

March 19, 2024

**VIA EMAIL**

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

**VIA EMAIL**

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 Transportation, Report No. 24-04*

Dear President Kouchi and Speaker Saiki:

Please find attached a copy of Report No. 24-04, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation*, 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 Transportation, 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:  
<https://files.hawaii.gov/auditor/Reports/2024/24-04.pdf>.

The summary is also accessible through the Office of the Auditor's website at:  
<https://files.hawaii.gov/auditor/Overviews/2024/24-04AuditorSummary.pdf>.

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

Very truly yours,

A handwritten signature in blue ink, appearing to read "L. Kondo".

Leslie H. Kondo  
State Auditor

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Attachments

ec/attach: Members of the Senate  
Members of the House of Representatives  
Carol Taniguchi, Senate Chief Clerk  
Brian Takeshita, House Chief Clerk

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# Auditor's Summary

## Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation

Report No. 24-04

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### Two special funds, five revolving funds, one trust fund, and one trust account did not meet criteria

**OUR REVIEW** of twelve special funds, six revolving funds, eight trust funds, and seventeen trust accounts of the Department of Transportation (DOT) found two special funds, five revolving funds, one trust fund, and one trust account did not meet the criteria for special funds, revolving funds, trust funds, and trust accounts, respectively, and should be closed or reclassified.

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 seventh review of DOT's revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by DOT since Act 130, Session Laws of Hawai'i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust 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 DOT** did not file statutorily required reports for non-general funds totaling approximately \$28.3 million, administratively created non-general funds totaling approximately \$530.2 million, non-general funds with balances totaling approximately \$1.57 billion under the program measures reporting requirement, and non-general funds with balances totaling approximately \$2.19 billion under the



#### 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.

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cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature's oversight and control of these funds.

### **Agency response**

DOT did not offer written comments.



Link to the complete report:

**Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation**

<https://files.hawaii.gov/auditor/Reports/2024/24-04.pdf>

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# Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation

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

Report No. 24-04  
March 2024



**OFFICE OF THE AUDITOR**  
STATE OF HAWAII



## OFFICE OF THE AUDITOR STATE OF HAWAII

### Constitutional Mandate

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

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

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

### Our Mission

*To improve government through independent and objective analyses.*

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

### Our Work

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

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

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

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

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## Foreword

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

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

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

Leslie H. Kondo  
State Auditor



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# Chapter 1

## Introduction

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

1. An evaluation of the original intent and purpose of the fund or account, both as expressed by the Legislature and as understood by the expending agency;
2. The degree to which the fund or account achieves its stated and claimed purposes;
3. An evaluation of the fund or account's performance standards as established by the agency; and
4. A summary statement reflecting total fund transactions in the preceding five fiscal years, including the fund or account balance at the beginning of each fiscal year, total deposits and withdrawals, amount of interest earned, total expenditures made from the fund or account, and the ending balance for each fiscal year.

This is our seventh review of DOT's revolving funds, trust funds, and trust accounts.<sup>1</sup> It is our third review of DOT'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. We last examined these funds and accounts in 2018.

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<sup>1</sup> Prior to 2013, Section 23-12, HRS, did not require reviews of departments' special funds.

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## 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.

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## **Criteria for Reviewing Special Funds, Revolving Funds, Trust Funds, and Trust Accounts**

### ***Special and revolving fund criteria***

In 2002, the Legislature set the requirements for establishing and continuing special and revolving funds. Sections 37-52.3 and 37-52.4, HRS, state that special and revolving funds may only be established by statute. The criteria used to review special and revolving funds are the extent to which each fund:

- Serves a need, as demonstrated by: (a) the purpose of the program to be supported by the fund; (b) the scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and (c) an explanation of why the program cannot be implemented successfully under the General Fund appropriation process;
- Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries, or a clear link between the program and the sources of revenue – as opposed to serving primarily as a means to provide the program or users with an automatic means of support removed from the normal budget and appropriation process;
- Provides an appropriate means of financing for the program or activity that is used only when essential to the successful operation of the program or activity; and
- Demonstrates the capacity to be financially self-sustaining.

### ***Trust fund and trust account criteria***

Unlike the requirements for special and revolving funds, the law is silent on whether a trust fund or trust account must be established by statute. The criteria used in this report to review trust funds and trust accounts are the extent to which the fund or account:

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

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

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### **Objectives of the Review**

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

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### **Scope and Methodology**

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

To identify funds subject to this review, we used a variety of sources, including our prior reviews, accounting reports from DAGS, non-general fund reports, legislative budget briefing documents, and other records. To gain an understanding of fund operations, we reviewed applicable agency administrative rules and interviewed key fiscal and program personnel, as necessary.

We obtained a summary statement for each fund that reflects total fund transactions in the preceding five fiscal years (July 1, 2018 to June 30, 2023), including beginning fund balances, total revenues, amount of interest earned, total expenditures, transfers, and ending fund balances for each fiscal year. We requested explanations for

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discrepancies between ending balances for FY2018 reported in our last review and opening balances reported for FY2019. We did not audit the department's financial data, which we provide for informational purposes only.

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

Where appropriate, we relied on our prior reports, including Report No. 19-05, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation*.

Our review was conducted from September 2023 to December 2023. Recommendations were made where applicable.



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# Chapter 2

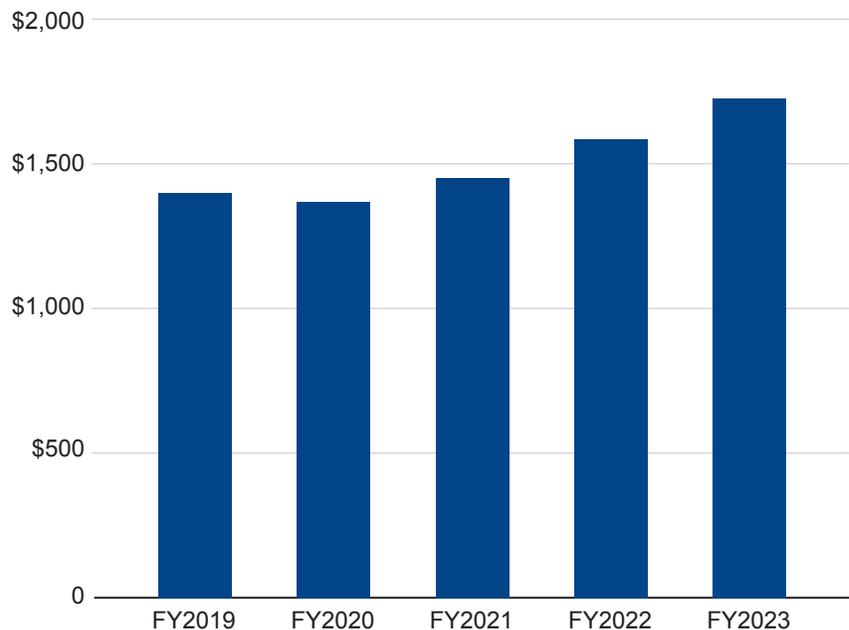
## Department of Transportation

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This chapter presents the results of our review of twelve special funds, six revolving funds, eight trust funds, and seventeen trust accounts. Total fund fiscal year-end balances for DOT were at least \$1.3 billion per year during the period reviewed. We present the funds and accounts in four sections of our report, one for each of DOT’s divisions: Administration (DOT Administration), Airports (DOT Airports), Harbors (DOT Harbors), and Highways (DOT Highways).

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

**Exhibit 2.1**  
**Cash Balances for the Department of Transportation’s**  
**Non-General Funds**  
**FY2019 – FY2023 (in millions)**



Source: Office of the Auditor

In FY2023, the special funds, revolving funds, trust funds, and trust accounts collected approximately \$1.35 billion and spent or transferred approximately \$1.47 billion.

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

**Exhibit 2.2**  
**Fund and Account Totals by Type, FY2023**

Fund Type	Revenue and Interest	Expenses and Transfers	FY2023 End Cash Balance
<b>Special Funds</b>	\$1,116,222,000	\$1,186,428,000	\$1,209,193,000
<b>Revolving Funds</b>	52,606,000	111,635,000	32,260,000
<b>Trust Funds/ Trust Accounts</b>	181,137,000	167,628,000	482,819,000
<b>Total</b>	<b>\$1,349,965,000</b>	<b>\$1,465,691,000</b>	<b>\$1,724,272,000</b>

Source: Office of the Auditor

For each fund and account, we present a five-year financial summary, the purpose of the fund, and conclusions about its use and whether it meets the definition of the type of fund or account. This review does not include an assessment of the effectiveness of the program or its management. Funds are presented in alphabetical order by division.

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

**Exhibit 2.3  
Fund(s) Not Meeting Criteria**

Fund Name	Fund Type	FY2023 Ending Balance	No longer serves original purpose and/ or does not serve a need	No clear nexus between benefits sought and user charges or a clear link between the program and revenue sources	Inappropriate financing mechanism	Not financially self-sustaining	Does not meet special fund, revolving fund, trust fund, or trust account definition
Administration Division							
Western Association of State Highway and Transportation Officials Quality Award Program	Trust Account	\$0					✓
Highways Division							
Civil Identification Card Fee Special Fund	Special Fund	5,153,742					✓
Highway Senior Debt Service Reserve Account	Revolving Fund	5,159,088					✓
Highway Senior Interest Account	Revolving Fund	11,738,700					✓
Highway Senior Principal Account	Revolving Fund	0					✓
Highways Accrued Payroll Overhead	Revolving Fund	13,327,620					✓
Highways Construction Administration Clearing Account	Revolving Fund	1,754,246					✓
Highways – Department of Hawaiian Home Lands North/South Road Project	Trust Fund	545,806					✓
Safe Routes to School Program Special Fund	Special Fund	1,814,826					✓
<b>Total</b>		<b>\$39,494,028</b>					

Source: Office of the Auditor

## Administration Division

This section presents the results of our review of funds and accounts of DOT Administration.

### Aloha Tower Fund

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

### Section 206J-17, HRS

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$2,253	\$2,651	\$2,883	\$3,240	\$3,578
Revenues	1,000	757	1,257	1,000	1,000
Interest	15	87	11	12	73
Expenditures	(617)	(612)	(911)	(674)	(404)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$2,651</b>	<b>\$2,883</b>	<b>\$3,240</b>	<b>\$3,578</b>	<b>\$4,247</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

#### Fund Summary

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 236 (SLH 1981), as amended by Act 152 (SLH 2011)
<b>Why was it created?</b>	The fund is used to support the Aloha Tower Development Corporation (ATDC) and its objectives of strengthening the international economic base of the community in trade activities, enhancing the beautification of the waterfront, better serving modern maritime uses, and providing for public access and use of the waterfront property by redeveloping, renovating, or improving the Aloha Tower complex.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from \$1 million in annual lease rent and interest income.
<b>Expenditures</b>	Expenditures include annual minimum payments of \$225,000 to DOT Harbors as a minimum base payment for losses in revenues related to fiscal years beginning July 1, 2005, plus payments on a note payable from ATDC to DOT Harbors, which was assumed by DOT Administration pursuant to Act 152 (SLH 2011).
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.

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

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

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**Additional Information**

Pursuant to Act 152 (SLH 2011), ATDC is administratively attached to DOT, effective July 1, 2011. This fund was originally established by DOT Harbors from July 2011 through February 2012 to allow for the establishment of the fund with DOT Administration.

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**Bid Bond Deposits – Administration**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$17	\$62	\$10	\$7	\$39
Revenues	69	8	0	32	24
Interest	0	0	0	0	0
Expenditures	(24)	(60)	(3)	0	(56)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$62</b>	<b>\$10</b>	<b>\$7</b>	<b>\$39</b>	<b>\$7</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

<b>Fund Summary</b>	
<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (1990)
<b>Why was it created?</b>	The fund is used to provide bid security on contracts exceeding \$25,000, as required under Section 103D-323, HRS. Bid bonds protect the department against failure or refusal of an offeror to execute a contract for the work bid or to supply the required performance and payment bonds.
<b>Fund meets criteria?</b>	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are bonds provided by a surety company authorized to do business in the State in an amount equal to at least 5 percent of an offeror’s bid or cash in an equivalent amount.
<b>Expenditures</b>	Expenditures include the return of bid bonds or cash equivalent to bidders in the manner specified on the invitation for bids, in accordance with the Hawai’i Procurement Code.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**General  
Administration**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$11,301	\$14,363	\$15,149	\$11,978	\$11,506
Revenues	109	385	220	53	407
Interest	298	223	54	43	244
Expenditures	(16,303)	(16,348)	(16,105)	(16,632)	(17,390)
Transfers*	18,958	16,526	12,660	16,064	20,600
<b>Ending Balance</b>	<b>\$14,363</b>	<b>\$15,149</b>	<b>\$11,978</b>	<b>\$11,506</b>	<b>\$15,367</b>
Encumbrances	\$2,352	\$2,189	\$1,886	\$2,538	\$2,019

\*Transfers include quarterly assessments from DOT Airports, DOT Harbors, and DOT Highways pursuant to Section 36-30, HRS. At the end of each fiscal year, the unencumbered ending cash balance is transferred back to the divisions through the same pro-rata share they had been assessed. Additionally, transfer loans approved by DAGS may be from this fund to DOT Administration’s federal grant appropriations that operate on a reimbursement basis at the beginning of each year and are paid back by year end.

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Administratively established (1977)
<b>Why was it created?</b>	The fund is used to account for the DOT Airports, DOT Harbors, and DOT Highways’ pro-rata share of administrative expenses incurred by DOT Administration.
<b>Account meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from interest income, pCard rebates, and payroll-related reimbursements. Funding is primarily from quarterly assessments from DOT Airports, DOT Harbors, and DOT Highways based on their prorated share of administrative expenses, which are reported as transfers.
<b>Expenditures</b>	Expenditures include operating expenses of DOT Administration such as salaries and wages, maintenance of buildings and grounds, utilities, general office expenses, equipment, business process improvement projects, and payments to other agencies for subject matter expert services.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**O’ahu Transportation Management Area  
Metropolitan Planning Organization Revolving Fund**

**Section 279D-5, HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$489	\$436	\$290	\$519	\$174
Revenues	1,074	1,110	1,623	1,143	1,573
Interest	0	0	1	2	5
Expenditures	(1,127)	(1,256)	(1,395)	(1,490)	(1,471)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$436</b>	<b>\$290</b>	<b>\$519</b>	<b>\$174</b>	<b>\$281</b>
Encumbrances	\$335	\$223	\$172	\$97	\$145

\*The financial data above reflects a consolidation of this revolving fund and the O’ahu Metropolitan Planning Organization Expenditure Clearing Account. Despite the repeal of the Clearing Account in June 2015, DOT Administration continued to use the account due to a previously encumbered contract. The \$1,500 in encumbered funds were expended in FY2019 and the Clearing Account was thereafter closed.

**Fund Summary**

<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Act 132 (SLH 2015)
<b>Why was it created?</b>	The fund is used to hold dues, revenues, grants, and appropriations associated with the O’ahu Metropolitan Planning Organization (OahuMPO). OahuMPO was established in compliance with federal law to act as a decision-making agency and to receive certain federal funds for the purpose of carrying out a continuing, cooperative, and comprehensive transportation planning process.
<b>Fund meets criteria?</b>	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from member financial dues (City and County of Honolulu, the State, and the Honolulu Authority for Rapid Transportation); revenues from the operations of the OahuMPO; appropriations by the Legislature from the State Highway Fund; federal funds or grants; and gifts, grants, and any other moneys made available to the fund. Dues received from OahuMPO members fund the 20 percent local share of project costs not covered by federal funds.
<b>Expenditures</b>	Expenditures may include any OahuMPO expenditure, except as otherwise provided by federal law.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.

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

No.

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

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

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**Western Association  
of State Highway  
and Transportation  
Officials Quality  
Award Program**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3	\$3	\$0	\$3	\$0
Revenues	3	0	6	0	0
Interest	0	0	0	0	0
Expenditures	(3)	(3)	(3)	(3)	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$3</b>	<b>\$0</b>	<b>\$3</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2009)
<b>Why was it created?</b>	The account is used to manage funds received from the Western Association of State Highway and Transportation Officials (WASHTO) to recognize achievements in transportation safety and outstanding accomplishments by DOT employees. Funds received are held in trust until notification is received to distribute amounts to the employees recognized for outstanding performance.
<b>Account meets criteria?</b>	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund, but continues to serve the purpose for which it was originally established. <b><i>The account should be reclassified as a trust fund.</i></b>
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are funds received from WASHTO to recognize teams of DOT employees for outstanding performance.
<b>Expenditures</b>	Expenditures include monetary awards of \$750 to teams from each of the four DOT divisions, which are equally distributed among team members.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Airports Division

This section presents the results of our review of funds and accounts of DOT Airports.

### Airport Revenue Fund

#### Section 248-8, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$444,335	\$449,987	\$481,561	\$461,414	\$534,093
Revenues	458,859	427,565	410,981	611,489	631,368
Interest	7,487	42,789	5,786	4,226	18,741
Expenditures	(466,064)	(430,899)	(475,710)	(488,319)	(502,734)
Transfers**	5,370	(7,881)	(6,204)	(9,717)	(11,709)
<b>Ending Balance</b>	<b>\$449,987</b>	<b>\$481,561</b>	<b>\$416,414</b>	<b>\$534,093</b>	<b>\$669,759</b>
Encumbrances	\$285,034	\$304,985	\$223,376	\$205,729	\$265,828

\*This fund is the parent account and original source of revenue for 104 sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

\*\*Transfers between various DOT Airports funds and accounts, as well as contributions to DOT Administration's General Administration fund for pro-rated departmental expenses pursuant to Section 36-30, HRS.

#### Fund Summary

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 32, Regular Session Laws 1947 (Territory 24 <sup>th</sup> Legislature), as amended by Act 10 (SLH 1969)
<b>Why was it created?</b>	The fund is used to collect revenues for the operation, maintenance, and repair of the statewide system of airports; reserves; and acquisitions, constructions, improvements, replacements, reconstruction, engineering, investigation, and planning for the statewide system of airports that are deemed necessary for the performance of the department's duties or functions. DOT Airports must generate sufficient revenues from its airport properties to meet the expenditure needs of the statewide system of airports.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from rents, fees, and other charges, including aviation fuel taxes; airline rates and charges; cargo and land rentals paid by airlines; non-airline operating revenues, such as rental car revenues, parking revenues, and terminal concession revenues; federal operating grants during the pandemic; and other miscellaneous revenues.

<b>Expenditures</b>	Expenditures include airports system operating, maintenance, and capital improvement expenses; debt service payments; and transfers to various operating and reserve accounts.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	Not applicable, the fund was established pursuant to an act.

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**Airport Sinking Fund  
for Retire Term Bond**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$0	\$430	\$445
Revenues	0	0	430	445	571
Interest	0	0	0	0	0
Expenditures	0	0	0	(430)	(496)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$430</b>	<b>\$445</b>	<b>\$520</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No.19-05. The revolving fund had a zero balance upon reclassification in FY2019, and the transfer of funds between fund types is not presented.

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1969)
<b>Why was it created?</b>	The account is used for the sinking fund deposit requirement related to DOT Airports revenue term bonds. It provides for the retirement of the principal of bonds of any series issued in term form.
<b>Account meets criteria?</b>	This fund meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the Airport Revenue Fund.
<b>Expenditures</b>	Expenditures include payments related to DOT Airports revenue term bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Airports System Debt Service Reserve Account**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)*</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$96,893	\$102,471	\$102,471	\$107,460	\$117,502
Revenues	5,578	0	4,989	10,042	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$102,471</b>	<b>\$102,471</b>	<b>\$107,460</b>	<b>\$117,502</b>	<b>\$117,502</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

<b>Fund Summary</b>	
<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1969)
<b>Why was it created?</b>	The account is used as a debt service reserve account related to DOT Airports revenue bonds as required by the bond certificate.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the Airport Revenue Fund to maintain the required reserve balance or proceeds from the issuance of new revenue bonds.
<b>Expenditures</b>	There were no expenditures during our review period. Expenditures can include the payment of principal, interest, and premiums relating to revenue bonds outstanding.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Airport System Interest Account

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$24,890	\$50,282	\$31,411	\$42,044	\$52,240
Revenues	97,606	76,367	96,605	99,306	103,118
Interest	0	0	0	0	0
Expenditures	(59,744)	(95,238)	(85,972)	(89,110)	(114,522)
Transfers**	(12,470)	0	0	0	0
<b>Ending Balance</b>	<b>\$50,282</b>	<b>\$31,411</b>	<b>\$42,044</b>	<b>\$52,240</b>	<b>\$40,836</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

\*\*Transfers to the Airport Revenue Fund for required debt service interest payments.

### Fund Summary

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1969)
<b>Why was it created?</b>	The account is used as a debt service account for the interest payments related to DOT Airports revenue bonds.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the Airport Revenue Fund.
<b>Expenditures</b>	Expenditures include interest payments due on DOT Airports revenue bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Airport System Major Maintenance, Renewal, and Replacement Account**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)*</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$60,000	\$60,000	\$57,666	\$56,671	\$59,805
Revenues	0	0	3,464	3,722	314
Interest	0	0	0	0	0
Expenditures	0	(2,334)	(4,459)	(588)	(428)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$60,000</b>	<b>\$57,666</b>	<b>\$56,671</b>	<b>\$59,805</b>	<b>\$59,691</b>
Encumbrances	\$0	\$1,130	\$636	\$531	\$2,780

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

<b>Fund Summary</b>	
<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1969)
<b>Why was it created?</b>	The account serves as an accounting device to separately hold and clear debt service payments. The fund was established by a 1969 bond certificate. The account is used to fund non-recurring major maintenance and repair projects, and to replenish deficiencies in the Airport System Interest Account, Airport System Serial Bond Principal Account, and Airport Sinking Fund for Retire Term Bond trust account.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are transfers from the Airport Revenue Fund as needed to replace funds that are disbursed.
<b>Expenditures</b>	Expenditures include non-recurring major maintenance, renewal, and replacement projects that meet the funding criteria in accordance with the bond certificate.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Airport System  
Serial Bond Principal  
Account**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$40,755	\$42,585	\$44,690	\$0	\$0
Revenues	42,585	52,138	0	0	33,185
Interest	0	0	0	0	0
Expenditures	(40,755)	(50,033)	(44,690)	0	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$42,585</b>	<b>\$44,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,185</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1969)
<b>Why was it created?</b>	The account is used for principal payments related to the DOT Airports serial revenue bonds.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the Airport Revenue Fund.
<b>Expenditures</b>	Expenditures include payments of principal on outstanding DOT Airports revenue bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Debt Service Funded Coverage**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)*</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$22,338	\$27,080	\$27,598	\$26,865	\$29,376
Revenues	0	518	0	2,511	0
Interest	0	0	0	0	0
Expenditures	0	0	(733)	0	0
Transfers**	4,742	0	0	0	0
<b>Ending Balance</b>	<b>\$27,080</b>	<b>\$27,598</b>	<b>\$26,865</b>	<b>\$29,376</b>	<b>\$29,376</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

\*\*Transfers from the Airport Revenue Fund for required debt service coverage.

<b>Fund Summary</b>	
<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1994)
<b>Why was it created?</b>	The account is used to cover shortfalls in debt service coverage requirements pursuant to airport system revenue bond certificates. The account holds 25 percent of the annual debt service on the airport system’s revenue bonds outstanding for the current fiscal year.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from transfers from the Airport Revenue Fund to maintain the minimum deposit of 25 percent of current year debt service.
<b>Expenditures</b>	Expenditures include transfers to the Airport Revenue Fund related to the changes in annual debt service.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Energy Savings  
Performance Contract –  
Outside State Treasury**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$49,112	\$21,241	\$19,770	\$19,282	\$18,877
Revenues	0	0	0	0	0
Interest	543	412	22	9	584
Expenditures	(28,414)	(1,883)	(510)	(414)	(414)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$21,241</b>	<b>\$19,770</b>	<b>\$19,282</b>	<b>\$18,877</b>	<b>\$19,047</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2015)
<b>Why was it created?</b>	The account was used to hold and disburse proceeds from three series of Certificates of Participation issued to raise funds for energy conservation or alternate energy projects at airport facilities as authorized by Section 36-41, HRS. The current balance is primarily debt service reserves pursuant to the Certificates of Participation.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Initial revenues were from the proceeds of Certificates of Participation issued in 2013, 2016, and 2017. Current revenue is from interest income.
<b>Expenditures</b>	Expenditures included expenses related to the energy saving projects, debt service costs, and issuance costs for the Certificates of Participation. Current expenditures are primarily debt service and related costs.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Performance Bond  
Settlement Deposits –  
Airports**

**Financial Data for Fiscal Years 2019 – 2021 (in thousands)**

	FY2019	FY2020	FY2021
Beginning Balance	\$0	\$1,463	\$837
Revenues	1,463	0	0
Interest	0	0	0
Expenditures	0	(626)	(837)
Transfers	0	0	0
<b>Ending Balance</b>	<b>\$1,463</b>	<b>\$837</b>	<b>\$0</b>
Encumbrances	\$0	\$837	\$0

**Fund Summary**

<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (2019)
<b>Why was it created?</b>	The fund was used to receive and disburse settlement moneys from a performance bond as the result of a contractor's default in 2019.
<b>Fund meets criteria?</b>	This fund was closed in FY2021 and there was no remaining balance.

**Prepaid Airport Use Charge Fund**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$12,403	\$194	\$312	\$312	\$0
Revenues	6,791	118	0	0	2,856
Interest	0	0	0	0	0
Expenditures	(19,000)	0	0	(312)	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$194</b>	<b>\$312</b>	<b>\$312</b>	<b>\$0</b>	<b>\$2,856</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (1977)
<b>Why was it created?</b>	The fund is used to account for moneys paid by signatory airlines in excess of the amounts annually required by the Airport-Airline Lease Agreement. Excess amounts are handled per the Prepaid Airport Use Charge Fund (PAUCF) memorandum of agreement between the signatory airlines and DOT Airports and are used for purposes that substantially benefit the State Airport System and support the business relationship between the state and the Airlines Committee of Hawai'i (ACH).
<b>Fund meets criteria?</b>	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from excess collections of prepaid rates and charges assessed to airlines when the prepaid amounts are greater than the amount the airlines actually owe for a specific fiscal year. Rather than refunding the overpayments to the airlines, the PAUCF agreement allows overcollections to be used for airport-related purposes, subject to approval by DOT Airports and ACH.
<b>Expenditures</b>	Expenditures include capital improvement projects; retirement of outstanding bond indebtedness; major maintenance, renewal, and replacement projects; or other projects that benefit the State Airport System.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Rental Motor Vehicle  
Customer Facility  
Charge Special Fund**

**Section 261-5.6, HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$136,285	\$143,587	\$118,753	\$105,596	\$93,852
Revenues	202,756	76,326	25,584	59,081	60,163
Interest	3,254	2,019	50	100	2,492
Expenditures	(198,792)	(103,179)	(38,791)	(70,925)	(64,541)
Transfers**	84	0	0	0	0
<b>Ending Balance</b>	<b>\$143,587</b>	<b>\$118,753</b>	<b>\$105,596</b>	<b>\$93,852</b>	<b>\$91,966</b>
Encumbrances	\$86,962	\$28,264	\$21,217	\$37,970	\$26,990

\*This fund is the parent account and original source of revenue for 20 sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

\*\*Transfers include remaining discretionary customer facility charge revenues not used to satisfy debt service requirements.

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 226 (SLH 2008)
<b>Why was it created?</b>	The fund is used for the enhancement, renovation, operation, and maintenance of existing rental motor vehicles customer facilities and the development of new customer facilities and related services at state airports.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from the rental motor vehicle customer facility charge (CFC) paid by rental car users; and bond proceeds (last issued in FY2019). Currently, the CFC is \$4.50 per day, or any portion of a day, that a rental motor vehicle is rented or leased from a rental facility located at a state airport.
<b>Expenditures</b>	Expenditures include capital costs and operating expenses related to the consolidated rental motor vehicle facilities; and debt service for the bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	Not applicable, the fund was established pursuant to an act.

**Reserve for Operating and Maintenance Expenses**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$91,017	\$98,479	\$104,711	\$104,711	\$112,718
Revenues	0	6,232	0	8,007	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	(5,488)
Transfers	7,462	0	0	0	0
<b>Ending Balance</b>	<b>\$98,479</b>	<b>\$104,711</b>	<b>\$104,711</b>	<b>\$112,718</b>	<b>\$107,230</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2019, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2019 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1994)
<b>Why was it created?</b>	The account is used as a reserve fund for operating and maintenance expenses during financial emergencies. Pursuant to the 1962 Airport-Airline Lease Agreement, as amended, it holds three months or 25 percent of the DOT Airports' budgeted operating and maintenance expenses.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are transfers from the Airport Revenue Fund to maintain the required reserve balance.
<b>Expenditures</b>	Expenditures include payments toward DOT Airports operations in case of an emergency.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Temporary Deposits – Airports**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$9,126	\$10,597	\$10,541	\$11,010	\$11,335
Revenues	1,784	933	986	856	817
Interest	0	0	0	0	0
Expenditures	(313)	(989)	(517)	(531)	(496)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$10,597</b>	<b>\$10,541</b>	<b>\$11,010</b>	<b>\$11,335</b>	<b>\$11,656</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

<b>Fund Summary</b>	
<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established
<b>Why was it created?</b>	The fund is used as a holding account for security deposits for airport tenants.
<b>Fund meets criteria?</b>	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from security deposits paid by airport tenants.
<b>Expenditures</b>	Expenditures are the return of the security deposits or transfer of deposits to other accounts.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Harbors Division

This section presents the results of our review of funds and accounts of DOT Harbors.

### 1997 Certificate – Harbor Interest Account

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$6,191	\$5,908	\$5,612	\$7,604	\$6,563
Revenues	12,181	11,279	12,948	13,189	9,740
Interest	0	0	0	0	0
Expenditures	(12,181)	(11,575)	(10,956)	(14,230)	(12,975)
Transfers**	(283)	0	0	0	3,021
<b>Ending Balance</b>	<b>\$5,908</b>	<b>\$5,612</b>	<b>\$7,604</b>	<b>\$6,563</b>	<b>\$6,349</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2020, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2020 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

\*\*Transfer in FY2019 of \$282,897 to return excess funds to the Harbor Special Fund. Net transfers in FY2023 of \$3,021,421 from 1997 Certificate – Harbor Principal Account to properly reflect interest and principal amounts in each trust account.

#### Fund Summary

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1997)
<b>Why was it created?</b>	The account is used as a debt service account for the bond interest payable for DOT Harbors revenue bonds. The 1997 "Certificate of the Director of Transportation Providing for the Issuance of State of Hawai'i Harbor System Revenue Bonds" (1997 Certificate) pursuant to Section 39-61, HRS, authorizes the issuance of harbor revenue bonds and requires that DOT Harbors establish three accounts, including a Harbor Interest Account, Harbor Principal Account, and Harbor Debt Service Reserve Account. Pursuant to the 1997 Certificate, DOT Harbors has committed to its bondholders that as long as the revenue bonds remain outstanding, it will enforce and collect fees, rates, rents, and charges for the services, facilities, and commodities of the undertaking that will yield net revenue which will be pledged for the payment of the debt and deposited into the Harbor Special Fund.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.

<b>Revenues</b>	Revenues are monthly deposits from the Harbor Special Fund based on anticipated interest payments due semi-annually on total harbors revenue bonds.
<b>Expenditures</b>	Expenditures include semi-annual bond interest payments for harbors revenue bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

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**1997 Certificate – Harbor Principal Account**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$13,185	\$14,940	\$15,158	\$11,373	\$17,485
Revenues	16,755	17,583	18,400	20,232	17,554
Interest	0	0	0	0	0
Expenditures	(16,755)	(17,365)	(22,185)	(14,120)	(20,270)
Transfers**	1,755	0	0	0	(3,021)
<b>Ending Balance</b>	<b>\$14,940</b>	<b>\$15,158</b>	<b>\$11,373</b>	<b>\$17,485</b>	<b>\$11,748</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2020, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2020 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

\*\*Transfer in FY2019 of \$1,754,998 to make up a shortfall of accrued revenue bond principal. Net transfers in FY2023 of \$3,021,421 to 1997 Certificate – Harbor Interest Account to properly reflect interest and principal amounts in each trust account.

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1997)
<b>Why was it created?</b>	The account is used as a debt service account for the bond principal payable for DOT Harbors revenue bonds. The 1997 <i>“Certificate of the Director of Transportation Providing for the Issuance of State of Hawai‘i Harbor System Revenue Bonds”</i> (1997 Certificate) pursuant to Section 39-61, HRS, authorizes the issuance of harbor revenue bonds and requires that DOT Harbors establish three accounts including a Harbor Interest Account, Harbor Principal Account, and Harbor Debt Service Reserve Account. Pursuant to the 1997 Certificate, DOT Harbors has committed to its bondholders that as long as the revenue bonds remain outstanding, it will enforce and collect fees, rates, rents, and charges for the services, facilities and commodities of the undertaking that will yield net revenue which will be pledged for the payment of the debt and deposited into the Harbor Special Fund.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are monthly deposits from the Harbor Special Fund based on anticipated principal payments that are due semi-annually.
<b>Expenditures</b>	Expenditures include semi-annual bond principal payments for DOT Harbors revenue bonds.

Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	No.

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**7th Supplemental  
Certificate 2010A Debt  
Service Reserve Fund  
Principal**

**Financial Data for Fiscal Years 2019 – 2021 (in thousands)\***

	FY2019	FY2020	FY2021
Beginning Balance	\$11,455	\$11,455	\$11,455
Revenues	0	0	0
Interest	0	0	0
Expenditures	0	0	(11,455)
Transfers	0	0	0
<b>Ending Balance</b>	<b>\$11,455</b>	<b>\$11,455</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0

\*In FY2020, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2020 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2010)
<b>Why was it created?</b>	The account was used as a reserve for principal payments on the State of Hawai'i Harbor System Revenue Bonds, Series 2010A, should the situation arise in which DOT Harbors did not have sufficient cash balances to make the required principal payments on the Series 2010A bonds.
<b>Account meets criteria?</b>	This account was closed in FY2021, and the remaining balance was used to pay off the Harbor Revenue Bond 2010 series when several series of prior revenue bonds were refinanced as part of a bond issuance in FY2021.

**10th Supplemental Certificate 2020A Debt Service Reserve Account**

<b>Financial Data for Fiscal Years 2020 – 2023 (in thousands)</b>				
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$0	\$0	\$7,643	\$7,643
Revenues	0	7,643	0	0
Interest	0	0	0	0
Expenditures	0	0	0	0
Transfers	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$7,643</b>	<b>\$7,643</b>	<b>\$7,643</b>
Encumbrances	\$0	\$0	\$0	\$0

<b>Fund Summary</b>	
<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2020)
<b>Why was it created?</b>	The account is used as a debt service reserve account for the Series 2020A harbors revenue bonds. As long as the Series 2020A revenue bonds are outstanding, the reserve will be held to pay harbors revenue bond principal and period interest in the event DOT Harbors is unable to make those payments. It provides assurance to third-party investors who purchased Series 2020A harbor revenue bonds that DOT Harbors can and will remit the funds required to pay the bond principal payments and periodic interest on a timely basis.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the proceeds of the sale of the Series 2020A harbors revenue bonds.
<b>Expenditures</b>	Expenditures may include bond principal payments and periodic interest in the event DOT Harbors is unable to make those payments.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**10th Supplemental  
Certificate 2020B  
Debt Service Reserve  
Account**

**Financial Data for Fiscal Years 2020 – 2023 (in thousands)**

	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$867	\$867
Revenues	0	867	0	0
Interest	0	0	0	0
Expenditures	0	0	0	0
Transfers	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$867</b>	<b>\$867</b>	<b>\$867</b>
Encumbrances	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2020)
<b>Why was it created?</b>	The account is used as a debt service reserve account for the Series 2020B harbors revenue bonds. As long as the Series 2020B revenue bonds are outstanding, the reserve will be held to pay harbors revenue bond principal and period interest in the event DOT Harbors is unable to make those payments. It provides assurance to third-party investors who purchased Series 2020B harbor revenue bonds that DOT Harbors can and will remit the funds required to pay the bond principal payments and periodic interest on a timely basis.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the proceeds of the sale of the Series 2020B harbors revenue bonds.
<b>Expenditures</b>	Expenditures may include bond principal payments and periodic interest in the event DOT Harbors is unable to make those payments.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**10th Supplemental  
Certificate 2020C  
Debt Service Reserve  
Account**

**Financial Data for Fiscal Years 2020 – 2023 (in thousands)**

	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$5,343	\$5,343
Revenues	0	5,343	0	0
Interest	0	0	0	0
Expenditures	0	0	0	0
Transfers	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$5,343</b>	<b>\$5,343</b>	<b>\$5,343</b>
Encumbrances	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2020)
<b>Why was it created?</b>	The account is used as a debt service reserve account for the Series 2020C harbors revenue bonds. As long as the Series 2020C revenue bonds are outstanding, the reserve will be held to pay harbors revenue bond principal and period interest in the event DOT Harbors is unable to make those payments. It provides assurance to third-party investors who purchased Series 2020C harbor revenue bonds that DOT Harbors can and will remit the funds required to pay the bond principal payments and periodic interest on a timely basis.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from the proceeds of the sale of the Series 2020C harbors revenue bonds.
<b>Expenditures</b>	Expenditures may include bond principal payments and periodic interest in the event DOT Harbors is unable to make those payments.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

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**Aloha Tower Fund**

**Financial Data for Fiscal Year 2019 (in thousands)**

**Section 206J-17, HRS**

	FY2019
Beginning Balance	\$0
Revenues	0
Interest	0
Expenditures	0
Transfers	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 236 (SLH 1981), as amended by Act 152 (SLH 2011)
<b>Why was it created?</b>	The fund was used to support the Aloha Tower Development Corporation and was temporarily placed with DOT Harbors until the establishment of an appropriation account with DOT Administration.
<b>Fund meets criteria?</b>	This fund was closed in FY2019, and the remaining balance was transferred to DOT Administration as recommended by the Auditor in Report No. 19-05.

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**Harbor Extraordinary  
Renewal/Replacement  
Reserve Account**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)*</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$10,898	\$10,898	\$10,898	\$10,898	\$10,898
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$10,898</b>	<b>\$10,898</b>	<b>\$10,898</b>	<b>\$10,898</b>	<b>\$10,898</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*In FY2020, the fund was reclassified from a revolving fund to a trust account as recommended by the Auditor in Report No. 19-05. Therefore, financial activity for FY2020 is a consolidation of the revolving fund and trust account, and the transfer of funds between fund types is not presented.

<b>Fund Summary</b>	
<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (1997)
<b>Why was it created?</b>	The account was used to provide assurance to third-party investors who purchased harbor revenue bonds that DOT Harbors can and will remit on a timely basis the funds required to pay the bond principal payments and periodic interest pursuant to the 1997 Certificate.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	There were no revenues during the period under review.
<b>Expenditures</b>	Expenditures may include bond principal payments and periodic interest.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	Yes.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Harbor Special Fund

### Section 266-19, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$324,525	\$352,943	\$374,878	\$492,767	\$552,975
Revenues	175,573	174,171	165,721	192,850	205,096
Interest	3,257	14,746	2,312	2,209	11,241
Expenditures	(116,136)	(129,559)	(151,221)	(133,058)	(175,073)
Transfers**	(34,276)	(37,423)	101,077	(1,793)	(2,529)
<b>Ending Balance</b>	<b>\$352,943</b>	<b>\$374,878</b>	<b>\$492,767</b>	<b>\$552,975</b>	<b>\$591,710</b>
Encumbrances	\$81,318	\$203,507	\$499,455	\$418,511	\$334,912

\*This fund is a parent account and the original source of revenue for 188 sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

\*\*Transfers between various DOT Harbors' operating accounts and capital improvement accounts.

#### Fund Summary

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 142 Regular Session Laws, 1941 (Territory 20th Legislature), as amended by Act 221 (SLH 1967)
<b>Why was it created?</b>	The fund is used to hold moneys derived from harbor properties for transfer to various operating accounts and capital improvement accounts, for the operation and maintenance of ten commercial harbors on six islands. It is used to implement the DOT Harbors operating budget appropriated by the Legislature, covering such costs as payroll, debt service, and equipment purchases for eleven water transportation programs, and to fund small-scale construction projects that improve or add to existing facilities not requiring the issuance of harbor revenue bond debt.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from fees and dues paid for wharfage, demurrage, and other charges related to the entry, anchorage, and wharfage of vessels and other craft entering state ports, plus all lease and rental payments derived from state harbor properties.
<b>Expenditures</b>	Expenditures include all operating expenses including personnel services, maintenance, equipment and vehicle replacements, fuel, utilities, insurance, ceded land revenues paid to the Office of Hawaiian Affairs, the central services surcharge transferred to DOT Administration, and debt service payments.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.

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**Reported pursuant to  
Section 37-48, HRS**

Yes.

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

No.

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

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

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**Office of Hawaiian  
Affairs Ceded Lands  
Proceeds – Harbors**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,642	\$0	\$0	\$2,500	\$0
Revenues	15,253	7,660	12,340	10,000	11,212
Interest	0	0	0	0	0
Expenditures	(16,895)	(7,660)	(9,840)	(12,500)	(11,212)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust account
<b>How was the account created?</b>	Administratively established (2006)
<b>Why was it created?</b>	The account is used to collect 20 percent of ceded land revenues owed to the Office of Hawaiian Affairs (OHA) pursuant to Act 178, SLH 2006, and Executive Order No. 2006-06.
<b>Account meets criteria?</b>	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the account does not have performance standards.
<b>Revenues</b>	Revenues are from 20 percent of moneys received by DOT Harbors for the use of ceded lands.
<b>Expenditures</b>	Expenditures include payments to Department of Budget and Finance which then transfers funds to OHA.
<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Risk Management Fire and Casualty Losses – Harbors**

**Financial Data for Fiscal Year 2019 (in thousands)**

	FY2019
Beginning Balance	\$713
Revenues	0
Interest	0
Expenditures	(713)
Transfers	0
<b>Ending Balance</b>	<b>\$0</b>
Encumbrances	\$0

**Fund Summary**

<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (2006)
<b>Why was it created?</b>	The fund was used to set aside insurance proceeds from the Risk Management Office for damages at Kawaihae Harbor resulting from the 2006 Kiholo Bay earthquake.
<b>Fund meets criteria?</b>	This fund was closed in FY2019, and the remaining balance was transferred to the Harbor Special Fund as recommended by the Auditor in Report No. 19-05.

**Temporary Deposits – Harbors**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,011	\$3,884	\$2,615	\$5,213	\$3,349
Revenues	1,637	305	2,682	678	944
Interest	0	0	0	0	0
Expenditures	(764)	(1,574)	(84)	(2,542)	(514)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$3,884</b>	<b>\$2,615</b>	<b>\$5,213</b>	<b>\$3,349</b>	<b>\$3,779</b>
Encumbrances	\$0	\$0	\$0	\$212	\$0

**Fund Summary**

<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (1959)
<b>Why was it created?</b>	The fund is used to hold security deposits required for leases, permits, and other contracts for the use of harbor properties.
<b>Fund meets criteria?</b>	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from new or increased security deposits for leases and other rental instruments.
<b>Expenditures</b>	Expenditures include refunds or reimbursements of security deposits at the end of the lease or contract; and decreases of security deposits for leases and other rental instruments.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	Yes.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Highways Division

This section presents the results of our review of funds and accounts of DOT Highways.

### Civil Identification Card Fee Special Fund

#### Section 286-312, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,398	\$3,793	\$4,375	\$4,493	\$4,991
Revenues	1,531	1,583	1,200	1,733	1,520
Interest	0	0	0	0	0
Expenditures	(1,136)	(1,001)	(1,082)	(1,235)	(1,206)
Transfers*	0	0	0	0	(151)
<b>Ending Balance</b>	<b>\$3,793</b>	<b>\$4,375</b>	<b>\$4,493</b>	<b>\$4,991</b>	<b>\$5,154</b>
Encumbrances	\$1	\$0	\$0	\$0	\$0

\*Transfer to the State Highway Fund pursuant to Section 264-16, HRS.

#### Fund Summary

Account Type	Special fund
How was the fund created?	Act 310 (SLH 2012)
Why was it created?	The fund is used to support the civil identification card program which sets forth documentation required and procedures to be followed in issuing driver's licenses and civil identification cards.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a special fund because it functions more like a revolving fund, but it continues to serve the purpose for which it was originally established. In addition, according to the department, the program which the fund supports can be successfully implemented using the General Fund appropriation process. <b>The fund should be closed or reclassified as a revolving fund.</b>
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from fees assessed for the processing and issuance of identification cards.
Expenditures	Expenditures include reimbursement to counties for costs incurred in administering the identification card program.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	Yes.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Not applicable, the fund was established pursuant to an act.

**Highway Development  
Special Fund**

**Section 264-122, HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,512	\$5,179	\$4,812	\$6,557	\$7,771
Revenues	2,614	895	1,730	1,192	248
Interest	15	105	15	22	150
Expenditures	(0)	(0)	(0)	(0)	(0)
Transfers*	(962)	(1,367)	0	0	(45)
<b>Ending Balance</b>	<b>\$5,179</b>	<b>\$4,812</b>	<b>\$6,557</b>	<b>\$7,771</b>	<b>\$8,123</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*Transfers in FY2019 and FY2020 of \$961,531 and \$1,367,328, respectively, to various Capital improvement project funds for capital costs of planned regional highway development. Transfer in FY2023 of \$45,176 to Highways Administration special fund for electronic bicycle rebates.

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 155 (SLH 2004)
<b>Why was it created?</b>	The fund is used to administer county impact fees assessed for state highway projects.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from county impact fees to fund state highway improvements; investment interest; and legislative and county appropriations.
<b>Expenditures</b>	There were no expenditures during our review period. However, funds may be used for capital costs of qualifying proposed state highway improvements; reevaluation of the need, geographic limitations, amount, and use of impact fees; transfers to reimburse other special funds for expenditures which otherwise might have been funded with moneys in the highway development special fund; transfers for central service expenses and reimbursements of departmental administrative expenses; refunds of highway impact fees; and the department's costs to implement highway impact fees, including, but not limited to, costs to administer the highway development special fund. The fund may also be used to fund the electric bicycle and electric moped rebate program established pursuant to Section 196-7.8, HRS, through a sub-account; however, the department stated that the sub-account has not been set up and rebates are funded through transfers to the Highways Administration special fund as reported in FY2023 transfers above.

<b>Reported pursuant to Section 37-47, HRS</b>	No.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	Not applicable, the fund was established pursuant to an act.

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**Highway Senior Debt  
Service Reserve  
Account**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$7,827	\$0	\$4,612	\$5,159	\$5,159
Revenues	0	0	547	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers*	(7,827)	4,612	0	0	0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$4,612</b>	<b>\$5,159</b>	<b>\$5,159</b>	<b>\$5,159</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*Transfer in FY2019 to the State Highway Fund to close this fund as it no longer served its original purpose. Transfer in FY2020 from the State Highway Fund when it was determined this fund is required to remain open pursuant to the revenue bond covenants.

**Fund Summary**

<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Administratively established (1994)
<b>Why was it created?</b>	The fund is used as a debt service reserve account for DOT Highways revenue bonds.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a revolving fund because it functions more like a trust account that serves as a clearing account and accounting device, but continues to serve the purpose for which it was originally established. <b><i>The fund should be reclassified as a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from the State Highway Fund to maintain the required reserve balance. The fund received a one-time deposit of approximately \$547,000 related to the 2021 Series bond issuance.
<b>Expenditures</b>	There were no expenditures during the period of our review.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Additional Information**

In Report No. 19-05, we reported that the bond certificate requiring this fund was amended and eliminated the reserve requirement; therefore, we recommended that the fund be closed as it no longer served the purpose for which it was originally established. However, the department clarified that the reserve is still required as there are outstanding bonds issued prior to 2016 and once all those bonds are called, the reserve will no longer be needed and the fund will be closed. Upon the issuance of the 2021 Series bonds, the 13<sup>th</sup> Supplemental Certificate expanded the use of moneys remaining in the Highway Senior Debt Service Reserve Account upon the release of bonds issued prior to 2016 to include funding the costs of capital projects, payment of debt service on bonds outstanding, or for other purposes as DOT Highways deems advisable.

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**Highway Senior Interest Account**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$9,982	\$8,958	\$10,450	\$9,523	\$12,247
Revenues	18,275	19,122	19,456	25,690	23,903
Interest	0	0	0	0	0
Expenditures	(19,299)	(17,630)	(20,383)	(22,966)	(24,411)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$8,958</b>	<b>\$10,450</b>	<b>\$9,523</b>	<b>\$12,247</b>	<b>\$11,739</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Administratively established (1994)
<b>Why was it created?</b>	The fund is used as a debt service account for the bond interest payable for the DOT Highways revenue bonds.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a revolving fund because it functions more like a trust account that serves as a clearing account and accounting device, but continues to serve the purpose for which it was originally established. <b><i>In Report No. 19-05, the Auditor recommended that the fund be reclassified as a trust account, which was not done. Our recommendation has not changed based on the department’s description of the fund. The fund should be reclassified as a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from the State Highway Fund.
<b>Expenditures</b>	Expenditures include interest payments due on DOT Highways revenue bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**Highway Senior  
Principal Account**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$21,505	\$7,730	\$8,130	\$4,425	\$0
Revenues	28,960	30,245	26,990	22,910	26,955
Interest	0	0	0	0	0
Expenditures	(42,735)	(29,845)	(30,695)	(27,335)	(26,955)
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$7,730</b>	<b>\$8,130</b>	<b>\$4,425</b>	<b>\$0</b>	<b>\$0</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

<b>Fund Summary</b>	
<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Administratively established (1994)
<b>Why was it created?</b>	The fund is used as a debt service account for the bond principal payable for DOT Highways revenue bonds.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a revolving fund because it functions more like a trust account that serves as a clearing account and accounting device, but continues to serve the purpose for which it was originally established. <b><i>In Report No. 19-05, the Auditor recommended that the fund be reclassified as a trust account, which was not done. Our recommendation has not changed based on the department’s description of the fund. The fund should be reclassified as a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from the State Highway Fund.
<b>Expenditures</b>	Expenditures are principal payments due on DOT Highways revenue bonds.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

## Highways Accrued Payroll Overhead

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$44	\$186	\$10,872	\$4,282	\$5,264
Revenues	133	134	14	100	168
Interest	0	0	0	0	0
Expenditures	(21,409)	(17,318)	(16,404)	(16,635)	(17,540)
Transfers*	21,418	27,870	9,800	17,517	25,436
<b>Ending Balance</b>	<b>\$186</b>	<b>\$10,872</b>	<b>\$4,282</b>	<b>\$5,264</b>	<b>\$13,328</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*Transfers from the State Highway Fund pursuant to Section 264-16, HRS.

### Fund Summary

<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Administratively established (1983)
<b>Why was it created?</b>	The fund is used as an operational clearing account to effectively account for program costs and appropriations for accrued payroll overhead expenses for employees of DOT Highways.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a revolving fund because it functions more like a trust account that serves as a clearing account and accounting device, but continues to serve the purpose for which it was originally established. <b><i>In Report No. 19-05, the Auditor recommended that the fund be reclassified as a trust account, which was not done. Our recommendation has not changed based on the department's description of the fund. The fund should be reclassified to a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from reimbursements for vacation benefits for new employees who transferred from other State agencies, and advances from the State Highway Fund.
<b>Expenditures</b>	Expenditures include overhead and fringe benefit costs, such as vacation payouts and workers' compensation.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.

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<b>Reported pursuant to Section 37-52.5, HRS</b>	No.
<b>Additional Information</b>	Section 264-16, HRS, authorized the Director of Transportation to establish various State highway clearing accounts as necessary, including the State Highway Payroll Clearing Account; however, it did not explicitly establish this account.

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**Highways Construction  
Administration  
Clearing Account**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,510	\$124	\$550	\$261	\$438
Revenues	5	4	0	163	2
Interest	0	0	0	0	0
Expenditures	(2,606)	(5,656)	(5,587)	(7,163)	(7,253)
Transfers*	1,215	6,078	5,298	7,177	8,567
<b>Ending Balance</b>	<b>\$124</b>	<b>\$550</b>	<b>\$261</b>	<b>\$438</b>	<b>\$1,754</b>
Encumbrances	\$84	\$84	\$84	\$84	\$504

\*Transfers from the State Highway Fund to support operations pursuant to Section 264-16, HRS.

**Fund Summary**

<b>Account Type</b>	Revolving fund
<b>How was the fund created?</b>	Administratively established (1982)
<b>Why was it created?</b>	The fund is used as an operational clearing account to effectively account for program costs and appropriations for construction administration.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a revolving fund because it functions more like a trust account that serves as a clearing account and accounting device, but continues to serve the purpose for which it was originally established. <b><i>In Report No. 19-05, the Auditor recommended that the fund be reclassified as a trust account, which was not done. Our recommendation has not changed based on the department's description of the fund. The fund should be reclassified as a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from reimbursements of expenditures and advances from the State Highway Fund.
<b>Expenditures</b>	Expenditures include construction administration costs, such as labor, equipment, utilities, general office expenses, trainings, and payments to other state agencies.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.

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Reported pursuant to Section 37-52.5, HRS	No.
<b>Additional Information</b>	Section 264-16, HRS, authorized the Director of Transportation to establish various State highway clearing accounts as necessary, including the Construction Administration Clearing Trust Account; however, it did not explicitly establish this account.

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**Highways –  
Department of  
Hawaiian Home Lands  
North/South Road  
Project**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$506	\$510	\$529	\$532	\$535
Revenues	0	0	0	0	0
Interest	4	19	3	3	11
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
<b>Ending Balance</b>	<b>\$510</b>	<b>\$529</b>	<b>\$532</b>	<b>\$535</b>	<b>\$546</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (2007)
<b>Why was it created?</b>	This fund was used for Department of Hawaiian Home Lands' (DHHL) requested improvements as part of the North/South Road project managed by DOT Highways.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet all the criteria of a trust fund because it functions more like a trust account that serves as a clearing account and accounting device. In addition, the project the fund supported was completed; therefore, it no longer serves the purpose for which it was originally established. <b><i>The fund should be closed or reclassified as a trust account.</i></b>
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	There were no revenues other than interest during the period of our review. Prior revenues were from deposits from DHHL for project expenses. The fund continues to earn interest income from the State's investment pool.
<b>Expenditures</b>	There were no expenditures during the period of our review. Prior expenditures included payroll, land improvements, and other project related costs.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

The fund was originally established as a trust account in 2007 and was reclassified to a trust fund. Although reclassified as a trust fund, the fund continues to function like a trust account. In Report No. 19-05, we noted that the fund met the criteria of a trust account.

**Additional Information**

Moreover, in Report No. 19-05, we noted that DOT asserted that the construction of the North/South Road project has been completed but the final settlement process with DHHL was ongoing and the remaining balance would be returned to DHHL once the settlement process was completed. According to DOT, the settlement process with DHHL remains ongoing. Once the settlement with DHHL is done, ***the fund should be closed.***

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**Motorcycle and Motor  
Scooter Operators  
Education Fund**

**Section 431:10G-107,  
HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$462	\$513	\$568	\$619	\$673
Revenues	55	55	52	54	53
Interest	0	0	0	0	0
Expenditures	(4)	0	(1)	0	(1)
Transfers*	0	0	0	0	1
<b>Ending Balance</b>	<b>\$513</b>	<b>\$568</b>	<b>\$619</b>	<b>\$673</b>	<b>\$726</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*Transfer from State Highway Fund for expenditures.

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 121 (SLH 2002)
<b>Why was it created?</b>	The fund is used to support the driver's education program for operators of motorcycles and motor scooters.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from an annual \$2 underwriter's fee assessed upon each insured motorcycle and motor scooter.
<b>Expenditures</b>	Expenditures include the administrative costs of a driver's education program for operators of motorcycles and motor scooters.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	Yes.
<b>Reported pursuant to Section 37-49, HRS</b>	Yes.
<b>Reported pursuant to Section 37-52.5, HRS</b>	Not applicable, the fund was established pursuant to an act.

**Safe Routes to School Program Special Fund**

**Section 291C-4, HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$675	\$701	\$248	\$856	\$1,373
Revenues	614	504	615	517	451
Interest	0	0	0	0	0
Expenditures	(588)	(957)	(16)	0	0
Transfers*	0	0	9	0	(9)
<b>Ending Balance</b>	<b>\$701</b>	<b>\$248</b>	<b>\$856</b>	<b>\$1,373</b>	<b>\$1,815</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0

\*Transfer in FY2021 from the State Highway Fund for operations, which was returned in FY2023.

<b>Fund Summary</b>	
<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 317 (SLH 2012)
<b>Why was it created?</b>	The fund is used to collect assessments and surcharges related to the Safe Routes to School program and distribute moneys for the program.
<b>Fund meets criteria?</b>	This fund does <i>not</i> meet the criteria of a special fund because of its partial nexus with the program it supports and DOT Highways acknowledges that the program supported by the fund can be successfully implemented using the General Fund appropriation process; but the fund continues to serve the purpose for which it was originally established. While there is clear nexus between the Safe Routes to School program and the surcharge collected for speeding in school zones, the nexus is tenuous regarding the surcharge for other speeding and traffic violations outside of school zones.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from \$25 Safe Routes to School surcharges collected for speeding in school zones or construction zones, and \$10 surcharges collected from other speeding and traffic violations.
<b>Expenditures</b>	Expenditures include the distribution of moneys to the counties for the implementation of the Safe Routes to School program-related projects.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.

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

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

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**Additional Information**

Effective July 1, 2021, Act 9 (First Special Session 2021) transferred the responsibility of distributing program funds to the counties from DOT to the Legislature. However, effective July 1, 2023, Act 244 (SLH 2023) established a Safe Routes to School Advisory Committee within the Planning Branch of DOT Highways to administer the program and, starting from July 1, 2024, ensure distribution of program funds accrued in the Safe Routes to School Program Special Fund.

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**Special Deposits –  
Highways Trust Fund**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$7,899	\$8,498	\$13,160	\$13,190	\$13,743
Revenues	1,965	4,716	52	597	206
Interest	0	0	0	0	0
Expenditures	(1,366)	(54)	(22)	(44)	(483)
Transfers*	0	0	0	0	274
<b>Ending Balance</b>	<b>\$8,498</b>	<b>\$13,160</b>	<b>\$13,190</b>	<b>\$13,743</b>	<b>\$13,740</b>
Encumbrances	\$3,422	\$3,442	\$3,049	\$2,618	\$7,226

\*Transfer from the State Highway Fund pursuant to Section 264-16, HRS.

<b>Fund Summary</b>	
<b>Account Type</b>	Trust fund
<b>How was the fund created?</b>	Administratively established (1979)
<b>Why was it created?</b>	The fund is used to hold deposits from various utility companies and other vendors who are involved in projects managed by DOT Highways.
<b>Fund meets criteria?</b>	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from deposits collected from vendors and utility companies.
<b>Expenditures</b>	Expenditures include a refund of deposits to the designated vendors, utility payments to contractors, and final payments to the utility companies upon project completion and/or finalization.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	No.

**State Highway Fund**

**Sections 248-8 and 248-9, HRS**

<b>Financial Data for Fiscal Years 2019 – 2023 (in thousands)*</b>					
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance	\$127,702	\$150,921	\$137,547	\$228,037	\$267,427
Revenues	284,956	277,639	303,345	297,722	322,517
Interest	2,756	10,377	1,183	1,374	5,947
Expenditures	(254,132)	(263,984)	(237,788)	(217,829)	(265,564)
Transfers**	(10,361)	(37,406)	23,750	(41,877)	(40,594)
<b>Ending Balance</b>	<b>\$150,921</b>	<b>\$137,547</b>	<b>\$228,037</b>	<b>\$267,427</b>	<b>\$289,733</b>
Encumbrances	\$105,049	\$99,497	\$105,240	\$109,515	\$177,324

\*This fund is the parent account and original source of revenue for 134 sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

\*\*Transfers to operating allotment appropriation expenditure accounts, capital improvement project expenditure accounts, various DOT Highways special funds, trust funds and clearing accounts, payments on revenue bonds, and administrative costs.

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 19, Session Laws, 1932 (First Special Session)(Territory), as amended by Act 193 (SLH 1963)
<b>Why was it created?</b>	The fund is used to support the acquisition, planning, design, construction, repair, and maintenance of Hawai'i's highway system.
<b>Fund meets criteria?</b>	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
<b>Performance standards</b>	No, the fund does not have performance standards.
<b>Revenues</b>	Revenues are from fuel taxes, vehicle weight taxes, vehicle registrations, rental motor vehicle surcharges, fines, penalties, safety sticker sales, permit fees, rental income, and interest.
<b>Expenditures</b>	Expenditures include the acquisition, planning, designing, construction, operation, repair, and maintenance of Hawai'i's highway system; principal and interest on revenue bonds, reimbursements to the General Fund for general obligation bonds; reimbursements of expenditures to other State agencies; general office expenses; and other related costs.
<b>Reported pursuant to Section 37-47, HRS</b>	Yes.
<b>Reported pursuant to Section 37-48, HRS</b>	No.
<b>Reported pursuant to Section 37-49, HRS</b>	No.
<b>Reported pursuant to Section 37-52.5, HRS</b>	Not applicable, the fund was established pursuant to an act.

**Transportation  
Improvement Special  
Fund**

**Section 264-19, HRS**

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

	FY2019	FY2020
Beginning Balance	\$9,741	\$9,741
Revenues	0	0
Interest	0	0
Expenditures	0	0
Transfers	0	(9,741)
<b>Ending Balance</b>	<b>\$9,741</b>	<b>\$0</b>
Encumbrances	\$0	\$0

**Fund Summary**

<b>Account Type</b>	Special fund
<b>How was the fund created?</b>	Act 370 (SLH 1997)
<b>Why was it created?</b>	The fund was used to fund qualified transportation projects and to receive reimbursements from private developers who have been advanced public funds to fulfill the conditions of land use development relating to transportation.
<b>Fund meets criteria?</b>	This fund was closed in FY2020, and the remaining balance was transferred to the State Highway Fund as recommended by the Auditor in Report No. 19-05. The fund was repealed by Act 9 (First Special Session 2021).

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# Chapter 3

## Observations on Reporting and Accounting for Funds

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Special, revolving, and other types of non-general funds are not subject to the same level of legislative scrutiny as the General Fund. Accurate and complete reporting of all funds, as required by law, would greatly improve the Legislature's oversight and control of these funds and provide increased budgetary flexibility. Fund reports are one of the primary means through which the Legislature tracks non-general funds. The reports are used to monitor fund balances and identify excess moneys for possible transfer to the General Fund.

### **Non-General Funds Were Not Reported as Required by Law**

Section 37-47, HRS, requires departments to submit to the Legislature an annual report of each non-general fund account, including information such as the intended purpose of the fund, current program activities supported by the fund, and financial data. The Director of Finance annually issues a memorandum requesting all departments complete and submit Form 37-47, *Report on Non-General Fund Information*, to the Department of Budget and Finance for each of their non-general funds. The Department of Budget and Finance compiles a report of all non-general fund accounts and submits it to the Legislature prior to the start of each legislative session.

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

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

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

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

During our review, we noted noncompliance with statutory requirements to report financial activity and balances, as required by Section 37-47, HRS, program measures, as required by Section 37-48, HRS, costelements, as required by Section 37-49, HRS, as well as fund information for administratively established funds and accounts under Section 37-52.5, HRS.

As shown in Exhibit 3.1, DOT had administratively created non-general funds with balances totaling approximately \$530.2 million that were not reported to the Legislature as required by Section 37-52.5, HRS; non-general funds with balances totaling approximately \$28.3 million that were not reported to the Legislature as required by Section 37-47, HRS; non-general funds with balances totaling \$1.57 billion that were not reported to the Legislature as required by Section 37-48, HRS; and non-general funds with balances totaling \$2.19 billion that were not reported to the Legislature as required by Section 37-49, HRS.

### Exhibit 3.1

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

Fund Name	Fund Type	HRS 37-47 (Non-General)	FY2023 Ending Balance (rounded)	HRS 37-48 (Non-General Program Measures)	FY2023 Ending Balance (rounded)	HRS 37-49 (Non-General Cost Element)	FY2023 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2023 Ending Balance (rounded)
<b>Administration Division</b>									
Aloha Tower Fund	Special Fund			✓	\$4,247,000	✓	\$4,247,000		
Bid Bond Deposits – Administration	Trust Fund			✓	7,000	✓	7,000	✓	\$7,000
General Administration	Special Fund			✓	15,367,000	✓	15,367,000	✓	15,367,000
O’ahu Transportation Management Area Metropolitan Planning Organization Revolving Fund	Revolving Fund			✓	281,000	✓	281,000		
Western Association of State Highway and Transportation Officials Quality Award Program	Trust Account	✓	\$0	✓	0	✓	0	✓	0
<b>Airports Division</b>									
Airport Revenue Fund	Special Fund			✓	669,759,000	✓	669,759,000		
Airport Sinking Fund for Retire Term Bond	Trust Account			✓	520,000	✓	520,000	✓	520,000
Airport System Debt Service Reserve Account	Trust Account			✓	117,502,000	✓	117,502,000	✓	117,502,000
Airport System Interest Account	Trust Account			✓	40,836,000	✓	40,836,000	✓	40,836,000
Airport System Major Maintenance, Renewal, and Replacement Account	Trust Account			✓	59,691,000	✓	59,691,000	✓	59,691,000
Airport System Serial Bond Principal Account	Trust Account			✓	33,185,000	✓	33,185,000	✓	33,185,000
Debt Service Funded Coverage	Trust Account			✓	29,376,000	✓	29,376,000	✓	29,376,000
Energy Savings Performance Contract – Outside State Treasury	Trust Account			✓	19,047,000	✓	19,047,000	✓	19,047,000

**Chapter 3: Observations on Reporting and Accounting for Funds**

Fund Name	Fund Type	HRS 37-47 (Non-General)	FY2023 Ending Balance (rounded)	HRS 37-48 (Non-General Program Measures)	FY2023 Ending Balance (rounded)	HRS 37-49 (Non-General Cost Element)	FY2023 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2023 Ending Balance (rounded)
Prepaid Airport Use Charge Fund	Trust Fund			✓	2,856,000	✓	2,856,000	✓	2,856,000
Rental Motor Vehicle Customer Facility Charge Special Fund	Special Fund			✓	91,966,000	✓	91,966,000	✓	
Reserve for Operating and Maintenance Expenses	Trust Account			✓	107,230,000	✓	107,230,000	✓	107,230,000
Temporary Deposits – Airports	Trust Fund			✓	11,656,000	✓	11,656,000	✓	11,656,000

<b>Harbors Division</b>									
1997 Certificate – Harbor Interest Account	Trust Account	✓	6,349,000	✓	6,349,000	✓	6,349,000	✓	6,349,000
1997 Certificate – Harbor Principal Account	Trust Account					✓	11,748,000	✓	11,748,000
10th Supplemental Certificate 2020A Debt Service Reserve	Trust Account	✓	7,643,000	✓	7,643,000	✓	7,643,000	✓	7,643,000
10th Supplemental Certificate 2020B Debt Service Reserve	Trust Account	✓	867,000	✓	867,000	✓	867,000	✓	867,000
10th Supplemental Certificate 2020C Debt Service Reserve	Trust Account	✓	5,343,000	✓	5,343,000	✓	5,343,000	✓	5,343,000
Harbor Extraordinary Renewal/ Replacement Reserve Account	Trust Account					✓	10,898,000	✓	10,898,000
Harbor Special Fund	Special Fund					✓	591,710,000	✓	
Office of Hawaiian Affairs Ceded Lands Proceeds – Harbors	Trust Account	✓	0	✓	0	✓	0	✓	0
Temporary Deposits – Harbors	Trust Fund					✓	3,779,000	✓	3,779,000

Fund Name	Fund Type	HRS 37-47 (Non-General)	FY2023 Ending Balance (rounded)	HRS 37-48 (Non-General Program Measures)	FY2023 Ending Balance (rounded)	HRS 37-49 (Non-General Cost Element)	FY2023 Ending Balance (rounded)	HRS 37-52.5 (Admin Created)	FY2023 Ending Balance (rounded)
<b>Highways Division</b>									
Highway Development Special Fund	Special Fund	✓	8,123,000	✓	8,123,000	✓	8,123,000		
Highway Senior Debt Service Reserve Account	Revolving Fund			✓	5,159,000	✓	5,159,000	✓	5,159,000
Highway Senior Interest Account	Revolving Fund			✓	11,739,000	✓	11,739,000	✓	11,739,000
Highway Senior Principal Account	Revolving Fund			✓	0	✓	0	✓	0
Highways Accrued Payroll Overhead	Revolving Fund			✓	13,328,000	✓	13,328,000	✓	13,328,000
Highways Construction Administration Clearing Account	Revolving Fund			✓	1,754,000	✓	1,754,000	✓	1,754,000
Highways – Department of Hawaiian Home Lands North/South Road Project	Trust Fund			✓	546,000	✓	546,000	✓	546,000
Safe Routes to School Program Special Fund	Special Fund			✓	1,815,000	✓	1,815,000		
Special Deposits – Highways Trust Fund	Trust Fund			✓	13,740,000	✓	13,740,000	✓	13,740,000
State Highway Fund	Special Fund			✓	289,733,000	✓	289,733,000		
<b>Total</b>			<b>\$28,325,000</b>		<b>\$1,569,665,000</b>		<b>\$2,187,798,000</b>		<b>\$530,166,000</b>

Source: Office of the Auditor

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## Office of the Auditor's Comments on the Department of Transportation's Response

### Comments on Agency Response

**WE TRANSMITTED** a draft of this review to DOT on March 5, 2024. We received an email about the draft from only one DOT division, DOT Airports. DOT Airports requested non-substantive edits to descriptions of two funds, one of which we made. With respect to the other fund, we did not agree with DOT Airports' suggestion that a sentence was repetitive of other subsequent sentences, and therefore, we did not incorporate that suggested revision. DOT did not provide written comments to this report.