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

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

Report No. 15-16  
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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State of Hawai'i

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## Report No. 15-16, December 2015

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*Thirty-six special funds, revolving funds, trust funds, and trust accounts were reviewed*

### **One special fund and five trust funds did not meet criteria**

Our review of special funds, revolving funds, trust funds, and trust accounts of the Judiciary found one special fund and five trust funds did not meet criteria.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department's funds are reviewed once every five years. This is our fifth review of the revolving funds, trust funds and trust accounts of the Judiciary. It is our first review of the Judiciary special funds since enactment of 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.

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 the program or their management, or whether the program should be continued.

### **Reporting shortfall**

We also noted inconsistent adherence by the Judiciary when filing statutorily required reports for non-general funds and for administratively created funds and accounts. Accurate and complete reporting, as well as timely closing of funds, will greatly improve the Legislature's oversight and control of these funds and provide increased budgetary flexibility.

### **Agency response**

We transmitted a draft of this review to the Judiciary. The Judiciary generally agreed with our review and will take appropriate action to ensure compliance with reporting requirements.

Response

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

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Governor  
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Hawai'i

Submitted by

**THE AUDITOR**  
STATE OF HAWAI'I

Report No. 15-16  
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 Judiciary.

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 Judiciary. It is our first review of its 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 the officials and staff of the Judiciary.

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 Judiciary. 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 the Judiciary’s revolving funds, trust funds, and trust accounts. Our first review, conducted in 1995 (Report No. 95-32), included 11 revolving funds, trust funds, and trust accounts. Our second review, conducted in 2001 (Report No. 01-07), included 23 such funds and accounts; our third review, conducted in 2005 (Report No. 05-08), included 30. Our last review, conducted in 2010 (Report No. 10-09), analyzed 28 funds and accounts. This is our first review of the Judiciary’s 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 36 funds and accounts, including 6 special funds, 2 revolving funds, 24 trust funds, and 4 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 into the fund 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 Judiciary.
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 Judiciary, and determine the degree to which each fund or account achieves its stated and claimed purposes.
3. Evaluate fund performance standards established by the Judiciary.
4. Provide a five-year (FY2011–FY2015) unaudited financial summary for each fund or account reviewed.

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### **Scope and Methodology**

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

reviewed applicable administrative rules, policies and procedures, financial audit reports, agency financial reports, performance standards established by the agency, and other documents as appropriate.

According to the Senate Ways and Means Committee, there is no master list of non-general funds. To identify funds subject to this review, we used a variety of sources, including our prior review reports, accounting reports from the Department of Accounting and General Services, 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 Judiciary 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 the Judiciary on performance standards established for the funds or accounts and performed other procedures as necessary. We did not audit the Judiciary's financial data, which are provided for informational purposes only.

Where appropriate, we relied on our prior review reports, including Report Nos. 95-32, *Review of Revolving and Trust Funds of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*; 01-07, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*; 05-08, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health and Human Services*; 10-09, *Review of Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary and the Departments of Commerce and Consumer Affairs, Hawaiian Home Lands, Health, and Human Services*; and 12-04, *Study of the Transfer of Non-general Funds to the General Fund*.

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

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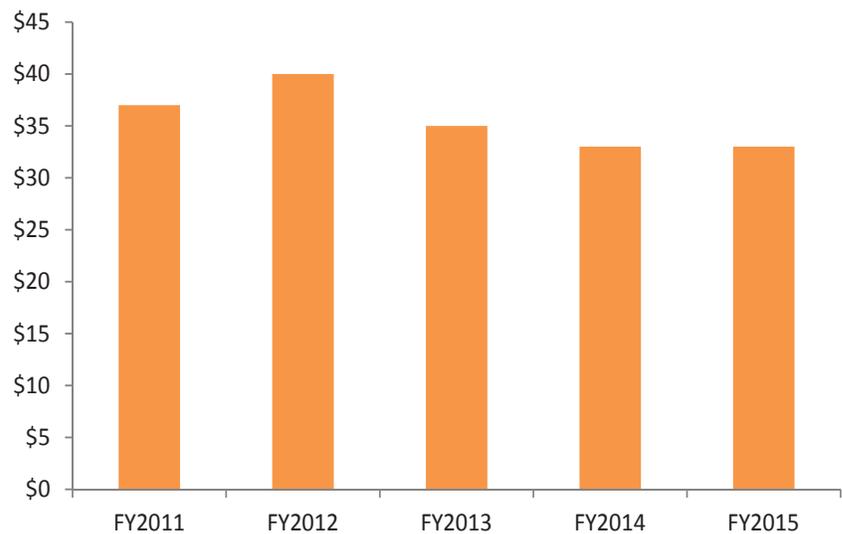
# Chapter 2

## The Judiciary

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This chapter presents the results of our review of 6 special funds, 2 revolving funds, and 28 trust funds and accounts of the Judiciary. Fund fiscal year-end balances amounted to at least \$33 million during the period reviewed. Exhibit 2.1 displays the totals at the end of each fiscal year.

**Exhibit 2.1**  
**Cash Balances for Judiciary 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, the Judiciary’s special funds, revolving funds, and trust funds and accounts collected more than \$87 million and spent or transferred more than \$86 million in FY2015. Exhibit 2.2 presents totals for the combined revenue and interest, expense and transfers, and ending fund balances for different fund types for FY2015.

## Exhibit 2.2 Judiciary Fund and Account Totals by Type, FY2015

Fund Type	Revenue and Interest	Expenses and Transfers	Year-End Cash Balance
Special Funds	\$10,442,000	\$11,007,000	\$7,715,000
Revolving Funds	29,000	25,000	59,000
Trust Funds and Trust Accounts	76,795,000	75,390,000	25,657,000
<b>Total</b>	<b>\$87,266,000</b>	<b>\$86,422,000</b>	<b>\$33,431,000</b>

Source: Office of the Auditor

For each fund or account we present a five-year financial summary, the purpose of the fund or account, and conclusions about its use and whether it meets the criteria for continuance of a special or revolving fund, or the definition of a trust fund or account. We do not assess the effectiveness of programs and their management. However, in our review of special and revolving funds, we do conclude on a 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 the Judiciary.

Exhibit 2.3 shows Judiciary funds that do not meet criteria for continuance.

### Exhibit 2.3 Judiciary Funds Not Meeting Criteria

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 trust fund or account definition
Court Security Training	Trust	\$0	✓						
Indigent Legal Assistance Fund	Special	\$474,000		✓	✓				
Juvenile Detention Alternatives Initiative	Trust	\$1,000	✓						
Juvenile Detention Alternatives Initiative II	Trust	\$0	✓						
Supreme Court Law Library Donation Fund	Trust	\$1,000	✓						
Volunteer Guardian Ad Litem Program XII	Trust	\$0	✓						

Source: Office of the Auditor

#### Administrative Director Services—Bid Deposits (trust account)

#### *Administratively established*

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

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

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. Created in 1987, pursuant to Section 103-28, Hawai‘i Revised Statutes (HRS), the account is used as a temporary holding account for moneys related to bid and performance

deposits. Although Section 103-28, HRS, was repealed on July 1, 1994, the trust account has been administratively established and continues to be used for the same purpose pursuant to Sections 103D-323 and 103D-324, HRS. Bidders may be required to submit contract bid and performance deposits in the procuring of goods, services, and construction projects. Bid and performance deposits are returned to each payer upon satisfactory completion of the contract.

***Agency Fund  
(trust account)***

***Administratively  
established***

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

	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$24,601	\$24,632	\$29,959	\$23,234	\$22,934
Revenues	70,201	80,879	98,064	79,462	76,035
Interest	0	0	0	0	0
Expenditures	(70,170)	(75,552)	(104,789)	(79,762)	(74,531)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$24,632</b>	<b>\$29,959</b>	<b>\$23,234</b>	<b>\$22,934</b>	<b>\$24,438</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 1980, the account is used to record funds held outside the State Treasury and collected by the Judiciary in a trustee or agency capacity. These include moneys deposited with the courts, such as appeal deposits, bails, bonds, case deposits, court costs, court expenditure reimbursements, court fees, fines, restitutions, unclaimed estates, and naturalization fees. Expenditures include trust disbursements, government realizations, reimbursements of expenditures, and agency disbursements.

***Court Appointed  
Special Advocate  
Program  
(trust fund)***

***Administratively  
established***

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

	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$0	\$10
Revenues	10	0
Interest	0	0
Expenditures	0	(10)
Transfers (net)	0	0
<b>Ending Balance</b>	<b>\$10</b>	<b>\$0</b>
Encumbrances	\$0	\$0

This fund was fully expended and closed in FY2015. Created in 2014, the fund accounted for grant moneys to support the Court Appointed Special Advocate Program (formerly known as the Volunteer Guardians Ad Litem Program) in its mission to recruit, train, and supervise citizen volunteer advocates to represent the best interests of abused/neglected children in court proceedings. Grant moneys came from the Bretzlaff Grant through the Hawai‘i Justice Foundation and were expended by the Friends of Court Appointed Special Advocates Hawai‘i.

***Court Interpreting  
Services Revolving  
Fund  
(revolving fund)***

***Section 607-1.5, 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	\$37	\$37	\$42	\$44	\$45
Revenues	17	19	19	18	21
Interest	1	0	0	0	0
Expenditures	(18)	(14)	(17)	(17)	(17)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$37</b>	<b>\$42</b>	<b>\$44</b>	<b>\$45</b>	<b>\$49</b>
Encumbrances	\$0	\$0	\$1	\$2	\$0

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 2005, the fund supports the Court Interpreter Certification Program, which provides educational services and activities relating to the training, screening, testing, and certification of court interpreters. Revenues are derived from

fees, charges, and other moneys collected for training, screening, testing, and certification of court interpreters, public and private sources, and accrued interest.

***Court Security Training  
(trust fund)***

***Administratively  
established***

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

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

This fund no longer serves the purpose for which it was created and should be closed. The fund was established in 2012 for the mandatory statewide Judiciary Security Training for Judges program. Revenues to the fund came from a one-time \$50,000 grant from the State Justice Institute. All moneys have since been used to pay for completed services rendered by the training vendor, National Center for State Courts, and the fund has not been used since the moneys were fully expended in FY2014.

***Courthouse Security  
Project  
(trust fund)***

***Administratively  
established***

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

	FY2011
Beginning Balance	\$0
Revenues	50
Interest	0
Expenditures	(50)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

This fund was fully expended and closed in FY2011. The fund was established in FY2010 with moneys from a State Justice Institute grant to solicit a contractor (National Center for State Courts) to conduct a security assessment of three courthouses in the First Circuit: Ali‘iolani Hale (Supreme Court), Ka‘ahumanu Hale (Circuit Court), and Kauikeaoūli Hale (District Court), O‘ahu.

***Detention Home  
Donation Fund  
(trust fund)***

***Administratively  
established***

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

	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$20	\$20	\$19	\$17	\$17
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(1)	(2)	0	(1)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$20</b>	<b>\$19</b>	<b>\$17</b>	<b>\$17</b>	<b>\$16</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 more than 30 years ago, the fund is used to support the detention services program and to purchase items such as cookies and candies for detained juveniles. Revenues consist of donations. Expenditures consist of food and other supplies given as gifts to the detainees on Christmas and other special occasions.

***Driver Education and Training Fund (special fund)***

***Section 286G-2, HRS***

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

	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$2,347	\$1,138	\$1,288	\$1,594	\$1,831
Revenues	2,373	2,403	2,477	2,410	2,391
Interest	36	4	3	3	6
Expenditures	(2,118)	(2,257)	(2,174)	(2,176)	(2,210)
Transfers (net)	(1,500)	0	0	0	0
<b>Ending Balance</b>	<b>\$1,138</b>	<b>\$1,288</b>	<b>\$1,594</b>	<b>\$1,831</b>	<b>\$2,018</b>
Encumbrances	\$58	\$67	\$48	\$51	\$68

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1974, the fund supports the Traffic Safety Education and Training Program, a preventative and rehabilitative effort for traffic offenders, administered by the Division of Driver Education. Revenues are derived from fines assessed to offenders of traffic, registration, and pedestrian laws, drivers convicted of driving under the influence of alcohol and drugs, excessive speeding, and for not using child passenger restraints, and from a portion of the Driver Education Underwriter's Fee. Expenditures consist of personnel operating five offices statewide, lease rent, educational supplies and instructional materials, office supplies, travel and other operating costs. Pursuant to Act 192, Session Laws of Hawai'i (SLH) 2010, transfers to the general fund in FY2011 were composed of excess amounts over the required fund balance.

***Foreclosure Assistance Program (trust fund)***

***Administratively established***

**Financial Data for Fiscal Years 2013–2015 (in thousands)**

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$0	\$1,076	\$723
Revenues	1,176	11	0
Interest	0	0	0
Expenditures	(100)	(364)	(372)
Transfers (net)	0	0	0
<b>Ending Balance</b>	<b>\$1,076</b>	<b>\$723</b>	<b>\$351</b>
Encumbrances	\$16	\$22	\$22

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. Created in FY2013, the fund is used for salaries of five temporary, exempt, professional legal staff positions to assist circuit court judges in processing foreclosure cases. Revenues come from an administrative trust account from the Department of the Attorney General's Foreclosure Assistance Program, created pursuant to a federal court consent judgment.

***Hawai'i CJC Digital  
Video Recording  
Equipment  
(trust fund)***

***Administratively  
established***

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

	FY2011
Beginning Balance	\$3
Revenues	0
Interest	0
Expenditures	(3)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

This fund, which was used to purchase new digital recording equipment, was fully expended in FY2011 and closed. Created in 2008, the fund was used to account for a grant received by the Children's Justice Centers of Hawai'i from the American Bar Association to replace an obsolete VHS recording system used for forensic interviews of child abuse victims and child witnesses to crime. The recordings helped to reduce the number of times children needed to be interviewed, addressed their special needs, and minimized trauma.

***Hawai‘i Self-Help  
Interactive Forms  
Expansion Project  
(trust fund)***

***Administratively  
established***

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

	FY2014	FY2015
Beginning Balance	\$0	\$0
Revenues	0	57
Interest	0	0
Expenditures	0	(57)
Transfers (net)	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0

This fund was fully expended and closed in FY2015. Created in 2014, the fund was used to account for expenditures incurred by the Self-Help Interactive Forms Expansion Project, which was completed on May 31, 2015. The purpose of the program was to expand the self-help interactive court forms available online in partnership with the Hawai‘i State Public Library system to help the public navigate through the court system. Revenues came from a grant provided by the State Justice Institute. Expenditures consisted of costs for brochures, posters and supplies, and services rendered by the Legal Aid Society of Hawai‘i.

***Implicit Bias Judicial  
Training  
(trust account)***

***Administratively  
established***

**Financial Data for Fiscal Year 2014 (in thousands)**

	FY2014
Beginning Balance	\$0
Revenues	13
Interest	0
Expenditures	(13)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

This account was fully expended and closed in FY2014. Created in FY2014, the account was used to reimburse travel expenses for neighbor island circuit court judges to attend implicit bias training. Revenues were derived from a grant awarded to the Hawai‘i Access to Justice

Commission by the American Bar Association Fund for Justice and Education. The commission selected the Judiciary as a secondary grantee to receive \$12,875.

***Indigent Legal  
Assistance Fund  
(special fund)***

***Section 607-5.7(f), 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	\$161	\$155	\$376	\$940	\$606
Revenues	358	769	1,112	1,214	1,413
Interest	2	1	1	1	1
Expenditures	(366)	(549)	(549)	(1,549)	(1,546)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$155</b>	<b>\$376</b>	<b>\$940</b>	<b>\$606</b>	<b>\$474</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund serves the purpose for which it was created, but does not meet the clear nexus criterion and should be repealed. The fund primarily provides an automatic means of support that is removed from the normal budget and appropriation process. Created in 1996, the fund supports the indigent legal assistance grant program administered by the Hawai‘i Justice Foundation to distribute moneys annually to eligible nonprofit organizations, such as the Domestic Violence Action Center, the Hawai‘i Appleseed Center for Law and Economic Justice, the Hawai‘i Disability Rights Center, the Legal Aid Society of Hawai‘i, the Mediation Center of the Pacific, the Native Hawaiian Legal Corporation, the University of Hawai‘i Elder Law Program, and the Volunteer Legal Services Hawai‘i, which provide civil legal services to indigent clients.

Revenues are derived from a filing fee surcharge (between \$35 and \$65 as of January 2014) assessed each party proceeding in civil cases in the circuit courts, district courts, and the courts of appeal. Expenditures include grants as provided in Section 607-5.7, HRS, administrative costs, and central service fees. There is no clear nexus because no charges are made upon the beneficiaries (indigent persons receiving civil legal services) nor program users (nonprofit organizations providing civil legal services to their indigent clients); nor is there a clear link between the filing fee surcharge (source of revenue) imposed on parties doing business with the courts, as prescribed in Section 607-5, HRS, and the program.

According to Judiciary personnel, the program could be implemented successfully with a sufficient amount of funding using the general fund appropriations; however, there would be no assurance that such funding would remain at current levels or would not be significantly cut when people needed it the most.

**Judiciary Computer  
System Special Fund  
(special fund)**

**Section 601-3.7, HRS**

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

	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Beginning Balance	\$8,972	\$6,521	\$5,788	\$5,842	\$4,048
Revenues	5,843	5,824	5,683	5,310	5,611
Interest	142	30	14	14	14
Expenditures	(6,436)	(6,587)	(5,643)	(7,118)	(6,101)
Transfers (net)	(2,000)	0	0	0	0
<b>Ending Balance</b>	<b>\$6,521</b>	<b>\$5,788</b>	<b>\$5,842</b>	<b>\$4,048</b>	<b>\$3,572</b>
Encumbrances	\$2,891	\$1,897	\$1,936	\$919	\$743

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1996, the fund is used for upgrades for a statewide computer system and supports the Judiciary Information Management System (JIMS) program. The JIMS program is designed to create a secure and reliable electronic public document filing program and provide an integrated statewide case management system for all courts and case types.

Revenues come from traffic citation payments and processing costs, civil case filing fees, copying fees for court records, other fees related to traffic abstracts, and administrative costs. Expenditures consist of personnel, software and hardware maintenance, services maintenance, services to build the software, new hardware and software purchases, and infrastructure charges. As noted in our Study of the Transfer of Non-general Funds to the General Fund, Report No. 12-04, the fund's balance remains strong despite a \$2 million transfer of moneys to the general fund in April 2011 authorized by the 2010 Legislature in Act 192, and operating losses noted in FY2011, FY2012, FY2014, and FY2015, due to declining revenues from traffic tickets and increasing expenditures. Although general fund appropriations are used to support five permanent positions, the fund is self-sustaining due to its substantial cash balance.

**Juvenile Detention  
Alternatives Initiative  
(trust fund)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$8	\$1	\$1	\$1	\$1
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(7)	0	0	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and should be closed since there has been no financial activity since FY2011. Created in 2009, the fund supported the Juvenile Detention Alternatives Initiative (JDAI) designed to address the efficiency and effectiveness of juvenile detention without sacrificing community safety. Revenues came from an Annie E. Casey Foundation grant.

**Juvenile Detention  
Alternatives Initiative II  
(trust fund)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$75	\$2	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(73)	(2)	0	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$2</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$2	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and should be closed since there has been no financial activity since FY2012. Created in 2009, the fund supported the Juvenile Detention Alternatives Initiative II, designed to address the efficiency and effectiveness of juvenile detention without sacrificing community safety. Revenues to the fund came from an Annie E. Casey Foundation grant. The total grant of \$75,000 was fully expended in FY2012.

**Juvenile Detention  
Alternatives Initiative III  
(trust fund)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$75	\$75	\$10	\$2	\$2
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	(65)	(8)	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$75</b>	<b>\$10</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</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 2010, the fund supports the Juvenile Detention Alternatives Initiative III, designed to address the efficiency and effectiveness of juvenile detention without sacrificing community safety. The fund provides technical assistance, facilitates collaboration among key stakeholders, assists with the implementation of core strategies, and provides support for travel to visit JDAI model sites and attend the annual conference. Revenues come from an Annie E. Casey Foundation grant. Expenditures consist of food and other supplies for meetings, travel expenses, and consultant fees.

**Juvenile Detention  
Alternatives Initiative IV  
(trust fund)**

**Administratively  
established**

**Financial Data for Fiscal Years 2013–2015 (in thousands)**

	FY2013	FY2014	FY2015
Beginning Balance	\$0	\$17	\$10
Revenues	50	0	0
Interest	0	0	0
Expenditures	(33)	(7)	(8)
Transfers*	0	0	0
<b>Ending Balance</b>	<b>\$17</b>	<b>\$10</b>	<b>\$2</b>
Encumbrances	\$1	\$6	\$1

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. Created in 2013, the fund supports the Juvenile Detention Alternatives Initiative IV, designed to address the efficiency and effectiveness of juvenile detention without sacrificing

community safety. The fund provides technical assistance, facilitates collaboration among key stakeholders, assists with the implementation of core strategies of JDAI, and provides support for travel to visit JDAI model sites and attend the annual conference. Revenues come from an Annie E. Casey Foundation grant. Expenditures consist of food and other supplies for meetings, travel expenses, and consultant fees.

**Juvenile Detention  
Alternatives Initiative V  
(trust fund)**

**Administratively  
established**

**Financial Data for Fiscal Year 2015 (in thousands)**

	<b>FY2015</b>
Beginning Balance	\$0
Revenues	34
Interest	0
Expenditures	(18)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$16</b>
Encumbrances	\$1

This fund continues to serve the purpose for which it was created and meets the criteria for a trust fund. Created in 2015, the fund supports the Juvenile Detention Alternatives Initiative V, designed to address the efficiency and effectiveness of juvenile detention without sacrificing community safety. The fund provides technical assistance, facilitates collaboration among key stakeholders, assists with the implementation of core strategies, and provides support for travel to visit JDAI model sites and attend the annual conference. Revenues come from an Annie E. Casey Foundation grant. Expenditures consist of food and other supplies for meetings, travel expenses, and consultant fees.

**Parent Education  
Special Fund  
(special fund)**

**Section 607-5.6, HRS**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$322	\$344	\$349	\$317	\$319
Revenues	144	139	137	133	123
Interest	5	2	1	1	1
Expenditures	(127)	(136)	(170)	(133)	(171)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$344</b>	<b>\$349</b>	<b>\$317</b>	<b>\$318</b>	<b>\$272</b>
Encumbrances	\$25	\$35	\$20	\$35	\$18

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1997, the fund supports the Kids First O‘ahu and similar programs on each island, which provide mandatory education and assistance to children and parents involved in divorce, separation or paternity cases in Family Court, for the purpose of promoting peaceful co-parenting, effective family relationships and communication. Revenues come from a \$50 surcharge assessed when filing a complaint or petition in Family Court. Program costs include security, office supplies, interpreter fees, presenter/facilitator fees, judicial education and training, cameras and computer equipment, and refreshments for the children.

**Probation Services  
Special Fund  
(special fund)**

**Section 706-649, HRS**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$916	\$883	\$892	\$840	\$821
Revenues	237	249	357	382	383
Interest	16	5	1	2	3
Expenditures	(286)	(245)	(410)	(403)	(458)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$883</b>	<b>\$892</b>	<b>\$840</b>	<b>\$821</b>	<b>\$749</b>
Encumbrances	\$0	\$0	\$0	\$0	\$8

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 2000, the fund is used to defray the costs of administering probation services such as monitoring,

and other supervision programs for defendants, and supporting other duties and activities related to the supervision of defendants consistent with Section 706-649, HRS. Revenues come from fees ranging from \$75 to \$150 assessed to defendants when they are sentenced by the court to probation or granted deferral of a plea as provided in Section 706-648, HRS, and interstate transfer fees. Expenditures include support and maintenance of a statewide probation case management system, web-based applications and assessment instruments, and training and salaries for probation staff, including an interstate coordinator, within the Hawai'i Interstate Office.

***Public Safety  
Partnership &  
Community Policing  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2012 (in thousands)**

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

This fund was fully expended and closed in FY2012. Created in 2007, the fund was used to engage a consultant/external evaluator to aggregate data and evaluate the overall impact of the Crystal Methamphetamine Initiative. Revenues to the fund came from a grant from the Hawai'i Community Foundation. The fund closed due to the grant expiring.

**Rent Trust Fund  
(trust fund)****Section 666-21, HRS****Financial Data for Fiscal Years 2011–2015 (in thousands)**

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$200	\$222	\$234	\$324	\$324
Revenues	278	423	327	263	502
Interest	0	0	0	0	0
Expenditures	(256)	(411)	(237)	(263)	(288)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$222</b>	<b>\$234</b>	<b>\$324</b>	<b>\$324</b>	<b>\$538</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund serves the purpose for which it was created and meets the criteria for a trust fund. Created in 1984, the funds are held in trust within the Agency Trust Fund outside the State Treasury for landlord-tenant disputes over rent. Revenues to each fund are derived from rent deposits made by tenants. According to Judiciary personnel, each fund is closed when the case is settled and moneys are disbursed by order of the court.

**Restitution, Family  
Courts  
(trust fund)****Administratively  
established****Financial Data for Fiscal Years 2011–2015 (in thousands)**

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$46	\$46	\$46	\$46	\$46
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>\$46</b>	<b>\$46</b>	<b>\$46</b>	<b>\$46</b>	<b>\$46</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 1989, the fund is used to account for donations to the Family Courts' Juvenile Monetary Restitution Program administered by the Juvenile Client Services Branch. The program allows juvenile offenders to earn credits based on the minimum wage for each hour of community service performed. The fund pays restitution to victims of offenders in amounts equivalent to the number of credits that juveniles earn.

**Re-Use of Alder Street  
Property  
(trust fund)**

**Administratively  
established**

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

	FY2012	FY2013	FY2014
Beginning Balance	\$0	\$30	\$20
Revenues	50	0	0
Interest	0	0	0
Expenditures	(20)	(10)	(20)
Transfers (net)	0	0	0
<b>Ending Balance</b>	<b>\$30</b>	<b>\$20</b>	<b>\$0</b>
Encumbrances	\$0	\$2	\$0

This fund was closed in FY2014 when the grant expired and the remaining balance was refunded to the Hawai'i Community Foundation. Created in FY2012, the fund was used to purchase equipment and program services at 902 Alder Street site to support the goals of the Hawai'i Juvenile Detention Alternatives Initiative, which is designed to improve the efficiency and effectiveness of juvenile detention without sacrificing community safety.

**Spouse and Child  
Abuse Special Account  
(special fund)**

**Section 601-3.6, HRS**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$1,012	\$1,043	\$817	\$814	\$656
Revenues	481	285	552	409	492
Interest	19	5	2	2	3
Expenditures	(469)	(516)	(557)	(569)	(521)
Transfers (net)	0	0	0	0	0
Ending Balance	\$1,043	\$817	\$814	\$656	\$630
Encumbrances	\$30	\$15	\$31	\$11	\$18

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Created in 1994, the fund supports and provides domestic violence and child abuse intervention and prevention by developing and expanding new and existing programs. The fund is being supported through a portion of moneys collected from fees charged by the Department of Health for copies of vital statistics to

the general public, tax contributions (tax check-offs) and probation fines and fees charged persons violating domestic abuse protective orders. Expenditures are used to purchase domestic violence services, and to provide the matching funds for domestic violence federal grant projects.

**Statewide Strategic  
Plan 2020  
(trust fund)**

**Administratively  
established**

**Financial Data for Fiscal Years 2012–2013 (in thousands)**

	FY2012	FY2013
Beginning Balance	\$0	\$2
Revenues	13	37
Interest	0	0
Expenditures	(11)	(39)
Transfers (net)	0	0
<b>Ending Balance</b>	<b>\$2</b>	<b>\$0</b>
Encumbrances	\$0	\$0

This fund was fully expended and closed in FY2013. The fund was established in FY2012 to solicit a contractor (SMS Research & Marketing Services, Inc.) to assist the Judiciary in developing and implementing a statewide strategic planning process and to produce a report of findings and recommendations on the preferred vision for the Judiciary.

**Supreme Court Bar  
Examination Fund  
(trust fund)**

**Administratively  
created**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$72	\$72	\$66	\$116	\$181
Revenues	98	100	126	160	167
Interest	0	0	0	0	0
Expenditures	(98)	(106)	(76)	(95)	(105)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$72</b>	<b>\$66</b>	<b>\$116</b>	<b>\$181</b>	<b>\$243</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 1994 under the Rules of

the Supreme Court of the State of Hawai‘i, the fund is used to account for filing fees collected from applicants taking the Hawai‘i State Bar exam, which is administered biannually by the Board of Examiners. Expenditures for administering the exam include testing materials, rentals for facility and software/hardware for non-standard test accommodations, an electrician for the laptop test room, interpreters, court reporters, security, and travel to grading workshops and conferences. Moneys are held outside the State Treasury.

**Supreme Court Law  
Library Donation Fund  
(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	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and should be closed since there has been no financial activity during this review period. The ending fund balance may be transferred to the Supreme Court Law Library Revolving Fund for library materials as provided under Section 601-3.5, HRS. The fund was established more than 35 years ago to account for donations to the Supreme Court Law Library; however, there have been no donations to, or expenditures from, the fund in the past five years. The fund was used to purchase library materials, with restricted donations used to acquire resources that fall within the scope of the donor’s specified category, such as civil rights materials.

**Supreme Court Law  
Library Revolving Fund  
(revolving fund)**

**Section 601-3.5, HRS**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$13	\$10	\$11	\$9	\$10
Revenues	12	13	10	10	9
Interest	0	0	0	0	0
Expenditures	(15)	(12)	(12)	(9)	(9)
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$10</b>	<b>\$11</b>	<b>\$9</b>	<b>\$10</b>	<b>\$10</b>
Encumbrances	\$1	\$1	\$2	\$1	\$0

This fund continues to serve the purpose for which it was created and meets the criteria for a revolving fund. Created in 1993, the fund accounts for all fines, fees, and other revenues derived from the operations of the Supreme Court Law Library. Expenditures consist of replacing library materials, improving library services, subscriptions to legal resources, books, copier lease, and upgrading the computer system for access to electronic legal resources.

**Temporary Deposits—  
Payroll Clearing  
Account  
(trust account)**

**Administratively  
established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$3	\$5	\$5	\$5	\$5
Revenues	2	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>\$5</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</b>	<b>\$5</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 1996, the account is a temporary holding account for installment reimbursements received from employees who were overpaid salaries, temporary disability benefits, and/or workers' compensation benefits through the State's payroll system. The overpaid amounts are kept in this account. Employee

reimbursements, paid on an installment basis, are held in the account until the overpaid amount is fully recovered. Payment is then issued to the State director of finance.

**The COPS  
Methamphetamine  
Initiative  
(trust fund)**

**Administratively  
established**

**Financial Data for Fiscal Years 2011–2012 (in thousands)**

	FY2011	FY2012
Beginning Balance	\$11	\$13
Revenues	30	12
Interest	0	0
Expenditures	(28)	(25)
Transfers (net)	0	0
<b>Ending Balance</b>	<b>\$13</b>	<b>\$0</b>
Encumbrances	\$0	\$0

This fund was fully expended and closed in FY2012. Created in 2008, the fund was used to intervene and engage methamphetamine users, which accounted for 95 percent of the Big Island Drug Court's (BIDC's) client base. Revenues were derived from a U.S. Department of Justice grant to address gaps and barriers identified by the BIDC's Planning Team. Expenditures included salary and fringe benefits for two social worker positions, drug test kits, treatment services, and training and travel expenses for BIDC Planning Team members.

**Volunteer Guardian Ad  
Litem Program  
(trust fund)**

**Administratively  
established**

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

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

This fund was fully expended and closed in FY2011. Created in 1998 to account for grant moneys from the Hawai'i Justice Foundation, the fund supported the Volunteer Guardians Ad Litem Program in its mission to recruit, screen, train, and supervise citizen volunteer advocates to represent the best interests of abused and neglected children during court proceedings.

**Volunteer Guardian Ad Litem Program XI  
(trust fund)**

**Administratively established**

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

	FY2011
Beginning Balance	\$3
Revenues	0
Interest	0
Expenditures	(3)
Transfers (net)	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

This fund was fully expended and closed in FY2011. Created in 2008 to account for grant moneys from the Hawai'i Justice Foundation, the fund supported the Volunteer Guardians Ad Litem Program in its mission to recruit, screen, train, and supervise citizen volunteer advocates to represent the best interests of abused and neglected children during court proceedings.

**Volunteer Guardian Ad Litem Program XII  
(trust fund)**

**Administratively established**

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

	FY2011	FY2012	FY2013	FY2014	FY2015
Beginning Balance	\$10	\$3	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(7)	(3)	0	0	0
Transfers (net)	0	0	0	0	0
<b>Ending Balance</b>	<b>\$3</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund no longer serves the purpose for which it was created and should be closed. Created in 2009 to account for grant moneys from the Hawai'i Justice Foundation, the fund supported the Volunteer Guardians Ad Litem Program in its mission to recruit, screen, train, and supervise citizen volunteer advocates to represent the best interests of abused and neglected children during court proceedings. Since FY2012, grant moneys in the fund have been expended and there has been no activity for the last three fiscal years.

***Volunteer Services  
Donation Fund  
(trust fund)***

***Administratively  
established***

**Financial Data for Fiscal Years 2011–2012 (in thousands)**

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

This fund was closed in FY2012, pursuant to the recommendation in our November 2010 Report No. 10-09, because it was no longer required.

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# Chapter 3

## Observations on the Judiciary's Reporting and Accounting for Funds

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

During our review of the Judiciary's special, revolving, and trust funds and accounts, we noted inconsistent adherence to statutory reporting of financial transactions and balances.

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### **The Judiciary Does Not Report on All Non-General Funds As Required By Law**

Section 37-47, Hawai'i Revised Statutes (HRS), requires departments to submit to the Legislature an annual report of each non-general fund account. As part of its budget briefing package, the Judiciary submits 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.

According to Judiciary personnel, Sections 37-47(9), (10), and (11), HRS, do not apply to its special funds.

We noted that the Judiciary does not submit these reports for all statutorily and administratively created trust funds and trust accounts. At the end of FY2015, these funds and accounts had a balance of \$25.7 million, as shown in Exhibit 3.1.

**Exhibit 3.1  
Judiciary’s Trust Funds and Accounts Not Reported to  
the Legislature**

Fund Name	Fund Type	FY2015 Ending Balance (rounded)
Administrative Director Services – Bid Deposits	Trust Account	\$0
Agency Fund	Trust Account	24,438,000
Court Appointed Special Advocate Program	Trust	0
Court Security Training	Trust	0
Courthouse Security Project	Trust	0
Detention Home Donation Fund	Trust	16,000
Foreclosure Assistance Program	Trust	351,000
Hawai’i CJC Digital Video Recording Equipment	Trust	0
Hawai’i Self-Help Interactive Forms Expansion Project	Trust	0
Implicit Bias Judicial Training	Trust Account	0
Juvenile Detention Alternatives Initiative	Trust	1,000
Juvenile Detention Alternatives Initiative II	Trust	0

Fund Name	Fund Type	FY2015 Ending Balance (rounded)
Juvenile Detention Alternatives Initiative III	Trust	2,000
Juvenile Detention Alternatives Initiative IV	Trust	2,000
Juvenile Detention Alternatives Initiative V	Trust	16,000
Public Safety Partnership & Community Policing	Trust	0
Rent Trust Fund	Trust	538,000
Restitution, Family Courts	Trust	46,000
Re-Use of Alder Street Property	Trust	0
Statewide Strategic Plan 2020	Trust	0
Supreme Court Bar Examination Fund	Trust	243,000
Supreme Court Law Library Donation Fund	Trust	1,000
Temporary Deposits – Payroll Clearing Account	Trust Account	5,000
The COPS Methamphetamine Initiative	Trust	0
Volunteer Guardian Ad Litem Program	Trust	0
Volunteer Guardian Ad Litem Program XI	Trust	0
Volunteer Guardian Ad Litem Program XII	Trust	0
Volunteer Services Donation Fund	Trust	0
<b>Total</b>		<b><u>\$25,659,000</u></b>

Source: Office of the Auditor

According to Judiciary personnel, the Legislature does not request any information relating to trust funds or accounts that are temporary in nature, small in dollar value, or held in a trustee or agency capacity. However, because the Judiciary is specifically exempt from transmitting annual reports of all administratively established funds and accounts to the Legislature under Section 37-52.5, HRS, annual reporting of each non-general fund account as required under Section 37-47, HRS, is the primary means through which legislative money committees can track

the Judiciary's 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 Legislature must compile this information from each of the separate fund reports. We therefore reiterate the importance of this reporting function.

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## Response of the Affected Agency

### Comments on Agency Response

We transmitted a draft of this review to the Judiciary on November 17, 2015. A copy of the transmittal letter is included as Attachment 1. The Judiciary's response, dated November 30, 2015, is included as Attachment 2.

The Judiciary generally agreed with our findings and will take appropriate action to close the five trust funds that no longer serve their original purpose. As to the one special fund that did not meet the clear nexus requirement, the Judiciary stated that it administers the fund in accordance with the law and would defer to the Legislature, as any changes would require legislative action. The Judiciary also stated that it will ensure compliance with all reporting requirements.

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



JAN K. YAMANE  
Acting State Auditor

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

November 17, 2015

*COPY*

The Honorable Peter S. Lam  
Internal Audit Manager  
The Judiciary

VIA EMAIL ONLY: [Peter.S.Lam@courts.hawaii.gov](mailto:Peter.S.Lam@courts.hawaii.gov)

Dear Mr. Lam:

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 Judiciary*. We ask that you telephone us by Thursday, November 19, 2015, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit your hard copy response to our office no later than 12 noon, Monday, November 30, 2015.

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Jan K. Yamane".

Jan K. Yamane  
Acting State Auditor

Attachment



Office of the Administrative Director of the Courts — THE JUDICIARY • STATE OF HAWAII  
 417 SOUTH KING STREET • ALI'ĪOLANI HALE • HONOLULU, HAWAII 96813-2943 • TELEPHONE (808) 539-4900 • FAX (808) 539-4855

Rodney A. Maile  
 ADMINISTRATIVE DIRECTOR

Iris T. Murayama  
 DEPUTY ADMINISTRATIVE DIRECTOR

RECEIVED

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OFC. OF THE AUDITOR  
 STATE OF HAWAII

November 30, 2015

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 the opportunity to comment on your draft report no. 4, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary*. The Judiciary appreciates the efforts of your office in conducting the review. The Judiciary has reviewed the report and respectfully provides the following comments:

First, with regard to Exhibit 2.3, *Judiciary Funds Not Meeting Criteria*, the Judiciary has taken action to close the five Trust Funds identified by the State Auditor as "no longer serves original purpose."

As to the Indigent Legal Assistance Fund (ILAF), the Judiciary would respectfully defer to the Legislature regarding whether there is a clear nexus between program expenditures and revenue sources. The Judiciary administers this fund in accordance with the law as currently written, and any changes will require legislative action.

Lastly, with regard to the observations in Chapter 3 that the Judiciary does not report on all its non-general funds, specifically trust funds and trust accounts, as required by law, the Judiciary will take action to ensure that its active trust funds and trust accounts are reported along with other non-general funds in its budget briefing package submitted to the Legislature prior to the start of the legislative session.

Sincerely,

Rodney A. Maile  
 Administrative Director of the Courts

c: Chief Justice Mark E. Recktenwald