
Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Agriculture

Report No. 23-13

Five special funds, two revolving funds, and two trust funds did not meet criteria

OUR REVIEW of fourteen special funds, seven revolving funds, six trust funds, and six trust accounts of the Department of Agriculture (HDOA) found five special funds, two revolving funds, and two trust funds did not meet the criteria for special funds, revolving funds, and trust funds, respectively, and should be closed or reclassified.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department's funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of HDOA's revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by HDOA since Act 130, Session Laws of Hawai'i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. 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. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

WE NOTED THAT HDOA did not file statutorily required reports for non-general funds totaling approximately \$1.3 million, administratively created non-general funds totaling approximately \$394,000, non-general funds with balances totaling approximately \$1.8 million under the program measures reporting requirement, and non-general funds with balances totaling approximately \$1.4 million under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature's oversight and control of these funds.



FUND TYPES

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 to benefit 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.

Agency response

HDOA CONCURRED WITH OUR FINDINGS and stated that it will ensure compliance with all statutory reporting requirements. However, HDOA noted that certain special and revolving funds that did not meet criteria have a clear nexus between fund revenues and the program it supports. We maintain our assessment that these funds do not meet criteria for those types of funds established by the Legislature as the program they support can be supported by the General Fund appropriation process.



Link to the complete report:

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<https://files.hawaii.gov/auditor/Reports/2023/23-13.pdf>