

**DEPT. COMM. NO. 512**

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

December 31, 2020

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

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

RE: Reporting obligations pursuant to HRS 10-14.5(a), HRS 37-47, and Act 037 (19) HB 172, relating to the Office of Hawaiian Affairs

Aloha mai Chair Luke and Chair Dela Cruz,

We appreciate your continuing support and guidance as we enter the 31st Legislative session that will convene on January 20, 2021. Please accept these reports, due no later than 20 days prior to the convening of the 2021 regular session, to follow through with our reporting obligations pertaining to the following statutory requirements:

FY 2020 Actual Expenditures (Attachment A)

The reporting obligation per HRS 10-14.5(a): the report details an accounting of expenditures made in prior year, by account code and budget program.

Reporting of Non-General Fund Information (Attachment B)

The reporting obligation as described under HRS 37-47.

OHA's Award and Expenditures Matrix (Attachment C)

The reporting obligations under Act 037 (19) HB 172 [Section 9]: the report details all programmatic and operational awards, as well as expenditures and encumbrances made through November 30, 2020, or as otherwise noted.

Please do not hesitate to contact me at 594-1973 or sylviah@oha.org or have your staff contact Chief Financial Officer, Ramona G. Hinck at 594-1999 or ramonah@oha.org should there be any questions regarding this correspondence or its attachments. Mahalo again and we look forward to working with you and your staff during the upcoming legislative session.

‘O wau iho nō me ka ‘oia‘i‘o,

A handwritten signature in black ink, appearing to read "Sylvia M. Hussey".

Sylvia M. Hussey, Ed.D.
Ka Pouhana, Chief Executive Office

Cc: Trustee Carmen "Hulu" Lindsey, Chair, OHA Board of Trustees

OFFICE OF HAWAIIAN AFFAIRS
FISCAL YEAR 2020 ACTUAL EXPENDITURES

	<u>GENERAL FUNDS</u>	<u>TRUST FUNDS</u>	<u>HAWAIIAN PROJECTS FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>TOTAL</u>
EXPENDITURES					
Current Programs:					
BOARD OF TRUSTEES					
Personnel	58,480	2,719,353	0	0	2,777,832
Program	0	3,925	0	0	3,925
Contracts	0	80,000	0	0	80,000
Grants	0	0	0	0	0
Travel	0	0	0	0	0
Overhead	0	0	0	0	0
Capital Investment & Equip	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Board of Trustees	58,480	2,803,278	0	0	2,861,757
SUPPORT SERVICES					
Personnel	851,129	5,639,207	0	0	6,490,335
Program	0	995,114	237	0	995,352
Contracts	0	4,714,090	77,500	0	4,791,590
Grants	0	0	0	0	0
Travel	0	372,107	1,400	0	373,507
Capital Investment & Equip	0	2,431,850	180,409	0	2,612,259
Overhead	296,874	3,772,007	4,638	0	4,073,518
Debt Service	0	3,094,707	0	0	3,094,707
Subtotal - Support Services	1,148,003	21,019,082	264,183	0	22,431,268
BENEFICIARY ADVOCACY					
Personnel	251,313	5,451,379	0	576,155	6,278,846
Program	0	211,725	0	7,980	219,705
Contracts	0	1,343,509	0	270,667	1,614,176
Grants	1,554,400	11,072,052	0	0	12,626,452
Travel	0	0	0	6,026	6,026
Capital Investment & Equip	0	136,818	367,862	0	504,680
Overhead	0	71,248	0	57,701	128,949
Debt Service	0	0	0	0	0
Subtotal - Beneficiary Advocacy	1,805,713	18,286,731	367,862	918,529	21,378,835
TOTAL EXPENDITURES	3,012,195	42,109,092	632,045	918,529	46,671,860

Report on Non-General Fund Information
for Submittal to the 2020 Legislature

ATTACHMENT B

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

Contact Name: Ramona G. Hinck
Phone: (808) 594-1999
Fund type (MOF) Trust

Legal Authority Hawaii State Constitution, Article XII, Section 4

T-901, T-902, T-910, T-930, T-938, T-939
Appropriation Acct. No. _____

Intended Purpose:

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

Sources of Revenue:

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

Current Program Activities/Allowable Expenses:

OHA's ongoing operational expenses; Programs for the betterment of the conditions of Native Hawaiians

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling							
Beginning Cash Balance	362,693	393,639	405,632	410,185	412,614	397,389	381,626
Revenues	76,080	77,341	59,222	58,191	48,570	42,085	42,085
Expenditures	32,443	38,001	37,909	39,102	47,795	41,848	41,848
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Transfer in							
Transfer out	(12,691)	(27,347)	(16,760)	(16,660)	(16,000)	(16,000)	(16,000)
Net Total Transfers	(12,691)	(27,347)	(16,760)	(16,660)	(16,000)	(16,000)	(16,000)
Ending Cash Balance	393,639	405,632	410,185	412,614	397,389	381,626	365,863
Encumbrances	14,108	12,883	9,970	15,537	12,797	12,797	12,797
Unencumbered Cash Balance	379,531	392,749	400,215	397,077	384,592	368,829	353,066

Additional Information:

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

Report on Non-General Fund Information
for Submittal to the 2020 Legislature

ATTACHMENT B

Department: Office of Hawaiian Affairs
 Prog ID(s): _____
 Name of Fund: Federal Fund
 Legal Authority: HRS 10-13

Contact Name: Ramona G. Hinck
 Phone: (808) 594-1999
 Fund type (MOF) Special
 Appropriation Acct. No. S-200, S-202

Intended Purpose:

S-200 - Hālawā Luluku Interpretive Development (HLID) was created largely to mitigate any adverse impact resulting from the construction of the Interstate H-3 Highway.

S-202 - To provide Native Hawaiians individuals and Native Hawaiian-owned businesses better access to financial capital and financial services

Source of Revenues:

S-200 - Federal Highways Administration - 90% funding; Hawai'i Department of Transportation - 10% funding

S-202 - Federal Grant Award; OHA's dollar for dollar match on Federal Grant Award; Principal repayments; Interest earned from loans; Interest earned from investments; Miscellaneous revenue derived from loan fees; Recovery of loans written-off.

Current Program Activities/Allowable Expenses:

S-200 - Salaries and CIP to maintain the H-3 Highway

S-202 - Expenditures consisted of loan disbursements, loan application fees, legal services, technical assistance, investment management, bad debt, personnel and various overhead cost

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling							
Beginning Cash Balance	20,759	23,054	23,932	23,381	23,073	23,073	23,573
Revenues	4,353	3,356	3,103	2,896	4,792	1,693	1,693
Expenditures	2,277	2,511	3,600	3,204	4,792	1,193	1,056
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Transfer in	219	33	(54)	0	0	0	0
Transfer out							
Net Total Transfers	219	33	(54)	0	0	0	0
Ending Cash Balance	23,054	23,932	23,381	23,073	23,073	23,573	24,210
Encumbrances	1,630	105	123	176	509	509	509
Unencumbered Cash Balance	21,424	23,827	23,258	22,897	22,565	23,064	23,701

Additional Information:

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

Report on Non-General Fund Information
for Submittal to the 2020 Legislature

ATTACHMENT B

Department: Office of Hawaiian Affairs
 Prog ID(s): _____
 Name of Fund: Projects Fund
 Legal Authority: HRS 10-13

Contact Name: Ramona G. Hinck
 Phone: (808) 594-1999
 Fund type (MOF) Special
 Appropriation Acct. No. S-310, S-315, S-320

Intended Purpose:

S-310 - To provide budget for continuous management, maintenance, and repair of the Palau'ea Cultural Preserve for the preservation of culturally and archaeologically significant sites.

S-315 - To account for the activities related to OHA's management and stewardship of the Forest Reserve.

S-320 - This trust fund was established in 1987 to receive revenues from the sale of advertising space on OHA's monthly newspaper, Ka Wai Ola.

Sources of Revenue:

S-310 - The Declaration of Covenants, Conditions, and Restrictions of the One Palau'ea Bay Community Association require payment of a Historical Archeological Enhancement Fee equivalent to 0.5% of gross selling price each time a lot within One Palau'ea Bay is transferred to a new owner.

S-315 - OHA's trust fund is the main funding source.

S-320 - Major revenue sources for this fund include sales of advertising space on OHA's monthly newspaper, Ka Wai Ola; OHA's portion of proceeds from the sale of publications or books; federal and other grants; and private donations designated for OHA's programs

Current Program Activities/Allowable Expenses:

S-310 - Costs related to this program has been primarily related to basic management property, such as utilities, bank fees, and repair and maintenance.

S-315 - OHA's trust fund is the main funding source.

S-320 - Purchasing printing software and equipment for Kai Wai Ola publication, public information products such as books and video.

Purpose of Proposed Ceiling Adjustment (if applicable):

N/A

Variances:

Financial Data							
	FY 2017 (actual)	FY 2018 (actual)	FY 2019 (actual)	FY 2020 (actual)	FY 2021 (estimated)	FY 2022 (estimated)	FY 2023 (estimated)
Appropriation Ceiling							
Beginning Cash Balance	779	969	951	768	741	652	567
Revenues	84	58	134	56	56	50	50
Expenditures	40	397	454	445	535	180	135
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
Transfer in	146	321	137	362	390	45	0
Transfer out							
Net Total Transfers	146	321	137	362	390	45	0
Ending Cash Balance	969	951	768	741	652	567	482
Encumbrances	199	233	218	388	247	180	135
Unencumbered Cash Balance	770	718	550	353	405	387	347

Additional Information:

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

Office of Hawaiian Affairs Award & Expenditure Matrix

State of Hawaii General Fund Appropriations (Act 037 (19) HB172)

Description	FY2020						FY 2021						Notes
	Budget			Uses			Budget			Uses			
	General Funds	Trust Fund Match	Total	Expenditures & Encumbrances	Remaining	General Funds (Note 1)	Trust Fund Match	Total	Expenditures & Encumbrances	Remaining			
1. Legal Representation Services	\$ 524,400	\$ 524,400	\$ 1,048,800	\$ (1,048,800)	-		\$ 524,400	\$ 524,400	\$ (524,400)	-	POS via Professional Services List - Awarded to Native Hawaiian Legal Corporation		
2. Social Services (Multi-Services)	415,000	415,000	\$ 830,000	(830,000)	-		415,000	\$ 415,000	(415,000)	-	Via Grants Solicitation - Awarded 11/20/2019		
3. Community Grants: Education					-					-			
a. Moloka'i Community Service Council	27,206	27,206	54,412	(54,412)	-		27,206	27,206	(27,206)	-	Via Grants Soliciation - Awarded 9/26/2019		
b. Boys & Girls Clubs of Maui, Inc	50,935	50,935	101,870	(101,870)	-		50,935	50,935	(50,935)	-	Via Grants Soliciation - Awarded 9/26/2019		
c. Kaala Farms, Inc	131,642	131,642	263,284	(263,284)	-		131,642	131,642	(131,642)	-			
d. Educational Services Hawaii Foundation	40,217	40,217	80,434	(80,434)	-		40,217	40,217	(40,217)				
3. Subtotal	250,000	250,000	500,000	(500,000)			-	250,000	250,000	(250,000)			
4. NH-Focused Education	365,000	365,000	730,000	(730,000)	-		365,000	365,000	(365,000)	-	Via Grants Soliciation - Awarded 9/26/2019		
5. Personnel	1,186,605	4,078,430	5,265,035	(5,053,318)	211,717		4,578,430	4,578,430	(1,548,441)	3,029,989	Expenditures & Encumbrances through 11/30/2020. OHA expects to fully expend or encumber FY21 funding no later than 6/30/2021.		
6. Operations	296,874	296,874	593,748	(593,748)	-		296,874	296,874	(296,874)	-			
Total (1 + 2 + 3 + 4 + 5 + 6)	\$ 3,037,879	\$ 5,929,704	\$ 8,967,583	\$ (8,755,866)	\$ 211,717		\$ -	\$ 6,429,704	\$ 6,429,704	\$ (3,399,715)	\$ 3,029,989		

NOTE >

(1) In FY2021, the State of Hawaii did not release the General Fund appropriation as conditioned in Act 037 (19) HB 172 [Section8], pending the completion of an audit by the state auditor, of which the state auditor suspended work in December 2019.

(2) This report details all programmatic and operational awards, as well as expenditures and encumbrances made through November 30, 2020, pursuant to the reporting obligations in Act 037 (19) HB172 [Section 9].