



February 12, 2021

VIA EMAIL (senkouchi@capitol.hawaii.gov) **VIA EMAIL** (repsaiki@capitol.hawaii.gov)

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

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

Re: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health, Report No. 21-03

Dear President Kouchi and Speaker Saiki:

Please find attached a copy of Report No. 21-03, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health*, along with a copy of the Auditor's Summary.

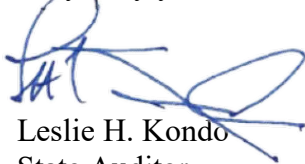
This report presents a five-year summary for each special fund, revolving fund, trust fund, and trust account maintained by the Department of Health, evaluates the original intent and purpose of each fund and account, and determines the degree to which each fund and account achieves its stated and claimed purpose.

The report is accessible through the Office of the Auditor's website at:
<http://files.hawaii.gov/auditor/Reports/2021/21-03.pdf>.

The summary is also accessible through the Office of the Auditor's website at:
<http://files.hawaii.gov/auditor/Overviews/2021/21-03AuditorSummary.pdf>.

If you have any questions about the report, please contact me.

Very truly yours,



Leslie H. Kondo
State Auditor

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Attachments

cc/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 Health

70 special funds, revolving funds, trust funds, and trust accounts were reviewed

Report No. 21-03

Thirteen funds did not meet criteria

WE REVIEWED 70 FUNDS AND ACCOUNTS administered by the Department of Health (DOH) and its administratively attached agency, the Hawai'i Health Systems Corporation (HHSC) – specifically, 45 special funds, 5 revolving funds, 9 trust funds, and 11 trust accounts. We found 7 special funds, 1 revolving fund, 3 trust funds, and 2 trust accounts did not meet criteria. We recommended 7 special funds be repealed or closed, including one special fund that HHSC believes should be removed from the State's Financial Accounting and Management Information System (FAMIS). We also recommended that the revolving fund be reclassified to a special fund, the trust accounts reclassified to trust funds, and 1 trust fund be reclassified to a trust account. Lastly, we recommended that DOH reevaluate and reclassify two trust funds because multiple programs, with distinct purposes, intents, and uses, appear to be operating out of these funds.

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 included trust accounts as part of our review. This is our sixth review of DOH's revolving funds, trust funds, and trust accounts, and our second review of DOH's special funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data which is provided for informational purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

WE NOTED THAT DOH AND HHSC did not file statutorily required reports for non-general funds totaling approximately \$62.3 million and administratively



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.

created non-general funds totaling approximately \$57.1 million (although HHSC asserts that the approximately \$49.9 million cash balance in the Hawai‘i Health Systems Corporation FAMIS account is a recording error that it is working to reverse). Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds and provide increased budgetary flexibility.

Agency response

DOH DISAGREED WITH OUR CONCLUSION that three special funds did not satisfy the clear nexus/clear link criterion required by statute, and provided comments. Specifically, DOH provided additional information about the programs and expenditures related to the Community Health Centers Special Fund, the Domestic Violence and Sexual Assault Special Fund, and the Hawai‘i Birth Defects Special Fund. We find this additional information does not address our concern that the funds do not either reflect a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and the sources of revenue. We reached the same conclusions in our last review of DOH’s funds, Report No. 15-17, and maintain our analysis of these funds was appropriate and correct based upon the information DOH provided to us during the current review.

DOH also questioned the basis for our recommendations related to three funds and accounts: the Environmental Response Revolving Fund; the Mai‘ili‘ili Supplemental Environmental Project Fund; and the Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust. We believe the fund definitions provided by statute and the descriptions of the funds in question, which were based on DOH’s own questionnaire responses, adequately support our conclusions that these funds should be reclassified. DOH did not provide any additional information that supports or otherwise justifies amending our recommendations.

As to its reporting shortfall, DOH acknowledged that certain funds and accounts were not submitted to the Legislature due in part to staff turnover, and is working to correct the oversight.

HHSC generally agreed with our recommendations. However, as to its reporting shortfall, HHSC asserted that the Health Systems Special Fund cash balance was reported as part of a larger consolidated cash balance that included but was not limited to the 15 accounts associated with the Health Systems Special Fund. HHSC also acknowledged that it does not file a separate administratively established fund report but will do so going forward.

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health

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

Report No. 21-03
February 2021



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 Health and its administratively attached agency, the Hawai‘i Health Systems Corporation.

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 revolving funds, trust funds, and trust accounts, and our second review of the special funds of the Department of Health.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Department of Health and the Hawai‘i Health Systems Corporation.

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 Department of Health (DOH) and its administratively attached agency, the Hawai‘i Health Systems Corporation (HHSC). 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. For each fund, the Auditor’s review must include:

1. An evaluation of the original intent and purpose of the fund, both as expressed by the Legislature and as understood by the expending agency;
2. The degree to which the 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 DOH’s revolving funds, trust funds, and trust accounts.¹ It is our second review of DOH’s special funds since Act 130, Session Laws of Hawai‘i (SLH) 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds. It is our fifth review of HHSC’s funds since HHSC was established in 1996. Although not mandated by Section 23-12, HRS, we have included trust accounts as part of our review. Trust accounts, like special, revolving, and trust funds, are funded outside of the general fund appropriation process and are therefore generally subject to less legislative scrutiny than the State’s general fund. We last examined these funds and accounts in 2015.

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 the degree to which each fund achieves its stated purpose. The second criterion assesses whether a fund is held by the State only for the benefit of those with a vested interest in the assets or an account is held as a separate or clearing account.

Objectives of the Review

1. Identify and review all special funds, revolving funds, trust funds, and trust accounts of DOH and HHSC.
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 (FY2016 – FY2020) unaudited financial summary for each fund and account of DOH and HHSC.

Scope and Methodology

We reviewed all special funds, revolving funds, trust funds, and trust accounts directly administered by DOH and HHSC during the five-year period under review (FY2016 – FY2020). 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, 2015 to June 30, 2020), 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 FY2015 reported in our last review and opening balances reported for FY2016. We did not audit DOH's or HHSC's financial data, which we provide for informational purposes only.

Procedures were performed on each fund using relevant criteria as stated above. We reviewed fund information for consistency with the intent of each fund's use and to ascertain the relationship between charges on users and expenditures. We reviewed information on performance standards established for the funds or accounts and performed other procedures as necessary.

Where appropriate, we relied on our prior reports, including Report No. 15-17, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health*.

Our review was conducted from August 2020 to January 2021. Recommendations were made where applicable.

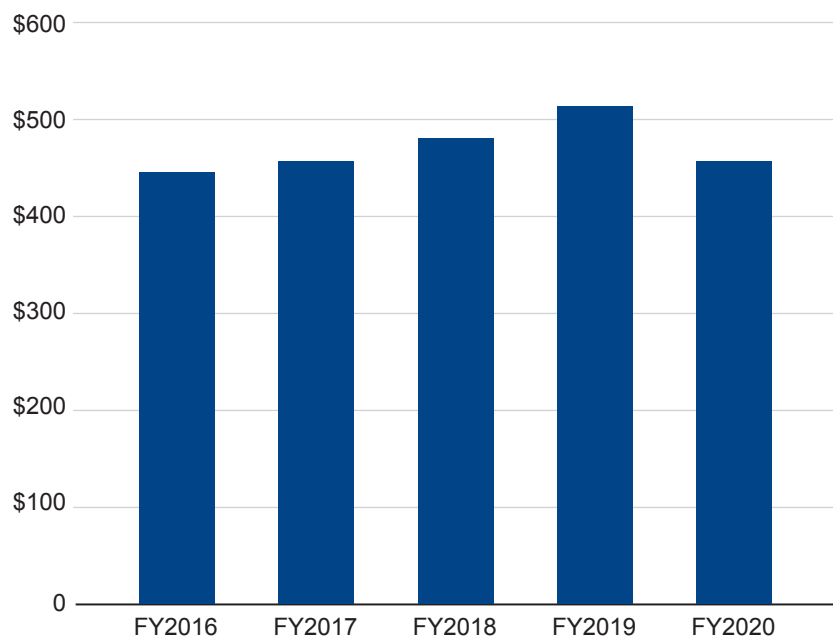
Chapter 2

Department of Health and Hawai'i Health Systems Corporation

This section presents the results of our review of 45 special funds, 5 revolving funds, 9 trust funds, and 11 trust accounts. Total fund fiscal year-end balances amounted to at least \$446 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 DOH and HHSC Non-General Funds
FY2016 – FY2020 (in millions)



Source: Office of the Auditor

Substantial amounts were also collected and expended by the funds annually. In FY2020, the special funds, revolving funds, trust funds, and trust accounts collected approximately \$593 million and spent or transferred approximately \$650 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 FY2020.

Exhibit 2.2
DOH and HHSC Fund and Account Totals by Type, FY2020

Fund Type	Revenue and Interest	Expenses and Transfers	FY2020 End Cash Balance
Special Funds	\$487,661,000	\$474,599,000	\$313,798,000
Revolving Funds	87,134,000	165,064,000	130,006,000
Trust Funds/ Trust Accounts	18,327,000	10,299,000	15,175,000
Total	\$593,122,000	\$649,962,000	\$458,979,000

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 the DOH and HHSC funds and accounts that did not meet criteria for continuance and should be closed or reclassified.

Exhibit 2.3
DOH and HHSC Funds and Accounts Not Meeting Criteria

Fund Name	Fund Type	FY2020 Ending Balance	No longer serves original purpose and / or does not serve a need	No clear nexus between benefits sought and user charges or a clear link between the program and revenue sources	Inappropriate financing mechanism	Not financially self-sustaining	Does not meet special fund, revolving fund, trust fund, or trust account definition
Community Health Centers Special Fund	Special	\$28,716,000		✓			
Domestic Violence and Sexual Assault Special Fund	Special	141,000		✓			
Emergency Medical Services Special Fund	Special	30,428,000		✓	✓		
Environmental Response Revolving Fund	Revolving	6,921,000					✓
Hawai'i Birth Defects Special Fund	Special	7,000		✓		✓	
Mai'ilī'ili Supplemental Environmental Project Fund	Trust Fund	689,000					✓
Patient Trust Account	Trust Account	131,000					✓
Public Health – Donations, Gifts, and Grants	Trust Fund	7,399,000					✓
State Hospital - Donations	Trust Fund	90,000	✓				✓
Trauma System Special Fund	Special	15,890,000		✓	✓		
Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust	Trust Account	56,000					✓
Hawai'i Health Systems Corporation (Not in State Treasury)	Special	49,884,000	✓				
Health Systems Special Fund	Special	12,502,000				✓	
Total		\$152,854,000					

Source: Office of the Auditor

Special and Revolving Fund Accounts with Inactive or Excess Balances

In Report No. 20-06, *Report on Special and Revolving Fund Accounts with Inactive or Excess Balances*, we identified accounts associated with departments' special and revolving funds that either had no financial activity during the past five fiscal years (FY2015 through FY2019) or whose outflows during the past three fiscal years (FY2017 through FY2019) averaged 50 percent or less of the average account balances during those years. The purpose of the report was to provide the Legislature with *potential* sources of state funds to be used to address budget shortfalls caused by the COVID-19 pandemic. A supplement to Report No. 20-06 provided additional information about the accounts, and specifically whether the moneys in the accounts can be transferred to the State's General Fund or otherwise repurposed.

Both reports identified the following DOH accounts with moneys the Legislature potentially can transfer without affecting the program:

- S-403 HAWAII HEALTH SYSTEMS CORP (N S/T)
- S-368 CB COST ITEMS, BU9
- S-356 HANA MEDICAL CENTER
- S-374 CIVIL MONETARY PENALTY SPECIAL FUND
- S-388 DIETITIAN LICENSURE SPECIAL FUND
- S-330 LEAKING UNDERGROUND STORAGE TANK FUND
- S-346 MENTAL HEALTH & SUBSTANCE ABUSE SPCL FD
- S-319 ELECTRONIC DEVICE RECYCLING FUND
- S-309 STATE HEALTH PLANNING & DEVELOPMNT SP FD
- S-310 OFFICE OF HEALTH CARE ASSURANCE SPL FND
- S-334 DISABILITY & COMM ACCESS BOARD
- S-342 ENVIRONMENTAL RESPONSE REVOLVING FUND
- S-331 EARLY INTERVENTION SPECIAL FUND
- S-341 WATER POLLUTION CONTROL REVOLVING FUND
- S-305 COMMUNITY HEALTH CENTERS SPECIAL FUND
- S-349 CLEAN AIR SPECIAL FUND
- S-336 WASTEWATER TREATMENT CERTI BOARD SPL FND
- S-340 ENVIRONMENTAL HTH PGM ENHANCE/EDUCATE FD
- S-348 ENVIRONMENTAL MANAGEMENT SPECIAL FUND
- S-397 MEDICAL MARIJUANA REGISTRY & REG SPEC FD
- S-322 NOISE, RADIATION, & INDOOR AIR QUALTY SF
- S-364 MEDICAL MARIJUANA REGISTRY SPECIAL FUND
- S-337 HAWAII ORGAN & TISSUE EDUCATION SPCL FND
- S-314 NEUROTRAMA SPECIAL FUND

**Asbestos and Lead
Abatement Special
Fund
(special fund)**

Section 342P-8, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$382	\$366	\$363	\$303	\$210
Revenues	224	247	239	275	278
Interest	0	0	0	0	0
Expenditures	(240)	(250)	(299)	(368)	(342)
Transfers	0	0	0	0	0
Ending Balance	\$366	\$363	\$303	\$210	\$146
Encumbrances	\$2	\$1	\$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 1998, the fund is used to support mandated functions of the National Emissions Standards for Hazardous Air Pollutants, Asbestos in Schools, and Lead-based Paint Abatement programs. Revenues are from fees for notification of renovation and demolition involving asbestos-containing materials, certification of asbestos and lead abatement entities and individuals, and registration and accreditation of laboratory facilities. Expenditures include inspections, public outreach and training for compliance and certification of lead-based paint abatement contractors, professional development and training, and meetings with federal and state counterparts.

***Civil Monetary Penalty
Special Fund
(special fund)***

Section 321-30.2, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$0	\$141	\$259	\$680	\$1,056
Revenues	62	117	425	371	178
Interest	0	1	1	5	33
Expenditures	0	0	(5)	0	(24)
Transfers*	79	0	0	0	0
Ending Balance	\$141	\$259	\$680	\$1,056	\$1,243
Encumbrances	\$0	\$0	\$0	\$0	\$4

*Transfers from the Office of Health Care Assurance (OHCA) Special Fund (S-310) to correct deposits of civil monetary penalty funds that were deposited to OHCA before the Civil Monetary Penalty Special Fund was established.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 2015, the fund is used to hold civil monetary penalty funds collected by the United States Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) when health care facilities or agencies do not meet Medicare certification requirements. Expenditures by the Department of Health must be approved by CMS. Revenues are from civil monetary penalties assessed and collected by CMS based on OHCA surveys and complaint investigations. Expenditures include contract and administrative costs made in accordance with an approved civil monetary penalty reinvestment plan approved by CMS.

**Clean Air Special Fund
(special fund)**

Section 342B-32, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$7,799	\$8,301	\$9,791	\$14,403	\$13,944
Revenues	4,385	5,032	8,560	4,080	1,355
Interest	0	0	0	0	0
Expenditures	(3,883)	(3,542)	(3,948)	(4,539)	(4,362)
Transfers	0	0	0	0	0
Ending Balance	\$8,301	\$9,791	\$14,403	\$13,944	\$10,937
Encumbrances	\$108	\$406	\$187	\$408	\$364

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Statutorily established in 1992, the fund supports the air pollution control program and pays for all reasonable direct and indirect costs to develop, support, and administer the permit program requirements, including reviewing applications, enforcing the terms and conditions of permits, monitoring emissions and ambient air quality, and preparing emissions inventories and tracking systems. Revenues are from permit application and annual emission fees paid by regulated industries.

***Clean Water Branch—
Kahalu'u Debris Basin
Environmentally
Beneficial Project
(trust account)***

***Administratively
established***

Financial Data for Fiscal Years 2017 – 2020 (in thousands)

	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$0	\$149	\$149	\$124
Revenues	149	0	0	25
Interest	0	0	0	0
Expenditures	0	0	(25)	(109)
Transfers	0	0	0	0
Ending Balance	\$149	\$149	\$124	\$40
Encumbrances	\$0	\$149	\$124	\$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 2017, the account is used by DOH's Clean Water Branch to develop and improve information and technology systems, staff training, compliance activities, and other data systems. Revenues are from a settlement agreement for violations of water pollution laws. Expenditures include support for an enforcement enhancement environmentally beneficial project consistent with the terms of the settlement agreement.

**Clean Water Branch—
Molasses Spill
Environmentally
Beneficial Project
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2017 – 2020 (in thousands)

	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$0	\$450	\$450	\$425
Revenues	450	0	0	25
Interest	0	0	0	0
Expenditures	0	0	(25)	(96)
Transfers	0	0	0	0
Ending Balance	\$450	\$450	\$425	\$354
Encumbrances	\$0	\$106	\$81	\$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 2017, the account is used by DOH's Clean Water Branch to support an environmentally beneficial project for the prevention of water pollution in Hawai'i. Revenues are from a settlement agreement stemming from a molasses spill in Honolulu Harbor. Expenditures include costs to support an environmentally beneficial project for the prevention of water pollution in Hawai'i to be used specifically by DOH's Clean Water Branch consistent with the terms of the settlement agreement.

**Community Health
Centers Special Fund
(special fund)**

Section 321-1.65, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$11,633	\$15,070	\$19,403	\$22,223	\$25,116
Revenues	8,806	8,800	8,700	8,122	8,420
Interest	0	0	0	0	0
Expenditures	(5,369)	(4,467)	(5,880)	(5,229)	(4,820)
Transfers	0	0	0	0	0
Ending Balance	\$15,070	\$19,403	\$22,223	\$25,116	\$28,716
Encumbrances	\$3,205	\$3,707	\$2,917	\$3,106	\$3,717

This fund does not meet the criteria of a special fund. The fund should be repealed because there is no clear link between the benefits sought from the federally qualified health centers and the revenues derived from tobacco taxes charged to wholesalers and dealers for conducting business in the State. We reviewed this fund in 2015 and reached a similar conclusion.

Section 37-52.3, HRS, states that a special fund cannot be used primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process. Rather, each special fund must reflect 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. Here, however, it is unlikely the wholesalers, dealers, and users of cigarettes—who help generate the revenue—represent the sole users of services by qualified community health centers or that every health ailment the qualified community health centers treat are due to the use of cigarettes. This fund does not reflect a clear nexus or clear link and should be repealed.

Statutorily established in 2006, the fund is used for the operations of federally qualified health centers. Revenues are from a portion of tobacco tax revenues. Expenditures include contracting with community-based providers for medical and support services, such as perinatal, pediatric, and adult primary health care for uninsured and underinsured individuals that are at or below 250% of the federal poverty level.

**COVID-19 Direct
Response Fund
(trust account)**

**Administratively
established**

Financial Data for Fiscal Year 2020 (in thousands)

	FY2020
Beginning Balance	\$0
Revenues	13,000
Interest	0
Expenditures	(7,604)
Transfers	0
Ending Balance	\$5,396
Encumbrances	\$756

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established. Administratively established in 2020, DOH reported that the moneys in this account were received from the Hawai'i Department of Defense for purchases by the State Procurement Office of supplies related to the COVID-19 pandemic. Expenditures include purchases of COVID-19 related supplies, such as personal protective equipment.

***Deposit Beverage
Container Special Fund
(special fund)***

Section 342G-104, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$22,289	\$25,235	\$29,742	\$36,788	\$43,415
Revenues	58,397	57,391	56,957	57,447	58,455
Interest	0	0	0	0	0
Expenditures	(55,451)	(52,884)	(49,911)	(50,820)	(52,387)
Transfers	0	0	0	0	0
Ending Balance	\$25,235	\$29,742	\$36,788	\$43,415	\$49,483
Encumbrances	\$15,931	\$15,907	\$16,093	\$19,416	\$23,950

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 supports the Deposit Beverage Container Program whose purpose is to increase participation in recycling activities to protect and preserve environmental resources. Revenues are from deposit and container fees collected on every deposit beverage container sold in Hawai‘i. Expenditures include administrative costs, deposit reimbursements to consumers for recycling containers, and reimbursements to redemption centers for processing the collected recyclable material.

***Dietitian Licensure
Special Fund
(special fund)***

Section 448B-10, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$29	\$37	\$45	\$55	\$72
Revenues	12	9	11	18	8
Interest	0	0	0	0	0
Expenditures	(5)	(1)	(1)	(1)	0
Transfers*	1	0	0	0	0
Ending Balance	\$37	\$45	\$55	\$72	\$80
Encumbrances	\$0	\$0	\$0	\$0	\$0

*FY2016 transfer to correct erroneous deposit in another DOH account.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 2000, the fund supports the operations of a dietitian licensure program. Revenues are from application, examination, re-examination, license, renewal, and penalty fees paid by applicants and dietitians. Expenditures include costs for inspections to determine compliance with State laws and regulations and to defray costs incurred to support operation of the program.

***Disability and
Communication
Access Board Special
Fund
(special fund)***

Section 348F-7, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$2,193	\$3,047	\$3,436	\$3,882	\$3,940
Revenues	1,178	1,151	1,115	883	1,165
Interest	14	23	22	30	147
Expenditures	(338)	(596)	(691)	(855)	(853)
Transfers*	0	(189)	0	0	0
Ending Balance	\$3,047	\$3,436	\$3,882	\$3,940	\$4,399
Encumbrances	\$3	\$16	\$15	\$16	\$14

*According to DOH, FY2017 transfer was for the Disability and Communication Access Board's relocation costs to the Kamāmalu Building.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 2001, the fund supports the operations of the Disability and Communication Access Board. Revenues are from applicant fees for American Sign Language (ASL) interpreter credentials, and fees paid by architects, engineers, and project managers for review of all State and County plans for new construction and alterations of buildings, facilities, and sites for compliance with design guidelines of the Americans with Disabilities Act (ADA) and the Fair Housing Act (FHA). Expenditures include staffing and operating costs, such as online system database costs, equipment for testing and credentialing of ASL interpreters, and review of plans for compliance with design guidelines of the ADA and FHA.

***Domestic Violence and
Sexual Assault Special
Fund
(special fund)***

Section 321-1.3, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$550	\$555	\$539	\$351	\$259
Revenues	302	297	321	339	315
Interest	0	0	0	0	0
Expenditures	(297)	(313)	(509)	(431)	(433)
Transfers	0	0	0	0	0
Ending Balance	\$555	\$539	\$351	\$259	\$141
Encumbrances	\$226	\$192	\$90	\$213	\$92

This fund does not meet the criteria of a special fund. The fund should be repealed because there is no clear link between the program (domestic violence and sexual assault intervention/prevention support) and the revenues derived from a portion of fees for copies of birth, marriage, divorce, and death certificates issued by the Department of Health. We reviewed this fund in 2015 and reached a similar conclusion.

Section 37-52.3, HRS, states that a special fund cannot be used primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process. Rather, each special fund must reflect 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. Here, however, it is unlikely that individuals who request certified copies of birth, marriage, divorce, and death certificates, and individuals who designate a portion of their income tax refund to this program, represent the sole users of domestic violence and sexual assault intervention and prevention support programs. This fund does not reflect a clear nexus or clear link and should be repealed.

Statutorily established in 1997, the fund provides support for domestic violence and sexual assault intervention and prevention. Revenues are from a portion of income tax refunds designated by individuals; a portion of the fees for certified copies of birth, marriage, divorce, and death certificates; interest and investment earnings; and grants, donations, and contributions. Expenditures include costs for the domestic violence fatality review, trainings and workshops, outreach, partnerships, and personnel costs, including salary and fringe benefits.

**Drinking Water
Treatment Revolving
Loan Fund
(revolving fund)**

Section 340E-35, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$46,982*	\$52,391	\$42,672	\$25,842	\$23,024
Revenues	38,390	41,807	27,713	26,464	31,928
Interest	0	0	0	0	0
Expenditures	(32,981)	(51,528)	(44,543)	(29,282)	(31,103)
Transfers**	0	2	0	0	0
Ending Balance	\$52,391	\$42,672	\$25,842	\$23,024	\$23,849
Encumbrances	\$59,333	\$56,506	\$25,742	\$24,846	\$12,538

*FY2016 beginning balance does not agree to FY2015 ending balance reported in Report No. 15-17 due to rounding errors made in 2015.

**According to DOH, FY2017 transfer to the Deposit Beverage Container Special Fund (S-313) was related to a vacation transfer.

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established. Statutorily established in 1997, the fund is used to provide low interest loans to improve public and private drinking water systems in Hawai‘i. DOH reported that, each year, Congress appropriates funding that the U.S. Environmental Protection Agency then awards in capitalization grants to each state to achieve the health protection objectives of the Safe Drinking Water Act. Revenues are from loan repayments, federal capitalization grants, loan fees and interest, investment interest, and capital improvement project funds. Expenditures include administrative costs for the processing and servicing of loans.

The department also reported that the fund received the following general obligation bond funds solely to meet a 20% state match requirement to receive federal funds:

Fiscal Year	Amount of Appropriation	Purpose
2016	\$1,769,000	Required 20% match to receive federal capitalization grant
2017	\$1,769,000	Required 20% match to receive federal capitalization grant
2018	\$1,663,000	Required 20% match to receive federal capitalization grant
2019	\$1,648,000	Required 20% match to receive federal capitalization grant
2020	\$2,221,000	Required 20% match to receive federal capitalization grant

***Drug Demand
Reduction
Assessments
(special fund)***

Section 706-650, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,500	\$1,513	\$1,209	\$1,021	\$820
Revenues	510	527	495	463	369
Interest	0	0	0	0	0
Expenditures	(497)	(831)	(683)	(664)	(582)
Transfers	0	0	0	0	0
Ending Balance	\$1,513	\$1,209	\$1,021	\$820	\$607
Encumbrances	\$342	\$160	\$223	\$104	\$259

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1995, the fund is used to supplement substance abuse treatment and other substance abuse demand reduction programs. Revenues are from monetary assessments imposed in cases involving persons convicted of offenses related to drugs and intoxicating compounds. Expenditures include funding to provide adult substance abuse treatment services to offenders referred by the Intake Service Center on high-risk youth engaged in minor delinquent behavior identified by the Judiciary Family Court.

**Early Childhood
Obesity Special Fund
(special fund)**

**Administratively
established**

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$25
Revenues	0
Interest	0
Expenditures	0
Transfers*	(25)
Ending Balance	\$0
Encumbrances	\$0

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

This fund was closed in 2016 and the remaining balance was transferred to the general fund. Administratively established in 2012 with general fund appropriations, the fund financed the collection and analysis of Hawai‘i-specific early childhood obesity data to identify children at risk, a public awareness campaign on the health implications of early childhood obesity, and the promotion of best practices throughout community-based initiatives to improve healthy life choices. Expenditures included training for childcare providers, obesity prevention education, website development, and resource development on physical activity and nutrition for young children and their families.

**Early Intervention
Special Fund
(special fund)**

Section 321-355, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,276	\$1,472	\$1,502	\$1,576	\$1,636
Revenues	532	369	411	440	495
Interest	0	0	0	0	0
Expenditures	(336)	(339)	(337)	(380)	(391)
Transfers	0	0	0	0	0
Ending Balance	\$1,472	\$1,502	\$1,576	\$1,636	\$1,740
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 1997, the fund is used to expand and enhance early intervention services for infants and toddlers with special needs. Revenues are from federal reimbursements from Medicaid, Tricare, and other programs. Expenditures include costs to procure services for community-based, family-centered early intervention services, including programs for infants and toddlers with developmental delays or at biological or environmental risk; programs to strengthen families to reduce the risk of child abuse and neglect; education and training; and research, evaluation, and data management related to early intervention services.

**Electronic Device
Recycling Fund
(special fund)**

Section 339D-10, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,410	\$1,603	\$1,624	\$1,841	\$2,103
Revenues	392	390	368	361	435
Interest	0	0	0	0	0
Expenditures	(199)	(369)	(151)	(99)	(325)
Transfers	0	0	0	0	0
Ending Balance	\$1,603	\$1,624	\$1,841	\$2,103	\$2,213
Encumbrances	\$631	\$228	\$135	\$480	\$480

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 provide funding for the Electronic Device Recycling Program. Revenues are from initial registration and annual renewal fees from all manufacturers of covered electronic devices and televisions that sell these devices and televisions in Hawai‘i. Expenditures include administrative costs of the program and support of county electronic waste collection programs.

***Emergency Medical
Services Special Fund
(special fund)***

Section 321-234, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$24,022	\$26,085	\$29,232	\$29,183	\$26,754
Revenues	15,339	14,518	14,471	13,951	13,425
Interest	151	203	177	225	988
Expenditures	(13,427)	(11,574)	(14,697)	(16,605)	(10,739)
Transfers	0	0	0	0	0
Ending Balance	\$26,085	\$29,232	\$29,183	\$26,754	\$30,428
Encumbrances	\$10,217	\$12,735	\$12,324	\$10,050	\$13,209

This fund does not meet the criteria of a special fund. The fund should be repealed because there is no clear link between the benefits sought for the comprehensive emergency medical services (EMS) and revenues derived from vehicle registration fees charged on essentially all vehicles annually and tobacco taxes charged to wholesalers and dealers for the privilege of conducting business in the State. In 2015, we reached the same conclusion, noting that DOH personnel conceded that the program could be supported through direct general fund appropriations.

While we are unclear about the clear nexus between the EMS program and the revenues described above, the Legislature declared in Act 158, SLH 2004, that there is “a direct nexus between the use of motor vehicles and the need for emergency medical services.” However, as we noted in Report No. 12-04, *Study of the Transfer of Non-general Funds to the General Fund*, designating revenue for specific purposes flows from the “benefit theory” of public finance, which holds that those who benefit from a program should pay for it. Moreover, even without clear nexus, special funds may still be appropriate only if there are clear linkages between the program and the sources of revenue dedicated to its support.

Here, however, no clear nexus or clear linkage exists between the EMS program and revenues derived from vehicle registration fees charged on essentially all vehicles annually and tobacco taxes charged to wholesalers and dealers for the privilege of conducting business in the State. Section 37-52.3, HRS, states that a special fund cannot be used primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process. Accordingly, this fund should be repealed, and the program supported through the normal budget and appropriation process.

Statutorily established in 2004, the fund is used to provide support for operating a state comprehensive EMS system, including enhanced and

expanded services. Revenues are from annual motor vehicle registration fees, general excise taxes associated with cigarette sales, and interest and investment earnings attributable to the moneys in the special fund. Expenditures include emergency medical services as well as education and training of emergency medical services personnel statewide. While the fund did not require general fund appropriations during the period under review, DOH stated that the program could be successfully implemented using the general fund budget and appropriation process.

**Environmental
Management Special
Fund
(special fund)**

Section 342G-63, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$2,066	\$2,372	\$2,502	\$3,179	\$3,519
Revenues	1,431	1,479	1,509	1,314	1,486
Interest	0	0	0	0	0
Expenditures	(1,125)	(1,349)	(832)	(974)	(1,310)
Transfers	0	0	0	0	0
Ending Balance	\$2,372	\$2,502	\$3,179	\$3,519	\$3,695
Encumbrances	\$505	\$264	\$440	\$811	\$388

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1993, the fund supports the Office of Solid Waste Management's activities related to solid waste disposal, glass recovery, and illegal dump sites. Revenues are from the glass advance disposal fee and the solid waste disposal surcharge. Expenditures include general administrative costs, personnel expenses, planning and technical assistance, enforcement activities, and conducting procurement and contract activities. DOH reported that most of the funds are used to support county municipal landfill and glass recovery programs, either directly via contracts with counties or through DOH personnel providing technical assistance for solid waste facilities.

***Environmental
Response Revolving
Fund
(revolving fund)***

Section 128D-2, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$923*	\$1,319	\$4,290	\$5,183	\$5,840
Revenues	1,517	3,821	2,078	1,905	2,064
Interest	0	0	0	0	0
Expenditures	(1,121)	(850)	(1,185)	(1,248)	(1,008)
Transfers**	0	0	0	0	25
Ending Balance	\$1,319	\$4,290	\$5,183	\$5,840	\$6,921
Encumbrances	\$372	\$419	\$326	\$715	\$779

*FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-17 due to rounding errors made in 2015.

**FY2020 transfer to correct revenues erroneously deposited into the Sanitation and Environmental Health Special Fund (S-340).

This fund does not meet all the criteria of a revolving fund because it functions more like a special fund, but continues to serve the purpose for which it was originally established. Revolving funds are funds 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 goods or services or through transfers from other accounts or funds. DOH reported that the fund's primary source of revenue is a portion of the tax on barrels of petroleum product. This fund does not operate like a revolving fund and should be reclassified as a special fund.

Statutorily established in 1988, the fund is used for emergency response actions, as well as oil spill planning, prevention, preparedness, education, research, training, removal, and remediation. Revenues are from penalties obtained from enforcement actions against violators of environmental laws and associated regulations and a portion of the environmental response, energy, and food security tax on each barrel of petroleum product that is not aviation fuel. Expenditures include the costs of DOH Clean Water and Solid and Hazardous Waste Branches to conduct regulatory, enforcement, and environmental response and remediation activities.

***Executive Office on
Aging Administrative
Claiming Special Fund
(special fund)***

Section 349-5.5, HRS

Financial Data for Fiscal Years 2019 – 2020 (in thousands)

	FY2019	FY2020
Beginning Balance	\$0	\$0
Revenues	0	0
Interest	0	0
Expenditures	0	0
Transfers	0	0
Ending Balance	\$0	\$0
Encumbrances	\$0	\$0

Statutorily established in 2019, this fund lacks sufficient financial data to determine whether it meets the criteria of a special fund or if it continues to serve the purpose for which it was originally established. Section 349-5.5, HRS, allows DOH to use moneys in the fund for services for kūpuna and individuals with disabilities who need long-term services and supports. Revenues will come from Medicaid administrative claiming designated for DOH that are allowable for operating aging and disability resource centers.

***Funding for Grant
Pursuant to Chapter
42F, HRS
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$198
Revenues	0
Interest	0
Expenditures	0
Transfers*	(198)
Ending Balance	\$0
Encumbrances	\$0

*The fund was closed in FY2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund.

This fund was closed in FY2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund. Administratively established in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Special Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, for grant-in-aid activities. Expenditures included salaries, supplies, transportation, insurance, and contractual services, pursuant to Chapter 42F, HRS, which authorizes the director of the Office on Aging to apply for, receive, and disburse grants and donations from all sources for elder programs and services.

**General Administration
(special fund)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2017 (in thousands)

	FY2016	FY2017
Beginning Balance	\$0	\$0
Revenues	0	0
Interest	0	0
Expenditures	0	(189)
Transfers	0	189
Ending Balance	\$0	\$0
Encumbrances	\$0	\$0

This fund was closed in FY2017 and the remaining balance was transferred back to the Disability and Communication Access Board (DCAB) Special Fund. Administratively established in 2016, the fund was used to pay DCAB's relocation costs. The fund originally received \$207,000 from the DCAB Special Fund (S-334) to pay for moving costs. After paying out \$188,660 in moving costs, the remaining balance of \$18,340 was returned to the DCAB Special Fund.

While the fund is now closed, we note that this fund was improperly established. 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.

***Grant – Catholic
Charities – Lanakila
Senior Center
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$7
Revenues	0
Interest	0
Expenditures	0
Transfers	(7)
Ending Balance	\$0
Encumbrances	\$0

This fund was closed in 2016 and the remaining balance was transferred to the General Fund. DOH provided minimal information about this fund. In 2015, we reported the fund did not serve the purpose for which it was created and had no financial activity since 2007.

***Grant – Emergency
Room Subsidy at
Wai‘anae Coast Clinic
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance*	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers*	0
Ending Balance	\$0
Encumbrances	\$0

*Zero balances shown due to rounding. Transfer of remaining balance to the Emergency and Budget Reserve Fund.

The fund was closed in FY2016 and the remaining balance transferred to the Emergency Budget and Reserve Fund. The department did not provide a timely response to our fund questionnaire. However, as we reported in 2015, this fund has not had any financial activity since 2007.

**Grant – Hawai‘i Primary
Care Association
Dental
(special fund)**

**Administratively
established**

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance*	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers*	0
Ending Balance	\$0
Encumbrances	\$0

*Zero balance shown due to rounding. The fund was closed in FY2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund.

This fund was closed in FY2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund. Administratively established prior to 2007, DOH did not provide information about this fund other than that it has not had any financial activity since 2007. We reported the same in 2015.

***Hawai'i Birth Defects
Special Fund
(special fund)***

Section 321-426, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$761	\$669	\$486	\$235	\$93
Revenues	260	215	226	242	179
Interest	0	0	0	0	0
Expenditures	(352)	(398)	(477)	(384)	(265)
Transfers	0	0	0	0	0
Ending Balance	\$669	\$486	\$235	\$93	\$7
Encumbrances	\$10	\$0	\$0	\$0	\$0

This fund does not meet the criteria of a special fund. As we found in 2015, there is no clear link between the Hawai'i Birth Defects Program and revenues derived from marriage license fees. Section 37-52.3, HRS, states that a special fund cannot be used primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process. Additionally, the fund is not financially self-sustaining. Expenditures exceeded revenues for each year under review, and according to the department, revenues have not been able to cover program costs (salaries and fringe benefits for program staff) since 2018, when increased salaries and higher fringe benefit rates began to outpace the amount of fees the fund collects. The department also reported that there has been a decline in revenues due to fewer marriages during the COVID-19 pandemic. In June 2020, the department used general funds to offset the year-end payroll deficit. Based on the foregoing, the fund should be repealed.

Statutorily established in 2002, the fund is used to pay for the operating expenses of the birth defects program. The program collects surveillance information on birth defects and other adverse reproductive outcomes; reports incidence, trends, and causes of birth defects; reports information for the development of prevention strategies to reduce the incidence of birth defects; and develops strategies to improve the access of children with birth defects to health and early intervention services. Revenues are from a \$10 portion of every marriage license fee collected by the Hawai'i State Department of Health. Expenditures are for the program's operating costs including payroll.

***Hawai'i Organ and
Tissue Education
Special Fund
(special fund)***

Section 327-24, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$61	\$44	\$46	\$67	\$73
Revenues	23	32	47	36	57
Interest	0	0	0	0	0
Expenditures	(40)	(30)	(26)	(30)	(30)
Transfers	0	0	0	0	0
Ending Balance	\$44	\$46	\$67	\$73	\$100
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund continues to serve the purpose for which it was created and meets the criteria for a special fund. Statutorily established in 2008, the fund is used by the Organ Donor Center of Hawai'i (now Legacy of Life Hawai'i) to conduct community outreach and education to encourage organ donation. Revenues are from voluntary donations of \$1 from persons registering a motor vehicle. Expenditures include costs for public education programs and activities on organ, tissue, and eye donation.

**Hawai'i Tobacco
Settlement Special
Fund
(special fund)**

Section 328L-2, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)*

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$23,577	\$21,613	\$20,019	\$14,762	\$33,048
Revenues	49,060	48,529	25,849	34,603	35,677
Interest	0	0	0	0	0
Expenditures	(51,069)	(50,123)	(31,106)	(16,317)	(48,645)
Transfers**	45	0	0	0	0
Ending Balance	\$21,613	\$20,019	\$14,762	\$33,048	\$20,080
Encumbrances	\$3,216	\$1,107	\$426	\$41	\$0

*The financial data presented is a consolidation of three accounts: Hawai'i Tobacco Settlement Special Fund (S-355); Hawai'i Home Visiting Program (S-357, closed FY2018); and Home Visitation Program (S-369, closed FY2020).

**FY2016 transfer returned funds from DOH programs that were repealed.

This fund serves the purpose for which it was created and meets the criteria for a special fund. Statutorily established in 1999, the fund receives, allocates, and appropriates all tobacco settlement moneys and interest and earnings accruing from the investment of moneys in the fund. In November 1998, the attorneys general of 46 states signed a comprehensive agreement with the nation's largest tobacco companies, requiring them to make annual payments to states in perpetuity as reimbursement for past tobacco-related costs, such as Medicaid expenditures. This settlement is referred to as the Master Settlement Agreement, and states are free to use the tobacco settlement moneys for any purpose. The fund is used to maximize financial resources for tobacco prevention and control, health promotion and disease prevention programs, the children's health program, and as a long-term source of stable funding for prevention-oriented public health efforts.

***Healthy Aging
Partnerships Program
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$6
Revenues	0
Interest	0
Expenditures	0
Transfers*	(6)
Ending Balance	\$0
Encumbrances	\$0

*The fund was closed in FY2016 and the remaining balance was transferred to the Maui Memorial Hospital subaccount (S-355) of the Health Systems Special Fund.

This fund was closed in 2016 and the remaining balance was transferred to the Health Systems Special Fund. Administratively established in 2010, the fund supported the healthy aging partnership program to provide various workshops for participants with chronic health problems.

***Hilo Shippers' Wharf
Committee Charitable
Trust
(trust fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$1
Revenues	0
Interest	0
Expenditures*	(1)
Transfers	0
Ending Balance	\$0
Encumbrances	\$0

*Remaining balance transferred to County of Hawai'i. However, FAMIS showed the transfer as an expenditure.

This fund was closed in 2016 and the remaining balance was transferred to the County of Hawai'i pursuant to the Third Circuit Vesting Order No. 03-1-0010. Administratively established in 1954, the fund was used to account for voluntary contributions from importers on the island of Hawai'i to prevent the spread of and remove the possible causes of epidemics and diseases dangerous to the public welfare and promote public health and safety on the island.

***Hospital-Based Poison
Center
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$110
Revenues	0
Interest	0
Expenditures	0
Transfers*	(110)
Ending Balance	\$0
Encumbrances	\$0

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

This fund was closed in 2016 and the remaining balance was transferred to the general fund. DOH did not provide information about this fund. However, in 2015, we reported that this fund has had no financial activity since 2006.

***Intellectual and
Developmental
Disabilities Medicaid
Waiver Administrative
Claiming Special Fund
(special fund)***

Section 333F-23, HRS

Financial Data for Fiscal Years 2019 – 2020 (in thousands)

	FY2019	FY2020
Beginning Balance	\$0	\$0
Revenues	0	3,437
Interest	0	0
Expenditures	0	(226)
Transfers	0	0
Ending Balance	\$0	\$3,211
Encumbrances	\$0	\$643

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 2019, the fund is used by DOH's Developmental Disabilities Division to administer the Hawai'i Medicaid Home and Community-Based Services (HCBS) program for people with intellectual and developmental disabilities. Revenues are from "Federal Financial Participation" payments (the Federal Government's share of a state's expenditures under Medicaid) for operating the HCBS program. Expenditures include contract and other costs to develop, lead, administer, coordinate, monitor, evaluate, and set direction for a comprehensive system of supports and services for persons with developmental or intellectual disabilities.

***Interagency Federal
Revenue Maximization
Revolving Fund
(revolving fund)***

***Section 29-24, HRS
(repealed by Act 124,
SLH 2011)***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$7
Revenues	0
Interest	0
Expenditures	0
Transfers	(7)
Ending Balance	\$0
Encumbrances	\$0

This fund was closed in 2016 and the remaining balance transferred to the Emergency and Budget Reserve Fund. Statutorily established in 1995, the fund was used to account for all deposits and proceeds collected from the federal government and third-party payers for costs not previously claimed by the State.

***Kalaupapa Memorial
Hospital Fund
(trust account)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$9	\$9	\$9	\$9	\$9
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	\$9	\$9	\$9	\$9	\$9
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Zero revenues and expenditures shown due to rounding.

This account continues to serve the purpose for which it was created and meets the criteria for a trust account. The account serves as a holding account for donations received by the Kalaupapa Care Home formerly known as the Kalaupapa Memorial Hospital. Revenues are from donations deposited into the account. Expenditures include purchasing medical equipment and for festivities for care home patients.

***Kalaupapa Patient
Donation Fund
(trust account)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1	\$1	\$1	\$1	\$1
Revenues	0	0	0	0	1
Interest	0	0	0	0	0
Expenditures	0	0	0	0	(1)
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 created. The account acts as a holding account for donations made to the patients of the Kalaupapa settlement. Revenues are from donations. Expenditures include providing for patient festivities during holidays and special occasions.

**Kualoa Supplemental
Environmental Project
Fund
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$0*	\$0*	\$0*	\$0*	\$0*
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0*	\$0*	\$0*	\$0*	\$0*
Encumbrances	\$0*	\$0*	\$0	\$0	\$0

*No balance shown due to rounding.

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established. Administratively established in 2008, the account is used to support the Kualoa Supplemental Environmental Project intended to increase water quality monitoring. Revenues were from payments pursuant to a settlement agreement between DOH and the City & County of Honolulu. Expenditures included testing of ocean water off Kualoa Regional Park to help determine when the ocean is safe for swimming and where pollutants are entering the ocean.

***Leaking Underground
Storage Tank Fund
(revolving fund)***

Section 342L-51, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,102	\$1,128	\$1,147	\$1,286	\$1,239
Revenues	26	19	139	59	238
Interest	0	0	0	0	0
Expenditures	0	0	0	(106)	0
Transfers	0	0	0	0	0
Ending Balance	\$1,128	\$1,147	\$1,286	\$1,239	\$1,477
Encumbrances	\$0	\$0	\$0	\$3	\$100

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established. Statutorily established in 1989, the fund is used for responding to petroleum releases from underground storage tanks or tank systems. Revenues are from fees related to field citations or other enforcement actions pursuant to Chapter 342L, HRS, and moneys recovered through cost recovery pursuant to Section 342L-53, HRS. Expenditures include costs incurred in responding to petroleum releases.

***Mai‘ili‘ili Supplemental
Environmental Project
Fund
(trust fund)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$171	\$771	\$771	\$727	\$689
Revenues	600	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	(44)	(38)	0
Transfers	0	0	0	0	0
Ending Balance	\$771	\$771	\$727	\$689	\$689
Encumbrances	\$727	\$771	\$727	\$689	\$689

This fund does not meet all the criteria of a trust fund because it functions more like a trust account that serves as a separate holding account, but continues to serve the purpose for which it was originally established. Administratively established in 2012, the purpose of the fund was to support an environmentally beneficial project initiated pursuant to a settlement agreement. Projects include an environmental information sharing resource project, the development of a Lualualei Watershed Management Plan (LWMP), and execution of water quality improvement projects identified in the LWMP. Revenues are from payments pursuant to a settlement agreement between DOH and the City County of Honolulu, Department of Facility Maintenance. Expenditures include the costs of the environmentally beneficial project consistent with the terms of the settlement agreement. The fund should be reclassified as a trust account.

**Medical Cannabis
Registry and
Regulation Special
Fund***
(special fund)

Section 321-30.1, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)**

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$531	\$2,030	\$2,401	\$2,996	\$3,025
Revenues	2,137	1,411	1,653	1,414	\$1,955
Interest	0	0	0	0	0
Expenditures	(638)	(1,040)	(1,058)	(1,385)	(1,439)
Transfers	0	0	0	0	0
Ending Balance	\$2,030	\$2,401	\$2,996	\$3,025	\$3,541
Encumbrances	\$70	\$192	\$92	\$45	\$40

*In 2015, we reported this fund as the “Medical Marijuana Registry and Regulation Special Fund. Act 170, SLH 2017, amended Section 321-30.1, HRS, to replace all references to “medical marijuana” with “medical cannabis.”

**The financial data presented is a consolidation of four accounts: “Health Resources Administration” (S-332); “Medical Cannabis Registry Special Fund” (S-345); “Medical Marijuana Registry Special Fund” (S-364); and “Medical Marijuana Registry and Regulation Special Fund” (S-397, closed in FY2019, according to DOH).

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 for various purposes permitted by Section 321-30.1, HRS, including the regulation of medical cannabis dispensaries in Hawai‘i; offsetting the cost of processing and issuing patient registry identification certificates and primary caregiver registration certificates; managing a confidential database; providing public education and substance abuse prevention and education programs; and any other expenditures necessary to implement medical cannabis registry and regulation programs.

This fund has two sub-accounts: the Medical Cannabis Registry Program sub-account and the Medical Cannabis Dispensary Program sub-account.

Revenues to the Registry sub-account come from registration fees charged to each qualifying patient, other than a qualifying out-of-state patient, of \$35 per year, in addition to a portal administrative fee. Expenditures include program operational expenses as permitted by statute.

Revenues to the Dispensary sub-account are from medical cannabis dispensary and dispensary laboratory application and license fees. Section 329D-4, HRS, requires a non-refundable application fee of \$5,000 for each dispensary license application, a dispensary license fee of \$75,000 for each license approved, and an annual license renewal fee of \$50,000, which are deposited in the Dispensary sub-account. Expenditures include program costs, including payroll, contract costs, and other current expenditures.

***Mental Health and
Substance Abuse
Special Fund
(special fund)***

Section 334-15, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)*

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$47,441	\$49,820	\$51,926	\$51,748	\$60,323
Revenues	16,174	14,004	13,063	19,985	14,286
Interest	0	0	0	0	0
Expenditures	(13,859)	(11,385)	(13,743)	(11,327)	(11,844)
Transfers**	64	(513)	502	(83)	(245)
Ending Balance	\$49,820	\$51,926	\$51,748	\$60,323	\$62,520
Encumbrances	\$3,061	\$8,883	\$6,070	\$11,277	\$10,678

*The financial data presented is a consolidation of the Childs and Adolescent Mental Health account (special fund, S-306) and the Mental Health and Substance Abuse Special Fund (S-346).

**Transfers to and from the department's Med-QUEST Division and its Child and Adolescent Mental Health Division for the reimbursement of medical claims.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1991, the fund is used to pay for the operating expenses of the department's mental health and substance abuse programs. Revenues are from moneys collected from certification programs and treatment services rendered through the department's mental health and substance abuse treatment programs. Expenditures include funding for a comprehensive array of mental health services for children and adolescents, such as community-based outpatient services, case management services, psychosocial rehabilitation services, crisis services, residential services and expenses incurred to provide or support program activities.

***Mental Health Center
Patients Trust Fund
(trust fund)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$28	\$28	\$29	\$29	\$29
Revenues	0*	1	0*	0*	0
Interest	0	0	0	0	0
Expenditures	0	0	0*	0	0
Transfers	0	0	0	0	0
Ending Balance	\$28	\$29	\$29	\$29	\$29
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Zero revenues and expenditures shown for certain years due to rounding.

This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established. Administratively established to support adults with serious mental illness that are served by the O‘ahu Community Mental Health Center, the fund’s revenues are from donations, which are used to support consumers with goods and services to assist them in remaining in community-based services. While DOH was unable to confirm when this fund was administratively established, we note that we reviewed this fund and its financial data for fiscal years 2011-2015 in Report No. 15-17.

**Neurotrauma Special
Fund
(special fund)**

Section 321H-4, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$2,071*	\$2,154	\$2,002	\$1,949	\$1,655
Revenues	784	705	806	668	569
Interest	0	0	0	0	0
Expenditures	(701)	(857)	(859)	(962)	(1,109)
Transfers	0	0	0	0	0
Ending Balance	\$2,154	\$2,002	\$1,949	\$1,655	\$1,115
Encumbrances	\$784	\$616	\$687	\$522	\$312

*FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-17 due to rounding errors made in 2015.

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 to fund and contract for services relating to neurotrauma, it provides for (1) education on neurotrauma; (2) assistance to individuals and families to identify and obtain access to services; (3) creation of a registry of neurotrauma injuries within the State to identify incidence, prevalence, individual needs, and related information; and (4) administrative expenses not to exceed 2 percent of the total amount collected. Revenues are from surcharges imposed on violators of certain traffic offenses that have a history of causing traumatic brain injury and spinal cord injury, such as accidents involving death or serious bodily injury or accidents involving substantial bodily injury, driving under the influence of intoxicants, speeding, and incidents related to lack of seat belts or child passenger restraints. Expenditures include salaries for three program staff, educational and awareness activities, facility costs, contracts, and travel.

**Newborn Metabolic
Screening Special
Fund
(special fund)**

Section 321-291, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,049*	\$601	\$928	\$1,790	\$2,116
Revenues	845	1,031	1,809	1,692	1,567
Interest	0	0	0	0	0
Expenditures	(1,293)	(704)	(947)	(1,366)	(2,035)
Transfers	0	0	0	0	0
Ending Balance	\$601	\$928	\$1,790	\$2,116	\$1,648
Encumbrances	\$287	\$3	\$311	\$495	\$98

*FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-17 due to rounding errors made in 2015.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1996, the fund is used for a statewide program that assures all newborn babies in the State are tested for diseases, which if left untreated, may cause intellectual disabilities, development disorders, severe health problems, and even death. Revenues are from pre-paid newborn screening fees received from birthing facilities and midwives. Expenditures include centralized laboratory testing; specimen collection and handling; overnight mailing costs of initial specimens to the testing laboratory; program staff salaries and benefits; contracted follow-up services; screening and diagnostic costs for uninsured indigents; continuing education and educational materials; administrative overhead; and other operating expenses.

**Noise, Radiation, and
Indoor Air Quality
Special Fund
(special fund)**

Section 342P-7, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$435	\$434	\$388	\$391	\$398
Revenues	145	154	158	151	138
Interest	0	0	0	0	0
Expenditures	(144)	(200)	(155)	(144)	(85)
Transfers*	(2)	0	0	0	0
Ending Balance	\$434	\$388	\$391	\$398	\$451
Encumbrances	\$9	\$7	\$17	\$13	\$14

*Transfers to the Sanitation and Environmental Health Special Fund (S-340) to correct an erroneous revenue entry.

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 support the mandated functions and activities of the Indoor and Radiological Health Branch. Revenues are from fees collected for permits, licenses, inspections, certificates, notifications, variances, investigations, and reviews. Expenditures include program operating costs; statewide education, demonstration, and outreach programs; and training for staff and administrators.

**Office of Health Care
Assurance Special
Fund
(special fund)**

Section 321-1.4, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance*	\$76	\$21	\$45	\$77	\$126
Revenues**	29	25	35	95	512
Interest	0	0	0	1	3
Expenditures***	(5)	(1)	(3)	(47)	(95)
Transfers****	(79)	0	0	0	0
Ending Balance	\$21	\$45	\$77	\$126	\$546
Encumbrances	\$0	\$0	\$9	\$51	\$114

We include the following footnotes based on the department's adjustments to financial data we sought to verify:

*FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-17 because it includes \$21,086 transfer for FY2015 recorded in FY2016.

**FY2016 revenues include \$13,799 for FY2015 recorded in FY2016.

***FY2016 expenditures include \$4,499 for FY2015 recorded in FY2016.

****Transfers include \$78,898 to Civil Monetary Penalty Special Fund (S-374) for monies deposited into OHCA Special Fund before the former was established.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1999, the fund is used to help offset the operating costs and educational program expenses of the Department of Health's Office of Health Care Assurance (OHCA) and to enhance the capacity of OHCA programs. Revenues are from administrative penalties and licensing fees. Expenditures include costs associated with managing the state licensure and federal certification of medical and healthcare facilities, agencies, and services provided throughout the State.

***Partnerships in
Community Living
Program
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$4
Revenues	0
Interest	0
Expenditures	0
Transfers	(4)
Ending Balance	\$0
Encumbrances	\$0

This fund was closed in 2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund. Administratively established in 2010, the fund used moneys appropriated from the Emergency and Budget Reserve Special Fund through Act 191, SLH 2010, and Act 25, SLH 2011, which extended the lapse date to the end of FY2012, to support the Partnerships in Community Living Program.

Patient Trust Account (trust account)

Administratively established

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$116	\$129	\$110	\$102	\$94
Revenues	130	79	59	58	80
Interest	0	0	0	0	0
Expenditures	(117)	(98)	(67)	(66)	(43)
Transfers	0	0	0	0	0
Ending Balance	\$129	\$110	\$102	\$94	\$131
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account does not meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. Administratively established prior to 1999, the account is used to provide Hawai'i State Hospital (HSH) patients with access to normal and routine banking services. DOH reported that HSH patients are unable to access normal and routine means of banking and are restricted from having money on their person. DOH believes this fund allows HSH to provide patients with an environment that preserves dignity and contributes to positive self-image despite these restrictions. Revenues are from deposits into patient accounts and expenditures include withdrawals from patient accounts. While this account may function as a type of holding account, each patient has a beneficial interest in the fund equal to their total deposits. Unlike trust accounts, a trust fund is a fund in which designated persons have a vested beneficial interest or equitable ownership. This account should be reclassified as a trust fund.

***Program for All
Inclusive Care for
Elderly
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$70
Revenues	0
Interest	0
Expenditures	0
Transfers	(70)
Ending Balance	\$0
Encumbrances	\$0

The fund was closed in 2016 and the remaining balance transferred to the Emergency Budget and Reserve Fund. The department did not provide a timely response to our fund questionnaire. However, as we reported in 2015, this fund has not had any financial activity since 2006.

***Public Health Nursing
Services Special Fund
(special fund)***

***Section 321-432, HRS
(repealed by Act 147,
SLH 2015)***

Financial Data for Fiscal Years 2016 – 2019 (in thousands)

	FY2016	FY2017	FY2018	FY2019
Beginning Balance	\$12	\$12	\$12	\$0
Revenues	0	0	0	0
Interest	0	0	0	0
Expenditures	0	0	0	(12)
Transfers	0	0	(12)	12
Ending Balance	\$12	\$12	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0

This fund was repealed by Act 147, SLH 2015, and later closed in 2019. According to the department, the remaining funds were to be returned to the state treasury. However, DOH did not respond to our request for clarification regarding the transfers in and out of the fund in FY2018 and FY2019.

Statutorily established in 2002, the fund was used to provide ongoing case management services and to provide staff training in case management services in collaboration with the Department of Human Services' Medicaid Early and Periodic Screening, Diagnosis, and Treatment Program for medically fragile children. Revenues consisted of Medicaid reimbursements received by the department.

**Public Health –
Donations, Gifts, and
Grants
(trust fund)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$3,698	\$3,146	\$4,543	\$4,566	\$4,659
Revenues	1,066	2,202	1,324	1,389	5,096
Interest	0	0	0	0	0
Expenditures	(1,618)	(805)	(1,301)	(1,296)	(2,356)
Transfers	0	0	0	0	0
Ending Balance	\$3,146	\$4,543	\$4,566	\$4,659	\$7,399
Encumbrances	\$317	\$565	\$293	\$811	\$1,174

The department reported that this fund is shared by more than one program, but only submitted information (including separate financial data, see below) for one of the program accounts: Maui Emergency Helicopter – Matching for Operations (Project No. 000529). According to DOH, this program was established by Act 178, SLH 2005, which appropriated \$1,000,000 for each of fiscal years 2006 and 2007 to provide emergency aeromedical helicopter services and EMS personnel for the County of Maui, provided that no funds shall be expended unless the county provides matching funds on a dollar-for-dollar basis of up to \$650,000 for each of fiscal years 2006 and 2007. The County of Maui has contributed \$672,215 in each of the past five years.

The department did not submit a timely response to our request for additional information. Since the department has not provided information regarding the remaining account(s) comprising the fund, we are unable to make a determination as to whether the entire fund meets the criteria for a trust fund. However, at a minimum, the “Maui Emergency Helicopter – Matching for Operations” account does not meet all the criteria of a trust fund because it is not a fund 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 purpose.

The department should reevaluate and reclassify the accounts in this fund so that their purpose, intent, and use adhere to statutory criteria for special, revolving, and trust funds and trust accounts.

The following financial data pertains only to the “Maui Emergency Helicopter – Matching for Operations” account:

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$112	\$56	\$112	\$112	\$112
Revenues	672	672	672	672	672
Interest	0	0	0	0	0
Expenditures	(728)	(616)	(672)	(672)	(672)
Transfers	0	0	0	0	0
Ending Balance	\$56	\$112	\$112	\$112	\$112
Encumbrances	\$56	\$112	\$112	\$112	\$112

***Respite Services
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$50
Revenues	0
Interest	0
Expenditures	0
Transfers*	(50)
Ending Balance	\$0
Encumbrances	\$0

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

This fund was closed in 2016 and the remaining balance was transferred to the general fund. Administratively established in 2009, the fund used moneys appropriated from the General Appropriation Act of 2009 to support respite care.

**Robert Wood Johnson
Foundation Grant
(trust fund)**

**Administratively
established**

Financial Data for Fiscal Years 2018 – 2020 (in thousands)

	FY2018	FY2019	FY2020
Beginning Balance	\$0	\$30	\$0*
Revenues	50	0	0
Interest	0	0	0
Expenditures	(20)	(30)	0
Transfers	0	0	0
Ending Balance	\$30	\$0*	\$0*
Encumbrances	\$0	\$0	\$0

*Zero balance shown due to rounding.

This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established. Administratively established in 2017, the fund was used to hold grant moneys for a project involving the identification and categorization of system-level implementation strategies across large public sector youth mental health settings. Revenues consisted of a grant from the Robert Wood Johnson Foundation. Expenditures included the salary and travel costs for a principal investigator to conduct training and presentations related to the project's goals.

**Sanitation and
Environmental Health
Special Fund
(special fund)**

Section 321-27, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$1,708	\$2,404	\$4,249	\$5,687	\$6,863
Revenues	2,148	3,718	3,217	3,092	2,877
Interest	0	0	0	0	0
Expenditures	(1,454)	(1,873)	(1,779)	(1,916)	(2,132)
Transfers*	2	0	0	0	(25)
Ending Balance	\$2,404	\$4,249	\$5,687	\$6,863	\$7,583
Encumbrances	\$268	\$70	\$70	\$25	\$318

*FY2016 transfer to return revenues erroneously deposited into the Noise, Radiation, and Indoor Air Quality Special Fund (S-322). FY2020 transfer to return revenues intended for the Environmental Response Revolving Fund (S-342).

This fund meets the criteria for a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1994, the fund is used to enhance the capacity of sanitation and environmental health programs through, among other things, improving public outreach efforts; educating the public, staff, and regulated businesses and industries; and providing training for sanitation and environmental health staff and administrators. Revenues are from fees for permits, licenses, inspections, various certificates, variances, investigations, and reviews, including, but not limited to, food establishment inspections, temporary food permits, licenses for embalmers and tattoo artists, and swimming pool permits. Expenditures include operating costs of program activities and functions authorized pursuant to Section 321-22, HRS, to enhance the capacity of sanitation and environmental health programs, such as education and outreach programs; improving electronic systems infrastructure and capabilities; and developing emergency response capabilities.

**State Health Planning
and Development
Special Fund
(special fund)**

Section 323D-12.6, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$531	\$582	\$695	\$586	\$531
Revenues	72	145	3	36	136
Interest	0	0	0	0	0
Expenditures	(21)	(32)	(112)	(91)	(22)
Transfers	0	0	0	0	0
Ending Balance	\$582	\$695	\$586	\$531	\$645
Encumbrances	\$0	\$0	\$0	\$0	\$2

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1999, the fund is used to help offset program expenses of the State Health Planning and Development Agency. The health planning and development agency is responsible for, among other things, promoting accessibility to quality health care services at reasonable cost through the administration of the certificate of need program and coordinated community planning of new health care services and construction. Revenues are from certificate of need application fees. Expenditures include costs associated with the certificate of need program and maintaining and revising the State Health Plan.

**State Hospital -
Donations
(trust fund)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$60	\$70	\$87	\$104	\$84
Revenues	110	109	103	94	96
Interest	0	0	0	0	0
Expenditures	(100)	(92)	(86)	(114)	(90)
Transfers	0	0	0	0	0
Ending Balance	\$70	\$87	\$104	\$84	\$90
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund only partially meets the definition of a trust fund. According to the department, this fund is comprised of four separate bank accounts, each with its own intent and purpose:

1. The Vocational Rehabilitation Account (VRA) was established to support five hospital-based patient work programs: animal care, Aloha Garden, aquaponics, auto detailing, and woodworking. Revenues are from the sale of goods and services to hospital staff and patients. Expenditures are for supplies and program incentives.
2. The Volunteer Services Donations account was established to accept donations from individuals or organizations to the hospital to be used for the public benefit.
3. The State Operated Specialized Residential Program (SOSRP) account was established to provide community placement for patients discharged from the hospital. Revenues from the SOSRP are generated from rent paid by residential care patients.
4. The Hawai'i State Hospital Administration account was established to fund achievement awards for hospital staff without using allocated funds.

Only one of the accounts meets the definition of a trust fund—the Volunteer Services Donations account, which was established to accept donations from individuals or organizations to the hospital to be used for the public benefit.

Both the VRA and the SOSRP accounts operate more like revolving funds because the cost of goods and services rendered or furnished by the programs are replenished through revenues generated by the programs.

The Hawai‘i State Hospital Administration account, which provides achievement awards for hospital staff, does not meet the definition of a trust fund because it is not a fund in which designated persons or classes of persons have a vested beneficial interest or equitable ownership, and it was not established by a gift, grant, contribution, devise or bequest that limits the use of the fund to designated objects or purposes.

The department should separate and reclassify the accounts in this fund so that the purpose, intent, and use for each account adheres to statutory criteria for special funds, revolving funds, trust funds, and trust accounts.

***Subsidy – St. Francis
Medical Center – Bone
Marrow
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$100
Revenues	0
Interest	0
Expenditures	0
Transfers*	(100)
Ending Balance	\$0
Encumbrances	\$0

*The fund was closed in FY2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund.

This fund was closed in 2016 and the remaining balance was transferred to the Emergency and Budget Reserve Fund. Administratively established prior to 2007, DOH did not provide information about this fund other than that it has not had any financial activity since 2007. We reported the same in 2015.

***Temporary Deposits—
Salary Overpayments
Trust Accounts
(trust account)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$308	\$343	\$318	\$299	\$305
Revenues	87	97	66	17	4
Interest	0	0	0	0	0
Expenditures	(52)	(122)	(85)	(13)	0
Transfers*	0	0	0	2	0
Ending Balance	\$343	\$318	\$299	\$305	\$309
Encumbrances	\$0	\$0	\$0	\$0	\$0

*FY2019 transfers to roll up cash balance from FY2018.

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established. The account was administratively established to serve as a temporary holding account for the collection of partial payments made by employees who were overpaid. After employees fully reimburse their overpayments, moneys are transferred to the program's respective funds and adjustments are made to the Department of Accounting and General Services' payroll system.

Trauma System Special Fund
(special fund)

Section 321-22.5, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$14,107	\$15,223	\$11,310	\$13,126	\$14,242
Revenues	7,518	7,496	8,711	7,072	7,144
Interest	84	108	73	100	467
Expenditures	(6,486)	(6,070)	(6,270)	(3,453)	(5,223)
Transfers*	0	(5,447)	(698)	(2,603)	(740)
Ending Balance	\$15,223	\$11,310	\$13,126	\$14,242	\$15,890
Encumbrances	\$2,377	\$3,212	\$3,123	\$6,102	\$6,855

*Transfers to the general fund pursuant to Act 238, SLH 2015, requiring unexpended and unencumbered moneys in the fund in excess of \$7.4 million on June 30 of each fiscal year to be transferred to the general fund.

This fund does not meet the criteria of a special fund. The fund should be repealed because there is no clear link between the benefits sought for the comprehensive state trauma system and revenues derived from cigarette taxes and surcharges imposed on certain traffic violations, specifically, traffic accidents involving only damage to vehicle or property (Section 291C-13, HRS) and collisions with any vehicle or property which is unattended (Section 291C-15, HRS). We reached a similar conclusion when we last reviewed this fund in Report No. 15-17. Additionally, according to department personnel, this program could be supported through direct general fund appropriations.

Statutorily established in 2006, the fund supports the continuing development and operation of a comprehensive state trauma system. Moneys subsidize hospital costs of under-compensated and uncompensated trauma care, maintaining on-call physicians for trauma care, and maintaining staff to operate the injury prevention program. Additional revenues come from federal grants; legislatively appropriated funds, such as grants-in-aid, donations, and contributions; and interest earned on the fund.

Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust (trust account)

Administratively established

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$56	\$56	\$56	\$56	\$56
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	\$56	\$56	\$56	\$56	\$56
Encumbrances	\$0	\$0	\$0	\$0	\$0

This account does not meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. Administratively established in 1944, the account was established with a grant from the Charles A. Brown Trust to provide the non-diseased children of Hansen's Disease patients with financial assistance for education-related expenses. The account should be reclassified as a trust fund because it is a fund which was established by a grant that limits the use of the fund to designated objects or purposes, namely supporting education-related expenses for children of Hansen's Disease patients. We note separately that the account had no financial activity during this review period and only minimal activity during the FY2011–FY2015 review period.

***Vital Statistics
Improvement Special
Fund
(special fund)***

Section 338-14.6, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$427	\$195	\$0*	\$38	\$80
Revenues	274	261	283	290	274
Interest	0	0	0	0	0
Expenditures	(506)	(456)	(245)	(248)	(156)
Transfers	0	0	0	0	0
Ending Balance	\$195	\$0*	\$38	\$80	\$198
Encumbrances	\$100	\$0	\$0	\$3	\$133

*Zero balance shown due to rounding.

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1997, the fund is used to assist in the modernization, automation, and offsetting of costs for the daily operations of the system of vital statistics. Revenues are from fees of \$1 for each certified copy of birth, marriage, divorce, or death. Expenditures include costs for daily operations of the system and funding two full-time positions.

**Wastewater Treatment
Certification Board
Special Fund
(special fund)**

Section 340B-3.5, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$70	\$60	\$62	\$56	\$54
Revenues	11	21	9	21	8
Interest	0	0	0	0	0
Expenditures	(21)	(19)	(15)	(23)	(14)
Transfers	0	0	0	0	0
Ending Balance	\$60	\$62	\$56	\$54	\$48
Encumbrances	\$1	\$1	\$2	\$1	\$1

This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established. Statutorily established in 1999, the fund supports the operations of the Board of Certification for Personnel Operating Wastewater Treatment Plants. Revenues are from examination registration, renewal, reciprocity, and temporary certification fees for wastewater treatment plant operators. Expenditures include costs to conduct examinations and issue or renew certificates.

**Water Pollution Control
Revolving Fund
(revolving fund)**

Section 342D-83, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$143,385*	\$154,395	\$152,458	\$170,394	\$177,833
Revenues	57,194	46,560	39,042	50,429	52,903
Interest	0	0	0	0	0
Expenditures	(46,184)	(48,499)	(21,106)	(42,990)	(132,978)
Transfers**	0	2	0	0	0
Ending Balance	\$154,395	\$152,458	\$170,394	\$177,833	\$97,758
Encumbrances	\$30,340	\$47,032	\$52,068	\$106,465	\$73,529

*FY2016 beginning balance does not agree to FY2015 ending balance reported in Report No. 15-17 due to rounding errors made in 2015.

**According to DOH, FY2017 transfer to the Deposit Beverage Container Special Fund (S-313) was related to a vacation transfer.

This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established. Statutorily established in 1997, the fund is used to provide low-interest loans for pollution control projects. Revenues are from loan repayments, federal capitalization grants, loan fees and interest, investment interest, and capital improvement project funds. Expenditures include the costs of processing and servicing loans and other DOH Wastewater Branch administrative costs.

The department also reported that the fund received the following general obligation bond funds solely to meet a 20% state match requirement to receive federal funds:

Fiscal Year	Amount of Appropriation	Purpose
2016	\$2,172,000	Required 20% match to receive federal capitalization grant
2017	\$2,172,000	Required 20% match to receive federal capitalization grant
2018	\$2,070,000	Required 20% match to receive federal capitalization grant
2019	\$2,054,000	Required 20% match to receive federal capitalization grant
2020	\$2,487,000	Required 20% match to receive federal capitalization grant

**Water Quality
Information and
Technology
Environmentally
Beneficial Project
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2018 – 2020 (in thousands)

	FY2018	FY2019	FY2020
Beginning Balance	\$0	\$560	\$560
Revenues	560	0	0
Interest	0	0	0
Expenditures	0	0	0
Transfers	0	0	0
Ending Balance	\$560	\$560	\$560
Encumbrances	\$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 2017, DOH reported the account is used to hold payments pursuant to an Administrative Order on Consent between DOH, the City & County of Honolulu, and Southland Mole JV as part of a settlement for violations of water pollution laws. Expenditures will include funding an environmentally beneficial project conducted by DOH's Clean Water Branch consistent with the terms of the settlement.

Hawai'i Health Systems Corporation

Donations, Gifts, and Grants (trust fund)

Administratively established

Financial Data for Fiscal Years 2016 – 2020 (in thousands)*					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$36	\$36	\$36	\$36	\$36
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	\$36	\$36	\$36	\$36	\$36
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data presented is a consolidation of five accounts: T-911 Maluhia Hospital – Donations, Gifts, and Grants; T-918 Honoka'a Hospital – Donations, Gifts, and Grants; T-919 Mahelona Hospital – Donations, Gifts, and Grants; T-921 Ka'u Hospital – Donations, Gifts, and Grants; and T-923 Kaua'i Veterans Memorial Hospital – Donations, Gifts, and Grants.

This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established. Administratively established to receive donations, gifts, and grants, the fund holds moneys for five hospitals: Maluhia Hospital, Honoka'a Hospital, Mahelona Hospital, Ka'u Hospital, and Kaua'i Veterans Memorial Hospital. The fund did not have any financial activity during the review period. However, HHSC reported that the donations, gifts, and grants are restricted by the grantor or donor or designated for a specific purpose.

Hawai'i Health Systems Corporation (Not in State Treasury) (special fund)

Administratively established

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$49,884	\$49,884	\$49,884	\$49,884	\$49,884
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	\$49,884	\$49,884	\$49,884	\$49,884	\$49,884
Encumbrances	\$0	\$0	\$0	\$0	\$0

This fund does not meet the criteria of a special fund. The fund should be closed because it no longer serves the purpose for which it was originally established. According to HHSC, the fund was originally established over 20 years ago as a “reporting tool” for revenues earned by the Hilo Medical Center, Maui Memorial Medical Center, and Kona Community Hospital since funds received were no longer deposited in the state treasury as was done prior to HHSC’s formation.

However, according to HHSC, with no expenditures recorded against the account, the balance shown in FAMIS has remained static. HHSC believes that the fund should be removed from FAMIS and is working with DAGS to properly remove the financial data from FAMIS.

**Health Systems Special
Fund
(special fund)**

Section 323F-21, HRS

Financial Data for Fiscal Years 2016 – 2020 (in thousands)*					
	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$3,268**	\$1,134	\$8,170	\$14,410	\$5,379
Revenues	418,431	451,955	358,276	299,157	330,818
Interest	0	0	0	0	0
Expenditures	(420,565)	(431,619)	(352,036)	(308,188)	(323,695)
Transfers***	0	(13,300)	0	0	0
Ending Balance	\$1,134	\$8,170	\$14,410	\$5,379	\$12,502
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data presented is a consolidation of 15 HHSC accounts.

**FY2016 beginning balance does not agree to FY2015 ending balance reported in Report No. 15-17 due to rounding errors made in 2015.

***HHSC reported that the transfer of \$13.3 million in 2017 represents the State's forgiveness of an advance made to HHSC to relieve a cash shortfall in fiscal year 2003.

According to HHSC, this fund is not self-sustaining and relies on general fund appropriations for its operations. HHSC reported that this fund received the following general funds during the period under review:

FY2016 - \$105,940,000

FY2017 - \$115,940,000 (of which only \$105,940,000 was spent)

FY2018 - \$110,901,000

FY2019 - \$118,432,000

FY2020 - \$125,701,000

In 2002, the Legislature set the requirements for the establishment and continuance of special funds. Section 37-52.3, HRS, states that, among other things, special funds must demonstrate the capacity to be financially self-sustaining. Based on the department's own assessment and the general fund appropriations necessary to sustain the program, this fund does not satisfy this criterion and should be repealed.

Statutorily established in 1996, the fund is used to deposit all fees, proceeds, and reimbursements to or received by the HHSC and various hospitals. Revenues are from patient claims paid by the Hawai'i Medical Service Association, Kaiser, Medicare, and Medicaid. Expenditures are primarily for payroll costs.

***Patients' Safekeeping
Trust Fund
(trust fund)***

***Administratively
established***

Financial Data for Fiscal Years 2016 – 2020 (in thousands)*

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$85**	\$85	\$85	\$85	\$71
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	(12)	0
Transfers***	0	0	0	(2)	0
Ending Balance	\$85	\$85	\$85	\$71	\$71
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data presented is a consolidation of the “Kona Hospital – Private Trust Fund” account (trust fund, T-915) and the “Leahi Hospital” account (trust fund, T-925).

**FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-16 due to rounding errors made in 2015.

***FY2019 transfer to another DOH account to correct an erroneous transfer to this fund.

This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established. The fund was administratively established to manage and safeguard long-term care patients' moneys, including pension, retirement, social security, and other miscellaneous income. Expenditures from patient accounts are made only with the patients' consent to meet their personal needs.

***Resources to
Nonprofit, Community-
Based Health Care
(special fund)***

***Administratively
established***

Financial Data for Fiscal Year 2016 (in thousands)

	FY2016
Beginning Balance	\$91
Revenues	0
Interest	0
Expenditures	0
Transfers*	(91)
Ending Balance	\$0
Encumbrances	\$0

*The fund was closed in 2016 and the remaining balance was transferred to the general fund.

This fund was closed in 2016 and the remaining balance was transferred to the general fund. Administratively established prior to 2006, DOH did not provide information about this fund other than that it has not had any financial activity since 2006. We reported the same in 2015.

**Salary Overpayment
Trust Account
(trust account)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$9	\$9	\$9	\$7	\$7
Revenues	0	0	1	0	0
Interest	0	0	0	0	0
Expenditures	0*	0*	(3)	0*	0
Transfers	0	0	0	0	0
Ending Balance	\$9	\$9	\$7	\$7	\$7
Encumbrances	\$0	\$0	\$0	\$0	\$0

*Zero expenditures shown due to rounding.

This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established. This administratively established account is dedicated to salary overpayment, serving as a temporary holding account for recoveries until the debt is satisfied. Account funds are subsequently transferred out of the account with an adjustment to the Department of Accounting and General Services' payroll system.

**Weinberg Grant Fund
(trust fund)**

**Administratively
established**

Financial Data for Fiscal Years 2016 – 2020 (in thousands)

	FY2016	FY2017	FY2018	FY2019	FY2020
Beginning Balance	\$44*	\$44	\$44	\$44	\$44
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	\$44	\$44	\$44	\$44	\$44
Encumbrances	\$0	\$0	\$0	\$0	\$0

*FY2016 beginning balance does not agree to FY2015 ending balance in Report No. 15-17 due to rounding errors made in 2015. Additionally, DOH reported that this fund is held outside of the state treasury.

**Zero interest and expenditures shown due to rounding.

This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established. Administratively established in 1999, the fund is used to account for a grant received from the Harry and Jeanette Weinberg Foundation for telemedicine and telehealth infrastructure equipment and related expenses. The fund supports a regional HHSC telehealth and telemedicine facility and high-speed telecommunications system. During the period under review, the fund remained open with only minimal interest revenue and expenditures for account analysis fee transactions.



Chapter 3

Observations on DOH's and HHSC'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.

DOH and HHSC 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 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 DOH's and HHSC'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, DOH and HHSC had non-general funds with balances totaling approximately \$62.3 million and administratively created non-general funds with balances totaling approximately \$57.1 million that were not reported to the 2020 Legislature as required by Sections 37-47 and 37-52.5, HRS, respectively.

Exhibit 3.1

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

Department of Health

Fund Name	Fund Type	HRS 37-47 (Non- General)	FY2019 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2019 Ending Balance (rounded)
Clean Water Branch-Kahalu'u Debris Basin Environmentally Beneficial Project	Trust Account	✓	\$124,000	✓	\$124,000
Clean Water Branch-Molasses Spill Environmentally Beneficial Project	Trust Account	✓	425,000	✓	425,000
Kalaupapa Memorial Hospital Fund	Trust Account	✓	9,000	✓	9,000
Kalaupapa Patient Donation Fund	Trust Account	✓	1,000	✓	1,000
Kualoa Supplemental Environmental Project Fund	Trust Account	✓	0	✓	0
Mai'ilili Supplemental Environmental Project Fund	Trust Fund	✓	689,000	✓	689,000
Mental Health Center Patients Trust Fund	Trust Fund	✓	29,000	✓	29,000
Patient Trust Account	Trust Account	✓	94,000	✓	94,000
Public Health - Donations, Gifts and Grants	Trust Fund	✓	4,659,000	✓	4,659,000
Robert Wood Johnson Foundation Grant	Trust Fund	✓	0	✓	0
State Hospital - Donations	Trust Fund	✓	84,000	✓	84,000
Temporary Deposits—Salary Overpayments Trust Accounts	Trust Account	✓	305,000	✓	305,000
Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust	Trust Account	✓	56,000	✓	56,000
Water Quality Information and Technology Environmentally Beneficial Project	Trust Account	✓	560,000	✓	560,000
DOH Subtotal			\$7,035,000		\$7,035,000

Source: Office of the Auditor

Hawai'i Health Systems Corporation

Fund Name	Fund Type	HRS 37-47 (Non- General)	FY2019 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2019 Ending Balance (rounded)
Donations, Gifts, and Grants	Trust Fund			✓	\$36,000
Hawai'i Health Systems Corporation (Not in State Treasury)	Special	✓	\$49,884,000	✓	49,884,000
Health Systems Special Fund*	Special	✓	5,379,000		
Patients' Safekeeping Trust Fund	Trust Fund			✓	71,000
Salary Overpayment Trust Account	Trust Account			✓	7,000
Weinberg Grant Trust Fund	Trust Fund			✓	44,000
HHSC Subtotal			\$55,263,000		\$50,042,000
Total			\$62,298,000		\$57,077,000

*The Health Systems Special Fund consists of 15 FAMIS accounts. HHSC only reported accounts S-320 and S-356 to the 2020 Legislature.

Source: Office of the Auditor



Office of the Auditor's Comments on the Department of Health's and Hawai'i Health Systems Corporation's Responses

Comments on Agency Response

WE TRANSMITTED to DOH and HHSC a draft of our review of their special funds, revolving funds, trust funds, and trust accounts on January 25, 2021. DOH provided its written response to the draft report on February 5, 2021 (Attachment 1). HHSC provided a separate written response on February 9, 2021 (Attachment 2).

DOH acknowledged our recommendations related to two trust accounts and one trust fund, indicating that it will review the accounts/funds based on our recommendations. DOH also acknowledged our recommendations for two special funds (Emergency Medical Services Special Fund and Trauma System Special Fund) and stated that it anticipates that a decision to continue or repeal the funds will be made during the 2021 Legislative Session.

DOH disagreed with our conclusion that three special funds did not satisfy the clear nexus/clear link criterion required by statute and provided comments. Specifically, DOH provided additional information about the programs and expenditures related to the Community Health Centers Special Fund, the Domestic Violence and Sexual Assault Special Fund, and the Hawai'i Birth Defects Special Fund. We find this additional information does not address our concern that the funds do not either reflect a clear nexus between the benefits sought and the charges made upon the program users or beneficiaries, or a clear link between the program and the sources of revenue. We reached the same conclusions in Report No. 15-17 and maintain our analysis of these funds was appropriate and correct based upon the information DOH provided to us during the current review.

DOH also questioned the basis for our recommendations related to three funds and accounts: the Environmental Response Revolving Fund; the Mai'ili'ili Supplemental Environmental Project Fund; and the Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust. We believe the fund definitions provided on Page 2 of this report and the descriptions of the funds in question, which were based on DOH's own questionnaire responses, adequately support our conclusions that these funds should be reclassified. DOH did not provide any additional information that supports or otherwise justifies amending our recommendations.

As to its reporting shortfall, DOH acknowledged that certain funds and accounts were not submitted to the Legislature due in part to staff turnover and is working to correct the oversight.

HHSC generally agreed with our recommendations. However, as to its reporting shortfall, HHSC asserted that the Health Systems Special Fund cash balance was reported as part of a larger consolidated cash balance that included but was not limited to the 15 accounts associated with the Health Systems Special Fund. HHSC also acknowledged that it does not file a separate administratively established fund report but will do so going forward.

DAVID Y. IGE
GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File: A/21-019

February 4, 2021

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

Subject: Response to "DRAFT 2020 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health"

Dear Mr. Kondo:

Attached are the Department of Health's response for the above-mentioned draft report.

We appreciate the opportunity to provide a response to the report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elizabeth A. Char".

Elizabeth A. Char, M.D.
Director of Health

Attachments –Response to the Draft Report
Attachment A

cc. Janis Morita, Chief, Administrative Services Office w/Attachments

21703

SUBJECT: DRAFT 2020 Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Department of Health

The Department of Health (DOH) appreciates the opportunity to provide a response on the subject report. We realize that this review is a tool to help DOH manage and make ongoing improvements to our existing processes in order to manage and monitor these sources of funding. Please note that the Hawaii Health Systems Corporation (HHSC) is an administratively attached agency to DOH and they will provide a response to the accounts under their purview.

We would like to comment on specific areas of the report.

Chapter 2 – Department of Health

In Exhibit 2.3, DOH and HHSC Funds and Accounts Not Meeting Criteria, there are some funds in this exhibit that we would like to provide additional information. Some of these funds identified in this section were also part of the audit completed back in 2015 (Report No. 15-17).

- **Community Health Centers Special Fund.** Chapter 2 and Exhibit 2.3 of Report No. 21-03 / January 2021 indicates that (1) the special fund is inactive or has an excess balance and (2) the special fund does not meet the criteria for continuance and should be closed or reclassified. Act 316/2006 SLH established the community health centers special fund for which funds shall be used for the operations of federally qualified health centers ("FQHC"). The purpose of the bill is to discourage smoking by increasing the tax on cigarettes, to allocate funds to effective sources in the prevention and treatment of disease and injury, and to appropriate moneys for these purposes. The community health centers special fund is being used to contract with fourteen (14) FQHCs to provide comprehensive primary care services to the uninsured/underinsured population statewide. In addition, this special fund is being used to provide primary and urgent care in Hana on the island of Maui, and for emergency room services in the Waianae District on the island of Oahu. There is a direct connection between the services being provided and the revenue source. In 2006, the Legislature decided that to sustain funding for this program, the revenues from the cigarette taxes would be used.

Below is an in-depth description of what the funds are used for on an annual basis:

- 1) These funds are used by the Department of Health ("DOH") to contract with FQHCs to provide medical (perinatal, pediatric, adult primary care) and support services to uninsured and underinsured individuals that are at or below two hundred fifty percent (250%) of the Federal poverty level. Optional services includes behavioral health care, dental treatment, and pharmaceutical services. Access to primary health services reduces morbidity and mortality by providing timely, appropriate, and less expensive care, and thereby prevent the development and exacerbation of serious health conditions. \$5,038,647.00 encumbered annually
- 2) These funds are also used to contract Hana Health for the provision of urgent and primary health care services to the Hana community on the island of Maui. The community of Hana has the highest percentage of population in the state with no health insurance according to the 2016 Hawaii State Primary Care Needs Assessment Data Book published by the Family Health Services Division, Department of Health. Hana is also an isolated community, given

the fact that the next closest medical facility providing urgent and primary care services is an estimated two and one half (2-1/2) hour drive from Hana. \$1,130,000.00 annually

- 3) These funds are also used to contract with Waianae Coast Comprehensive Health Center ("WCCHC") for the provision of emergency room services between the hours of midnight to 8:00 a.m., 365 days a year. It is vital to the residents of the Waianae Coast to keep the emergency room open 24 hours a day, however many residents in the region are uninsured and are unable to pay for the services they receive. Accordingly, this contract provides the operating funds necessary to keep the emergency room open between the hours of midnight to 8:00 a.m. \$1,468,000.00 annually
- 4) Lastly, these funds support the Account Clerk III position 117426. \$41,064.00 salary + \$26,198.83 = \$67,262.83 annually

In fiscal year 2021, the DOH is in the process of encumbering an additional \$3,500,000.00 of the special funds for the operations of the 15 FQHCs. Due to the COVID-19 pandemic, the FQHCs have seen a dramatic decrease in client visits which negatively impacted their revenues and ability to stay in business. These additional funds will ensure that the FQHCs are able to continue providing vital services to our community as well as COVID19 related services like testing, community education/outreach, and vaccinations.

Due to the high activity of the special fund on an annual basis, and the upcoming activities related to COVID-19, the DOH is against closing or reclassifying the special fund and is against diverting excess funds elsewhere.

- **Domestic Violence and Sexual Assault Special Fund.** Exhibit 2.3 of Report No. 21-03 / January 2021 reports that the referenced special fund has no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources.

The funds received from tax refunds and the fees collected for marriage, birth, and death certificates are used to support this program. This fund currently supports a full time Domestic Violence coordinator. General funds to support this program and positions were eliminated in the 2009 RIF and DOH was able to carry out domestic violence prevention efforts that include the Domestic Violence Fatality Reviews (DVRF). For the Domestic Violence Prevention Program, there are no general funds to support the development and implementation of public awareness and education messages to change established norms and cultural beliefs to prevent violence from occurring at all. The special fund provides the flexibility to continue the activities for which this fund was initially established. This special fund provides the dedicated resources needed to ensure that prevention efforts remain uninterrupted.

The 2013 Legislature authorization the use of these funds to reinstate the Domestic Violence Program Specialist IV (position #121392). This was accomplished with strong support from domestic violence advocates. This position provides planning, program development, procurement, monitoring and evaluation, and education and training on domestic violence prevention to government, non-government, and the public.

-
- **Emergency Medical Services Special Fund.** The report indicates that (1) there is no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources, and (2) it is an inappropriate financing mechanism. This special fund has provided funding to support operating a vital state comprehensive emergency medical services system. Measures have been introduced in the 2021 Legislature that include adding a source of revenue for the special fund, transferring the unencumbered balance in the special fund to the general fund, transferring half of the special funds to the City and County of Honolulu, and repealing the source of revenue for the special fund and the special fund and appropriating general funds for operating expenses. The DOH anticipates that a decision to continue or repeal this special fund and appropriate general funds will be made in this legislative session.
 - **Environmental Response Revolving Fund.** In the 2015 Report No. 15-17, the report stated that the fund continues to serve the purpose for which it was created and met the criteria for a revolving fund. The intent of this fund, as well as the revenue sources have not changed since the last report and the DOH would like to know the reasons for the change in the assessment that this fund does not meet all the criteria of a revolving fund.
 - **Hawaii Birth Defects Special Fund.** Exhibit 2.3 of Report No. 21-03 / January 2021 reports that the referenced special fund has no clear nexus between benefits sought and user charges or a clear link between the program and revenue sources and not financially self-sustaining.

BDSF reflects a clear link between the program and source of revenue.

The Birth Defects Special Fund (BDSF) was established by the state legislature in 2002 (HRS §321-421 to 426) to support the Hawaii Birth Defects Program (HBDP). The source of revenue for this special fund has been \$10 from each marriage license fee collected by the Hawaii State Department of Health since 2002. The legislature's rationale behind the fee attached to the marriage license was to support families having healthy babies and to provide accurate information to support or disprove theories about increased number of babies born with defects or possible causes of birth defects (i.e., environmental causes). It was determined that the special fund would provide a sustainable mechanism for funding the activities of this program.

BDSF serves a need.

The Hawaii Birth Defects Program (HBDP) monitors major structural and genetic birth defects that adversely affect health and development. Data may be used for developing baseline rates, monitoring trends, and performing cluster investigations. In several instances, birth defects data has been used by both communities and state programs to determine if an environmental or infectious health risk may be present. Data may also be used by public health and community programs in developing policies, prevention strategies, and services.

HBDP is needed for the collection, analysis, and reporting of birth defects data. It is an active surveillance system in which birth defects staff abstract data directly from medical and other records at hospitals and other medical facilities statewide. It provides more complete data (birth defect rate of approximately 4% births) compared to the limited data in the birth certificate (reported congenital anomaly rate of less than 0.2% births).

Ascertainment of cases by the two Medical Record Technicians (abstractors) involves reviewing the medical record to determine if the baby has a confirmed birth defect. Once documentation of a birth defect is confirmed, the medical record is fully abstracted, and data is entered into the birth defects database. The contracted Medical Geneticist reviews the abstracted data to confirm the diagnosis, determines that the baby has a syndrome rather than many birth defects, or returns the case to the program Medical Record Technicians to find more information to determine a diagnosis. The approximate number of newborn records screened annually is 2,500-3,000 (14-17% of all newborns). Of these screened records, approximately 325 (10%) require full abstraction of the medical record into the birth defects database.

HBDP provides to various public agencies the birth defects information needed for planning and development of appropriate statewide strategies, services, and public education to prevent birth defects. Birth defects data has been provided to public agencies regarding claims of increased birth defects due to suspected environmental hazards (pesticide use, polluted water, chemical exposures, etc.) or other risk factors (such as Zika Virus infection). This has helped when the State has been threatened with lawsuits over claims of environmental hazards causing birth defects in two major incidents: 1) a claim from Foster Village residents that something in the area caused more birth defects; and 2) a claim from Kauai that pesticide spraying caused more birth defects. The birth defects data was instrumental in providing evidence that the incidence of birth defects in both cases was not higher than surrounding areas or islands.

BDSF has the capacity to be financially self-sustaining.

The marriage license fee has not increased since 2002, although HBDP costs for salary and fringe from 2002 to 2021 has increased by 91%.

Administrative bills have been introduced to the Hawaii State Legislature 2021. S.B. 1144 and H.B. 990 amend the marriage license statute to support HBDP with an increase from \$10 to \$20 for each license issued to the credit of the BDSF.

Efforts to mitigate the impact of COVID-19 on the BDSF.

The COVID-19 pandemic has greatly affected the revenue for the program since the number of resident and non-resident marriages occurring in the state of Hawaii since March 2020 has drastically decreased.

Short-term plan:

- For FY 2021, HBDP expenditures are lowered by the HBDP Coordinator (Pos. 117966) taking military leave (with only vacation leave taken) to assist the COVID-19 pandemic response. The Program Coordinator most likely will continue National Guard military leave until September 30, 2021 which saves the program his salary and fringe.
- To address the current cash deficit, FHSD/CSHNB is requesting to temporarily change the Means of Financing (MOF) from "B" to "P" and/or "N" for the HBDP Medical Record Technicians (Pos. 118547 and 118548). The "P" funding of up to \$90,000 is from the Centers for Disease Control and Prevention (CDC) Preventive Health and Health Services Block Grant Program (appropriation code: S-20-589-H) for the period of approximately July 1, 2020 to September 30, 2021. The "N" funding is for Title V (Maternal and Child Health Services Block Grant) (S-21-229-H) and may be used during FY 2021 or FY 2022, depending on need and funding availability.

Long-term plan:

- The program will initiate a reduction in force of the HBDP Coordinator (Pos. No. 117966) as outlined in the Program Review Adjustment (PRA) effective December 31, 2021. Although this is an important position to coordinate the staff, ensure the data activities are done systematically, and create the birth defects reports, it is more important to continue collecting and reviewing the data to monitor adverse birth outcomes and be able to determine any interventions.
- As the State opens and more travel is allowed, the number of marriage licenses will increase to normal levels which will increase revenues for the special fund.
- **Mai'ilili Supplemental Environmental Project Fund.** In the Report No. 15-17, the determination was that the "fund continues to serve the purpose for which it was created and meets the criteria for a trust fund." The intent of the establishment of the fund and the expending of funds from this trust fund has not changed and the DOH would like to know the basis for the change in the determination in this current review of the account.
- **Patient Trust Account.** Although the intent of the fund continues to serve the purpose for which it was established, the recommendation is to re-classify this account as a trust fund. The DOH will explore the process of converting this account to a trust fund.
- **Public Health – Donations, Gifts, and Grants.** This trust fund is used as a clearing account for all donations, gifts, fines and grants received by DOH programs. There are specific conditions attached for each receipt of funds and are expended by the programs in accordance with those specific conditions. The DOH will review the account to determine whether separate trust accounts/funds need to be created for some of the funds in this account.
- **State Hospital – Donations.** The fund is comprised of four bank accounts tied to activities that in general, benefit the patients of the Hawaii State Hospital. The recommendation is to separate these accounts into individual designated accounts (trust account, trust fund, revolving). The DOH will review the account and look at creating individual accounts for each of the activities.
- **Trauma System Special Fund.** The report indicates that (1) there is no clear nexus between the benefits sought and user charges or a clear link between the program and revenue sources, and (2) it is an inappropriate financing mechanism. This special fund has provided funding to support continuing development and operation of a vital comprehensive state trauma system. Measures have been introduced in the 2021 Legislature that include adding a source of revenue for the special fund, repealing sources of revenue for the special fund and directing the source of revenue to the general fund, and transferring the unencumbered balance in the special fund to the general fund. The DOH anticipates that a decision to continue or repeal sources of revenue for the special fund will be made in this legislative session.
- **Trust Fund for Non-Diseased Children of H.D. Patients, Charles A. Brown Trust.** Although there was minimal activity during the review period and the FY2011-FY2015 review period, the funds are and will continue to be used for this purpose. There is currently one eligible individual who will be returning to college after taking some time off from her studies. The account appears to

be established as a trust fund and DOH is requesting additional clarification on the finding that this account is a trust account.

In the section entitled “Special and Revolving Fund Accounts with Inactive or Excess Balances,” accounts that appear to have unencumbered/unexpended balances were identified as funds that the Legislature could potentially transfer without affecting the program. I would like to note 2 corrections to the accounts listed: S-397 (Medical Marijuana Registry & Reg Special Fund) and S-364 (Medical Marijuana Registry Special Fund) are no longer separate accounts and have been combined with S-345 (Medical Cannabis Registry Special Fund). DOH completed a review of all fund balances for these accounts and provided justifications for use of the funds in the account per the memo EM 20-11, “Review of Excess Special and Revolving Fund Balances.” Based on the information provided on the attached spreadsheet (Attachment A), the programs have fully committed all unexpended balances for operational needs as explained in the comments section of the spreadsheet. With reductions in general funds due to the economic downturn caused by the COVID-19 pandemic, many programs have no option but to use their special and revolving funds to help pay for operating costs and for continuity of operations. Transferring balances to address the State’s overall budget shortfall would jeopardize our ability to maintain and continue operations for programs for which these accounts were established.

Chapter 3 – Observations on DOH’s and HHSC’s Reporting and Accounting for Funds

In response to the reporting of all Non-General funds, the DOH acknowledges that there are accounts that were not included in our Non-General Fund Report submission in 2020. With the turnover in staffing for the past few years, transfer of information regarding these accounts and the reporting requirements have not been made clear to staff who would be responsible for reporting this information. The DOH will provide a listing of all non-general funded accounts to assist in the submission of these reports to the Legislature in accordance with the statutory requirements for annual reporting.

Review of Excess Special and Revolving Fund Balances Department of Health									
Pgm ID	Name of Fund	Legal Authority	Appn Account #	MOF	As of December 31, 2020 Cash Balance	Unrequired Cash Balance	Restrictions on Use of Fund	Comments	
HTH 420	Mental Health and Substance Abuse Special Fund	Section 334-15, HRS	S-346-H	B	27,874,485.24	-	The funds are to be used for the payment of the operating expenses of the respective program.	The funds are to be used for Community Mental Health Centers' operating expenses and purchase of service contracts including contracts for COVID-19 related services. Funds will also be used for replacement computers to enable staff to telework and for a replacement electronic medical records system. The replacement electronic medical records systems will provide additional functionality for Hawaii State Hospital with e-prescribing and inpatient medication services.	
HTH 501	Neurotrauma Special Fund	Act 9, SLH2020	S-314-H	B	1,141,494.58	-	HRS Chapter 321H, Section 4	\$900,000 will be encumbered to fund Neurotrauma education and to support Neurotrauma survivors and their family members. Another \$200,000 will be used to maintain the registry of Neurotrauma injuries to identify incidence, prevalence, individual needs, and related information.	
HTH 520	DCAB Special Fund	HRS §348F-7	S-334-H	B	4,505,157.94	-	HRS§348F-7: To delay the costs of administering the functions of DCAB.	Revenue decrease is due to the COVID-19 pandemic with reduced number of credentialing tests provided in-person and total of construction projects were less for document reviews. This special fund cannot be transferred to the State's General Fund to cover the overall State budget shortfall. Cuts to the general fund budget have already been made and these funds are needed for continuity of operations and will jeopardize the ability to continue the services provided by DCAB under HRS, Section 348F-7.	
HTH 560	Community Health Centers Special Fund	HRS §321-1.65	S-305-H	B	24,410,715.43	-	The moneys in the special fund shall be used by the Department of Health for the operations of federally qualified health centers.	Per HRS, these funds must be used for the operations of federally qualified health centers. There are currently plans in place to use this cash balance to provide grants to FOHCs related to COVID 19. From FY22 the special fund will support 2.00 FTE. Pos. #25905 and 117426.	
HTH 560	Early Intervention Special Fund	HRS §321-351 to 357	S-331-H	B	1,546,515.99	-	This fund is to be used to expand and enhance early intervention services for infants and toddlers with special needs. These early intervention services include, but are not limited to: programs to provide delays or have a diagnosed condition that has a high probability of resulting in developmental delays; training and education for Care Coordinators, service providers, and families; and research, evaluation, and data management related to early intervention services.	The early intervention (EI) Special Funds are needed to support the delivery of mandated services statewide as specified under federal law (P.L. 108-446 IDEA, Part C). The funds will need to be accessed for the following: 1) Contract service providers for the 13 vacant DOH positions that are under the hiring freeze. 2) Contract Care Coordinators (CC) to cover services for the DOH positions that are under the hiring freeze. 3) Support the use of the new web-based data system by providing wireless access to the internet for CCs and service providers while in the homes of EI eligible children. 4) Provide training for care coordinators and service providers as EIS scales up activities under the State Systemic Improvement Plan (SSIP) which address the social emotional development of infants and toddlers. The activities listed are required in order for Hawaii to correct non-compliance and maintain compliance with federal regulations. EIS is currently determined as a "needs assistance" by the federal Office of Special Education Programs (OSEP). If these activities are not implemented, Hawaii will be at risk for other costly requirements that may be applied by OSEP. This special fund currently supports 6.00 FTE. Pos #64734, 117194, 117195, 120549, 117401, and 117074	
HTH 590	Organ and Tissue Donor Education Fund	§327-24, HRS, §285-109.7, HRS	S-337-H	B	47,013.24	-	Revenue is from \$1 motor vehicle registration donation to be used exclusively for organ, tissue, and eye public education programs and activities.	Purpose of revenue codified in Chapter 327, HRS to increase organ donorship by Legacy of Life with federal designation to recover organs and tissue for transplants. Current ceiling \$30,000 and with \$50,000 increase request in FB21-23.	

Review of Excess Special and Revolving Fund Balances									
Department of Health									
Pgm ID	Name of Fund	Legal Authority	Appn Account #	MOF	As of December 31, 2020 Cash Balance	Unrequired Cash Balance	Restrictions on Use of Fund	Comments	
HTH 595	Medical Cannabis Registry Special Fund	Section 321-59, HRS	S-345-H	B	2,498,866.57	-	Restrictions on the use of the Medical Cannabis Registry and Regulation Special fund pursuant to HRS 321-30.1 restrict the use of funds to implement the Medical Cannabis Registry program by: 1) Offsetting the cost of processing and issuing 329 cards to patients and caregivers; 2) Funding positions authorized by the legislature; 3) Establish and manage a secure and confidential patient database; and 4) Funding other expenditures necessary to implement the Office of Medical Cannabis Control and Regulation.	The cash balance accrued in the Medical Cannabis Dispensary and Registry Special funds are required to support the Fiscal Year 21 - 23 budget request increase of \$1.3 million due to the increases in operating expenses, support a current total of 7.00 FTE, and also to provide financial sustainability for the overall Medical Cannabis Control and Regulation. Sustainability includes converting the OMCCR means of financing to 100% Medical Cannabis Special Funds which would satisfy ACT 159 SLH 2018, and providing financing to support an additional 9.00 FTE (or 100% of the administrative staff and 3 additional specialized positions to support the increase in dispensary inspections and patient registry population, and to satisfy the requirement for public education required by 329D-26).	
HTH 610	Noise, Radiation and Indoor Air Quality Special Fund	Section 342P-7, HRS	S-322-H	B	487,818.25	-	Implement mandated functions and activities of the Indoor and Radiological Health Branch.	All funding is required to support operating costs for FY 2021-23. The fund also supports the activities of the Department's Radiological Emergency Response Team. Loss of special fund resources would have severe consequences and inhibit the Branch's ability to perform day to day activities, as well as respond to a catastrophic or emergency event (e.g. terrorist attack or natural disaster). Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations. All funding is required to support operating costs for FY 2021-23. \$196,001.07 of the cash balance is encumbered.	
HTH 610	Sanitation and Environmental Health Special Fund	Section 321-27 HRS	S-340-H S-315-H	B	7,857,131.53	-	Enhance capacity of environmental health programs to improve public outreach, educate public and professionals, plan for future and emerging needs, and provide trainings to maintain competencies among environmental health professionals.	Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations.	
HTH 720	Office of Health Care Assurance Special Fund	Section 321-14, HRS	S-310-H	B	701,074.96	-	The special fund shall be used and expended (1) to assist in offsetting operating cost and educational program expenses of the Office of Health Care Assurance (OHCA) and (2) for the purpose of enhancing the capacity of OHCA programs to (a) improve public health outreach efforts, program and community development, and consultations to industries regulated; (b) educate the public, the staff of the department of health, and other departments within the State, as well as staff and providers of all health care facilities and agencies regulated; and (c) administer and support the durable medical equipment supplier license program.	Program review includes request to change 12 positions from MOF A to B in Food Safety Branch. These special funds must be used for OHCA programs; all cash will be used; none of the cash is unrequired. The cash balance is required (1) to support operating expenses in FY 2021 including contracts balance of \$141,864 and expected new IT contract at \$50,000; (2) to ensure sustainability of programs under OHCA in FY 2022. \$387,489 is required to cover payroll of 2.95 FTE that the Method of Fundings are changed from general funds. Also, \$377,100 are required to fund contracts and \$30,000 are used to cover other expenses.	
HTH 720	Civil Monetary Penalty Special Fund	Act 71, SHL 2015	S-374-H	B	1,344,536.71	-	The special fund shall be used for activities carried out by the department of health, Office of Health Care Assurance (OHCA) as approved by the Centers for Medicare and Medicaid Services (CMS).	Refer to Section 321-30.2(b) HRS: "Pursuant to federal law, civil monetary penalty special fund moneys shall not be subject to deposit into the general fund for any reason." The fund is collected by CMS as federally imposed civil monetary penalty funds (CMP) when health care facilities or agencies do not meet medicare certification requirements. The fund shall be spent in accordance with CMP reinvestment plan approved by CMS. It can't be spent on or used for other program activities.	

Review of Excess Special and Revolving Fund Balances Department of Health									
Pgm ID	Name of Fund	Legal Authority	Appn Account #	MOF	As of December 31, 2020		Appn Account #	MOF	Comments
					Cash Balance	Unrequired Cash Balance			
HTH 720	Dietitian Licensure Special Fund	Act 280, SLH 2000	S-388-H	B	90,760.60	56,000.00			(Including explanation for no funds considered unrequired) OHCA has planned and budgeted \$35,000 to be used in FY2022 for dietitian licensure program activities including travel costs and other operating costs.
HTH 840	Electronic Device Recycling Fund	Act 13/2008	S-319-H	B	2,304,476.91	-			All funding is required to support operating costs for FY 2021-23. Funds collected from covered electronics manufacturers are disbursed to the neighbor island counties to operate community electronic waste (e-waste) collection days. \$627,950 of the cash balance is encumbered. Impact if the cash balance is taken from the fund: The State may need to halt the e-Waste program and discontinue neighbor island e-waste collection efforts. Without collection days, e-waste will be landfilled or dumped, and potentially harm the environment. Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations. \$25,095.38 of the cash balance is encumbered.
HTH 840	Leaking Underground Storage Tank Fund	Section 342L-51 HRS	S-330-H	W	1,440,743.98	-			SHWB must provide inspection, evaluation, and oversight of remedial and preventative measures related to fuel releases from the Red Hill Bulk Fuel Storage Facility and enforcement of the AOC (effective 9/28/15). All funding is required to support operating costs for FY 2021-23. Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Revolving funds will be needed for continuity of operations.
HTH 840	Wastewater Treatment Certification Board Special Fund	Act 239/SLH 1999	S-336-H	B	58,750.67	-			All funding is required to support operating costs for FY 2021-23. Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations.
HTH 840	Water Pollution Control Revolving Fund	Clean Water Act and Section 342D-53 HRS	S-341-H S-387-H	W	73,316,823.66	-			All funding is required to support operating costs for FY 2021-23, including executing and servicing loans. The unencumbered cash balance = \$26,332,271.29. Loans that will encumber the remaining cash balance are in progress. If funds are diverted from the intended use of providing low interest loans for water pollution control projects, the U.S. Environmental Protection Agency (EPA) is likely to initiate a non-compliance action against the State which would involve requiring the return of approximately \$225.3M that was provided as capitalization grant funds since inception of the CWSRF program. The State would also lose the ability to receive future capitalization grants from the U.S. EPA in the amount of \$10-\$12M a year. Program review includes request to change MOF from A to W for 3 positions in Wastewater Branch. Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Revolving funds will be needed for continuity of operations.

Review of Excess Special and Revolving Fund Balances Department of Health						
Pgm ID	Name of Fund	Legal Authority	Appt Account #	MOF	As of December 31, 2020 Cash Balance	Unrequired Cash Balance
HTH 840	Environmental Management Special Fund	Sec 342G-63 HRS	S-348-H	B	3,949,994.90	-
						<p>Restrictions on Use of Fund Fund statewide education, demonstration, market development programs; provide training for municipal solid waste operators; and fund glass recovery programs. Amended by Act 17300 to collect motor vehicle tire surcharge (Sec 342J-B HRS) and fines or penalties for violations pursuant to Sec 342J HRS.</p> <p>All funding is required to support operating costs for FB 2021-23. \$382,856.92 of the cash balance is encumbered.</p> <p>Glass ADF - Funds collected from glass container importers are disbursed to the counties to operate glass buy back programs and recycle the glass containers collected. In addition, there are two positions that are in the process of being established that are funded with the ADF fund. If the cash balance is taken from the fund, the State may need to halt support to the counties and discontinue glass container collection efforts. Without collection support, the waste will be landfilled or dumped, and potentially harm the environment.</p> <p>Solid Waste Disposal Surcharge - Funds collected from solid waste disposal entities support the State's Office of Solid Waste Management (OSWM) and specific Solid Waste Section activities, including five FTE (and one position in the process of being established with this fund). If the cash balance is taken from the fund, the State may need to utilize other funds or institute reductions in force to meet payroll costs. OSWM also oversees the State's HI-5 Deposit Beverage Container, Electronic Waste, and Glass ADF Programs, which require positions or staffing to oversee these individual programs. Funds will also be used this year to update the State's Integrated Solid Waste Management Plan, a legislative requirement.</p>
HTH 840	Environmental Management Special Fund (continued)	Sec 342G-63 HRS	S-348-H	B		
						<p>Tire Surcharge - Funds that have been collected for the tire surcharge are disbursed to the counties to assist with the collection and disposal of tires when no owner is identified. If the cash balance is taken from the fund, the State may need to halt its support to the counties. Without collection support, abandoned tire waste will be left for the counties to address or otherwise remain and potentially harm the environment.</p> <p>Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations.</p>
HTH 840	Clean Air Special Fund	Section 342B-32, HRS	S-349-H	B	13,334,734.09	-
						<p>Clean Air Special Fund (CASF) revenues are acquired through the collection of fees from the regulated industry. There are no other funds deposited into the CASF. Section 502 of the Clean Air Act (42 U.S.C., Title 42, Chapter 85, Subchapter V, Section 7661a.(b)(3)(C)(iii)) mandates that any fee required to be collected by a State, local, or interstate agency under this subsection shall be utilized solely to cover all reasonable (direct and indirect) costs required to support the permit program as set forth in subparagraph (A).</p> <p>All funding is required to support operating costs for FB 2021-23. \$414,836.85 of the cash balance is encumbered.</p> <p>Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Special funds will be needed for continuity of operations.</p> <p>Program review includes request to change MOF from A to B for 2 positions in Clean Air Branch.</p>

Attachment A

Review of Excess Special and Revolving Fund Balances									
Department of Health									
Pgm ID	Name of Fund	Legal Authority	Appn Account #	MOF	As of December 31, 2020	Unrequired Cash Balance	Restridtions on Use of Fund	Comments	
HTH 849	Emergency Response Revolving Fund	Section 128D-2, HRS; also see Section 342, HRS	S-342-H S-339-H	W	7,285,144.93	-	<p>Per Section 128D-2, moneys from the fund shall be expended for:</p> <p>(1) Removal, remediation, and detection of oil and pollutant or contaminant releases; (2) Removal and remediation of hazardous waste and any other solid, liquid, or gaseous substance that may harm the environment; and (3) The payment of costs listed under section 128D-4(c).</p> <p>Fund emergency response actions as well as oil spill planning, prevention, preparedness, education, research, training, removal, and remediation. Includes accounts for (1) Local Emergency Planning Committees (LEPCs) by means of the Emergency Planning and Community Right to Know Act (EPCRA) filing fees used for administration and oversight of Chapter 128D, HRS; and (2) Voluntary Response Program which allows for voluntary actions taken by a party in response to hazardous substance releases and threats of diseases with a provision for relief from liability for an eligible party used for the purpose of administration and oversight pursuant to Section 128D-2, HRS.</p>	<p>(Including explanation for no funds considered unrequired)</p> <p>All funding is required to support operating costs for FY 2021-23. \$836,865.61 of the cash balance is encumbered.</p> <p>Huge cuts to general funds have already been made, and the program review reduces general funds for positions and other operating costs by an additional 20%. Revolving funds will be needed for continuity of operations.</p> <p>Examples of fund uses are for emergency response activities for Kilauea volcano eruption and oversight activities for Red Hill Bulk Fuel Storage Tank Facility remediation.</p> <p>Program review includes request to change MOF from A to W for 1 position in Solid & Hazardous Waste Branch.</p> <p>To be able to respond to a large hazardous materials incident it is essential to have a readily available source of funding to pay for the time critical cleanup/response activities and this is provided by the ERF.</p>	
HTH 906	State Health Planning and Development Special Fund	HRS 323D-12.6	S-309-H	B	680,353.00	-	<p>Per HRS 323D-12.6, funds are to be expended by the State Health Planning and Development Agency to assist in offsetting program expenses of the agency.</p>	<p>The funds are being used to back up the annual fund ceiling of \$14,000 provided to the agency. The agency will need need approximately \$50,000 to pay for program expenses for the next six (6) months for FY2021.</p>	

Hawai'i Health Systems Corporation's Response

1. Observation: HHSC did not Report Non-General Funds as Required by Law:
 - a. As to Section 37-47, see attached. HHSC did submit to B&F this report which satisfies Section 37-47. It is consolidated of which, the actual is based upon the audit report and estimated is based on budget. B&F submits this report to the Legislature. It is consolidated since it is audit report based and additionally includes transaction that are excluded from the FAMIS special fund accounts.
 - i. Also, included are the Special funds checked marked on your report noted as Health Systems Special fund *(15 special fund accounts) which is part of cash in the consolidated cash balances on the audit report. The Report on Non General Fund, did not list all special funds separately, however, it is inclusive of all 15 accounts. HHSC only, only listed S320 and S356 accounts as the program Id provided is for HTH 210 and HTH 212 on the Non General fund report attached, however it does include all 15. Note, that prior to HHSC, each hospital had its own program ID and with the creation of HHSC, the program id got consolidated to HTH 210 – Admin and HTH 212 – Regions.
 1. The attached FY19 Audit report PDF page 50 lists all the appropriation accounts inclusive of these accounts which total \$5.3M as listed in your observation.
 - b. We do not file Section 37-52.5 with legislature, however, we do submit these Admin created funds to B&F on the same attached Non-General fund report, but don't reference section 37-52.5. We believe B&F only references section 37-47 when they submit to Legislature. Going forward, HHSC will submit a report to the Legislature to comply with section 37-52.5. We will refer to the sample DCCA report for guidance.

Regarding the special fund account with the \$49,884,000, as we mentioned that has been on FAMIS since 1997. It should not be there. It should be reversed, as is mentioned in the draft. HHSC is researching for a means to reverse this from FAMIS but since many years have passed, finding the source document (i.e. journal voucher) may be difficult as files may have been purged.

Doreen Y. Nakatsu

Corporate Controller | Hawaii Health Systems Corporation
808-282-8487 (M) | 808-733-4070 (O) | Email: dnakatsu@hhsc.org

Report on Non-General Fund Information
for Submittal to the 2021 Legislature

Department: HTH
 Prog ID(s): HTH 210 and HTH 212 (HTH 212 from FY 2010)
 Name of Fund: Hawaii Health Systems Corporation - Corporate Office / Regions
 Legal Authority: 323F-7

Contact Name: Nadine Asai / Doreen Nakatsu
 Phone: 733-4026
 Fund type (MOF): Special
 Appropriation Acct. No.: S-xx-320-H and S-xx356-H

Intended Purpose:

The purpose of this account is to deposit all fees, proceeds, reimbursements, and other that is owed to or received by the Corporation.

Source of Revenues:

Medicare/Medicaid, HMSA, Quest, Kaiser, Other Third Party Patients, Sale of Meals, and other Miscellaneous Sources

Current Program Activities/Allowable Expenses:

Corporation: The major activities carried out by HHSC Corporation include policy formulation, hospital system governance, business development, quality assurance, strategic direction, planning and coordination, financial management, legal counsel, personnel management, materials management, information systems, and technical services to support its community hospitals.

Regions: The major activities and service provided by the nine community facilities constitute the primary hospital acute care provider on the neighbor islands, and, in most instances, the only inpatient hospital services in rural locations. Acute inpatient services include surgical, medical, critical care, obstetrics, pediatric, and psychiatric care. Outpatient care services include ambulatory surgery, home health, and emergency room services. Clinical services include nursing, anesthesiology, central supply, radiology, oncology, pathology, respiratory therapy, physical and occupational therapy, social services, pharmacy, and dietary. Support services include administration, admitting, business, personnel, data processing, medical records, logistics, housekeeping, and maintenance.

Purpose of Proposed Ceiling Adjustment (if applicable): n/a

Variances:

Expenditure variance is due to collective bargaining pay raises.

Financial Data (in 000's)							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling	560,080	582,539	582,539	596,709	597,993		
Beginning Cash Balance	102,833	114,576	125,511	118,030	186,599	94,046	(10,374)
Revenues	681,954	483,165	459,324	419,450	367,506	385,102	398,293
General Funds	110,690	112,302	120,232	125,701	127,301	105,701	105,701
Expenditures	746,370	595,424	570,288	537,226	583,418	592,771	603,280
Repayment on Capital Lease							
Obligation, long-term debt interest	23,445	11,128	5,894	3,942	3,942	2,452	2,452
Other - Short-term investment	(1,006)	8,461	10,855	5,021		0	0
SBA PPP Loan				19,254			
Cares Act Grants				45,129			
Medicare Adv Care pmts				14,436			
Transfers							
Transfer Agreement Expense	(12,092)						
Transfer of Appropriations from B&F for Maui severan		30,481					
Net Total Transfers	(12,092)	30,481	0	0	0	0	0
Ending Cash Balance	114,576	125,511	118,030	186,599	94,046	(10,374)	(112,112)
Encumbrances							
Unencumbered Cash Balance	114,576	125,511	118,030	186,599	94,046	(10,374)	(112,112)

Additional Information:

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

**Beginning FY 2010, the Legislature separated the Corporate Office from the Regions and created HTH 212 for the Regions and left HTH 210 for the Corporate Office.

Effective July 1, 2017 Maui Memorial Medical Center, Kula Hospital and Lanai Community became Maui Health Systems, a Kaiser Foundation, LLC

Hawaii Health Systems Corporation

Supplemental Schedule of Reconciliation of Cash on Deposit and Assets Limited as to Use with the State of Hawaii

June 30, 2019

Cash and Cash Equivalents - State of Hawaii

Special funds:

Appropriation symbol S-18-303-H	\$ 525,040
Appropriation symbol S-19-350-H	1,826,207
Appropriation symbol S-19-351-H	71,331
Appropriation symbol S-17-352-H	29,937
Appropriation symbol S-10-355-H	154
Appropriation symbol S-10-371-H	3,847
Appropriation symbol S-10-358-H	1
Appropriation symbol S-19-365-H	386,451
Appropriation symbol S-19-312-H	440,387
Appropriation symbol S-17-359-H	471,641
Appropriation symbol S-17-373-H	408,434
Appropriation symbol S-17-353-H	99,618
Appropriation symbol S-17-354-H	<u>1,027,453</u>

Total per State 5,290,501

Assets Limited as to Use - Patient Funds

Appropriation symbol T-04-923-H	9,493
Appropriation symbol T-04-919-H	<u>15,368</u>

Total per State 24,861

Reconciling Items

Patients' safekeeping deposits held by financial institutions	198,304
Restricted assets held by financial institutions	<u>22,053,147</u>

Total per HHSC \$ 27,566,813
