
Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services

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

Report No. 23-17
December 2023



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<https://auditor.hawaii.gov>

Foreword

This is a report of our review of the special funds, revolving funds, trust funds, and trust accounts of the Department of Accounting and General Services.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds, once every five years. Although not mandated by statute, we include trust accounts as part of our review. This is our seventh review of the revolving funds, trust funds, and trust accounts of the Department of Accounting and General Services. It is our third review of its special funds since Section 23-12, HRS, was amended by Act 130, Session Laws of Hawai‘i 2013, to include reviews of special funds.

We wish to express our appreciation for the cooperation and assistance extended to us by the Department of Accounting and General Services.

Leslie H. Kondo
State Auditor

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Chapter 1

Introduction

This review encompasses the special funds, revolving funds, trust funds, and trust accounts administered by the State of Hawai‘i Department of Accounting and General Services (DAGS). Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review each state department’s special, revolving, and trust funds every five years. Although not mandated by Section 23-12, HRS, we have included trust accounts as part of our review. Trust accounts, like special, revolving, and trust funds, are funded outside of the General Fund appropriation process and are therefore generally subject to less legislative scrutiny than the State’s General Fund. For each fund and account, our review included:

1. An evaluation of the original intent and purpose of the fund or account, both as expressed by the Legislature and as understood by the expending agency;
2. The degree to which the fund or account achieves its stated and claimed purposes;
3. An evaluation of the fund or account’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 or account balance at the beginning of each fiscal year, total deposits and withdrawals, amount of interest earned, total expenditures made from the fund or account, and the ending balance for each fiscal year.

This is our seventh review of DAGS’ revolving funds, trust funds, and trust accounts.¹ It is our third review of DAGS’ special funds, since Act 130, Session Laws of Hawai‘i (SLH) 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds. We last examined these funds and accounts in 2018.

¹ Prior to 2013, Section 23-12, HRS, did not require reviews of departments’ special funds.

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’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.

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.” 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.

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

DAGS 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.

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, 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: (a) the purpose of the program to be supported by the fund; (b) the scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and (c) 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 must be established by statute. The criteria used in this report to review trust funds and trust accounts are the extent to which each fund and account:

- Continues to serve the purpose and intent for which it was originally created, and
- Meets the definition of a trust fund or trust account, respectively.

The first criterion is derived from the objectives of Section 23-12, HRS, which requires the Auditor to evaluate the original intent of each fund and the degree to which each fund achieves its stated purpose. The second criterion assesses whether a fund is held by the State only for the benefit of those with a vested interest in the assets or an account is held as a separate or clearing account.

Objectives of the Review

1. Identify and review all special funds, revolving funds, trust funds, and trust accounts of DAGS.
2. For each special fund, revolving fund, trust fund, and trust account, determine whether the fund or account meets the respective criteria.
3. Provide a five-year (FY2019 – FY2023) unaudited financial summary for each fund and account of DAGS.

Scope and Methodology

We reviewed all special funds, revolving funds, trust funds, and trust accounts administered by DAGS during the five-year period under review (FY2019 – FY2023). Funds and accounts included those established pursuant to an act as well as by administrative authority.

To identify funds subject to this review, we used a variety of sources, including our prior reviews, accounting reports from DAGS, non-general fund reports, legislative budget briefing documents, and other records. To gain an understanding of fund operations, we reviewed applicable agency administrative rules and 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, 2018 to June 30, 2023), including beginning fund balances, 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 FY2018 reported in our last review and opening balances reported for FY2019. We did not audit the department's financial data, which we provide for informational purposes only.

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 information on performance standards established for the funds or accounts and performed other procedures as necessary.

Where appropriate, we relied on our prior reports, including Report No. 18-21, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services*.

Our review was conducted from August 2023 to November 2023. Recommendations were made where applicable.

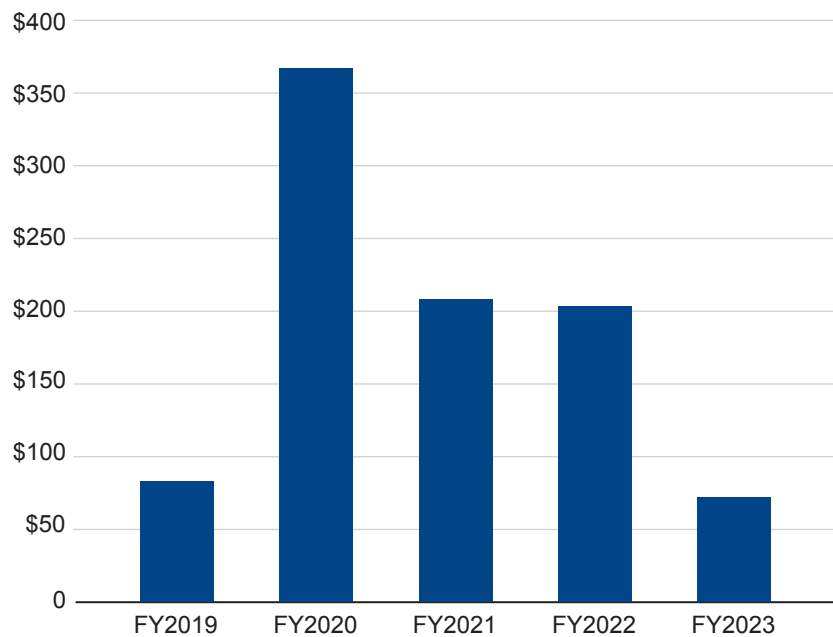
Chapter 2

Department of Accounting and General Services

This chapter presents the results of our review of seven special funds, five revolving funds, nine trust funds, and twelve trust accounts. Total fund fiscal year-end balances for DAGS amounted to at least \$72 million per year during the period reviewed.

Exhibit 2.1 summarizes the totals for these fund balances at the end of each fiscal year.

Exhibit 2.1
Cash Balances for the Department of Accounting and General Services' Non-General Funds, FY2019 – FY2023 (in millions)



Source: Office of the Auditor

In FY2023, the special funds, revolving funds, trust funds, and trust accounts collected approximately \$4.26 billion and spent or transferred approximately \$4.38 billion.

Exhibit 2.2 presents totals for the combined revenue and interest, expenses and transfers, and ending fund balances for the different fund types for FY2023.

Exhibit 2.2
Fund and Account Totals by Type, FY2023

Fund Type	Revenue and Interest	Expenses and Transfers	FY2023 End Cash Balance
Special Fund	\$22,475,000	\$11,070,000	\$56,194,000
Revolving Fund	42,025,000	33,938,000	20,594,000
Trust Funds/ Trust Accounts	4,194,184,000	4,335,777,000	(4,897,000)
Total	\$4,258,684,000	\$4,380,785,000	\$71,891,000

Source: Office of the Auditor

For each fund and 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 definition of the type of fund or account. This review does not include an assessment of the effectiveness of the program or its management. Funds are presented in alphabetical order.

Exhibit 2.3 presents DAGS funds and accounts that did not meet criteria for continuance and should be closed or reclassified.

Exhibit 2.3
Fund(s) Not Meeting Criteria

Fund Name	Fund Type	FY2023 Ending Balance	No longer serves original purpose and/ or does not serve a need	No clear nexus between benefits sought and user charges or a clear link between the program and revenue sources	Inappropriate financing mechanism	Not financially self-sustaining	Does not meet special fund, revolving fund, trust fund, or trust account definition
Refundable Deposits – Public Works – Leasing Branch	Trust Account	\$2,267					✓
Refundable Deposits – Public Works – Other Than Leasing	Trust Account	480					✓
State Foundation on Culture and the Arts	Trust Account	78,269					✓
State Risk Management Revolving Fund	Revolving Fund	13,492,000				✓	✓
Temporary Deposits – Automotive Management	Trust Account	100,015					✓
Temporary Deposits – Public Works	Trust Account	0	✓				✓
Washington Place Trust Fund	Trust Fund	129,717					✓
Total		\$13,802,748					

Source: Office of the Auditor

**Access Hawai'i
Committee Special
Fund**

Section 27G-6, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$164	\$108	\$99	\$131	\$172
Revenues	101	105	111	115	127
Interest	1	5	1	0	3
Expenditures	(158)	(119)	(80)	(74)	(119)
Transfers	0	0	0	0	0
Ending Balance	\$108	\$99	\$131	\$172	\$183
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Special fund
How was the fund created?	Act 101 (SLH 2010)
Why was it created?	The fund is used to support the Access Hawai'i Committee and its oversight of the contractor who operates the State's internet portal.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from assessments collected from the contractor operating the State's internet portal and interest earned on the fund balance.
Expenditures	Expenditures include funding a Portal Program Manager staff position, all administrative costs to support the Access Hawai'i Committee that oversees the contractor; the contractor provides public access to online government services and information on the State's internet portal and studies pertaining to State internet portal direction.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Captain Cook Memorial
Fund**

Financial Data for Fiscal Year 2019 (in thousands)

Section 6E-33, HRS

FY2019	
Beginning Balance	\$4
Revenues	0
Interest	0
Expenditures	0
Transfers	(4)
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 256, Regular Session Laws, 1927 (Territory 14 th Legislature)
Why was it created?	The fund was used to acquire books, pamphlets, documents, and other articles of historical value related to Captain James Cook, and connected with the history, discovery, and exploration of the Hawaiian Islands.
Fund meets criteria?	This fund was repealed by Act 147 (SLH 2015), but abolished in FY2019 as recommended by the Auditor in Report No. 18-21, and the remaining balance was transferred to the Hawai'i State Archives – Private Grant trust fund.

**Central Payroll
Clearance****Financial Data for Fiscal Years 2019 – 2023 (in thousands)**

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$20	\$467	\$286,071	\$141,419	\$133,947
Revenues	3,931,501	4,009,088	4,053,507	3,978,714	4,192,438
Interest	0	0	0	0	0
Expenditures	(3,931,054)	(3,723,484)	(4,198,159)	(3,986,186)	(4,334,546)
Transfers	0	0	0	0	0
Ending Balance	\$467	\$286,071	\$141,419	\$133,947	(\$8,161)
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1996)
Why was it created?	The account is used as a clearing account to facilitate the processing, disbursement, and reconciliation of the State's payroll.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from reimbursements from funds in and outside the State Treasury for payroll and from individuals for salary overpayments.
Expenditures	Expenditures include the State's semi-monthly payroll.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.
Additional information	The negative ending balance in FY2023 is due to the timing of reimbursements received from departments making payments with funds held outside of the State Treasury.

Custodial Services

Financial Data for Fiscal Year 2019 (in thousands)

FY2019	
Beginning Balance	\$0
Revenues	59
Interest	0
Expenditures	(59)
Transfers	0
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Special fund
How was the fund created?	Administratively established (2003)
Why was it created?	The fund was used to reimburse the Central Services Division for utility bills, primarily electricity, for certain areas used by the State Foundation on Culture and the Arts.
Fund meets criteria?	This fund was closed in FY2019, and the remaining balance was transferred to the General Fund pursuant to Act 21 (SLH 2019), as recommended by the Auditor in Report No. 18-21.

Donations for Voter Registration Drive**Financial Data for Fiscal Year 2019 (in thousands)**

	FY2019
Beginning Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Trust account
How was the fund created?	Administratively established (1984)
Why was it created?	The account was used for donations to the Office of the Lieutenant Governor's 1984 voter registration campaign and education programs, then it was used for donations and to purchase items for a statewide Voter Slogan Contest in 1987.
Account meets criteria?	This account was closed in FY2019, and the remaining balance was transferred to the General Fund pursuant to Act 21 (SLH 2019), as recommended by the Auditor in Report No. 18-21.

Employees' Sequestered Funds

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$95	\$108	\$96	\$103	\$117
Revenues	83	40	42	45	34
Interest	0	0	0	0	0
Expenditures	(70)	(52)	(35)	(31)	(33)
Transfers	0	0	0	0	0
Ending Balance	\$108	\$96	\$103	\$117	\$118
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1988)
Why was it created?	The account is used to accumulate moneys garnished from employees' wages and to disburse as ordered by legal documents.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from funds garnished from employees' wages.
Expenditures	Expenditures include disbursements of funds garnished to appropriate entities/ individuals in accordance with wage garnishment orders.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	No.

Enhanced 911 Fund – Not in State Treasury

Section 138-3, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$25,505	\$27,185	\$28,432	\$28,693	\$32,519
Revenues	11,015	11,105	11,007	11,134	11,492
Interest	504	338	18	68	1,231
Expenditures	(9,839)	(10,196)	(10,759)	(7,376)	(7,931)
Transfers*	0	0	(5)	0	(1)
Ending Balance	\$27,185	\$28,432	\$28,693	\$32,519	\$37,310
Encumbrances	\$16,895	\$12,793	\$10,928	\$7,403	\$12,366

*Transfers in FY2021 and FY2023 of \$5,421 and \$505 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 159 (SLH 2004)
Why was it created?	The fund is used to ensure public safety by enabling the Enhanced 911 Board (Board) to ensure adequate funding to deploy and sustain enhanced 911 services and to develop future enhanced 911 technologies.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from a monthly enhanced 911 surcharge of \$0.66 imposed upon communications service connections, except connections billed to governmental entities, prepaid connections, and connections provided by a public utility providing telecommunications services and landline enhanced 911 services. The surcharge is collected by wireless carriers from customers and deposited into an interest bearing bank account held outside of the State Treasury.
Expenditures	Expenditures include Board-related administrative costs; qualifying reimbursements to public safety answering points (police, fire, emergency medical services, and ocean safety), such as training personnel and equipment acquisition and maintenance; and wireless connection service provider services and equipment for improving operational efficiencies.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.

**Reported pursuant to
Section 37-49, HRS**

Yes.

**Reported pursuant to
Section 37-52.5, HRS**

Not applicable, the fund was established pursuant to an act.

**Hawai'i Election
Campaign Fund****Section 11-421, HRS****Financial Data for Fiscal Years 2019 – 2023 (in thousands)**

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,003	\$1,086	\$1,231	\$1,398	\$1,687
Revenues	180	111	246	289	282
Interest	7	37	7	5	33
Expenditures	(104)	(3)	(86)	(5)	(72)
Transfers	0	0	0	0	0
Ending Balance	\$1,086	\$1,231	\$1,398	\$1,687	\$1,930
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 224 (SLH 1979), as amended by Act 211 (SLH 2010)
Why was it created?	The fund is used to provide partial public financing for candidates for state and county offices and may be used for the Campaign Spending Commission's operating expenses.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from individual Hawai'i taxpayers who designate \$3 from their income tax liability to the fund, escheats mandated by statute, surplus and residual funds, interest on the fund, and charges for copies of reports.
Expenditures	Expenditures include payments to candidates as prescribed in Section 11-431, HRS, and for the Campaign Spending Commission's operating expenses.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Hawai'i State Archives
– Private Grant**

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$504	\$438	\$388	\$301
Revenues	500	0	7	6	131
Interest	0	6	2	1	7
Expenditures	0	(72)	(59)	(96)	(229)
Transfers*	4	0	0	0	0
Ending Balance	\$504	\$438	\$388	\$301	\$210
Encumbrances	\$0	\$33	\$114	\$68	\$17

*Transfer from Captain Cook Memorial Fund, which was repealed by Act 21 (SLH 2019).

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2019)
Why was it created?	The fund is used to deposit grants and donations to the Hawai'i State Archives for use in the support of the State Archives' initiatives to preserve and make accessible the records of the Public Archive.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from grants and donations.
Expenditures	Expenditures are based on the instructions of the gifting party of the donation or grant, when such moneys are received.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Information
Technology Trust Fund**
Financial Data for Fiscal Year 2019 (in thousands)

	FY2019
Beginning Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2014)
Why was it created?	The fund was used to hold a private grant from the Hawai'i Community Foundation to cover salaries for two project managers within the Office of Information Management and Technology to assist with implementation of the State Business and Information Technology/Information Resource Management Transformation plan. The grant ended June 30, 2016.
Fund meets criteria?	This fund was closed in FY2019, and the remaining balance was transferred to the General Fund pursuant to Act 21 (SLH 2019), as recommended by the Auditor in Report No. 18-21.

**King Kamehameha
Celebration
Commission**

Section 8-5, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$5	\$5	\$5	\$55	\$41
Revenues	0	0	50	0	340
Interest	0	0	0	1	0
Expenditures	0	0	0	(15)	(200)
Transfers	0	0	0	0	0
Ending Balance	\$5	\$5	\$55	\$41	\$181
Encumbrances	\$0	\$0	\$15	\$20	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 50 (SLH 1972), as amended by Act 189 (SLH 1997)
Why was it created?	The fund is used to support the King Kamehameha Celebration Commission and its objective of commemorating the memory of King Kamehameha I with King Kamehameha Day celebrations throughout the State, such as parades, ho'olaule'a, and lei-draping of King Kamehameha statues.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from donations, sponsorships, and grants primarily from the State Foundation on Culture and the Arts and the Hawai'i Tourism Authority.
Expenditures	Expenditures include personnel and operating costs associated with parades, ho'olaule'a, and lei-draping of King Kamehameha statues.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

Nonpresentment of Warrants and Checks Trust Fund

Section 40-68, HRS

Financial Data for Fiscal Years 2018 – 2022 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$500	\$500	\$500	\$500	\$500
Revenues	442	246	499	501	500
Interest	0	0	0	0	0
Expenditures	(442)	(246)	(499)	(501)	(500)
Transfers	0	0	0	0	0
Ending Balance	\$500	\$500	\$500	\$500	\$500
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 221 (SLH 1994)
Why was it created?	The fund is used to pay claims on warrants and checks that were not presented for payment within the statutorily prescribed time.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from escheated state checks, provided that the fund balance shall not exceed \$500,000 and any excess amount is transferred to the General Fund.
Expenditures	Expenditures include claims on state checks not presented for payment within the statutorily prescribed time.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Office of Enterprise
Technology Services**

Financial Data for Fiscal Years 2020 – 2021 (in thousands)

	FY2020	FY2021
Beginning Balance	\$0	\$50
Revenues	125	0
Interest	0	0
Expenditures	(75)	(50)
Transfers	0	0
Ending Balance	\$50	\$0
Encumbrances	\$50	\$0

Fund Summary

Account Type Trust fund

How was the fund created? Administratively established (2020)

Why was it created? The fund was used to refine and implement a government-wide Uniform Chart of Accounts for the Department of Education's Financial System Modernization initiative, which was an initial step to developing a government-wide integrated Financial Management System for the State of Hawai'i.

Fund meets criteria? This fund was closed in FY2021 upon completion of contracted services, and there was no remaining balance.

**Office of Hawaiian
Affairs Ceded Lands
Proceeds**
Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	31	42	24	34	48
Interest	0	0	0	0	0
Expenditures	(31)	(42)	(24)	34	(48)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2006)
Why was it created?	The account is used to record the transfer of funds to the Office of Hawaiian Affairs which receives 20 percent of revenues collected from parking lots on ceded lands on O'ahu and Kaua'i.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from 20 percent of revenues collected from parking lots on ceded lands, including assessments for state parking, parking meter collections, investment pool interest, traffic fines and waivers, and pCard rebates.
Expenditures	Expenditures include payments to the Office of Hawaiian Affairs of 20 percent of revenues collected from parking lots on ceded lands.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	No.

**Public Works Project
Assessment Fund**

Section 107-1.5, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)*

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$953	\$1,176	\$1,340	\$1,420	\$1,403
Revenues	458	390	374	193	448
Interest	7	41	9	6	29
Expenditures	(242)	(267)	(303)	(216)	(271)
Transfers	0	0	0	0	0
Ending Balance	\$1,176	\$1,340	\$1,420	\$1,403	\$1,609
Encumbrances	\$51	\$126	\$22	\$124	\$166

*This fund is the parent account and original source of revenue for multiple sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

Fund Summary

Account Type	Revolving fund
How was the fund created?	Act 113 (SLH 1996)
Why was it created?	The fund is used to defray costs involved in carrying out the department's managed construction projects; manage funds that represent accumulated vacation and sick leave credits and retirement benefits for non-general funded employees in the construction program; equitably collect and distribute the costs of other current expenses related to capital improvement, repairs, and alterations projects; and manage the payments of employee transportation requirements such as car mileage reimbursement and collective bargaining agreements.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from assessments on construction projects managed by the department to carry out the program of centralized engineering services and the accrued vacation credits of non-general funded employees who transfer to the Public Works Division. Projects are assessed for supplies, services and equipment, and transportation requirements related to the project based on various percentages or formulas, which are monitored and adjusted periodically by the Comptroller.
Expenditures	Expenditures include employee car mileage reimbursements; costs to reproduce bid plans and specifications; rental of document reproduction equipment; purchase of computer equipment and software; consultant services for project management; and vacation, sick leave, and retirement for non-general funded employees.
Reported pursuant to Section 37-47, HRS	Yes.

Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Refundable Deposits –
Public Works – Leasing
Branch**

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$2	\$2	\$2
Revenues	0	2	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$2	\$2	\$2	\$2
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2019)
Why was it created?	The account is used to hold and return security deposits on leases and revocable permits administered by the Public Works Leasing Branch.
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from refundable security deposits.
Expenditures	Expenditures include returns and refunds of security deposits.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Refundable Deposits –
Public Works – Other
Than Leasing**
Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
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	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2019)
Why was it created?	The account is used to hold and return refundable deposits on revocable permits administered by the Public Works Planning Branch, and bid security deposits for self-bonding companies who wish to bid on Public Works construction projects.
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from refundable deposits for revocable permits administered by the Public Works Planning Branch and bid security deposits of self-bonding companies who wish to bid on DAGS Public Works construction projects.
Expenditures	Expenditures include the return of bid deposits and plans and specifications deposits to borrowers upon the return of documents, and the refund of deposits on revocable permits.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Shared Services
Technology Special
Fund**

Section 27-43(c), HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,016	\$2,979	\$3,623	\$3,514	\$3,595
Revenues	1,028	1,678	1,001	1,075	1,968
Interest	16	103	18	13	69
Expenditures	(1,081)	(1,137)	(1,113)	(1,007)	(1,669)
Transfers*	0	0	(15)	0	(5)
Ending Balance	\$2,979	\$3,623	\$3,514	\$3,595	\$3,958
Encumbrances	\$0	\$0	\$0	\$79	\$140

*Transfers in FY2021 and FY2023 of \$14,797 and \$4,965 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 200 (SLH 2010)
Why was it created?	The fund is used to cover costs for operations of the Chief Information Officer (CIO), including employment and training of staff and other activities deemed necessary by the CIO to support the state's central information technology services.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from 3 percent of central services fees collected from all special funds pursuant to Section 36-27, HRS.
Expenditures	Expenditures include salaries, training costs, and other expenses deemed necessary by the CIO to support the State's central information technology services.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Stadium Authority
Account – Not in State
Treasury**

Section 109-6, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,040	\$419	\$331	\$184	\$262
Revenues	5,183	2,224	540	324	0
Interest	0	0	0	0	0
Expenditures	(5,804)	(2,312)	(687)	(246)	0
Transfers	0	0	0	0	(262)
Ending Balance	\$419	\$331	\$184	\$262	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 73 (SLH 1978)
Why was it created?	The fund was used to hold all receipts collected by the Stadium Authority from the sale of admission tickets for events held at Aloha Stadium, including any money deposited with the Stadium Authority by a licensee to assure the payment of charges for the use of the stadium, and to make payments to stadium licensees in connection with the settlements of accounts, refund of deposits, and payments to the Stadium Special Fund for amounts due to the Stadium Authority.
Fund meets criteria?	This fund was closed in FY2023, and the remaining balance was transferred to the Department of Business, Economic Development and Tourism (DBEDT) pursuant to Act 220 (SLH 2022).
Additional information	Pursuant to Act 220 (SLH 2022), the Stadium Authority is attached to DBEDT effective July 1, 2022.

Stadium Special Fund

Section 109-3, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)*

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,702	\$6,070	\$4,771	\$2,058	\$4,495
Revenues	10,885	7,316	2,806	5,173	0
Interest	27	176	30	13	0
Expenditures	(8,544)	(8,585)	(5,485)	(2,749)	(74)
Transfers	0	(206)**	(64)***	0	(4,421)
Ending Balance	\$6,070	\$4,771	\$2,058	\$4,495	\$0
Encumbrances	\$1,220	\$1,161	\$607	\$692	\$0

*This fund is the parent account and original source of revenue for multiple sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

**Transfer in FY2020 to Aloha Stadium Planning Services Public Works Special Fund for the 2019 Aloha Stadium structural assessment report.

***Transfers in FY2021 to the Collective Bargaining Special Fund pursuant to Executive Memorandum No. 20-09.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 172 (SLH 1970)
Why was it created?	The fund was used for the operation, maintenance, promotion, and management of the stadium and related facilities; and capital improvement project related to the stadium.
Fund meets criteria?	This fund was closed in FY2023, and the remaining balance was transferred to Department of Business, Economic Development and Tourism (DBEDT) pursuant to Act 220 (SLH 2022).
Additional information	Pursuant to Act 220 (SLH 2022), the Stadium Authority is attached to DBEDT effective July 1, 2022. The Stadium Special Fund was abolished; the cash balance was transferred to the Stadium Development Special Fund in FY2022 pursuant to Act 146 (SLH 2021) and then transferred to DBEDT in FY2023 pursuant to Act 220 (SLH 2022). The transfer from the Stadium Special Fund to the Stadium Development Special Fund is not reflected in the financial data above as we presented a consolidation of the Stadium Special Fund and Stadium Development Special Fund.

**State Archives
Preservation and Long-
Term Access Special
Fund**

Section 94-8, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,027	\$685	\$897	\$711	\$453
Revenues	512	499	523	417	301
Interest	8	33	4	3	12
Expenditures	(862)	(320)	(707)	(678)	(516)
Transfers	0	0	(6)*	0	0
Ending Balance	\$685	\$897	\$711	\$453	\$250
Encumbrances	\$13	\$223	\$231	\$39	\$0

*Transfer in FY2021 of \$6,285 to Collective Bargaining Special Fund pursuant to Executive Memorandum No. 20-09.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 88 (SLH 2013)
Why was it created?	The fund is used to preserve and keep accessible electronic records of the state archive and government documents in a trustworthy usable condition for the good of the public.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from a \$1.00 per document state archives preservation fee assessed to permanent documents that are filed or registered by members of the public with a government agency and from records storage fees at the State Records Center assessed to non-general funded agencies.
Expenditures	Expenditures include consultant services, staff positions, and administrative and operational costs with regards to digital records to support the mission to collect all public archives.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**State Foundation on
Culture and the Arts**

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$230	\$197	\$108	\$105	\$88
Revenues	20	23	2	12	78
Interest	2	7	1	1	2
Expenditures	(55)	(119)	(6)	(30)	(90)
Transfers	0	0	0	0	0
Ending Balance	\$197	\$108	\$105	\$88	\$78
Encumbrances	\$60	\$6	\$4	\$13	\$0

Fund Summary

Account Type	Trust account
How was the fund created?	Administratively established (1984)
Why was it created?	The account is used to receive private donations and Hawai'i State Art Museum facility rentals in support of State Foundation on Culture and the Arts (SFCA) programs and services.
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from donations, private contributions, and Hawai'i State Art Museum facility rentals.
Expenditures	Expenditures include program operating expenses, including artist fees.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

State Motor Pool Revolving Fund

Section 105-11, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,357	\$926	\$1,158	\$1,549	\$1,761
Revenues	2,388	2,288	2,314	2,207	2,185
Interest	11	40	6	6	34
Expenditures	(2,830)	(2,096)	(1,911)	(2,001)	(1,761)
Transfers*	0	0	(18)	0	(13)
Ending Balance	\$926	\$1,158	\$1,549	\$1,761	\$2,206
Encumbrances	\$60	\$38	\$166	\$10	\$608

*Transfers in FY2021 and FY2023 of \$17,849 and \$13,478 to Collective Bargaining Revolving Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Revolving fund
How was the fund created?	Act 68 (SLH 1986)
Why was it created?	The fund is used to acquire, operate, repair, maintain, store, and dispose of State-owned vehicles assigned to the motor pool.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from rentals and repairs of motor vehicles, sales of fuel, investment pool interest, sales of salvageable materials, and pCard rebates.
Expenditures	Expenditures include payroll, vehicle purchase and repair costs, and other expenses related to operating the motor pool.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**State Parking
Revolving Fund**

Section 107-11, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,179	\$1,568	\$1,045	\$330	\$810
Revenues	3,919	3,650	3,103	3,206	4,203
Interest	17	74	9	4	18
Expenditures	(3,441)	(3,912)	(3,309)	(2,730)	(3,338)
Transfers*	(106)	(335)	(518)	0	84
Ending Balance	\$1,568	\$1,045	\$330	\$810	\$1,777
Encumbrances	\$415	\$371	\$254	\$238	\$264

*Transfers in FY2019, FY2020, FY2021, and FY2023 to the Parking Control Repairs and Maintenance fund for various parking-related improvement projects and unused funds were returned to the State Parking Revolving Fund in FY2023. Transfers in FY2021 and FY2023 of \$80,807 and \$28,538 to the Collective Bargaining Revolving Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Revolving fund
How was the fund created?	Act 161 (SLH 1963)
Why was it created?	The fund is used to maintain and allocate parking spaces on State lands controlled by the Comptroller, assess and collect parking fees, and enforce parking rules and regulations.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from assessments for state parking, parking meter collections, investment pool interest, traffic fines and waivers, and pCard rebates.
Expenditures	Expenditures include payroll and expenses related to maintaining and repairing parking lots and structures such as paving and restriping parking lots, and purchasing and installing parking meters, pay stations, and vehicle electric chargers. In addition, the department noted expenditures include excess moneys transferred to the General Fund pursuant to Section 107-11(g), HRS, which requires all moneys in excess of \$500,000 in the fund at the end of each fiscal year to be transferred to the General Fund the following fiscal year.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.

**Reported pursuant to
Section 37-49, HRS**

Yes.

**Reported pursuant to
Section 37-52.5, HRS**

Not applicable, the fund was established pursuant to an act.

**State Procurement
Office Trust Clearing
Account**

Financial Data for Fiscal Year 2023 (in thousands)

	FY2023
Beginning Balance	\$0
Revenues	255
Interest	0
Expenditures	(255)
Transfers	0
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2023)
Why was it created?	The account was temporarily used to receive and disburse funds for various rebates, credits, and other refunds due to various jurisdictions in the State of Hawai'i. The department noted the account was specifically used for a Hawaiian Airlines credit where departments had until March 31, 2023 to claim their credit from the vendor. Once the credit deadline passed, the account was no longer needed.
Account meets criteria?	This account was closed in FY2023, and the remaining balance was transferred to the General Fund.

State Risk Management Revolving Fund

Section 41D-4, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$23,796	\$23,072	\$21,706	\$14,248	\$6,985
Revenues	14,631	15,053	15,141	17,098	34,346
Interest	157	875	116	68	292
Expenditures	(15,512)	(17,294)	(22,705)	(24,429)	(28,128)
Transfers*	0	0	(10)	0	(3)
Ending Balance	\$23,072	\$21,706	\$14,248	\$6,985	\$13,492
Encumbrances	\$435	\$56	\$0	\$0	\$0

*Transfers in FY2021 and FY2023 of \$10,149 and \$3,288 to the Collective Bargaining Revolving Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Revolving fund
How was the fund created?	Act 266 (SLH 1988)
Why was it created?	The fund is used to support the State Risk Management and Insurance Administration Program's objective to protect the State against catastrophic losses and to minimize total cost of risk by paying for the cost of statewide property, excess liability, and crime insurance policies; funding the State's self-insured automobile program; paying informal claims against the State; and funding property claim payments within the insurance deductible.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a revolving fund because it relies on General Fund appropriations and is not financially self-sustaining, but continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from General Fund appropriations, cost allocation assessments from various State special and trust-funded programs, physical damage auto premiums from all agencies, and payment of other insurance-related expenses such as recoveries from other third parties.
Expenditures	Expenditures include operating costs for the State Risk Management and Insurance Administration Program as well as insurance premiums, payment of tort claims of \$25,000 and less, and automobile, property, cyber and crime losses.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Surplus Federal
Property Revolving
Fund**

**Section 103D-1107,
HRS**

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$400	\$414	\$449	\$855	\$1,495
Revenues	228	311	714	979	446
Interest	3	15	3	3	23
Expenditures	(217)	(291)	(308)	(342)	(413)
Transfers*	0	0	(3)	0	(40)**
Ending Balance	\$414	\$449	\$855	\$1,495	\$1,511
Encumbrances	\$2	\$0	\$1	\$1	\$3

*Transfers in FY2021 and FY2023 of \$3,076 and \$1,124 to the Collective Bargaining Revolving Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

**Transfer in FY2023 of \$39,000 to the Federal and State Surplus Warehouse and Storage Shed Revolving Fund to initiate a new capital improvement project.

Fund Summary

Account Type	Revolving fund
How was the fund created?	Act 186 (SLH 1994)
Why was it created?	The fund is used to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under any federal act or rule adopted by the policy board that make surplus federal and state property available.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from service and handling fees charged for acquired property based either on the acquisition cost or fair market value; and a fixed fee charged for vehicles acquired from the federal government.
Expenditures	Expenditures include payroll and operating expenses to support and improve the Surplus Property Management Program, facilities, and services provided.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

Temporary Deposits – Automotive Management

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$80	\$84	\$92	\$99	\$99
Revenues	14	17	18	15	16
Interest	0	0	0	0	0
Expenditures	(10)	(9)	(11)	(15)	(15)
Transfers	0	0	0	0	0
Ending Balance	\$84	\$92	\$99	\$99	\$100
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1996)
Why was it created?	The account is used to hold gate card deposit fees collected from parking assignees until cancellation of the parking assignment and return of the gate card.
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from a \$20 gate card deposit from parking assignees upon issuance of a gate card.
Expenditures	Expenditures include refunds of gate card deposits upon cancellation of parking assignments and return of the gate card by the parking assignee.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

Temporary Deposits – Public Works

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3	\$2	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(1)	(2)	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$2	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1988)
Why was it created?	The account is used to hold refundable deposits for revocable permits and bid security deposits from self-bonding companies seeking to bid on Public Works Division (PWD) construction projects; however, PWD noted they do not currently issue revocable permits and they have adopted a different means of accommodating self-bonding companies so they no longer use this account.
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, and it no longer serves the purpose for which it was originally established. The account should be reclassified as a trust fund or closed.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues were from deposits for revocable permits and bid security deposits for self-bonding companies who wish to bid on PWD construction projects.
Expenditures	Expenditures included refunds of bid security deposits.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	No.
Additional information	This fund has been inactive since FY2021. The division is currently evolving how it engages in project delivery and told us such evolution may require another refundable deposit system. According to the department, the fund may be reactivated in the future, as part of the establishment of another type of refundable deposit.

Temporary Deposits – Salary Overpayments

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$10	\$10	\$10	\$15	\$15
Revenues	0	0	7	0	0
Interest	0	0	0	0	0
Expenditures	0	0	(2)	0	0
Transfers	0	0	0	0	0
Ending Balance	\$10	\$10	\$15	\$15	\$15
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1996)
Why was it created?	The account is used as a clearing account for salary overpayments collected from Central Service Division's employees in accordance with mutual agreements between the division and the employees then transferred to the General Fund
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from salary overpayments collected from employees.
Expenditures	Expenditures include transfers of the salary overpayments to the General Fund.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

Temporary Deposits – Stadium Authority

Financial Data for Fiscal Years 2019 – 2022 (in thousands)

	FY2019	FY2020	FY2021	FY2022
Beginning Balance	\$92	\$92	\$61	\$37
Revenues	0	0	0	0
Interest	0	0	0	0
Expenditures	0	(31)	(24)	(37)
Transfers	0	0	0	0
Ending Balance	\$92	\$61	\$37	\$0
Encumbrances	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1994)
Why was it created?	The account is used to temporarily hold scoreboard advertising receipts until they are distributed to the proper appropriation account.
Account meets criteria?	This account was closed in FY2022, and the remaining balance was transferred to the Stadium Development Special Fund.
Additional information	Pursuant to Act 220 (SLH 2022), the Stadium Authority is attached to the Department of Business, Economic Development and Tourism effective July 1, 2022.

Washington Place Trust Fund

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$169	\$179	\$189	\$187	\$161
Revenues	9	4	5	1	15
Interest	1	6	1	0	3
Expenditures	0	0	(8)	(27)	(49)
Transfers	0	0	0	0	0
Ending Balance	\$179	\$189	\$187	\$161	\$130
Encumbrances	\$0	\$0	\$0	\$0	\$2

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 113 (SLH 2013)
Why was it created?	The fund is used to manage, operate, and maintain Washington Place.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a trust fund because it functions more like a special fund, but continues to serve the purpose for which it was originally established. <i>The fund should be reclassified as a special fund.</i>
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from rents and fees charged for the use of, and activities conducted at, Washington Place; all other money received for the fund from any other source; and all income and interest earned or accrued on moneys deposited in the fund.
Expenditures	Expenditures include maintenance and repairs of Washington Place, its antiques and cultural artifacts, and its grounds.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

Works of Art Special Fund

Section 103-8.5, HRS

Financial Data for Fiscal Years 2019 – 2023 (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$15,137	\$14,889	\$14,300	\$10,470	\$11,910
Revenues	3,683	3,095	16	6,738	7,017
Interest	115	558	86	51	254
Expenditures	(3,959)	(4,242)	(3,791)	(5,349)	(4,938)
Transfers*	(87)	0	(141)**	0	249***
Ending Balance	\$14,889	\$14,300	\$10,470	\$11,910	\$14,492
Encumbrances	\$3,450	\$3,684	\$2,162	\$2,307	\$2,665

*Transfers in FY2019 and FY2021 of \$87,000 and \$90,000 to the Public Works Division for various renovations and other capital improvement projects.

**Transfer in FY2021 of \$51,284 to Collective Bargaining Special Fund pursuant to Executive Memorandum No. 20-09.

***Transfer in FY2023 from a delegated project fund to return lapsed funds.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 389 (SLH 1989)
Why was it created?	The fund is used to acquire works of art; modify sites necessary for the exhibition of works of art; maintain, repair, and restore works of art; and store and transport works of art at state buildings.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from one percent of all state fund appropriations for capital improvements designated for the construction and renovation of state buildings.
Expenditures	Expenditures include costs related to the acquisition of works of art; site modifications, display, and interpretive work necessary for the exhibition of works of art; maintenance, repair, and restoration of works of art; and storing and transporting works of art.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

Chapter 3

Observations on Reporting and Accounting for Funds

Special, revolving, and other types of non-general funds are not subject to the same level of legislative scrutiny as the General Fund. 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. Fund reports are one of the primary means through which the Legislature tracks non-general funds. The reports are used to monitor fund balances and identify excess moneys for possible transfer to the General Fund.

Non-General Funds Were Not Reported as Required by Law

Section 37-47, HRS, requires departments to submit to the Legislature an annual report of each non-general fund account, including information such as the intended purpose of the fund, current program activities supported by the fund, and financial data. The Director of Finance annually issues a memorandum requesting all departments 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. 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.

Section 37-48, HRS, enacted by the Legislature through Act 87 in 2021, requires departments to submit to the Legislature an annual program measures report of each non-general fund account, including information such as program objectives, program activities, metrics for target population, and metrics for assessing effectiveness over the ensuing six fiscal years. The report must be filed no later than October 1 annually.

Section 37-49, HRS, also enacted by the Legislature through Act 87 in 2021, requires departments to submit to the Legislature an annual cost element report of each non-general fund account, including information such as budget details by cost element and non-general fund names and account codes for each item or object code. The report must be filed no later than October 1 annually.

Section 37-52.5, HRS, requires the Judiciary and any department that administratively establishes a new fund or account to submit a report to the Legislature. The report must be filed within 30 working days of

a fund or account's creation and should include a justification for the fund or account and identification of its sources of revenue. In addition, prior to the start of each legislative session, the law also requires each department to submit to the Legislature a listing of all administratively established funds or accounts along with a statement of their revenues, expenditures, encumbrances, and ending balances for each fund or account. This report is separate from the non-general fund report required under Section 37-47, HRS.

During our review, we noted noncompliance with statutory requirements to report program measures, as required by Section 37-48, HRS, cost elements, as required by Section 37-49, HRS, as well as fund information for administratively established funds and accounts under Section 37-52.5, HRS.

As shown in Exhibit 3.1, DAGS had administratively created non-general funds with balances totaling approximately \$118,000 that were not reported to the Legislature as required by Section 37-52.5, HRS, non-general funds with balances totaling \$4 million that were not reported to the Legislature as required by Section 37-48, HRS, and non-general funds with balances totaling -\$5.4 million that were not reported to the Legislature as required by Section 37-49, HRS.

Exhibit 3.1
Non-General Funds and Administratively Created Funds Not
Reported to the Legislature

Fund Name	Fund Type	HRS 37-48 (Non- General Program Measures)	FY2023 Ending Balance (rounded)	HRS 37-49 (Non- General Cost Element)	FY2023 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2023 Ending Balance (rounded)
Central Payroll Clearance	Trust Account			✓	(\$8,161,000)		
Employees' Sequestered Funds	Trust Account			✓	118,000	✓	\$118,000
Hawai'i State Archives – Private Grant	Trust Fund			✓	210,000		
Nonpresentment of Warrants and Checks Trust Fund	Trust Fund			✓	500,000		
Office of Hawaiian Affairs Ceded Lands Proceeds	Trust Account					✓	0
Public Works Project Assessment Fund	Revolving Fund			✓	1,609,000		
Refundable Deposits – Public Works – Leasing Branch	Trust Account			✓	2,000		
Refundable Deposits – Public Works – Other Than Leasing	Trust Account			✓	0		
Shared Services Technology Special Fund	Special Fund	✓	\$3,958,000				
State Foundation on Culture and the Arts	Trust Account			✓	78,000		
Temporary Deposits – Automotive Management	Trust Account			✓	100,000		
Temporary Deposits – Public Works	Trust Account			✓	0	✓	0
Temporary Deposits – Salary Overpayments	Trust Account			✓	15,000		
Washington Place Trust Fund	Trust Fund			✓	130,000		
Total			\$3,958,000		(\$5,399,000)		\$118,000

Source: Office of the Auditor

Office of the Auditor's Comments on the Department of Accounting and General Services' Response

Comments on Agency Response

WE TRANSMITTED a draft of this review to the Department of Accounting and General Services (DAGS) on December 12, 2023. We received DAGS' formal response to the draft report, which is attached in its entirety as Attachment 1. We address DAGS' comments below.

DAGS concurred with our findings that the Temporary Deposits – Public Works trust account does not meet the criteria for continuance and represented that it will be closed. DAGS also concurred with our findings that four trust accounts should be reclassified as trust funds.

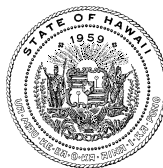
We reported that a revolving fund, State Risk Management Revolving Fund, did not meet the criteria of a revolving fund. DAGS stated that while the program the fund supports receives a General Fund appropriation, general funds were not deposited to or expended from the State Risk Management Revolving Fund for FY2024. We reviewed financial data through FY2023 and found that the fund was not financially self-sustaining as expenditures exceeded revenues for four out of the five years under review, which included general funds. The Legislature set the requirements for establishing and continuing revolving funds. *See* Section 37-52.4, HRS. One requirement is that revolving funds must serve a need, as demonstrated by an explanation of why the program cannot be implemented successfully under the General Fund appropriation process. Another requirement is that the fund demonstrates the capacity to be financially self-sustaining. Therefore, we maintain that this fund does not meet the revolving fund criteria.

We reported that a trust fund, Washington Place Trust Fund, did not meet the criteria of a trust fund and should be reclassified as a special fund. DAGS stated that Washington Place is currently supported by general fund appropriations for personnel and expenses, and it would not be financially self-sustaining if it had to take on these costs. Revenues are primarily from rents and fees charged for the use of, and activities conducted at, Washington Place, which are used to maintain and repair Washington Place, its antiques and cultural artifacts, and its grounds. Trust funds are defined as funds 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. *See* Section 37-62, HRS. As the fund is receiving rental revenues as the primary source of income, we maintain that this fund does not meet the trust fund criteria.

DAGS also concurred with our findings and represented that it will take appropriate action to ensure compliance with all statutory reporting requirements.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWA LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

December 14, 2023

Leslie H. Kondo, State Auditor
Office of the Auditor
465 S. King Street, Room 500
Honolulu, Hawai'i 96813-2917

Dear Mr. Kondo:

Thank you for the opportunity to comment on your draft report, Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services. We have reviewed your draft report and provide the following comments:

We agree with the State Auditor that the following trust account does not meet the criteria for continuance and will be closed:

- Temporary Deposits – Public Works

We concur with the recommendations to reclassify the following trust accounts to trust funds and will take the necessary action to effectuate the change:

- Refundable Deposits – Public Works – Leasing Branch
- Refundable Deposits – Public Works – Other Than Leasing
- State Foundation on Culture and the Arts
- Temporary Deposits – Automotive Management

State Risk Management Revolving Fund

We offer the following comments on the draft report's conclusion that the State Risk Management Revolving Fund does not meet all the criteria of a revolving fund because it relies on General Fund appropriations and is not financially self-sustaining. The State Risk Management program receives a General Fund appropriation which is used to purchase insurance policies that cover General Funded programs statewide. Additional General Fund appropriation was provided in FY24 but without the corresponding revolving fund ceiling to expend the funds from the State Risk Management Revolving Fund. Therefore, the General Fund appropriation will not be deposited into the State Risk Management Revolving Fund but will be expended directly from the General Fund to pay for insurance premiums. As such, this fund meets the criteria of a revolving fund.

Leslie H. Kondo, State Auditor
December 14, 2023
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Washington Place Trust Fund

The draft report states that the Washington Place Trust Fund should be reclassified as a special fund. The Washington Place Trust Fund is established as a Trust Fund by section 26-6(i), Hawai'i Revised Statutes, to preserve and protect Washington Place, including the grounds and the historic residence situated on its premises. Washington Place is currently supported by General Fund appropriations for personnel and expenses. The Washington Place Trust Fund would not be financially self-sustaining if it had to take on these costs. We believe it is appropriately classified as a Trust Fund.

Non-General Funds and Administratively Created Funds Not Reported to the Legislature

The Department will implement procedures to ensure that all funds are reported to the Legislature pursuant to sections 37-47, 37-48, 37-49, and 37-52.5, Hawai'i Revised Statutes.

Sincerely,



Keith A. Regan
Comptroller