

January 14, 2020

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaii State Capitol, Room 409
Honolulu, Hawaii 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawaii State Capitol, Room 431
Honolulu, Hawaii 96813

Re: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism, Report No. 20-01

Dear President Kouchi and Speaker Saiki:

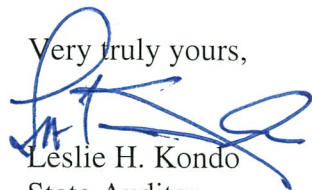
Please find attached Report No. 20-01, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism*, along with the Auditor's Summary. This report presents a five-year summary for each special fund, revolving fund, trust fund, and trust account maintained by the Department of Business, Economic Development and Tourism, evaluates the original intent and purpose of each fund and account, and determines the degree to which each fund and account achieves its stated and claimed purpose.

The report is accessible through the Office of the Auditor's website at:
<http://files.hawaii.gov/auditor/Reports/2020/20-01.pdf>.

The summary is also accessible through the Office of the Auditor's website at:
<http://files.hawaii.gov/auditor/Overviews/2020/20-01AuditorSummary.pdf>.

If you or other Legislators would like a printed version of the report, please let me know.

Very truly yours,



Leslie H. Kondo
State Auditor

LHK:emo

Attachments

ec/attach: Senators
Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism

Sixty-nine special funds, revolving funds, trust funds, and trust accounts were reviewed.

Report No. 20-01

Nine funds and accounts did not meet criteria.

WE REVIEWED 69 FUNDS AND ACCOUNTS administered by the Department of Business, Economic Development and Tourism (DBEDT) and reported on 38 of them. We found six revolving funds, one special fund, and two trust accounts did not meet criteria. We recommended four revolving funds and one trust account be reclassified as special funds; one trust account be closed; and one revolving fund be repealed. We also recommended that the department confer with the Legislature to find a more appropriate vehicle to hold and expend moneys in a revolving fund and a special fund, both of which are supported only through appropriations from the general fund.

Section 23-12, Hawai'i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department's funds are reviewed once every five years. Although not mandated by statute, we include trust accounts as part of our reviews. This is our sixth review of DBEDT's revolving funds, trust funds, and trust accounts, and our second review of DBEDT's special funds.

We use criteria developed by the Legislature, the Department of Accounting and General Services, 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. Financial data is provided for informational purposes and has not been audited. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

WE NOTED THAT DBEDT did not file statutorily required reports for non-general funds with balances totaling \$5,752,000 and for administratively created funds with balances totaling \$752,000. Accurate and complete reporting provides important information to legislators about an agency's financial position.



FUND TYPES

SPECIAL FUNDS

are used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes.

REVOLVING FUNDS

such as loan funds, are often established with an appropriation of seed money from the general fund and must demonstrate the capacity to be self-sustaining.

TRUST FUNDS

such as a pension fund, invoke the State's fiduciary responsibility to care for and use the assets held to benefit those with a vested interest in the assets.

TRUST ACCOUNTS

are typically separate holding or clearing accounts and are often used as accounting devices for crediting or charging state agencies or projects for payroll and other costs.

Agency response

THE DEPARTMENT DISAGREED with our assessment that one revolving fund did not meet its criteria, which is the same determination that we reached in our 2009 and 2014 reviews of DBEDT's funds. We maintain that the fund does not meet the criteria of a revolving fund because there is no nexus or linkage between the fund and sources of revenue and believe that the fund should be reclassified as a special fund. The department also questioned our conclusion that three other revolving funds did not meet the statutory criteria; however, we are unclear as to the basis of DBEDT's disagreement. We believe that our analyses and conclusions with respect to those funds are appropriate.

As to our other observations, DBEDT stated that the department will take steps to ensure compliance with reporting requirements for non-general funds and for administratively created funds.

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism

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

Report No. 20-01
January 2020



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:
<http://auditor.hawaii.gov>

Foreword

This is a report of our review of the special funds, revolving funds, trust funds, and trust accounts administered by the State of Hawai‘i, Department of Business, Economic Development and Tourism.

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 included trust accounts as part of our review. This is our sixth review of the Department of Business, Economic Development and Tourism’s revolving funds, trust funds, and trust accounts, and our second review of its special funds.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Department of Business, Economic Development and Tourism.

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 Business, Economic Development and Tourism (DBEDT). 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. Specifically, the Auditor’s review 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 balance for each fiscal year.

This is our sixth review of DBEDT’s revolving funds, trust funds, and trust accounts.¹ It is our second review of DBEDT’s special funds since Act 130, Session Laws of Hawai‘i (SLH) 2013, amended Section 23-12, HRS, to require a review of special funds along with revolving funds and trust funds. 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, generally, are subject to minimal legislative scrutiny. We last examined DBEDT’s funds and accounts in 2014.

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

The Department of Accounting and General Services (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 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 account and the degree to which each fund and account 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 if 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 DBEDT.
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 (FY2015 – FY2019) unaudited financial summary for each fund and account of DBEDT.

Scope and Methodology

We reviewed all special funds, revolving funds, trust funds, and trust accounts directly administered by DBEDT during the five-year period under review (FY2015 – FY2019). Funds and accounts included those established by statute 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, 2014 to June 30, 2019), 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 FY2014 reported in our last review and opening balances reported for FY2015. We did not audit DBEDT's financial data, which are provided 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 and compared fund balances to financial activity and projected program needs and standards. 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. 14-13, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Departments of the Attorney General and Business, Economic Development and Tourism*.

Our review was conducted in October and November 2019. Recommendations were made where applicable.

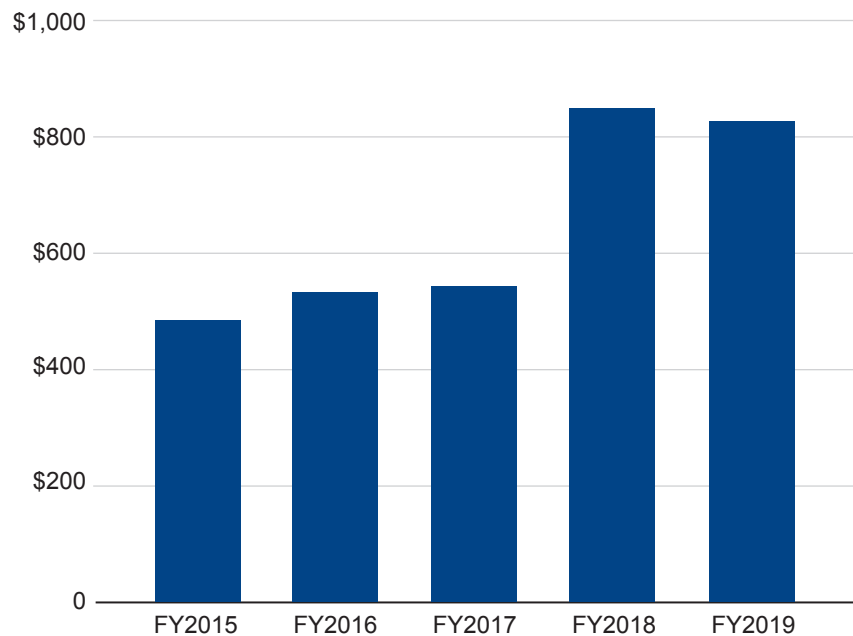
Chapter 2

Department of Business, Economic Development and Tourism

This section presents the results of our review of 11 special funds, 17 revolving funds, and 10 trust accounts. Total fund fiscal year-end balances amounted to at least \$485 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 DBEDT Non-General Funds
FY2015 – FY2019 (in millions)



Source: Office of the Auditor

Substantial amounts were collected and expended by the funds annually. In FY2019, the special funds, revolving funds, trust funds, and trust accounts collected almost \$470 million and spent or transferred more than \$492 million.

Exhibit 2.2 presents totals for the combined revenue and interest, expenses and transfers, and ending fund balances for the different fund types for FY2019.

**Exhibit 2.2
DBEDT Fund and Account Totals by Type, FY2019**

Fund Type	Revenue and Interest	Expenses and Transfers	FY2019 End Cash Balance
Special Funds	\$136,033,000	\$153,498,000	\$219,894,000
Revolving Funds	333,100,000	337,852,000	603,252,000
Trust Funds/Trust Accounts	810,000	686,000	5,876,000
Total	\$469,943,000	\$492,036,000	\$829,022,000

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 a special fund, revolving fund, trust fund, or trust account. This review does not include an assessment of the effectiveness of the program or its management. Funds and accounts are presented in alphabetical order.

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

**Exhibit 2.3
DBEDT Funds and Accounts Not Meeting Criteria**

Fund Name	Fund Type	FY2019 Ending Balance (rounded)	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
Alternative Energy Research & Development Revolving Fund*	Revolving Fund	\$950,000		✓	✓	✓	✓
Energy Audits-Recipients’ Share of Cost***	Trust Account	-	✓				
Hawai’i Community-Based Development Revolving Fund*	Revolving Fund	\$448,000		✓	✓		✓
Hawai’i Community Development Revolving Fund*	Revolving Fund	\$25,141,000			✓		✓
Hawai’i Technology Loan Revolving Fund**	Revolving Fund	\$6,000	✓	✓	✓		✓
He’eia Community Development Revolving Fund*	Revolving Fund	\$31,000			✓		✓
Kalaeloa Community Development District*	Revolving Fund	\$758,000			✓		✓
Kalaeloa Facilities*	Trust Account	\$132,000			✓		✓
Research & Development Special Fund*	Special Fund	\$950,000		✓	✓	✓	
Total		\$28,416,000					

*Reclassification to a different type of fund is recommended.

**Fund should be repealed.

***Fund should be closed.

Source: Office of the Auditor

**Alternative
Energy Research
& Development
Revolving Fund
(revolving fund)**

**Act 159, SLH 2015;
Act 67, SLH 2018**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	950*	0	950*
Interest	0	0	0	0	0
Expenditures	0	0	(950)	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$950
Encumbrances	\$0	\$1,000**	\$0	\$0	\$950

*For FY2017 and FY2019, the Legislature appropriated \$1 million out of general fund revenues. According to DBEDT, in both FY2017 and FY2019, the Governor restricted the program’s budget and released only \$950,000 of the \$1 million appropriation.

**Act 159, SLH 2015, appropriated out of general fund revenues \$1 million for FY2016 and FY2017. The department did not transfer the appropriation to the Alternative Energy Research & Development Revolving Fund before the end of FY2016, which caused the appropriation to lapse. However, the department purportedly “encumbered” \$1 million in FY2016, notwithstanding the fund’s zero balance.

This fund does not meet the criteria of a revolving fund, but continues to serve the purpose for which it was originally established.

Statutorily re-established in 2018, the fund is used to provide matching state grants to qualified businesses that receive federal grants for research and development in alternative energy by the Office of Naval Research. Act 159, SLH 2015, first established the matching grant pilot program that took effect on July 1, 2015 and expired on June 30, 2017. The program was re-established by Act 67, SLH 2018, which also provides that the fund will be abolished on June 30, 2020, with all unencumbered balances lapsing to the credit of the general fund. Revenues are from general fund appropriations. Expenditures include grants to qualified recipients. The fund does not meet criteria because it relies entirely on general funds to replenish the moneys available for the matching grants and is therefore not self-sustaining. Additionally, grant recipients are not assessed any fee or other charge to replenish the fund; therefore there is no link between benefits sought and charges made. The fund should be repealed. The department should confer with the Legislature to find a more appropriate vehicle to hold and expend these funds.

**Brownfields Cleanup
Revolving Loan Fund
(revolving fund)**

Section 201-18, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$1,770	\$1,770	\$1,237	\$988	\$1,535
Revenues	0	0	0	547	0
Interest	0	0	0	0	0
Expenditures	0	(533)	(249)	0	0
Transfers	0	0	0	0	0
Ending Balance	\$1,770	\$1,237	\$988	\$1,535	\$1,535
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2002, the fund is used to provide low-cost loans for the cleanup of “brownfield” properties, where reuse or redevelopment is hindered by potential liability and cost of cleaning up contamination that may harm human and environmental health. The department has partnerships with the Office of Planning, the Department of Health, and the counties to facilitate a more efficient use and protection of Hawai‘i’s lands and infrastructure and to ensure contaminants are removed or remediated effectively. Revenues are from fees charged to loan applicants and repayment of loans and interest payments. Expenditures include low- to no-interest loans for the cleanup of brownfield properties and program costs for travel, conference, and other training fees. The department notes that this fund is currently considered a lender of last resort since there are sub-grants available for government and non-profit entities that provide more financially-viable loans. Consequently, the department plans to submit a bill in the 2020 legislative session to amend the fund’s statutory authority to allow moneys to be used for sub-grants for cleanup activities in order to spend down the fund for eventual program closure.

**Convention Center
Enterprise Special
Fund
(special fund)**

Section 201B-8, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$14,826	\$20,244	\$21,331	\$17,932	\$20,846
Revenues	39,761	47,024	41,871	37,635	25,735
Interest	36	44	55	29	0
Expenditures	(34,379)	(45,981)	(45,325)	(39,691)	(23,010)
Transfers*	0	0	0	4,941	0
Ending Balance	\$20,244	\$21,331	\$17,932	\$20,846	\$23,571
Encumbrances	\$15,994	\$5,704	\$1,825	\$2,486	\$2,748

*Transfer from Tourism Special Fund for the purpose of funding the Convention Center's sales and marketing.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2002, the fund is used to maintain the Hawai'i Convention Center as a commercial enterprise and world-class facility for conventions, entertainment, and public events. Revenue sources include a portion of the transient accommodations tax, moneys derived from the operations of the Convention Center including food and beverage service, parking facilities, concessions, and sale of souvenirs, logo items, and other items offered for purchase at the Convention Center, and supplemental funds from the Tourism Special Fund. Expenditures include costs related to operations, maintenance, improvements, major repairs, and marketing of the Convention Center. Through FY2018, the program also paid for an obligation to the Department of Budget and Finance related to the construction costs of the Convention Center; in FY2019, the obligation was extinguished, and no such payment was necessary.

**Dwelling Unit
Revolving Fund
(revolving fund)**

Section 201H-191, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$67,755	\$85,055	\$95,669	\$91,027	\$123,043
Revenues	30,588	22,633	9,373	47,535	48,119
Interest	1,220	522	2,070	1,504	2,919
Expenditures	(16,075)	(14,149)	(18,034)	(19,091)	(20,640)
Transfers**	1,567	1608	1,949	2,068	2,193
Ending Balance	\$85,055	\$95,669	\$91,027	\$123,043	\$155,634
Encumbrances	\$3,433	\$2,435	\$3,675	\$7,648	\$8,417

*This fund is the parent account for two sub-accounts, the Hawai‘i Housing Finance and Development Corporation (HHFDC) account and the Private Housing Development and Ownership account. The financial data presented is a consolidation of this fund and its sub-accounts.

**Transfers are from the Housing Finance Revolving Fund, Rental Housing Revolving Fund, and Rental Assistance Revolving Fund for the administrative expenses of the programs of HHFDC.

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1970, the fund is used for administering and implementing housing development programs. Revenues come from the following sources: (1) repayment on loans, (2) sales of dwelling units, land, and other assets, (3) rental income and lease rental income from dwelling owners, (4) shared-equity appreciation, and (5) investment interest. Expenditures include costs of acquiring and maintaining real property, expenses related to sales, interim construction financing for affordable housing projects, rental project expenses, and administrative costs to administer housing development programs.

Act 132, SLH 2016, authorized HHFDC to establish and operate regional state infrastructure sub-accounts within the Dwelling Unit Revolving Fund to help finance housing and mixed-use transit-oriented developments for counties requesting establishment of a sub-account. Sub-account funds may be used for infrastructure improvements to increase capacity of infrastructure facilities, including regional sewer systems, water systems, drainage systems, roads, and telecommunications broadband.

**Energy Audits –
Recipients’ Share of
Cost
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$4	\$0	\$0	\$0	\$0
Revenues	2	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(6)	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account does not meet the criteria of a trust account because it has been inactive since FY2015 and no longer serves the purpose for which it was created. The account should be closed.

Administratively established in 2012, the account was created to support a federal grant program that conducts energy audits for rural small businesses and farmers and acts as a holding account for moneys received from Energy Audit recipients. Revenues are 25 percent of the actual cost paid by audit participants. Expenditures include reimbursements to the Energy Security Special Fund paid toward audit costs. The account is inactive as demonstrated by the lack of financial activity in the account.

**Energy Security
Special Fund
(special fund)**

Section 201-12.8, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$4,710	\$3,904	\$3,327	\$2,433	\$2,167
Revenues	3,789	3,882	3,809	3,878	4,102
Interest	17	13	17	13	16
Expenditures	(4,612)	(4,472)	(4,720)	(4,157)	(4,006)
Transfers	0	0	0	0	0
Ending Balance	\$3,904	\$3,327	\$2,433	\$2,167	\$2,279
Encumbrances	\$1,652	\$1,022	\$474	\$396	\$326

*This fund is a consolidation of Energy Security Fund and Energy, Environment, and Aerospace Fund since they support the same program.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2008, the fund is used to support the Hawai'i Clean Energy Initiative program to manage the State's transition to a clean energy economy. Revenues are from the Environmental Response, Energy, and Food Security Tax (also known as the "Barrel Tax"). Expenditures include salaries and fringe benefits for positions in the Hawai'i State Energy Office, administrative expenses, and programs that support: (1) Renewable Energy Portfolio Standards, (2) Energy Efficiency Portfolio Standards, and (3) Education and Outreach. Although the fund was financially self-sustaining during the five-year review period, the department notes that it will depend on a general fund appropriation to fund positions in the Hawai'i State Energy Office beginning in FY2020. Should the fund require general fund support, it will no longer meet the criteria of a special fund, and the department should seek to repeal the law and close the fund.

**Fee Simple Residential
Revolving Fund
(revolving fund)**

Section 516-44, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)

	FY2015	FY2016
Beginning Balance	\$61	\$61
Revenues	0	0
Interest	0	0
Expenditures*	0	(61)
Transfers	0	0
Ending Balance	\$61	\$0
Encumbrances	\$0	\$0

*Expenditures for FY2016 reflect the transfer of the remaining balance of \$61,177 to the general fund upon closure of the fund.

This fund was closed in FY2016 and the remaining balance was transferred to the general fund.

Statutorily established in 1967, the fund was used to account for revenues, receipts, and expenditures of the State’s land reform program. Revenues were derived from administrative and tract costs charged to lessees. Expenditures were from reimbursements for arbitration services. We previously reviewed the fund in Report No. 14-13 and recommended that the fund be repealed since it no longer served the purpose for which it was created and did not meet the criteria for a revolving fund. The fund was closed pursuant to Act 237, SLH 2015, which repealed Section 516-44, HRS.

**Foreign-Trade Zones
Special Fund
(special fund)**

Section 212-9, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$1,095	\$992	\$1,130	\$1,420	\$1,480
Revenues	1,668	2,053	2,204	2,173	2,318
Interest	0	0	0	0	0
Expenditures	(1,771)	(1,915)	(1,914)	(2,113)	(2,246)
Transfers	0	0	0	0	0
Ending Balance	\$992	\$1,130	\$1,420	\$1,480	\$1,552
Encumbrances	\$267	\$315	\$311	\$265	\$235

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1971, the fund is used to help the Foreign-Trade Zone (FTZ) program reduce the barriers and costs associated with international trade by encouraging manufacturing and value-added activities, increasing the export competitiveness of Hawai‘i companies, supporting small businesses engaged in importing and exporting activities, and attracting new investment and job opportunities to the State. Revenues are from: (1) FTZ warehouse storage fees, (2) warehouse service and handling fees, (3) warehouse equipment rental fees, (4) tenant office lease rents and parking fees at Pier 2, and (5) subzone establishment and administration fees. Expenditures include personnel costs, expenses associated with operating the warehouse and office facility, and 20 percent of the rent revenue on ceded lands paid to the Office of Hawaiian Affairs.

**Hawai'i Community
Development
Revolving Fund
(revolving fund)**

Section 206E-16, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$15,966	\$18,903	\$26,078	\$26,536	\$27,599
Revenues	7,428	10,315	3,182	4,479	2,842
Interest	0	0	0	0	0
Expenditures	(4,403)	(3,029)	(2,496)	(2,530)	(4,274)
Transfers*	(88)	(111)	(228)	(886)	(1,026)
Ending Balance	\$18,903	\$26,078	\$26,536	\$27,599	\$25,141
Encumbrances	\$3,064	\$2,249	\$3,189	\$2,710	\$2,971

*Transfers were made to the Kalaehoa Community Development District revolving fund for payroll. In FY2018, \$150,000 was transferred to the He'eia Community Development Revolving Fund to pay for an archaeological inventory survey of the district. In FY2019, \$600,000 was transferred to the Emergency Appropriation – HCDA Revolving Fund for payroll.

This fund continues to serve the purpose for which it was created, but functions like a special fund.

Statutorily established in 1976, the fund is used to support the community development objectives of the Hawai'i Community Development Authority, which include conducting comprehensive planning activities, administering zoning regulations, and promoting economic and community development activities in Kaka'ako. Revenues are from leases and agreements, improvement district assessment payments, public facilities, and reserved housing fees. Expenditures include personnel costs, administrative expenses, contractual services, and 20 percent of the rent revenue on ceded lands paid to the Office of Hawaiian Affairs. The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the account are not replenished by the charges made for the goods and services provided. The fund operates like a special fund (where funds are set aside by law for a specific object or purpose), and should be reclassified as a special fund.

**Hawai'i Community-
Based Economic
Development
Revolving Fund
(revolving fund)**

Section 210D-4, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$204	\$158	\$111	\$115	\$125
Revenues	27	14	41	19	460
Interest	0	0	0	0	0
Expenditures	(73)	(61)	(37)	(9)	(137)
Transfers	0	0	0	0	0
Ending Balance	\$158	\$111	\$115	\$125	\$448
Encumbrances	\$70	\$10	\$0	\$0	\$3

Statutorily established in 1990, the fund is used to assist the establishment and development of community-based enterprises in the State through loans, grants, and technical assistance. Revenues are from general fund infusions, repayment of loan principal, loan interest payments, and transfer of funds from other programs within DBEDT that have been closed or allowed to sunset. Expenditures include personnel and operational costs, loans, grants, and technical assistance.

This revolving fund continues to serve the purpose for which it was originally established and has the capacity to be self-sustaining following the enactment of Act 28, SLH 2018, which expanded the sources of revenue to the fund from other DBEDT loan programs. However, there is no nexus or linkage between the fund and sources of revenue since grant recipients are not assessed any charges to replenish the fund. As such, the fund does not fully meet the criteria as a revolving fund. We reached similar conclusions in our 2009 and 2014 funds review. According to the DBEDT Program Manager, the department is cognizant that the fund does not meet revolving fund criteria because of these grants. As noted by the DBEDT Program Manager, the Legislature only created this one revolving fund account; the Program Manager noted the program is in full compliance with Chapter 210D-4, HRS, which specifically includes loans and grants. The fund operates like a special fund (where funds are set aside by law for a specific object or purpose), and should be reclassified as such. In the alternative, the department could establish a trust fund for moneys set aside solely for grants.

**Hawai'i Green
Infrastructure Bond
Fund
(special fund)**

Section 196-67, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$8,163	\$7,974	\$4,535
Revenues	0	24,191	13,130	9,843	13,835
Interest	0	12	20	32	90
Expenditures	0	(16,040)	(13,339)	(13,314)	(13,430)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$8,163	\$7,974	\$4,535	\$5,030
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2013, the fund is used to hold the proceeds of the green infrastructure fee and other green infrastructure property. The fund is pledged to the bondholders of the Green Infrastructure Bonds and is used to provide loans and other financial products to ratepayers in the Hawaiian Electric Companies' service territory for clean energy and energy efficiency. Revenues are from the proceeds of the green infrastructure fee and interest earned on bank deposits. Green infrastructure fees are assessed on the electric bills of all ratepayers of Hawaiian Electric Company, Hawai'i Electric Light Company, and Maui Electric Company, which remit the green infrastructure fees to the bond fund daily. Expenditures include the ongoing costs for maintaining the bonds which include financial advisors, legal counsel, auditor fees, and rating agency fees.

**Hawai'i Green
Infrastructure Special
Fund (Not in State
Treasury)
(special fund)**

Section 196-65, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$145,997	\$144,661	\$139,707	\$134,625
Revenues	289,890	15	2,134	711	4,524
Interest	7	98	472	592	354
Expenditures	(143,900)	(1,449)	(7,560)	(6,385)	(24,910)
Transfers	0	0	0	0	0
Ending Balance	\$145,997	\$144,661	\$139,707	\$134,625	\$114,593
Encumbrances	\$879	\$658	\$572	\$526	\$382

*This fund is the parent account and primary source of revenue for the Hawai'i Green Infrastructure Special Fund and the Hawai'i Green Infrastructure Special Fund Sub-Account. The financial data presented is a consolidation of this fund and its sub-accounts.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2013, the fund's purpose is to use the proceeds from Green Infrastructure Bond sales to make Public Utilities Commission-approved green infrastructure loans for renewable energy and energy efficiency, and to fund the administrative activities of the loan program. The loan program offers financing for energy efficiency and renewable energy, and its activities include loan origination, servicing, collections, marketing and program promotion, recruitment and training of contractors and installers, and administrative services to implement the program. Revenues are from loan fees, contractor application fees, late charges on loans, and interest on bank deposits. The loan principal and interest payments are repaid to the Public Utilities Commission and do not stay in the fund. Expenditures include fees for contractors, accounting and auditing services, program service expenses for the origination and servicing of loans, bank fees, marketing and outreach, collection agency fees, and general office expenses.

**Hawai‘i Strategic
Development
Corporation Revolving
Fund
(revolving fund)**

Section 211F-5, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$8,041	\$6,905	\$5,311	\$3,425	\$2,948
Revenues	37	255	58	176	1,234
Interest	0	0	0	0	0
Expenditures	(1,173)	(1,849)	(1,944)	(653)	(3,723)
Transfers	0	0	0	0	0
Ending Balance	\$6,905	\$5,311	\$3,425	\$2,948	\$459
Encumbrances	\$21	\$109	\$3	\$1,713	\$102

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1990, the fund is used to pay for the operations of the Hawai‘i Strategic Development Corporation (HSDC) and to finance program activities that are aimed at facilitating the growth and development of the commercial technology industry in Hawai‘i. Revenues are from returns on investments made by HSDC. Expenditures include operational costs and investments. Although the fund was financially self-sustaining during the five-year review period, the department notes returns on fund investments have not kept up with expenditures and moneys will eventually be needed from the general fund. Should the fund require general fund support, it will no longer meet the criteria of a revolving fund and the department should seek to repeal the law and close the fund.

**Hawai'i Technology
Loan Revolving Fund
(revolving fund)**

**Section 206M-15.6,
HRS**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$6	\$6
Revenues	0	0	6	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$6	\$6	\$6
Encumbrances	\$0	\$0	\$0	\$0	\$0

In our 2014 funds review, we recommended that this fund be repealed. We reported that the Hawai'i Technology Development Corporation (HTDC) had not implemented a program supported by the fund because the fund had not received moneys to implement a loan program since its creation in 2000. HTDC still has not implemented a loan program, and the fund has not received sufficient moneys to support one. The fund therefore does not serve the purpose for which it was created and cannot demonstrate it is needed to support a loan program. Accordingly, we continue to maintain the fund should be repealed.

Statutorily established in 2000, the fund was intended to invest in technology development in Hawai'i by making capital available to companies for which obtaining loans from conventional means or from venture capitalists was difficult. Revenues were intended to come from legislative appropriations, loan repayments, investment earnings, royalties, premiums or fees or equity, and loans that would be converted to equity. Given the lack of funding, there have been no expenditures from the fund since 2000. We recommend, as we did in our 2014 funds review, that this fund be repealed.

He‘eia Community Development Revolving Fund (revolving fund)

Section 206E-204, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$3	\$3	\$4	\$5	\$76
Revenues	0	1	1	0	1
Interest	0	0	0	0	0
Expenditures	0	0	0	(79)	(46)
Transfers*	0	0	0	150	0
Ending Balance	\$3	\$4	\$5	\$76	\$31
Encumbrances	\$0	\$0	\$0	\$71	\$25

*Transfer from Hawai‘i Community Development Revolving Fund for an archaeological inventory survey of the district.

This fund does not meet the criteria of a revolving fund. This fund continues to serve the purpose for which it was created, but functions more like a special fund.

Statutorily established in 2011, the fund was used to establish the He‘eia Community Development District and continues to support its activities to develop agriculture, education, and natural resource restoration and management of 405 acres of the He‘eia Wetlands. All of the lands in the district are covered under a lease given to Kāko‘o ‘Ōiwi, a community based non-profit entity that conducts agricultural and wetland restoration programs. Revenues are from rent paid by Kāko‘o ‘Ōiwi. Moneys were also deposited from the Hawai‘i Community Development Revolving Fund to fund a necessary archaeological inventory survey of the district. No expenditures were made except for the contract that was encumbered to fund the archaeological inventory survey of the district. The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the fund are not replenished by the charges made for the goods and services provided. The fund operates more like a special fund, where funds are set aside by law for a specific object or purpose, and as such should be reclassified as a special fund.

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

Section 201H-80, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$5,406	\$5,420	\$6,209	\$7,063	\$7,614
Revenues	2,870	3,507	3,772	3,635	4,207
Interest	28	52	63	52	66
Expenditures	(1,427)	(1,275)	(1,643)	(1,697)	(2,047)
Transfers**	(1,457)	(1,495)	(1,338)	(1,439)	(1,508)
Ending Balance	\$5,420	\$6,209	\$7,063	\$7,614	\$8,332
Encumbrances	\$796	\$223	\$357	\$716	\$531

*This fund is the parent account for the Housing Finance sub-account. The financial data presented is a consolidation of this fund and its sub-account.

**Transfers are to the Hawai‘i Housing Finance and Development Corporation Fund for administrative expenses.

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1985, the fund is used for long-term and special financing of the Hawai‘i Housing Finance and Development Corporation and for payment of necessary administrative expenses for programs including the Mortgage Credit Certificate program, the Kahana Valley Loan program, the Low-Income Housing Tax Credit (LIHTC) program, and the LIHTC Loan program. Revenues are from fees paid by applicants to the various programs, repayments on loans, and investment interest. Expenditures include administrative and financing costs to administer the various programs.

**Housing Loan Program
Revenue Bond
Revolving Fund –
Rental Housing System
(Not in State Treasury)
(revolving fund)**

Section 201H-80, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$2,246	\$2,341	\$2,526	\$2,670	\$2,772
Revenues	18,994	19,861	20,514	21,512	97,312
Interest	2	2	20	265	673
Expenditures	(18,901)	(19,678)	(20,390)	(21,675)	(82,848)
Transfers*	0	0	0	0	0
Ending Balance	\$2,341	\$2,526	\$2,670	\$2,772	\$17,909
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1987 as a special fund, the fund was later reclassified to a revolving fund pursuant to Act 237, SLH 2015. We previously reviewed the fund in Report No. 14-13 and recommended reclassification from a special fund to a revolving fund. The fund is used to account for housing projects and systems of housing projects financed from the proceeds of Hawai‘i Rental Housing System Revenue Bonds. The purpose of the Rental Housing System program is to acquire land, design, construct, or purchase rental housing and to operate these rental housing projects to alleviate the shortage of available rental housing opportunities. Sources of revenue include bond proceeds, tenant rental income, parking, laundry concession fees, and investment income. Expenditures include rental project expenses, bond issuance costs, bond interest, bond principal repayments, establishment of bond reserves, and administrative expenses to administer the program.

**Housing Loan Program
Revenue Bond
Revolving Fund –
Single Family (Not in
State Treasury)
(revolving fund)**

**Section 201H-80, 100,
HRS**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$11	\$142	\$0	\$0	\$0
Revenues	363	309	281	170	86
Interest	3,675	2,808	2,365	2,043	1,846
Expenditures	(3,907)	(3,259)	(2,646)	(2,213)	(1,932)
Transfers	0	0	0	0	0
Ending Balance	\$142	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1979 as a special fund, the fund was reclassified to a revolving fund pursuant to Act 237, SLH 2015. We previously reviewed the fund in Report No. 14-13 and recommended reclassification from a special fund to a revolving fund. The fund is used to account for housing projects and systems of housing projects financed from the proceeds of Single Family Mortgage Purchase Revenue Bonds. The proceeds of the revenue bonds are used to issue single family mortgage loans and to purchase mortgage-backed securities where the mortgages are single family mortgages on Hawai'i properties. Revenues are from bond proceeds, loan interest payments, investment income, and repayment of loan proceeds. Expenditures include interest expense on bonds, repayment of bonds, and administrative expenses for administering the program.

**Housing Project Bond
Revolving Fund – Multi-
Family (Not in State
Treasury)
(revolving fund)**

Section 201H-80, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	96,285	15,205	81,751	133,094	90,349
Interest	5,233	5,331	6,545	7,263	9,051
Expenditures	(101,518)	(20,536)	(88,296)	(140,357)	(99,400)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1980 as a special fund, the fund was reclassified to a revolving fund pursuant to Act 237, SLH 2015. We previously reviewed the fund in Report No. 14-13 and recommended reclassification from a special fund to a revolving fund. The fund is used to account for the housing projects or systems of housing projects financed from the proceeds of Multi-Family Housing Revenue Bonds. Bond proceeds are loaned to developers for interim or permanent construction financing. Upon completion of the development, the developer repays the loan and interest, and in turn, Hawai'i Housing Finance and Development Corporation repays the bond principal and interest. The developer repays the loan by obtaining permanent construction financing, selling the property units, or through rental income. Revenues are from bond proceeds, loan interest income, investment income, repayment of loan proceeds, administrative costs related to issuance, and compliance fees. Expenditures include interest expense on bonds, repayment of bonds, and administrative expenses for administering the program.

**Hydrogen Investment
Capital Special Fund
(special fund)**

Section 211F-5.7, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$159	\$141	\$20	\$19	\$12
Revenues	1	0	0	0	0
Interest	0	0	0	0	0
Expenditures	(19)	(121)	(1)	(7)	0
Transfers	0	0	0	0	0
Ending Balance	\$141	\$20	\$19	\$12	\$12
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund continues to serve the purpose for which it was originally established, but does not meet the criteria of a special fund because it is no longer financially self-sustaining.

Statutorily established in 2006, the fund is used to provide seed capital and venture capital investment in private-sector and federal projects for research, development, testing, and implementation of the Hawai‘i Renewable Hydrogen Program. Sources of revenue include appropriations made by the Legislature; contributions from public or private partners; interest earned on, or accrued to, moneys deposited in the special fund; and moneys made available from other sources. Expenditures include moneys paid to a venture capital firm contracted by the department to invest on behalf of the fund and administrative costs.

The department stated that the fund is not financially self-sustaining as there are no additional revenues aside from the interest earned on the fund balance. There are no plans to request general funds to replenish the fund balance and the department states the balance will be transferred out and the fund closed.

**Kalaeloa Community
Development
Revolving Fund
(revolving fund)**

Section 206E-195, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$386	\$314	\$245	\$281	\$788
Revenues	209	220	203	216	316
Interest	0	0	0	0	0
Expenditures	(369)	(400)	(395)	(445)	(772)
Transfers**	88	111	228	736	426
Ending Balance	\$314	\$245	\$281	\$788	\$758
Encumbrances	\$5	\$0	\$0	\$651	\$383

*This fund is the parent account and primary source of revenue for the S-356 Kalaeloa Community Development District sub-account. The financial data presented is a consolidation of this fund and its sub-accounts.

**Transfers were made from the Hawai'i Community Development Revolving Fund for payroll.

This fund continues to serve the purpose for which it was created, but functions like a special fund.

The fund was originally statutorily established in 1997 to enable the Barbers Point Naval Air Station Redevelopment Commission to provide interim infrastructure services at Barbers Point. The fund was re-established in 2002 to support additional efforts by the Hawai'i Community Development Authority to redevelop the Barbers Point Naval Air Station/Kalaeloa Community Development District. Revenue sources include assessments paid by land users in the Kalaeloa Community Development District for their fair share of the costs required to administer and manage the land, impact fees, federal grant proceeds, and cost shares received from district landowners and public utilities. Expenditures include personnel costs, administrative expenses, and contractual services. The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the account are not replenished by the charges made for the goods and services provided. The fund operates more like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

**Kalaeloa Facilities
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	143
Interest	0	0	0	0	0
Expenditures	0	0	0	0	(11)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$132
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account does not meet all the criteria of a trust account because it functions more like a special fund, but continues to serve the purpose for which it was originally established.

Administratively established in 2018, the account is used to support the management, repair, and maintenance of the Kalaeloa Facilities. Revenue sources include lease rents and fees charged to tenants of the Kalaeloa Facilities. Expenditures include upkeep and offsetting of improvements at the Kalaeloa Facilities. The account does not meet the definition of a trust account because the account is not a separate holding or clearing account for a state agency. The account operates more like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

**Natural Energy
Laboratory of Hawai'i
Authority Special Fund
(special fund)**

Section 227D-5, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$2,313	\$1,569	\$1,726	\$1,305	\$750
Revenues	4,765	4,711	4,458	4,456	4,499
Interest	0	0	0	0	0
Expenditures	(5,509)	(4,554)	(4,879)	(5,011)	(4,741)
Transfers	0	0	0	0	0
Ending Balance	\$1,569	\$1,726	\$1,305	\$750	\$508
Encumbrances	\$990	\$581	\$1,052	\$359	\$97

*This fund is a consolidation of the Natural Energy Lab of Hawai'i Authority and the Natural Energy Lab of HI Authority as they are one fund.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1990, the fund is used to cover the operation costs of the Natural Energy Laboratory of Hawai'i Authority (NELHA). Revenues are from the Hawai'i Ocean Science and Technology Park (HOST Park), including rental fees and the sale of seawater. The program also received a one-time appropriation of \$675,000 for the establishment of an aquaculture accelerator and for a grant-in-aid to Friends of NELHA. Expenditures include personnel, operation of the seawater system, administrative costs associated with operating the HOST Park, and 20 percent of the rent revenue on ceded lands paid to the Office of Hawaiian Affairs.

**OHA Ceded Land
Proceeds
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$1	\$0	\$0
Revenues	40	37	89	59	69
Interest	0	0	0	0	0
Expenditures*	(40)	(36)	(90)	(59)	(69)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$1	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Pursuant to Act 178, SLH 2006, a portion of the receipts from the use of lands within the public land trust are transferred quarterly to the Office of Hawaiian Affairs.

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.

Pursuant to Act 178, SLH 2006, and Executive Order No. 06-06, all departments and agencies that collect receipts for the use of lands within the public land trust shall establish a trust holding account to accumulate a portion of each receipt for the Office of Hawaiian Affairs (OHA). This account was established in 2014. Revenues in this account are 20 percent of revenues collected by the Hawai'i Housing Finance and Development Corporation for the use of ceded lands for purposes other than to provide affordable housing, including ground rents from cell phone towers, utility facilities, and other commercial tenants. Expenditures shown are transferred to OHA on a quarterly basis.

OHA Ceded Lands Proceeds (FTZ) (trust account)

Administratively established

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$1	\$0	\$0	\$0
Revenues	9	6	7	6	8
Interest	0	0	0	0	0
Expenditures	(8)	(7)	(7)	(6)	(8)
Transfers	0	0	0	0	0
Ending Balance	\$1	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.

Administratively established in 2003, the account is used as a holding account for ceded land proceeds from foreign-trade zone tenants until the moneys are transferred to the Office of Hawaiian Affairs (OHA). Revenues are 20 percent of the rent revenue from foreign-trade zone tenants leasing property on ceded lands. Expenditures include funds paid to OHA.

**OHA Ceded Lands
Proceeds (HCDA)
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	190	62	128	78	30
Interest	0	0	0	0	0
Expenditures	(190)	(62)	(128)	(78)	(30)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.

Administratively established in 2003, the account is used to hold moneys generated from ceded lands within the Kaka‘ako Community Development District that are managed by the Hawai‘i Community Development Authority. Revenues are from 20 percent of the revenue generated from permits, licenses, or leases collected from commercial activities on ceded lands within the Kaka‘ako Community Development District. Expenditures include funds paid to the Office of Hawaiian Affairs.

OHA Ceded Lands Proceeds (NELHA) (trust account)

Administratively established

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$2	\$3	\$0	\$3	\$0
Revenues	344	380	373	327	361
Interest	0	0	0	0	0
Expenditures	(343)	(383)	(370)	(330)	(361)
Transfers	0	0	0	0	0
Ending Balance	\$3	\$0	\$3	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.

Administratively established in 2003, the account is used as a holding account for ceded land proceeds from the Hawai‘i Ocean Science and Technology Park pending transfer to the Office of Hawaiian Affairs (OHA). Revenues are from 20 percent of the rent revenue from the Hawai‘i Ocean Science and Technology Park on ceded lands. Expenditures include funds paid to OHA.

***Pisces Basalt Concrete
Project
(trust account)***

***Administratively
established***

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$13	\$0	\$3	\$3
Revenues	23	0	3	0	0
Interest	0	0	0	0	0
Expenditures	(10)	(13)	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$13	\$0	\$3	\$3	\$3
Encumbrances	\$13	\$0	\$0	\$0	\$0

This account no longer meets the criteria of a trust account and should be closed because it no longer serves the purpose for which it was created.

Administratively established in 2015, the account was used for a study to evaluate a prototype cement alternative for sidewalks. Revenues consisted of a \$25,000 grant from the County of Hawai‘i. Expenditures included costs related to the basalt study. The account has been inactive since the study was completed in 2016. The department states that it will expend the remaining balance on grantor-approved invoices and then close the account.

Private Contributions and Grants Trust Account (trust account)

Administratively established

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$91	\$91	\$91	\$91	\$91
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	\$91	\$91	\$91	\$91	\$91
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account does not meet the criteria of a trust account because it no longer serves the purpose for which it was created due to a lack of activity.

The account was administratively established in the 1980s (the exact year is unknown), and is used to account for contributions and grants received from private sources. Revenues are from contributions and grants. Expenditures include support for specific program activities as designated by the contribution or grant. The funds in the account are designated for renewable energy and were transferred into the account in the late 1990s. The account has been inactive since the last contract ended in 2008, and the department notes that the account has only recently been brought to their attention through our review of the department’s funds and accounts. The department states it is making plans to make use of the funds in the future.

**Rental Assistance
Revolving Fund
(revolving fund)**

Section 201H-123, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$20,739	\$19,321	\$18,132	\$7,469	\$10,464
Revenues	0	0	0	0	19,875
Interest	545	688	627	4,741	209
Expenditures	(1,853)	(1,763)	(1,632)	(1,565)	(1,471)
Transfers*	(110)	(114)	(9,658)	(181)	(179)
Ending Balance	\$19,321	\$18,132	\$7,469	\$10,464	\$28,898
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Transfers for FY2015, FY2016, FY2018, and FY2019 are to the Hawai'i Housing Finance and Development Corporation (HHFDC) for administrative costs and audit costs. Transfers for FY2017 included a transfer of \$157,527 to HHFDC for administrative costs and audit costs and \$9.5 million to the Rental Housing Revolving Fund made pursuant to Act 128, SLH 2016.

This fund generally meets the criteria for a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1982, the Rental Assistance Revolving Fund (RARF) is used to make payments under rental assistance contracts and to subsidize rents for tenants in eligible projects. The fund is also able to provide up to \$25 million (plus any bond proceeds), to provide interim construction financing to HHFDC, or qualified sponsors, for the development of affordable rental housing. Revenue sources include investment income, interest on interim loans, repayment of loan proceeds, and funding of new rental assistance program contracts. Expenditures include rent subsidies and administrative costs to administer the programs under this fund. A revolving fund is an appropriate means of financing for the loan activity because funds are replenished through interest on interim loans and repayment of loan proceeds; however, funds are not replenished for the rent subsidy activity. According to the agency, the fund is not self-sustaining for the rent subsidy activity since rental subsidies are not recovered from tenants. We note that during the review period, the fund did not require any general fund appropriations and was self-sustaining. Pursuant to Act 128, SLH 2016, the Legislature, finding that the rental assistance revolving fund had a balance in excess of the immediate needs of the fund, transferred \$9.5 million from the rental assistance revolving fund to the rental housing revolving fund. The purpose of the act was to provide capital for the development of affordable rental housing by transferring excess moneys from the RARF to the Rental Housing Revolving Fund.

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

Section 201H-202, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$79,038	\$97,111	\$125,492	\$156,524	\$430,753
Revenues	50,535	39,430	39,876	317,758	50,186
Interest	1,203	1,326	2,135	1,759	2,399
Expenditures	(33,665)	(12,375)	(20,025)	(44,841)	(120,092)
Transfers*	0	0	9,046	(447)	(506)
Ending Balance	\$97,111	\$125,492	\$156,524	\$430,753	\$362,740
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Transfers for FY2017 include \$9.5 million from the Rental Assistance Fund to the Rental Housing Revolving Fund pursuant to Act 128, SLH 2016 and a \$454,252 transfer to the Hawai'i Housing Finance and Development Corporation (HHFDC) revolving fund for administrative fees. In FY2018 and FY2019, transfers were made to the HHFDC revolving fund for administrative fees.

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1993 as the Rental Housing Trust Fund, the fund type was changed from a trust fund to a revolving fund, pursuant to Act 237, SLH 2015. The fund is used to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. The fund may also be used for planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing, and capacity building for nonprofit housing developers and other housing development services. Revenue sources include 50 percent of conveyance tax receipts (up to an annual cap of \$38 million), investment income, interest on loans, and repayment of loan proceeds.

**Research &
Development Special
Fund
(special fund)**

**Section 206M-15.3,
HRS**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	950
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$950
Encumbrances	\$0	\$0	\$0	\$0	\$950

This fund does not meet the criteria of a special fund, but continues to serve the purpose for which it was originally established.

Statutorily established in 2018, the fund is used to provide matching grants to qualified businesses that receive federal research and development tax credits to support product development, technology transfer, and commercialization. Revenues are from general fund appropriations and are subject to available funds. The funds moved into the account are encumbered to provide matching grants for qualified recipients. Expenditures would be grants to qualified recipients. The fund is holding an appropriation to prevent it from lapsing during the fiscal cycle so that businesses have time to apply and demonstrate that they received the tax credits that qualify for matching by this fund. The fund does not meet criteria because it is not self-sustaining since it relies on general funds to replenish grant funds and there is no clear link between benefits sought and charges made upon users since beneficiaries of the grants are not assessed charges to replenish the fund. The department should confer with the Legislature to find a more appropriate vehicle to hold and expend these funds.

**Salary Overpayments –
Periodic Deductions
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
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	0	0	0	0	0
Ending Balance	\$1	\$1	\$1	\$1	\$1
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.

Administratively established in 2013, the account is used as a temporary deposit for the repayment of salary overpayments until the full amount of the salary overpayment is recovered. Revenues are from recovered salary overpayments. Expenditures would include transfers of collected salary overpayments to the Director of Finance for the State of Hawai‘i.

**State Disaster
Revolving Loan Fund
(revolving fund)**

Section 209-34, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$276	\$276	\$277	\$280	\$281
Revenues	0	1	3	1	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$276	\$277	\$280	\$281	\$281
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1976, the fund is used to provide rehabilitation loans to small businesses following an officially declared disaster. Revenues are from loan repayments and interest. Expenditures other than loan disbursements consist of program costs including staff time, travel, transportation, and lodging in the case of an officially declared Neighbor Island disaster.

**Technology Special
Fund
(special fund)**

**Section 206M-15.5,
HRS**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$1,870	\$2,139	\$1,870	\$1,183	\$963
Revenues	1,483	1,255	963	1,183	194
Interest	0	0	0	0	0
Expenditures	(1,214)	(1,524)	(1,650)	(1,403)	(694)
Transfers	0	0	0	0	0
Ending Balance	\$2,139	\$1,870	\$1,183	\$963	\$463
Encumbrances	\$904	\$1,202	\$805	\$286	\$414

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily created in 1989, the fund is used to support the Hawai'i Technology Development Corporation (HTDC) and its mandate to facilitate the growth and development of the commercial technology industry in Hawai'i. Revenue sources include fees from tenants and other users of the development corporation's industrial parks, projects, other leased facilities, other services, and publications. Expenditures include costs to operate HTDC's incubation center programs and other projects, and include payroll, rent, event costs, and sponsorships. We note that there are questions about the fund's capacity to be financially self-sustaining as expenditures exceeded revenues in four of the five years under review and the fund's balance has been decreasing since FY2016.

**Temporary Deposits
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$335	\$396	\$502	\$600	\$658
Revenues	137	193	201	287	199
Interest	0	0	0	0	0
Expenditures	(76)	(87)	(103)	(229)	(207)
Transfers	0	0	0	0	0
Ending Balance	\$396	\$502	\$600	\$658	\$650
Encumbrances	\$0	\$23	\$25	\$23	\$23

This account generally meets the criteria of a trust account and continues to serve the purpose for which it was originally established. However, a portion of the account acts more like a trust fund.

Administratively established, the account is used to hold temporary deposits for the Foreign-Trade Zone, Natural Energy Laboratory of Hawai‘i Authority, Hawai‘i Technology Development Corporation, Creative Industries, and the Business Development and Support Division. Revenues are from deposits of tenants’ refundable rental deposits, registration fees for seminars, and private funds for specific purposes. Expenditures include the refund of rental deposits, the disbursement of registration fees, and private funds to cover event and program costs. The account meets the criteria of a trust account because it acts as a holding for the registration fees and private funds. However, the deposit and refund of tenants’ rental deposits functions more like a trust fund since the money is held in trust with a fiduciary responsibility for a designated beneficiary.

Tourism Emergency Special Fund (Not in State Treasury) ¹ (special fund)

Section 201B-10, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)					
	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
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	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The Tourism Emergency Trust Fund (not in State Treasury) was closed in FY2016 and the remaining balance was moved to the Tourism Emergency Special Fund (not in State Treasury). This change, however, has not been reflected in DAGS’ accounting records. The funds are represented here as being in one fund which reflects how the funds appear in FAMIS.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 2008 as a trust fund, Section 201B-10, HRS, was amended in FY2016, changing the Tourism Emergency Trust Fund into a special fund. This change has not been reflected in the Department of Accounting and General Services’ (DAGS) accounting records. The Hawai‘i Tourism Authority has requested DAGS’ accounting records be changed in FY2020 to reflect the change. The fund is used to provide for the development and implementation of emergency measures to respond to any tourism emergency. To maintain a balance of \$5 million, the fund receives revenues from transient accommodations tax proceeds collected by the State as a tax on accommodations proceeds. Expenditures include assistance to tourists during an emergency. Investment earnings are credited to the Tourism Special Fund.

¹ Section 201B-10, HRS, was amended in FY2016, changing the Tourism Emergency Trust Fund to the Tourism Emergency Special Fund. The change has not been reflected in the DAGS’ accounting records.

**Tourism Special Fund
(special fund)**

Section 201B-11, HRS

Financial Data for Fiscal Years 2015 – 2019 (in thousands)*

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$50,135	\$66,886	\$64,486	\$70,322	\$71,968
Revenues	82,232	82,068	82,037	82,170	79,416
Interest	135	171	158	29	0
Expenditures	(65,616)	(84,639)	(76,359)	(75,582)	(80,439)
Transfers**	0	0	0	(4,971)	(30)
Ending Balance	\$66,886	\$64,486	\$70,322	\$71,968	\$70,915
Encumbrances	\$42,995	\$41,919	\$44,295	\$46,055	\$40,698

*This fund is the parent account and primary source of revenue for the Protocol Fund – Hawai‘i Tourism Authority. The financial data presented is a consolidation of this fund and its sub-accounts.

**Transfers to the Creative Industries Division for the purpose of repairing the film office studio.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.

Statutorily established in 1998, the fund is used to promote, market, and develop Hawai‘i’s tourism industry. Revenues are from a portion of the transient accommodations tax and interest income. Expenditures include moneys spent on branding and destination management activities to promote a safe, culturally-authentic, and well-preserved destination for visitors and community for residents. At least \$1 million is also made available to support Hawai‘i’s natural environment and areas frequented by visitors.

Chapter 3

Observations on the Department of Business, Economic Development and Tourism's Reporting and Accounting for Funds

As we reported in our *Study of the Transfer of Non-General Funds to the General Fund*, Report No. 12-04, special, 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 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.

DBEDT Did Not Report Non-General Funds 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 to 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 37-52.5, 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 and distinct from the non-general fund report required under Section 37-47, HRS.

During our review of DBEDT's non-general funds, we noted noncompliance with statutory requirements to report financial activity and balances, as required by Section 37-47, HRS, as well as fund information for administratively established funds and accounts under Section 37-52.5, HRS.

As shown in Exhibit 3.1, DBEDT had non-general funds with balances totaling \$5.75 million and administratively created non-general funds with balances totaling more than \$750,000 that were not reported to the 2019 Legislature as required by Sections 37-47 and 37-52.5, HRS, respectively.

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

Fund Name	Fund Type	HRS 37-47 (Non-General)	FY2018 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2018 Ending Balance (rounded)
Alternative Energy Research & Development Revolving Fund	Revolving Fund	✓	\$0		
Energy Audits-Recipients' Share of Cost	Trust Account	✓	\$0	✓	\$0
Kalaeloa Facilities	Trust Account	✓	\$0	✓	\$0
OHA Ceded Lands Proceeds (FTZ)	Trust Account	✓	\$0	✓	\$0
OHA Ceded Lands Proceeds (HCDA)	Trust Account	✓	\$0	✓	\$0
OHA Ceded Lands Proceeds (HCDCH)	Trust Account			✓	\$0
OHA Ceded Lands Proceeds (NELHA)	Trust Account	✓	\$0	✓	\$0
Pisces Basalt Concrete Project	Trust Account	✓	\$2,000	✓	\$2,000
Private Contributions and Grants	Trust Account	✓	\$91,000	✓	\$91,000
Research & Development Special Fund	Special Fund	✓	\$0		
Salary Overpayments-Periodic Deductions	Trust Account	✓	\$1,000	✓	\$1,000
Temporary Deposits	Trust Account	✓	\$658,000	✓	\$658,000
Tourism Emergency Special Fund (Not in State Treasury)	Special Fund	✓	\$5,000,000		
Total			\$5,752,000		\$752,000

Source: Office of the Auditor





Office of the Auditor's Comments on the Department of Business, Economic Development and Tourism's Response

Comments on Agency Response

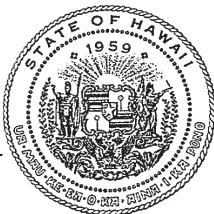
We transmitted to DBEDT a draft of our review of its Special Funds, Revolving Funds, Trust Funds, and Trust Accounts on December 19, 2019. DBEDT provided its written response to the draft report on December 30, 2019 (Attachment 1).

DBEDT disagreed with our analysis of the Hawai'i Community-Based Economic Development Revolving Fund and repeated the same response it had in 2014. We reached similar conclusions in our 2009 and 2014 funds review that there is no nexus or linkage between the fund and sources of revenue since grant recipients are not assessed any charges to replenish the fund. We continue to maintain that the fund is a special fund and should be reclassified as such. During our review, the DBEDT Program Manager acknowledged the fund does not meet the revolving fund criteria because of these grants; however, based on its written response, DBEDT seemingly disagrees with its Program Manager.

With respect to the Hawai'i Community Development Revolving Fund, the He'eia Community Development Revolving Fund, and the Kalaeloa Community Development Revolving Fund, DBEDT's responses do not address our analysis that each of these funds operate more like a special fund. DBEDT maintains that the ability to meet the definition of a revolving fund is predicated on realizing a return on investments through development activity in the district and highlights the need for significant investments to realize self-sufficiency. To be clear, we have no issue with the self-sufficiency of the funds, but reaffirm our conclusion that the funds do not meet the definition of a revolving fund because the costs of goods and services which are paid for out of funds are not replenished by the charges made for the goods and services provided.

As to our other observations about the department's failure to submit certain reports to the Legislature, DBEDT stated that it will take steps to ensure compliance with reporting requirements. DBEDT noted in its response that it included the Alternative Energy Research & Development Revolving Fund, the Kalaeloa Facilities (trust account), OHA Ceded Lands Proceeds (NELHA), and the Research & Development Special Fund; however, as we reported, DBEDT represented to us that it had not reported these funds to the Legislature. We are compelled to note that we intentionally involve agencies throughout our review process to provide them with sufficient

opportunity to provide us with accurate information, to supplement information, and to correct information. For us to thoroughly assess a department's funds, it is important that we receive complete and timely information.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR

MIKE MCCARTNEY
DIRECTOR

RANDALL TANAKA
DEPUTY DIRECTOR

December 30, 2019

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

SUBJECT: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development & Tourism

Dear Mr. Kondo: / *Les...*

Thank you for the opportunity to respond to the auditor's finding in Report No. 19-17, Auditor's Draft Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development & Tourism, dated December 19. We appreciate the time your office spent on the report and plan to use the comments for continued improvement.

In response to the Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development & Tourism draft report, each fund or account on which the Department has comments are addressed below:

Alternative Energy Research & Development Revolving Fund

Auditor's Comment: The fund does not meet criteria because it relies entirely on general funds to replenish the moneys available for the matching grants and is therefore not self-sustaining. Additionally, grant recipients are not assessed any fee or other charge to replenish the fund; therefore, there is no link between benefits sought and charges made. The fund should be repealed. The department should confer with the Legislature to find a more appropriate vehicle to hold and expend these funds.

Hawaii Technology Development Corporation (HTDC) response: HTDC agrees with these findings.

Energy Audits-Recipients' Share of Cost Trust Account

Auditor's Comment: This account does not meet the criteria of a trust account because it has been inactive since FY2015 and no longer serves the purpose for which it was created. The account should be closed.

Hawaii State Energy Office (HSEO) response: HSEO agrees with these findings.

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Review of Special Funds, Revolving Funds, Trust Funds
& Trust Accounts of DBEDT
December 30, 2019
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Hawaii Community-Based Economic Development Revolving Fund

Auditor's Comment: There is no nexus or linkage between the fund and sources of revenue since grant recipients are not assessed any charges to replenish the fund. As such, the fund does not fully meet the criteria as a revolving fund.

Business Development and Support Division (BDS) response: BDS respectfully disagrees with the comment that the fund does not meet the criteria for a revolving fund. In recent years, the fund has focused towards generating activities to sustain the program. For example, the microloan program to assist in community development requires the recipients to repay the funds.

Kalaeloa Facilities Trust Account

Auditor's Comment: The account does not meet the definition of a trust account because the account is not a separate holding or clearing account for a state agency. The account operates more like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

Creative Industries Division (CID) response: CID agrees with these findings.

Research & Development Special Fund

Auditor's Comment: The fund does not meet criteria because it is not self-sustaining since it relies on general funds to replenish grant funds and there is no clear link between benefits sought and charges made upon users since beneficiaries of the grants are not assessed charges to replenish the fund.

Hawaii Technology Development Corporation (HTDC) response: HTDC agrees with these findings.

Hawaii Technology Loan Revolving Fund

Auditor's Comment: Revenues were intended to come from legislative appropriations, loan repayments, investment earnings, royalties, premiums or fees or equity, and loans that would be converted to equity. Given the lack of funding, there have been no expenditures from the fund since 2000. We recommend, as we did in our 2014 funds review, that this fund be repealed.

Hawaii Technology Development Corporation (HTDC) response: HTDC agrees with these findings.

Hawaii Community Development Authority Summary of Hawaii Community Development Revolving Fund, Heeia Community Development Revolving Fund, and Kalaeloa District Community Development Revolving Fund:

The ability for the HCDA's revolving funds to meet the definition of a revolving fund is predicated on realizing a return on investments through development activity in the district. Historically, the initial investments have originated from State capital improvement project funding.

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As a result, cash receipts of the HCDA revolving funds are derived from leasing and management activities of HCDA-owned parcels in the district as well as redevelopment programs that are linked to development activities in the district. Cash disbursements are made from the revolving fund to fund the operations of the HCDA as well as capital outlays and investments in each of its districts.

Hawaii Community Development Revolving Fund

Auditor's Comment: The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the account are not replenished by the charges made for the goods and services provided. The fund operates like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

Hawaii Community Development Authority (HCDA) response:

The recurring deficit of this fund is primarily attributable to two factors:

1. In Act 15 (2012) transferred 30 acres of revenue generating property to the Office of Hawaiian Affairs (OHA) costing approximately \$3 million in annual revenues that would have otherwise enabled this fund to meet the requirement of a revolving fund.
2. Increased allocation of staff salary, which is the HCDA's largest annual expenditure, to this revolving fund. Historically 19 of HCDA's 23 staff positions have been funded by legislative appropriations.

Otherwise, not captured in the analysis of the revolving fund because it is a non-cash transaction is the dedication of approximately 100,000 square feet of completed public facilities from Victoria Ward Limited in lieu of cash. The public facilities were dedicated and the HCDA holds a restrictive covenant that is recorded against the title of the underlying land. By accepting dedication through a deed restriction, the HCDA avoids the future costs of building and maintaining the public facility.

During the fiscal period ending June 30, 2020, the HCDA transferred its Makai area parks to the City. The operation and maintenance of these parks has been HCDA's second highest recurring annual operating expense at approximately \$1.1 million per year.

Heeia Community Development Revolving Fund

Auditor's Comment: The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the account are not replenished by the charges made for the goods and services provided. The fund operates like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

Hawaii Community Development Authority (HCDA) response:

After the district was established by the legislature in 2011, the HCDA has not received any resources to discharge its mission in the district. The HCDA through its Hawaii Community Development Revolving Fund has transferred funds to Heeia to begin to prepare community

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development plan and rules (as required by statute) which would serve as a basis for any revenue generating programs for the district.

Currently revenues of this fund are limited to an agricultural lease with only moderate returns because of the lack of cleared farmable land. The HCDA has been working to support the activities of its non-profit lessee which has pursued other funding avenues to realize grants and other funding opportunities to realize farm infrastructure and increase the amount of land in production.

Significant investments would otherwise be necessary to realize self-sufficiency of this fund.

Kalaeloa Community Development District Revolving Fund

Auditor's Comment: The fund does not meet the definition of a revolving fund because the costs of goods and services which are paid for out of the account are not replenished by the charges made for the goods and services provided. The fund operates like a special fund (where funds are set aside by law for a specific object or purpose) and should be reclassified as a special fund.

Hawaii Community Development Authority (HCDA) response:

A significant portion of HCDA's revenues is driven by redevelopment activity in the district. Poor infrastructure has been a significant barrier to realizing revenue generation. While the HCDA has continuously advocated for capital project funding each year in the annual budget, it has been unable to gather sufficient capital to realize the large-scale improvements necessary to reach a point where it can self-sustaining.

The HCDA expects to complete one major infrastructure improvement in the first quarter of calendar year 2020 with the Enterprise Energy Corridor bringing reliable energy to a major section of the district. It has also leased land to a solar farm which included a reliable energy transmission line to service another major portion of the district. The solar farm lease is otherwise expected to generate revenue stream from this lease in 2020.

Significant investments would otherwise be necessary to realize self-sufficiency of this fund through its development programs

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

Auditor's Comment: During our review of DBEDT's non-general funds, we noted noncompliance with statutory requirements to report financial activity and balances, as required by Section 37-47, HRS, as well as fund information for administratively established funds and accounts under Section 37-52.2, HRS.


DBEDT's response: DBEDT included the Alternative Energy Research & Development Revolving Fund, the Research & Development Special Fund, Kalaeloa Facilities Fund, NELHA OHA Ceded Land Proceeds (Trust) Fund, and the PISCES Basalt Concrete Project Trust Fund in

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its FY2020 Non-General Fund reports. However, DBEDT will take corrective action by including the Tourism Emergency Special Fund and seven other Trust funds and trust accounts in future Non-General Fund reports in accordance with Section 37-47, HRS.

If you have any questions, please contact our Administrative Services Officer, Carl Nagasako, at 586-2433.

With aloha,


Mike McCartney

Attachments

c: Carl Nagasako

Attached are nine trust fund and one special fund Reports on Non-General Fund Information for fiscal year ended June 30, 2019, with projections to FY2022 that were not submitted along with the rest of the Department's non-general fund reports. The requirement to submit these reports were brought to our attention by the State Auditors.

The nine trust fund reports not previously reported are as follows:

1. T 901 – Foreign Trade Zone OHA Ceded Land Funds
2. T 902 – DBEDT Temporary Deposit Funds
3. T 903 – The Natural Energy Laboratory of Hawaii OHA Ceded Land Funds
4. T 904 – The Hawaii Community Development Authority OHA Ceded Land Funds
5. T 905 – Private Contributions and Grants Funds
6. T-906 – The Hawaii Housing and Finance Development Corporation OHA Ceded Land Funds
7. T-908 – Energy Audits
8. T 920 – PISCES Basalt Project Funds
9. T 960 – DBEDT Salary Overpayment Funds

In addition, the HTA Tourism Emergency Special Fund report is included which was not previously reported.

If you have any questions about any of these accounts, please contact Carl Nagasako at 586-2433 or carl.t.nagasako@hawaii.gov.

Department: Business Economic Development & Tourism
 Prog ID(s): BED 107
 Name of Fund: OHA Ceded Land Proceeds (FTZ)
 Legal Authority Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No. T-901-B

Intended Purpose:
 The purpose of this trust account is for the deposit of ceded land proceeds prior to being transferred to Office of Hawaii Affairs (OHA), pursuant to Executive Order No. 03-03.
 Source of Revenues:
 Twenty percent of rental revenues from FTZ tenants leasing property on ceded lands.
 Current Program Activities/Allowable Expenses:
 The account was established by the Department of Accounting and General Services to be used as a temporary holding account for ceded lands revenues.
 Purpose of Proposed Ceiling Adjustment (if applicable):

Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling								
Beginning Cash Balance	1,493	1,493	0	0	0	0	0	0
Revenues	8,808	5,530	7,303	5,989	7,778	6,000	6,000	6,000
Expenditures	7,315	7,023	7,303	5,989	7,778	6,000	6,000	6,000
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	1,493	0	0	0	0	0	0	0
Encumbrances								
Unencumbered Cash Balance	1,493	0	0	0	0	0	0	0

Additional Information:

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

Department: Business Economic Development & Tourism	Contact Name: Carl Nagasako
Prog ID(s): BED 142	Phone: 586-2433
Name of Fund: Temporary Deposits	Fund type (MOF) Trust
Legal Authority: Section 201-9, Hawaii Revised Statutes	Appropriation Acct. No. T-902-B

Intended Purpose: to temporarily hold deposits, funds earmarked for certain pre-designated purposes

Source of Revenues: Temporary deposits used by the various Programs (BDS, FTZ, NELHA, CID, etc.)

Current Program Activities/Allowable Expenses: Mostly BDS used for temporary deposits for their trade shows

Purpose of Proposed Ceiling Adjustment (if applicable): Not Applicable

Variances:

Financial Data									
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)	
Appropriation Ceiling									
Beginning Cash Balance	334,507	395,752	501,819	599,582	666,007	627,629	627,629	627,629	
Revenues	137,453	193,186	201,366	287,452	168,031	250,000	250,000	250,000	
Expenditures	76,208	87,119	103,603	221,027	206,409	250,000	250,000	250,000	
Transfers									
List each net transfer in/out or projection in/out; list each account number									
Net Total Transfers	0	0	0	0	0	0	0	0	0
Ending Cash Balance	395,752	501,819	599,582	666,007	627,629	627,629	627,629	627,629	
Encumbrances		22,500	24,684	22,500					
Unencumbered Cash Balance	395,752	479,319	574,898	643,507	627,629	627,629	627,629	627,629	

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 146
 Name of Fund: OHA Ceded Land Proceeds (NELHA)
 Legal Authority Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF) Trust
 Appropriation Acct. No. T-903-B

Intended Purpose:
 The proposed of this trust account is fr the deposit of ceded land proceeds prior to being transferred to Office of Hawaii Affairs (OHA), pursuant to Executive Order No. 03-03.
 Source of Revenues:
 Twenty percent of rental revenues from NELHA tenants leasing property on ceded lands.
 Current Program Activities/Allowable Expenses:
 The account was established by the Department of Accounting and General Services to be used as a temporary holding account for ceded lands revenues.
 Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (estimated)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling								
Beginning Cash Balance	2,286	3,302	0	3,048	217	0	0	0
Revenues	343,996	380,158	372,761	327,266	361,421	330,000	330,000	330,000
Expenditures	342,980	383,459	369,713	330,097	361,638	330,000	330,000	330,000
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	3,302	0	3,048	217	0	0	0	0
Encumbrances								
Unencumbered Cash Balance	3,302	0	3,048	217	0	0	0	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 150
 Name of Fund: OHA Ceded Land Proceeds (HCDA)
 Legal Authority Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No. T-904-B

Intended Purpose:
 The proposed of this trust account is fr the deposit of ceded land proceeds prior to being transferred to Office of Hawaii Affairs (OHA), pursuant to Executive Order No. 03-03.
 Source of Revenues:
 Twenty percent of rental revenues from HCDA tenants leasing property on ceded lands.
 Current Program Activities/Allowable Expenses:
 The account was established by the Department of Accounting and General Services to be used as a temporary holding account for ceded lands revenues.
 Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling			0	0	0	0	0	0
Beginning Cash Balance	189,889	61,790	127,970	77,547	29,651	77,000	77,000	77,000
Revenues	189,889	61,790	127,970	77,547	29,651	77,000	77,000	77,000
Expenditures								
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	0	0	0	0	0	0	0	0
Encumbrances								
Unencumbered Cash Balance	0	0	0	0	0	0	0	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 142
 Name of Fund: Private Contributions and Grants
 Legal Authority Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No. T-905-B

Intended Purpose:

The account is used for the accounting of private contributions and grants received by the department for specific projects
Source of Revenues:
Revenues include contributions and grants from private sources and interest earned on time certificate of deposits (TCDs) and/or state investment pool.
Current Program Activities/Allowable Expenses
The account was established by the Department of Accounting and General Services for the accounting of receipts and expenditures for contributions and grants from private source received by the departments. The fund supports the program activities of the specific project relating to contribution or grant.

Purpose of Proposed Ceiling Adjustment (if applicable):

Variances:

Financial Data									
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (estimated)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)	
Appropriation Ceiling									
Beginning Cash Balance	90,850	90,850	90,850	90,850	90,850	90,850	90,850	90,850	0
Revenues									
Expenditures									90,850
Transfers									
List each net transfer in/out/ or projection in/out; list each account number									
Net Total Transfers	0	0	0	0	0	0	0	0	0
Ending Cash Balance	90,850	90,850	90,850	90,850	90,850	90,850	90,850	90,850	0
Encumbrances									
Unencumbered Cash Balance	90,850	90,850	90,850	90,850	90,850	90,850	90,850	90,850	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 150
 Name of Fund: OHA Ceded Land Proceeds (HCDA)
 Legal Authority: Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No.: T-906-B

Intended Purpose:

The purposed of this trust account is fr the deposit of ceded land proceeds prior to being transferred to Office of Hawaii Affairs (OHA), pursuant to Executive Order No. 03-03.

Source of Revenues:

Twenty percent of rental revenues from HCDA tenants leasing property on ceded lands.

Current Program Activities/Allowable Expenses:

The account was established by the Department of Accounting and General Services to be used as a temporary holding account for ceded lands revenues.

Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling								
Beginning Cash Balance	0	0	1,095	0	0	0	0	0
Revenues	40,412	36,501	88,785	59,489	69,427	69,000	69,000	69,000
Expenditures	40,412	35,406	89,880	59,489	69,427	69,000	69,000	69,000
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	0	1,095	0	0	0	0	0	0
Encumbrances								
Unencumbered Cash Balance	0	1,095	0	0	0	0	0	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 120
 Name of Fund: Energy Audits-Recipients Share of Cost
 Legal Authority Administratively Established in 2012

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No. T-908-B

Intended Purpose:

The purposed of this trust account is to support a federal grant program that conducts energy audits for rural small businesses and farmers.

Source of Revenues:

Revenues are 25% of the actualcost paid by audit participants.

Current Program Activities/Allowable Expenses:

The account has had no activity since 2015

Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling								
Beginning Cash Balance	2,625	0	0	0	0	0	0	0
Revenues	0	0	0	0	0	0	0	0
Expenditures	2,625	0	0	0	0	0	0	0
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	0	0	0	0	0	0	0	0
Encumbrances								
Unencumbered Cash Balance	0	0	0	0	0	0	0	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 128
 Name of Fund: Piscis Basalt Concrete Project
 Legal Authority: Section 201-9, Hawaii Revised Statutes

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No.: T-920-B

Intended Purpose:

Source of Revenues: Private entity called Moonriders

Current Program Activities/Allowable Expenses: Project to test rover equipment; project completed, will return balance

Purpose of Proposed Ceiling Adjustment (if applicable): Not Applicable

Variances:

Financial Data							
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (estimated)	FY 2020 (estimated)	FY 2022 (estimated)
Appropriation Ceiling							
Beginning Cash Balance		13,219	0	2,500	2,500	2,500	0
Revenues	22,500		2,500	0	0	0	0
Expenditures	9,281	13,219	0	0	0	2,500	0
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	0	0	0	0	0	0
Ending Cash Balance	13,219	0	2,500	2,500	2,500	0	0
Encumbrances	13,219						
Unencumbered Cash Balance	0	0	2,500	2,500	2,500	0	0

Additional Information:

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

Department: Business Economic Development & Tourism
 Prog ID(s): BED 142
 Name of Fund: Salary Overpayments-Periodic Deductions
 Legal Authority: Pursuant to Comptroller Memorandum No. 2012-09

Contact Name: Carl Nagasako
 Phone: 586-2433
 Fund type (MOF): Trust
 Appropriation Acct. No.: T-960-B

Intended Purpose:

The account was created as a temporary deposit for repayment of salary overpayments. If an employee repays salary overpayments by installment, the repayments will be deposited into the trust account until the full amount of salary overpayment is received. After the full amount of salary overpayment is received, the department will process a summary warrant voucher from the trust account payable to Director of Finance, State of Hawaii for the total amount of the salary overpayment.

Source of Revenues:

Current Program Activities/Allowable Expenses:

Purpose of Proposed Ceiling Adjustment (if applicable):

Variances:

Financial Data									
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
	(actual)	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)	
Appropriation Ceiling									
Beginning Cash Balance	501	501	501	501	501	301	0	0	
Revenues									
Expenditures									
Transfers						0	0	0	
List each net transfer in/out/ or projection in/out; list each account number									
Trsf to Gen Fund					(200)	(301)			
Net Total Transfers	0	0	0	0	(200)	(301)	0	0	
Ending Cash Balance	501	501	501	501	301	0	0	0	
Encumbrances									
Unencumbered Cash Balance	501	501	501	501	301	0	0	0	

Additional Information:

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

Department: Business Economic Development & Tourism Contact Name: Carl Nagasako
 Prog ID(s): BED 113 Phone: 586-2433
 Name of Fund: Tourism Emergency Special Fund (Not in State Treasury) Fund type (MOF): Special (Although reported as Trust)
 Legal Authority: Fund created in 2008 under section 201B-10, HRS and amended in FY2016 as a Special Fund Appropriation Acct. No. T-991-B

Intended Purpose:
 The purposed of this account is to respond to any tourism emergency

Source of Revenues:
 Revenues from the Transient Accommodation Tax
 Current Program Activities/Allowable Expenses:
 Assistance to tourist during an emergency

Variances:

Financial Data								
	FY 2015 (actual)	FY 2016 (actual)	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (estimated)	FY 2021 (estimated)	FY 2022 (estimated)
Appropriation Ceiling								
Beginning Cash Balance	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Revenues	0	0	0	0	0	0	0	0
Expenditures	0	0	0	0	0	0	0	0
Transfers								
List each net transfer in/out/ or projection in/out; list each account number								
Net Total Transfers	0	0	0	0	0	0	0	0
Ending Cash Balance	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Encumbrances								
Unencumbered Cash Balance	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Additional Information:

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