



DEPT. COMM. NO. 262

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HWY., SUITE 200
HONOLULU, HAWAII 96817

December 28, 2018

Representative Scott Saiki
House Speaker
Hawaii'i State Capitol, Room 431
415 South Beretania Street
Honolulu, Hawaii 96813

Senator Ronald Kouchi
Senate President
Hawaii'i State Capitol, Room 409
415 South Beretania Street
Honolulu, Hawaii 96813

Hawaii LRB Library
State Capitol, Room 005
415 South Beretania Street
Honolulu, Hawaii 96813

SUBJECT: Submittal of Reporting Obligations pursuant to HRS 10-14.5(a) and HRS Section 37-47, Report on Non-General Fund Information

Aloha e House Speaker Saiki, Senate President Kouchi, and the Legislative Reference Bureau,

Pursuant to requirements in above cited HRS, please find attached:

- 1) Fiscal Year 2018 Actual Expenditures (Attachment A), and
- 2) Three (3) reports on Non-General Fund Information (Attachment B) which include:
 - a. Public Land Trust
 - b. Federal Fund
 - c. Special Projects Fund

Should you have questions or require additional information, please contact me at 594-1999 or davidl@oha.org, or Gloria Li, Controller, at 594-1955 or glorial@oha.org.

Mahalo,

A handwritten signature in cursive script, reading "David Laeha".

David Laeha, Ka Pou Kihl Kanaloa, Chief Financial Officer
Office of Hawaiian Affairs



**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

560 N. NIMITZ HWY., SUITE 200
HONOLULU, HAWAII 96817

December 27, 2018

Representative Sylvia Luke, Chair
House Committee on Finance
State Capitol
Room 306
415 South Beretania Street
Honolulu, Hawai'i 96813
Attn: Alberto Vargas

Senator Donovan Dela Cruz, Chair
Senate Committee on Ways and Means
State Capitol
Room 207
415 South Beretania Street
Honolulu, Hawai'i 96813
Attn: Dane Wicker

RE: Reporting obligations pursuant to HRS § 10-14.5(a), HRS § 37-47, and Act 131, SLH 2017, relating to the Office of Hawaiian Affairs

Aloha mai Chair Luke and Chair Dela Cruz,

- We appreciate your continuing support and guidance as we enter the 2019 legislative session. Please accept these reports, due no later than 20 days prior to the convening of the 2019 regular session, to follow through with our reporting obligations pertaining to the following statutory requirements: Fiscal Year 2018 Actual Expenditures (Attachment A) The reporting obligation per HRS § 10-14.5(a): the report details an accounting of expenditures made in prior year, by account code and budget program.
- Reporting of Non-General Fund Information (Attachment B)
The reporting obligation as described under HRS § 37-47.
- Pursuant to the transfer authority granted the OHA under Section 8 of Act 131, SLH 2017, HB 335 HD2 SD1 CD, OHA reports there were no transfers of funds between programs for operating purposes in 2018

Please do not hesitate to contact me at 594-1890 or kamanaoc@oha.org or have your staff contact Chief Financial Officer, David Laeha, at 594-1999 or davidl@oha.org should there be any questions regarding this correspondence or its attachments. Mahalo again and we look forward to working with you during the upcoming legislative session.

‘O wau iho nō me ka ‘oia‘i‘o,

Kamana'opono M. Crabbe

Kamana‘opono M. Crabbe, Ph.D.
Ka Pouhana, Chief Executive Office

Cc: Board of Trustees

DEPT. COMM. NO. 262

OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEAR 18 ACTUAL EXPENDITURES

EXPENDITURES	<u>GENERAL FUNDS</u>	<u>TRUST FUNDS</u>	<u>SPECIAL FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>TOTAL</u>
Current Programs:					
BOARD OF TRUSTEES					
Personnel	99,824	2,517,675	-	-	2,617,499
Program	-	162,306	-	-	162,306
Contracts	-	580,000	-	-	580,000
Grants	-	-	-	-	-
Travel	-	-	-	-	-
Overhead	-	90	-	-	90
Debt Service	-	-	-	-	-
Subtotal - Board of Trustees	99,824	3,260,071	-	-	3,359,895
SUPPORT SERVICES					
Personnel	815,139	5,710,989	-	-	6,526,128
Program	-	1,137,385	397	-	1,137,781
Contracts	524,400	4,207,983	115,405	-	4,847,788
Grants	-	-	-	-	-
Travel	-	345,021	5,646	-	350,667
Capital Investment & Equip	-	2,118,847	128,576	-	2,247,423
Overhead	296,100	2,929,096	9,174	-	3,234,370
Debt Service	-	3,178,987	-	-	3,178,987
Subtotal - Support Services	1,635,639	19,628,309	259,197	-	21,523,145
BENEFICIARY ADVOCACY					
Personnel	152,985	5,541,131	-	611,896	6,306,011
Program	-	163,151	-	49,648	212,799
Contracts	415,000	1,366,790	-	196,615	1,978,405
Grants	734,430	6,415,832	-	3,782	7,154,044
Travel	-	-	-	22,356	22,356
Capital Investment & Equip	-	718,846	200,000	-	918,846
Overhead	-	74,232	-	49,374	123,605
Debt Service	-	-	-	-	-
Subtotal - Beneficiary Advocacy	1,302,415	14,279,982	200,000	933,670	16,716,067
Total Expenditures	3,037,878	37,168,362	459,197	933,670	41,599,107

Report on Non-General Fund Information
for Submittal to the 2019 Legislature

ATTACHMENT B

Department: Office of Hawaiian Affairs
 Prog ID(s): OHA 150, 160, 175
 Name of Fund: Public Land Trust

Contact Name: Gloria Li
 Phone: (808) 594-1955
 Fund type (MOF) Trust

Legal Authority Hawaii State Constitution, Article XII, Section 4

Appropriation Acct. No. T-901, T-902, T-910, T-915, T-930, T-936, T-937, T-938, T-939, T-940

Intended Purpose:

To account for OHA's portion of revenues derived from the public land trust as defined in Section 10-2, HRS

Source of Revenues:

- a. *Ceded land revenue at \$15,100,000 per annum*
- a. *Dividend and Interest income from investments*
- b. *Realized gains from sales of investments*
- c. *Interest earned from Consumer Micro Loan Program*
- d. *Revenues generated from OHA's commercial properties operations Kaka'ako Makai parcels & Na Lama Kukui*

Current Program Activities/Allowable Expenses:

OHA's ongoing operational expenses; Programs for the betterment of native Hawaiian conditions

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Beginning Cash Balance	395,501	390,164	362,693	393,639	405,632	391,366	374,185
Revenues	50,338	32,514	76,080	77,341	42,466	42,745	44,889
Expenditures	40,310	44,776	32,443	38,001	40,232	41,594	43,719
Transfers							
List each net transfer in/out; list each account number							
Net Total Transfers	(15,365)	(15,209)	(12,691)	(27,347)	(16,500)	(18,332)	(18,250)
Ending Cash Balance	390,164	362,693	393,639	405,632	391,366	374,185	357,105
Encumbrances	20,336	16,914	14,108	12,883	14,000	14,000	14,000
Unencumbered Cash Balance	369,828	345,779	379,531	392,749	377,366	360,185	343,105

Additional Information:

Amount Req. by Bond Covenants	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount from Bond Proceeds	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount Held in CODs, Escrow Accounts, or Other Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Department: Office of Hawaiian Affairs
 Prog ID(s): _____
 Name of Fund: Federal Fund

Contact Name: Gloria Li
 Phone: (808) 594-1955
 Fund type (MOF) Special

Legal Authority HRS 10-13

Appropriation Acct. No. S-200, S-201, S-202

Intended Purpose:

S-200 - Hālawā Luluku Interpretive Development (HLID) was created largely to mitigate any adverse impact resulting from the construction of the Interstate H-3
 S-201 - Funds provided by US EPA to inventory, characterize, assess, and conduct planning and community involvement related to brownfields sites.
 S-202 - To provide Native Hawaiians individuals and Native Hawaiian-owned businesses better access to financial capital and financial services

Source of Revenues:

S-200 - Federal Highways Administration - 90% funding; Hawai'i Department of Transportation - 10% funding
 S-201- US Environmental Protection Agency
 S-202 - Federal Grant Award; OHA's dollar for dollar match on Federal Grant Award; Principal repayments; Interest earned from loans; Interest earned from investments; Miscellaneous revenue derived from loan fees; Recovery of loans written-off.

Current Program Activities/Allowable Expenses:

S-200 - Salaries and CIP to maintain the H-3 Highway
 S-201 - Contracted services to do sampling on soil and other testing to create a Phase II environmental assessment report for the impact in Kaka'ako Makai
 S-202 - Expenditures consisted of loan disbursements, loan application fees, legal services, technical assistance, investment management, bad debt, personnel and various overhead cost

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Beginning Cash Balance	15,765	18,586	20,759	23,960	24,299	24,599	24,899
Revenues	4,827	3,858	4,353	3,356	2,237	2,218	2,262
Expenditures	2,042	2,033	2,128	3,050	2,237	2,218	2,262
Transfers							
List each net transfer in/out; list each account number							
Net Total Transfers	36	348	976	33	300	300	300
Ending Cash Balance	18,586	20,759	23,960	24,299	24,599	24,899	25,199
Encumbrances	796	596	1,630	105	500	500	500
Unencumbered Cash Balance	17,790	20,163	22,330	24,194	24,099	24,399	24,699

Additional Information:

Amount Req. by Bond Covenants	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount from Bond Proceeds	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount Held in CODs, Escrow Accounts, or Other Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Department: Office of Hawaiian Affairs
 Prog ID(s): _____
 Name of Fund: Projects Fund

Contact Name: Gloria Li
 Phone: (808) 594-1955
 Fund type (MOF) Special

Legal Authority HRS 10-13

Appropriation Acct. No. S-310, S-315, S-320, S-331

Intended Purpose:

S-310 - To provide budget for continuous management, maintenance, and repair of the Palau'ea Cultural Preserve for the preservation of culturally and archaeologically significant sites.
 S-315 - To account for the activities related to OHA's management and stewardship of the Forest Reserve.
 S-320 - This trust fund was established in 1987 to receive revenues from the sale of advertising space on OHA's monthly newspaper, Ka Wai Ola
 S-331 - This trust fund was established in 1987 to receive OHA's portion of legal fees recovered through settlements of Native Hawaiian Legal Corporation (NHLC) land title cases. The corporation provides legal services to Native Hawaiians defending their property interests in quiet title actions

Source of Revenues:

S-310 - The Declaration of Covenants, Conditions, and Restrictions of the One Palau'ea Bay Community Association require payment of a Historical Archeological Enhancement Fee equivalent to 0.5% of gross selling price each time a lot within One Palau'ea Bay is transferred to a new owner.
 S-315 - OHA's trust fund is the main funding source.
 S-320 - Major revenue sources for this fund include sales of advertising space on OHA's monthly newspaper, Ka Wai Ola; OHA's portion of proceeds from the sale of publications or books; federal and other grants; and private donations designated for OHA's programs
 S-331 - OHA receives 50% of the amounts recovered by NHLC from clients in land-related cases.

Current Program Activities/Allowable Expenses:

S-310 - Costs related to this program has been primarily related to basic management property, such as utilities, bank fees, and repair and maintenance
 S-315 - OHA's trust fund is the main funding source.
 S-320 - Purchasing printing software and equipment for Kai Wai Ola publication, public information products such as books and video
 S-331 - Interest expense was the only cost incurred by the program.

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Beginning Cash Balance	346	364	322	512	494	561	471
Revenues	76	443	84	58	60	60	60
Expenditures	86	485	40	397	693	1,682	1,600
Transfers							
List each net transfer in/out; list each account number							
Net Total Transfers	28	0	146	321	700	1,532	1,450
Ending Cash Balance	364	322	512	494	561	471	381
Encumbrances	11	44	199	233	200	200	200
Unencumbered Cash Balance	353	278	313	261	361	271	181

Additional Information:

Amount Req. by Bond Covenants	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount from Bond Proceeds	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amount Held in CODs, Escrow Accounts, or Other Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A