(special fund)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$52	\$47	\$47	\$47	\$47
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(5)	0	0	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>	<b>\$47</b>
Encumbrances	\$47	\$47	\$47	\$47	\$47

This fund neither meets the criteria for establishing 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 2003, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 3, Special Session Laws of Hawai'i 2003; Act 45, SLH 2004; and Act 236, SLH 2005, for costs related to homeless assistance.

**DHS Homeless Trust  
Fund  
(trust fund)**

**Administratively  
established**

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

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

The fund should be closed, since it is not serving the purpose for which it was created and does not meet the criteria for a trust fund. The fund has had limited financial activity for the period under review, and department personnel recommend the fund be closed. Created in 2006, the fund

supported the operation of homeless facilities and other programs for the homeless. The fund was transferred from the Hawai‘i Public Housing Authority to the department in FY2013.

***Donations—Homeless Programs  
(trust account)***

***Administratively established***

**Financial Data for Fiscal Years 2012–2014 (in thousands)**

	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
Beginning Balance	\$0	\$81	\$23
Revenues	0	0	0
Interest	0	0	0
Expenditures	(36)	(58)	0
Transfers (net)	117	0	(23)
<b>Ending Balance</b>	<b>\$81</b>	<b>\$23</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0

This account was closed in FY2014. Administratively created in FY2012, the trust account was used to administer the grants provided by Hawai‘i Community Foundation as part of the Community Stabilization Initiative Fund for the operating support of the Office of Homelessness. Transfers came from a grant provided by the Community Stabilization Initiative Fund of the Hawai‘i Community Foundation. Expenditures were for salaries of the homeless coordinator and administrative assistant. The grant period ended in December 2013, and the remaining balance returned to the Hawai‘i Community Foundation.

***Donations for Sight Conservation  
(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	\$68	\$72	\$66	\$70
Revenues	41	12	7	11	17
Interest	0	0	0	0	0
Expenditures	(18)	(8)	(13)	(7)	(12)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$68</b>	<b>\$72</b>	<b>\$66</b>	<b>\$70</b>	<b>\$75</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 1941, the fund is used to record donations that are used to provide services for sight conservation and to assist persons who are blind or visually impaired. Revenues to the fund consist of private donations. Expenditures consist of materials, equipment, and low-vision clinic services for persons who are blind or visually impaired.

***Donations for Social  
Services  
(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	\$154	\$362	\$287	\$402	\$557
Revenues	366	515	607	565	339
Interest	0	0	0	0	0
Expenditures	(158)	(582)	(492)	(410)	(132)
Transfers (net)	0	(8)	0	0	0
<b>Ending Balance</b>	<b>\$362</b>	<b>\$287</b>	<b>\$402</b>	<b>\$557</b>	<b>\$764</b>
Encumbrances	\$2	\$0	\$113	\$0	\$82

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. This trust account was established as a holding account for private donations from various sources. The fund also receives donations and transfers from the Special Deposits trust account. The donations are used to meet the acute emergency needs of clients who need immediate cash to purchase food and other goods or services, and in selected cases, the fund is used for training and related expenses. In FY2012, a transfer was made to the Foster Grandparent Program Account to correct an erroneous deposit.

**Foster Grandparent  
Program Account  
(trust account)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$75	\$79	\$45	\$48	\$28
Revenues	14	19	17	9	17
Interest	0	0	0	0	0
Expenditures	(10)	(61)	(14)	(29)	(8)
Transfers (net)	0	8	0	0	0
<b>Ending Balance</b>	<b>\$79</b>	<b>\$45</b>	<b>\$48</b>	<b>\$28</b>	<b>\$37</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. Created in 2000, the account holds grant moneys received from the Hawai'i Justice Foundation to enroll income eligible seniors age 60 and older as foster grandparents to serve children with special and exceptional needs and to defray related expenses. In FY2012, the Donations for Social Services trust account transferred moneys to correct an erroneous deposit.

**Geist Foundation  
(trust account)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
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 account no longer serves the purpose for which it was created and does not meet the criteria for a trust account. According to department personnel, the account should be closed since it has had no financial activity in our review period. Created in 1997 from a grant from the Victoria S. and Bradley L. Geist Foundation, the account was used to implement a comprehensive training program for prospective foster and adoptive parents. Grant moneys were used to encourage and compensate

currently licensed foster parents to co-train with agency staff and foster and adoptive parent applicants.

***Hale Mahaolu  
(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	\$210	\$35	\$4	\$4
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(175)	(31)	0	0
Transfers (net)	210	0	0	0	0
<b>Ending Balance</b>	<b>\$210</b>	<b>\$35</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
Encumbrances	\$0	\$35	\$0	\$0	\$0

This fund meets neither the criteria for establishing 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 should lapse to the Emergency and Budget Reserve Fund. Administratively created in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, to support Hale Mahaolu, which provides subsidized personal care services for low-income elders in Maui County. According to department personnel, Hale Mahaolu could be supported through direct general fund appropriations.

***HANA Electronic  
Benefit Transfer  
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	\$196	\$66	\$38	\$38	\$44
Revenues	40,379	38,699	34,911	32,388	33,039
Interest	0	0	0	0	0
Expenditures	(40,509)	(38,727)	(34,911)	(32,382)	(33,025)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$66</b>	<b>\$38</b>	<b>\$38</b>	<b>\$44</b>	<b>\$58</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 2002, the account acts as a clearing account to accommodate Electronic Benefit Transfer transactions that are processed through the Hawai‘i Automated Network for Assistance (HANA) system. Funds are deposited into this account when financial benefits are authorized to the department’s clients. The funds are then transferred daily to the department’s contractor, which electronically issues the benefits to client accounts.

***Hawai‘i Immigrant  
Health Initiative  
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	\$427	\$427	\$427	\$427
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers (net)	427	0	0	0	0
<b>Ending Balance</b>	<b>\$427</b>	<b>\$427</b>	<b>\$427</b>	<b>\$427</b>	<b>\$427</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets neither the criteria for establishing 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 created in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, to support the Hawai‘i Immigrant Health Initiative Program, which provides medical assistance to legal immigrants. According to department personnel, the Hawai‘i Immigrant Health Initiative Program could be supported through direct general fund appropriations.

***Hawai'i Rx Plus Special Fund  
(special fund)***

***Section 346-318, HRS  
(repealed by Act 124,  
SLH 2011)***

**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	(100)
<b>Ending Balance</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund was repealed by Act 124, SLH 2011. Created in 2004, the fund supported the Hawai'i Rx Program to reduce the price of prescription drugs for Medicaid recipients. The account was closed and the remaining balance returned to the State Treasury in FY2015.

***Hawai'i Youth Correctional Facility Trust Fund  
(trust fund)***

***Section 352-18, 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	\$1	\$0	\$1	\$1
Revenues	1	4	1	1	0
Interest	0	0	0	0	0
Expenditures	(1)	(5)	0	(1)	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$1</b>	<b>\$0</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</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 1980, the fund is used to account for the moneys held for correctional facility youth until they are discharged. Revenues come from moneys received from parents or relatives and moneys earned by facility youth through the Behavior Modification Program and working in the community. Individual ledger accounts are maintained for each ward and approved by the fund administrator.

***HAWI Electronic  
Benefit Transfer  
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	\$522	\$591	\$567	\$575	\$622
Revenues	93,605	93,402	90,929	85,098	81,529
Interest	0	0	0	0	0
Expenditures	(93,536)	(93,426)	(90,921)	(85,051)	(81,537)
Transfers (net)	0	0	0	0	0
Ending Balance	<b>\$591</b>	<b>\$567</b>	<b>\$575</b>	<b>\$622</b>	<b>\$614</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 1998, the account acts as a clearing account to accommodate Electronic Benefit Transfer transactions that are processed through the Hawai'i Automated Welfare Information (HAWI) system. Funds are deposited into this account when financial benefits are authorized to the department's clients. Funds are then transferred daily to the department's contractor, which electronically issues the benefits to clients' accounts.

***Health Care Revolving  
Fund  
(revolving fund)***

***Section 346E-15, HRS  
(repealed by Act 178,  
SLH 2002)***

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

	<b>FY2011</b>
Beginning Balance	\$916
Revenues	0
Interest	0
Expenditures	0
Transfers (net)	(916)
Ending Balance	<b>\$0</b>
Encumbrances	\$0

This fund was repealed by Act 178, SLH 2002. The fund was closed and the remaining balance returned to the State Treasury in FY2011. Created in 1993, the fund was established as a depository for taxes imposed on nursing homes and acute hospital facilities statewide to be used for Medicaid purposes.

***Hospital Sustainability  
Program Special Fund  
(special fund)***

***Act 217, SLH 2012  
(repealed by Act 123,  
SLH 2014)***

**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	\$0	\$14
Revenues	0	30,199	43,287	45,864
Interest	0	0	0	0
Expenditures	0	(30,199)	(43,273)	(45,864)
Transfers (net)	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14</b>	<b>\$14</b>
Encumbrances	\$0	\$12,801	\$0	\$0

This fund serves the purpose for which it was created and meets the criteria for a special fund. Created in 2012, the fund supports the Hospital Sustainability Program to ensure continued timely payments to the hospitals and ensure no disruption in the provision of medically necessary services to Medicaid recipients. Although the fund was repealed on June 30, 2015, by Act 123, SLH 2014, distribution of revenue from the special fund continues through December 30, 2015, which is beyond our review period.

***Housing First Special  
Fund  
(special fund)***

***Section 346-377, 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	\$1,000	\$1,000	\$26	\$776
Revenues	0	0	0	750	0
Interest	0	0	0	0	0
Expenditures	0	0	(974)	0	(750)
Transfers (net)	1,000	0	0	0	0
<b>Ending Balance</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$26</b>	<b>\$776</b>	<b>\$26</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund continues to serve the purpose for which it was created but does not meet the self-sustaining criterion as it relies on general fund appropriations. It therefore should be repealed. Created in 2010, the fund implements Housing First (also known as rapid re-housing) programs and services to help chronically homeless individuals—persons

with an addiction and/or mental illness—move directly from streets and shelters without a precondition of accepting or complying with treatment.

In 2010, the Legislature appropriated \$1 million for FY2010–2011 from the Emergency Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012 to develop and implement the Housing First Pilot Program. For FY2013–2014, the Legislature appropriated \$750,000 through Act 222, SLH 2013, from the general fund to implement Housing First programs and an additional \$750,000 to the department under Act 134, SLH 2013.

Under Section 346-777, HRS, the fund may also receive gifts and donations, and counties may provide matching funds, but no private donations have been made to the fund. Expenditures consist of two contracts for services awarded in June 2012 to the Institute for Human Services for \$450,000 and U.S. VETS for \$550,000. Since the program's inception, the department reported the Housing First program served 71 people. Department personnel acknowledged the program could be supported through direct general fund appropriations.

***Kahikolu ‘Ohana O  
Wai‘anae Project  
(trust fund)***

***Administratively  
established***

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

	FY2011	FY2012	FY2013	FY2014	FY2015
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	\$1	\$1	\$1	\$1	\$1

The fund should be closed as it is not serving the purpose for which it was created and does not meet the criteria for a trust fund. The fund had no financial activity during the review period, and department personnel recommended that any unused funds be returned to the general fund as the grant period has expired. Created in 2007, the fund was used to account for the activities of the Kahikolu ‘Ohana O Wai‘anae Project, which helped the homeless by providing emergency beds, transitional housing, affordable rentals, and job skills training.

***Leeward Homeless  
Shelter—Villages of  
Mā‘ili  
(trust fund)***

***Administratively  
established***

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

	<b>FY2011</b>
Beginning Balance	\$421
Revenues	0
Interest	0
Expenditures	(421)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

This fund was closed in FY2011. Created in 2009, the fund accounted for Office of Hawaiian Affairs funds entrusted to the Department of Accounting and General Services that were transferred to the Hawai‘i Public Housing Authority to be used for homeless programs and services at the Villages of Mā‘ili.

***Nursing Facility  
Sustainability Special  
Fund  
(special fund)***

***Act 156, SLH 2012  
(repealed by Act 124,  
SLH 2014)***

**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	\$0	\$28
Revenues	0	10,303	11,160	0
Interest	0	0	0	0
Expenditures	0	(10,303)	(11,132)	0
Transfers (net)	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28</b>	<b>\$28</b>
Encumbrances	\$0	\$1,697	\$0	\$0

This fund serves the purpose for which it was created and meets the criteria for a special fund. Created in 2012, the fund supports the Nursing Facility Sustainability Program to ensure continued timely payments to the nursing facilities and ensure no disruption in the provision of medically necessary services to Medicaid recipients. Although the fund was repealed on June 30, 2015, by Act 124, SLH 2014, distribution of revenue from the special fund continues through December 30, 2015, which is beyond our review period.

Section 1 of Act 124 provides that moneys remaining in the fund on December 30, 2015, must be distributed to the nursing facilities within 30 days.

***Outreach Services  
(special fund)***

***Administratively  
established***

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$0	\$80	\$80	\$80	\$80
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers (net)	80	0	0	0	0
<b>Ending Balance</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>
Encumbrances	\$5	\$5	\$5	\$0	\$5

This fund does not meet the criteria for establishing special funds under Section 37-52.3, HRS, 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 has had no activity since its inception. Administratively created in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, for education and outreach services targeting recipients who are potentially eligible for the department's public assistance programs. According to department personnel, the outreach services could be supported through direct general fund appropriations.

***Outreach Services  
to Locate Uninsured  
Children  
(special fund)***

***Administratively  
established***

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$0	\$45	\$33	\$15	\$15
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(12)	(18)	0	0
Transfers (net)	45	0	0	0	0
<b>Ending Balance</b>	<b>\$45</b>	<b>\$33</b>	<b>\$15</b>	<b>\$15</b>	<b>\$15</b>
Encumbrances	\$30	\$18	\$0	\$0	\$0

This fund does not meet the criteria for establishing special funds under Section 37-52.3, HRS, 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 created in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, for outreach services and strategies to identify uninsured children. According to department personnel, the outreach services to locate uninsured children could be supported through direct general fund appropriations.

***Outstationed Eligibility  
Worker 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	\$100	\$100	\$100	\$100
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers (net)	100	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 no longer serves the purpose for which it was created and does not meet the criteria for establishing special funds under Section 37- 52.3, HRS, 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 has had no activity since its inception. Administratively created in 2010, the fund was to use moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012 for supporting outstationed eligibility worker services. According to department personnel, the outstationed eligibility worker services could be supported through direct general fund appropriations.



**Randolph-Sheppard  
Revolving Account  
(revolving fund)**

**Section 347-12.5, 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	\$572	\$685	\$767	\$947	\$1,244
Revenues	600	606	791	923	743
Interest	0	0	0	0	0
Expenditures	(481)	(524)	(611)	(626)	(716)
Transfers (net)	(6)	0	0	0	0
<b>Ending Balance</b>	<b>\$685</b>	<b>\$767</b>	<b>\$947</b>	<b>\$1,244</b>	<b>\$1,271</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 1991, the fund provides services and support for the Randolph-Sheppard Blind Vending Program, which prepares and provides training for individuals who are blind to meet the requirements for the management of vending facilities in state, city, and county buildings, and federal properties. Revenue comes from vending facilities managed by blind vendors. Expenditures are for the benefits of blind vendors, which includes retirement/pension plans, health insurance, sick/vacation leave, maintenance/replacement of equipment, purchase of new equipment, and provision of management services.

**Recruitment of Foster  
Parents  
(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	\$6	\$6	\$6	\$6	\$6
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>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

The account should be closed since it no longer serves the purpose for which it was created and does not meet the criteria for a trust account.

The account had no activity in the period under review, and department personnel recommend the fund be closed. Created in 1987, the account paid part-time respite companions their accumulated vacation credits (not to exceed 76 hours at \$5.75/hour) in the event federal funding for the respite companion program is discontinued. Respite companions are low-income elderly who are able to work 19 hours per week assisting frail, homebound elderly persons on O‘ahu. The Respite Companion Service Program is financed by federal funds from the U.S. Department of Labor.

***Shelter Plus Care  
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	\$69	\$15	\$7	\$7
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(131)	(54)	(8)	0	0
Transfers (net)	200	0	0	0	0
<b>Ending Balance</b>	<b>\$69</b>	<b>\$15</b>	<b>\$7</b>	<b>\$7</b>	<b>\$7</b>
Encumbrances	\$69	\$8	\$0	\$0	\$0

This fund does not meet the criteria for establishing special funds under Section 37-52.3, HRS, 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 created in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, to support the Shelter Plus Care Program, which provides rental assistance and supportive services to assist hard-to-serve homeless persons with disabilities. According to department personnel, the Shelter Plus Care Program could be supported through direct general fund appropriations.

**Special Deposits  
(trust account)****Administratively  
established****Financial Data for Fiscal Years 2011–2015 (in thousands)**

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$296	\$293	\$325	\$353	\$363
Revenues	32	32	45	30	82
Interest	0	0	0	0	0
Expenditures	(35)	0	(17)	(20)	(52)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$293</b>	<b>\$325</b>	<b>\$353</b>	<b>\$363</b>	<b>\$393</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 supplemental or excess moneys received from the federal government under the foster board program or moneys from a foster child's guardian. The State receives federal funds for each child in the foster board program. Periodically, additional federal funds are received and deposited into this account. The funds are held in trust for the foster child on an as-needed basis.

**Spouse and Child  
Abuse Special Account  
(special fund)****Section 346-7.5, HRS****Financial Data for Fiscal Years 2011–2015 (in thousands)**

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$777	\$731	\$528	\$433	\$761
Revenues	473	283	549	408	491
Interest	0	0	0	0	0
Expenditures	(519)	(486)	(644)	(80)	(113)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$731</b>	<b>\$528</b>	<b>\$433</b>	<b>\$761</b>	<b>\$1,139</b>
Encumbrances	\$91	\$76	\$0	\$5	\$263

This fund serves the purpose for which it was created, but does not meet the criteria for a special fund and should be repealed. Although there is a link between the benefits sought for domestic violence survivors and revenues derived from a portion of income tax refunds designated by individuals, there is no clear link with the revenues derived from

a portion of fees for copies of birth, marriage, divorce, and death certificates, and marriage licenses issued by the Department of Health, authorized under Sections 338-14.5 and 572-5, HRS. Created in 1994, the fund provides new or existing programs, and grants or purchases of service that support spouse or child abuse intervention or prevention. Beneficiaries and users of programs supported by the fund include domestic violence survivors and service providers, and the department's Child Welfare Services (CWS) social workers and staff. Costs of the programs and activities consist of payments for domestic violence services trainings, the Hawai'i State Citizen Review Panel, CWS Management Leadership Team, Continuous Quality Improvement, and the Department of Accounting and General Services assessment.

***SSI Dedicated Funds  
(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	\$14	\$17	\$12	\$12	\$11
Revenues	3	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(5)	0	(1)	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$17</b>	<b>\$12</b>	<b>\$12</b>	<b>\$11</b>	<b>\$11</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. Created in 2009, the account serves as a temporary holding account for federal funds received from the federal Social Security Administration (SSA) for foster children who meet SSA's criteria. The account provides for medical needs of children in out-of-home care under the responsibility of the department. Supplemental Security Income payments are made on behalf of those foster children and deposited into this account. The funds are then paid to the foster children when they leave the care of the State.

**Support Domestic  
Violence Shelters  
Statewide  
(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	\$1,270	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(255)	(508)	0	0	0
Transfers (net)	1,525	(762)	0	0	0
<b>Ending Balance</b>	<b>\$1,270</b>	<b>\$0*</b>	<b>\$0*</b>	<b>\$0*</b>	<b>\$0*</b>
Encumbrances	\$508	\$0	\$0	\$0	\$0

\*Balances not shown due to rounding.

This fund meets neither the criteria for establishing 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 Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, for supporting statewide domestic violence shelters.

**Temporary Deposits—  
Payroll Overpayment  
(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	\$50	\$43	\$41	\$43	\$44
Revenues	49	22	9	15	39
Interest	0	0	0	0	0
Expenditures	(56)	(24)	(7)	(14)	(28)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$43</b>	<b>\$41</b>	<b>\$43</b>	<b>\$44</b>	<b>\$55</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. Created in 1997, the account serves as a temporary holding account to receive staff overpayment

reimbursements. Reimbursements are submitted by employees by check, cash, or payroll deduction and are accumulated in the account until the overpayments have been satisfied. When all overpayments have been received from an employee, they are reimbursed to the account from which the employee received the overpayment.

***Temporary Trust Fund  
Account—Medical  
(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	\$466	\$449	\$483	\$3,972	\$1,044
Revenues	135	34	3,532	16	0
Interest	0	0	0	0	0
Expenditures	(152)	0	(43)	(2,944)	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$449</b>	<b>\$483</b>	<b>\$3,972</b>	<b>\$1,044</b>	<b>\$1,044</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 was administratively created to serve as a temporary holding account for checks or money orders received for medical assistance programs. Deposits are made into this account when payments are received without sufficient documentation as to their purposes or when third-party liability recoveries have not been settled by the Department of the Attorney General. Moneys remain in this account until the department can determine their proper disposition.

***Youth Correctional  
Facilities' Benefit Fund  
(trust fund)***

***Section 352-21, 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	\$2	\$2	\$3	\$4
Revenues	0	0	1	1	6
Interest	0	0	0	0	0
Expenditures	(1)	0	0	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$2</b>	<b>\$2</b>	<b>\$3</b>	<b>\$4</b>	<b>\$10</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 1980, the fund supports the welfare and recreation of youths committed to correctional facilities. Revenues to the fund consist of moneys from facility program activities, except those amounts credited to committed persons' accounts pursuant to Section 352-18, HRS. Donations and any unauthorized money found in the possession of a ward or on facility premises are also credited to this fund.

## Hawai'i Public Housing Authority

### *Equipment Rental Revolving Fund (revolving fund)*

### *Administratively established*

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$813	\$825	\$766	\$728	\$706
Revenues	0	0	3	1	18
Interest	14	4	2	2	2
Expenditures	(2)	(63)	(43)	(25)	(1)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$825</b>	<b>\$766</b>	<b>\$728</b>	<b>\$706</b>	<b>\$725</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. Administratively created prior to 1976, the fund purchases equipment for Hawai'i Public Housing Authority's administrative and area offices and rents equipment to other departments and projects. Revenues come from equipment rental fees, which are used to purchase replacements for retired equipment.

***Financial Assistance  
for Housing  
(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	\$2	\$2	\$2	\$2	\$2
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>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and does not meet the criteria for a special fund. The fund was erroneously accounted for under Hawai‘i Public Housing Authority instead of the Hawai‘i Housing Finance and Development Corporation in the Department of Accounting and General Services’ financial reports; however, the fund should nevertheless be closed. Administratively established in 2001, the fund used moneys appropriated from the Emergency and Budget Reserve Fund through Act 1, Third Special Session Laws of Hawai‘i 2001, for the purpose of providing financial assistance for the housing needs of Hawai‘i’s needy.

***Housing for Elders  
Revolving Fund  
(revolving fund)***

***Section 356D-72, 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	\$1,268	\$1,648	\$2,156	\$2,379	\$2,880
Revenues	2,546	2,618	2,301	2,933	2,424
Interest	26	8	5	6	9
Expenditures	(2,192)	(2,118)	(2,083)	(2,438)	(3,573)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$1,648</b>	<b>\$2,156</b>	<b>\$2,379</b>	<b>\$2,880</b>	<b>\$1,740</b>
Encumbrances	\$561	\$319	\$324	\$1,140	\$1,186

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. The fund was created in 1976 pursuant to Section 201G-153, HRS, was repealed in 2006, and



re-established the same year pursuant to Section 356D-72, HRS. The fund supports the management, operation, and maintenance of housing for the elderly and disabled. Revenues come from rent collected from tenants and earned interest. Expenditures consist of administrative and maintenance costs of managing the operations of the facility.

***Housing Project Bond  
Special Fund  
(special fund)***

***Section 356D-28, HRS***

HPHA is unaware of this fund's existence and did not provide the fund's financial activity during our review period. However, this fund should be repealed, as it is not serving the purpose for which it was created and does not meet the criteria for a special fund. Created in 2006, the fund's purpose was to account for the public housing projects financed from the proceeds of bonds secured under the trust indenture. Revenues were to come from income and receipts derived from public housing projects financed from the proceeds of bonds.

***HPHA Administration  
(revolving 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	\$89	\$89	\$89	\$89	\$89
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	(89)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$89</b>	<b>\$89</b>	<b>\$89</b>	<b>\$89</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and does not meet the criteria for a revolving fund. The fund was closed in FY2015 since the program it supports is no longer in service. The fund was administratively established as a temporary holding account to pay other state agencies for services provided to the Private Housing Development and Ownership Program. Moneys from loans and grants were deposited into the fund to pay for expenditures and costs incurred with the program.

***Payroll Clearance  
Account—HPHA  
(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	\$0	\$0	\$0	\$0	\$0
Revenues	14,485	15,105	16,786	17,928	19,563
Interest	0	0	0	0	0
Expenditures	(14,485)	(15,105)	(16,786)	(17,928)	(19,484)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79</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 2006, the account is used as an overdraft account to support the payroll activities of HPHA. The authority has dual funding sources for their employees who are involved with both federal and state programs. Moneys are held in the account to reimburse the State for payroll costs incurred relating to work performed on federal programs by HPHA employees.

***Public Housing  
Revolving Fund  
(revolving fund)***

***Section 356D-28, 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	\$3,922	\$3,428	\$1,355	\$7,861	\$2,588
Revenues	18,354	19,283	29,492	11,452	27,771
Interest	75	16	7	9	6
Expenditures	(18,923)	(21,372)	(22,993)	(16,734)	(25,597)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$3,428</b>	<b>\$1,355</b>	<b>\$7,861</b>	<b>\$2,588</b>	<b>\$4,768</b>
Encumbrances	\$32	\$32	\$10	\$10	\$10

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 2006, the fund supports the activities of HPHA in developing and administering public housing for low- to moderate-income families. Revenues come from federal and state sources, including interest earned from the State's

investment pool account. Expenditures consist of reimbursements or payments of HPHA expenditures.

**State Low-Income  
Housing Revolving  
Fund  
(revolving fund)**

**Section 356D-45, 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	\$470*	\$290	\$810	\$576	\$444
Revenues	1,344	2,342	1,152	1,449	2,617
Interest	0	0	0	1	1
Expenditures	(1,524)	(1,822)	(1,386)	(1,582)	(2,315)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$290</b>	<b>\$810</b>	<b>\$576</b>	<b>\$444</b>	<b>\$747</b>
Encumbrances	\$25	\$25	\$27	\$123	\$116

\*Beginning balance does not match the FY2010 ending balance stated in Report No. 10-09 because amounts pertaining to the Public Housing Revolving Fund were inadvertently included.

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 2006, the fund supports the activities of HPHA in developing and administering public housing for low-income families. Revenues come from rent and fees collected for the administration of the authority's rental housing projects for low-income families. Expenditures consist of administrative and maintenance costs associated with managing the housing projects.

**Temporary Deposits—  
Payroll Overpayment  
HCDCH  
(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	\$33	\$43	\$35	\$33	\$33
Revenues	12	19	4	2	11
Interest	0	0	0	0	0
Expenditures	(2)	(27)	(6)	(2)	(2)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$43</b>	<b>\$35</b>	<b>\$33</b>	<b>\$33</b>	<b>\$42</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund continues to serve the purpose for which it was created, but it functions as, and meets the criteria for, a trust account and should be reclassified as such. Administratively created in 2006, the fund serves as a temporary deposit account for payroll that is overpaid to HPHA employees. The fund collects reimbursements from employees who have been overpaid and returns the funds to payroll.

***Vehicle Rental  
Revolving Fund  
(revolving 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	\$461	\$469	\$588	\$252	\$291
Revenues	0	116	4	39	87
Interest	8	3	1	1	1
Expenditures	0	0	(341)	(1)	(1)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$469</b>	<b>\$588</b>	<b>\$252</b>	<b>\$291</b>	<b>\$378</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. Administratively created prior to 1976, the fund collects vehicle rental fees to purchase replacement vehicles for HPHA's administrative and area offices.

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# Chapter 3

## Observations on DHS' and HPHA'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 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, trust funds and accounts of the Department of Human Services (DHS) and its administratively attached agency, the Hawai'i Public Housing Authority (HPHA), we noted inconsistent adherence to statutory requirements and reporting of financial transactions and balances.

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### **DHS and HPHA Do Not Report on All Non- General Funds As Required by Law**

Section 37-47, Hawai'i Revised Statutes (HRS), requires all departments to submit an annual report of each non-general fund account. As part of its budget briefing package to the Legislature, DHS and HPHA submit these reports for special and revolving funds in December prior to the start of each legislative session. 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 19 of the 47 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 approximately \$1.2 million, as shown in Exhibit 3.1.

### Exhibit 3.1

#### DHS and HPHA Funds and Trust Accounts Not Reported to the Legislature

##### Department of Human Services

Fund Name	Fund Type	FY2015 Ending Balance (rounded)
Blueprint for Change Program	Special	\$16,000
Child Care Licensing and Registration Special Fund	Special	0
Costs Related to Homeless Assistance	Special	47,000
DHS Homeless Trust Fund	Trust	1,000
Hale Mahaolu	Special	4,000
Hawai'i Immigrant Health Initiative Program	Special	427,000
Hospital Sustainability Program Special Fund	Special	14,000
Housing First Special Fund	Special	26,000
Kahikolu 'Ohana O Wai'anae Project	Trust	1,000
Nursing Facility Sustainability Special Fund	Special	28,000
Outreach Services	Special	80,000
Outreach Services to Locate Uninsured Children	Special	15,000
Outstationed Eligibility Worker Services	Special	100,000
Shelter Plus Care Program	Special	7,000
Special Deposits	Trust Account	393,000
SSI Dedicated Funds	Trust Account	11,000
Support Domestic Violence Shelters Statewide	Special	0
Temporary Deposits — Payroll Overpayment	Trust Account	55,000
<b>DHS Subtotal</b>		<b>\$1,225,000</b>

## Hawai'i Public Housing Authority

Fund Name	Fund Type	FY2015 Ending Balance (rounded)
Housing Project Bond Special Fund	Special	\$0
<b>HPHA Subtotal</b>		<b>\$0</b>
<b>Total</b>		<b>\$1,225,000</b>

Source: Office of the Auditor

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 and submits it 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 DHS and HPHA were intentional, we must reiterate the importance of this reporting function.

## DHS and HPHA 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 every department, at least 20 days prior to the convening of each regular legislative session, to submit a report listing all administratively established funds or accounts along with a statement of the revenues, expenditures, encumbrances, and ending balances for each fund or account.

We noted DHS and HPHA 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 almost \$5 million, as shown in Exhibit 3.2.



**Exhibit 3.2****DHS' and HPHA's Administratively Created Funds and Trust Accounts Not Reported to the Legislature****Department of Human Services**

<b>Fund Name</b>	<b>Fund Type</b>	<b>FY2015 Ending Balance (rounded)</b>
Blueprint for Change Program	Special	\$16,000
Commission on Fatherhood	Trust Account	0
Costs Related to Homeless Assistance	Special	47,000
DHS Homeless Trust Fund	Trust	1,000
Donations for Sight Conservation	Trust	75,000
Donations for Social Services	Trust Account	764,000
Foster Grandparent Program Account	Trust Account	37,000
Geist Foundation	Trust Account	1,000
Hale Mahaolu	Special	4,000
HANA Electronic Benefit Transfer Account	Trust Account	58,000
Hawai'i Immigrant Health Initiative Program	Special	427,000
HAWI Electronic Benefit Transfer Account	Trust Account	614,000
Kahikolu 'Ohana O Wai'anae Project	Trust	1,000
Outreach Services	Special	80,000
Outreach Services to Locate Uninsured Children	Special	15,000
Outstationed Eligibility Worker Services	Special	100,000
Recruitment of Foster Parents	Trust Account	6,000
Shelter Plus Care Program	Special	7,000
Special Deposits	Trust Account	393,000
SSI Dedicated Funds	Trust Account	11,000
Support Domestic Violence Shelters Statewide	Special	0
Temporary Deposits—Payroll Overpayment	Trust Account	55,000
Temporary Trust Fund Account—Medical	Trust Account	1,044,000
<b>DHS Subtotal</b>		<b>\$3,756,000</b>

### Hawai'i Public Housing Authority

Fund Name	Fund Type	FY2015
		Ending Balance (rounded)
Equipment Rental Revolving Fund	Revolving	\$725,000
HPHA Administration	Revolving	0
Payroll Clearance Account—HPHA	Trust Account	79,000
Temporary Deposits—Payroll Overpayment HCDCH	Trust	42,000
Vehicle Rental Revolving Fund	Revolving	378,000
<b>HPHA Subtotal</b>		<b>\$1,224,000</b>
<b>Total</b>		<b>\$4,980,000</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 the legislative reporting requirement. The memorandum noted that departments and agencies are responsible for meeting the requirements as of July 1, 2002. However, DHS and HPHA told us they have not filed these reports. These informational gaps hinder the Legislature's ability to monitor non-general funds.

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## Responses of the Affected Agencies

### Comments on Agency Responses

We transmitted a draft of this review to the Department of Human Services and its administratively attached agency, the Hawai‘i Public Housing Authority (HPHA), on December 9, 2015. A copy of the transmittal letter to the department is included as Attachment 1. The department’s response, received on December 17, 2015, is included as Attachment 2. Although it did not respond to us directly, HPHA wrote in an email to the department dated December 16, 2015 that it concurs with our findings.

The department said it concurred with a majority of our recommendations and will implement them as soon as is practical.

The department disagreed that the Spouse and Child Abuse Special Account does not meet the clear nexus criterion. Although we agree there is a partial link between benefits sought (from spouse and child abuse intervention and prevention programs) and revenues (derived from a portion of income tax refunds designated by individuals; interest and investment earnings; and grants, donations, and contributions), we stand by our conclusion that other sources of revenue do not meet the clear nexus criterion. Accordingly, the Legislature should consider amending the sources of revenue for the Spouse and Child Abuse Special Account as follows:

1. Amend Section 346-7.5(c), HRS, by deleting “. . . fees remitted pursuant to sections 338.14.5 and 572-5,” HRS;
2. Repeal Section 338-14.5(1), HRS, directing \$1 to the account. Section 338-14.5(5), HRS, provides that the remainder of the \$10 fee for each certified copy goes to the credit of the state general fund; and
3. Repeal Section 572-5(a)(2), HRS, directing \$4.50 from marriage license fees to the account and amend Section 572-5(b)(1), HRS, to increase the amount from \$41 to \$45.50 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

December 9, 2015

***COPY***

The Honorable Rachael S. Wong, DrPH  
Director  
Department of Human Services  
1390 Miller Street, Room 209  
Honolulu, Hawaii 96813

VIA EMAIL ONLY: [rswong@dhs.hawaii.gov](mailto:rswong@dhs.hawaii.gov)

Dear Dr. Wong:

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 Human Services*. We ask that you telephone us by Friday, December 11, 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, Wednesday, December 16, 2015.

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,

A handwritten signature in black ink, appearing to read 'Jan K. Yamane', is written over a horizontal line.

Jan K. Yamane  
Acting State Auditor

Attachment



DAVID Y. IGE  
GOVERNOR



RACHAEL WONG, DrPH  
DIRECTOR

PANKAJ BHANOT  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

**RECEIVED**

**2015 DEC 17 PM 12:26**

**OFF. OF THE AUDITOR  
STATE OF HAWAII**

The Honorable Jan K. Yamane  
Acting State Auditor  
Office of the Auditor  
465 South King Street, Room 500  
Honolulu, Hawaii 96813-2917

Dear Ms. Yamane:

Thank you for your letter dated December 9, 2015 requesting comments on the draft report, "Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Department of Human Services." We have reviewed the report and concur with a majority of the recommendations for action and will implement these recommendations as soon as practical. Related to the Spouse and Child Abuse Special Account (SCASA), we offer the following comments.

We appreciate the State Auditor's assessment that the SCASA serves the purpose for which it was created. However, we do not concur that the fund does not meet the clear nexus criterion for a special fund and should be repealed for several reasons.

The SCASA supports spouse or child abuse intervention or prevention (including domestic violence survivors and services providers), Child Welfare Services (CWS) social workers and staff, domestic violence trainings, Continuous Quality Improvement, the Hawaii State Citizen Review Panel, and CWS Management and Leadership Team. The report agrees that these services serve the purpose of the SCASA funds.

However, the report also states that there is no clear link between the benefits sought for domestic violence survivors and revenues derived from income tax refunds designated by taxpayers and a portion of fees for copies of birth, marriage, divorce, and death certificates, and marriage licenses issued by the Department of Health. We disagree with this analysis and provide the following clarifying information.

Domestic violence and child abuse are pervasive and life-threatening crimes affecting more than 12 million men and women across our nation regardless of age, economic status, race, religion or education. The National Network to End Domestic Violence reports that more than 1 in 3 women have experienced rape, physical violence, and/or stalking by an intimate partner in their lifetime. Nationwide, an average of 3 women are killed by a current or former intimate partner every day. One in 4 girls and 1 in 6 boys are sexually abused before the age of 18. Hawaii statistics are similar.

In the State of Hawaii Violence Against Women Grant Implementation Plan, the Department of the Attorney General reported that between 2008 and 2012:

1. Domestic violence increased 18% statewide in the category of Abuse of Family or Household Members (2,586 to 3,044).
2. Temporary Restraining Orders (TRO) issued by Family Court increased by 14% (4,532 to 5,169).
3. Most seriously, over a five-year period, there were a total of 46 murders involving domestic violence.

Domestic violence severely impacts not only victims, but the entire community. In addition to the devastating harm suffered by victims and their families (i.e. medical costs, lost earnings and quality of life, pain and suffering), these crimes also have huge financial costs to law enforcement, the justice system, other government agencies, service providers, employers and businesses.

There is a clear connection between individuals donating their tax refund and the programs the special fund underwrites. Individuals donating their tax refund are making a conscience decision to do so, indicating a personal interest or commitment to address domestic violence in their communities. This demonstrates a strong link between the donor and the program.

Additionally, using a portion of the fees for copies of birth, marriage, divorce, and death certificates, and marriage licenses, shows a strong commitment of our State, its individuals and its families to actively address child and spouse abuse and neglect in our communities. There is a clear connection between the way these documents benefit the same families and children the programs the special fund underwrites serves.

In addition to the national intimate partner violence statistics noted above, there are specific ways domestic violence affects marriages, families and children. The American Association for Marriage and Family Therapy notes that, in almost 20 percent of all marriages, couples physically assault one another. It has found that emotional abuse is even more common. The National Domestic Violence Hotline also found that a child witnesses violence in 22% of intimate partner violence cases filed in state courts. Additionally, 30 to 60% of perpetrators of intimate partner violence also abuse children in the household. One study found that children who were exposed to violence in the home were 15 times more likely to be physically and/or sexually assaulted than the national average.

The special fund provides for domestic abuse programs that serve 2,000 adults and 7,000 children. Of those adults, 60% are married. One-third are divorced. More than three-quarters of those served are children. The fund also provides for additional child welfare services where children and their families receive assistance.



The SCASA funds gathered, in part, through fees for birth, death and divorce certificates and marriage licenses provide needed programs and services for these children and families. The fees are paid by the same population served by the programs as well as by the community that is affected by their own families and friends who are victims and survivors of domestic violence.

Thank you for this opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rachael Wong', with a stylized, cursive script.

Rachael Wong, DrPH  
Director