
Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources

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

Report No. 24-08
September 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.

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<https://auditor.hawaii.gov>

Foreword

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

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 Land and Natural Resources. 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 Land and Natural Resources.

Leslie H. Kondo
State Auditor



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Chapter 1

Introduction

This review encompasses the special funds, revolving funds, trust funds, and trust accounts administered by the State of Hawai‘i Department of Land and Natural Resources (DLNR). 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 DLNR’s revolving funds, trust funds, and trust accounts.¹ It is our third review of DLNR’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.

¹ Prior to 2013, Section 23-12, HRS, did not require reviews of departments’ special funds.

Description of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts

Special funds

Section 37-62, HRS, defines a special fund as one that is “dedicated or set aside by law for a specified object or purpose, but excluding revolving funds and trust funds.” According to the State’s *Accounting Manual*, special funds are funds used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes.

Revolving funds

Section 37-62, HRS, defines a revolving fund as one “from which is paid the cost of goods and services rendered or furnished to or by a state agency and which is replenished through charges made for the goods or services or through transfers from other accounts or funds.” Activities commonly financed through revolving funds include loan programs, which are initially established by general fund seed moneys and are then replenished through the repayment of loans.

Trust funds

Section 37-62, HRS, defines a trust fund as one in which “designated persons or classes of persons have a vested beneficial interest or equitable ownership, or which was created or established by a gift, grant, contribution, devise or bequest that limits the use of the fund to designated objects or purposes.” Trust funds invoke a fiduciary responsibility of state government to care for and use the assets held only for those designated to benefit from the funds. A pension fund is an example of a trust fund. Contributions and payments are to be held for the beneficiaries of the pension fund. Another example is tenants’ security deposits, which are held in trust for the future benefit of tenants and landlords. Until forfeited or returned, deposits are the property of the tenants and should be accounted for accordingly.

Trust accounts

The Department of Accounting and General Services (DAGS) defines a trust account as a separate holding or clearing account for state agencies. Trust accounts also serve as accounting devices to credit or charge agencies or projects for payroll or other costs.

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

Special and revolving fund criteria

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

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

Trust fund and trust account criteria

Unlike the requirements for special and revolving funds, the law is silent on whether a trust fund or trust account must be established by statute. The criteria used 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.

Objectives of the Review

1. Identify and review all special funds, revolving funds, trust funds, and trust accounts of DLNR.
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 DLNR.

Scope and Methodology

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

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

We obtained a summary statement for each fund that reflects total fund transactions in the preceding five fiscal years (July 1, 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

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. 18-19, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources*.

Our review was conducted from August 2023 to April 2024. Recommendations were made where applicable.

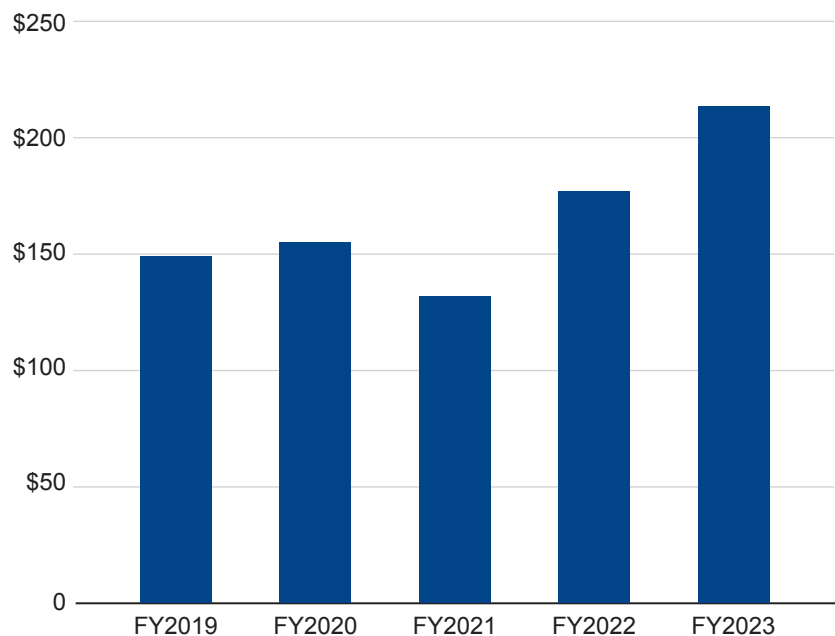
Chapter 2

Department of Land and Natural Resources

This chapter presents the results of our review of nineteen special funds, two revolving funds, nine trust funds, and seven trust accounts. Total fund fiscal year-end balances for DLNR were at least \$132 million per year during the period reviewed.

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

Exhibit 2.1
Cash Balances for the Department of Land and Natural Resources' 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 \$111.2 million and spent or transferred approximately \$73.9 million.

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

Exhibit 2.2
Fund and Account Totals by Type, FY2023

Fund Type	Revenue and Interest	Expenses and Transfers	FY2023 End Cash Balance
Special Funds	\$87,497,000	\$56,863,000	\$160,444,000
Revolving Funds	867,000	564,000	1,061,000
Trust Funds/ Trust Accounts	22,814,000	16,454,000	52,141,000
Total	\$111,178,000	\$73,881,000	\$213,646,000

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.

Exhibit 2.3 presents DLNR 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
Assistance in Managing Land Fund	Trust Fund	\$26,160	✓				
Conservation and Resources Enforcement	Special Fund	521,472	✓				
Donations, Gifts, and Grants from Private and Governmental Entities	Trust Account	26,213,189					✓
Forest Stewardship Fund	Special Fund	519,813	✓				
Land and Natural Resources Natural and Physical Environment	Special Fund	2,088,297					✓
Land Division – Water Monitoring Services	Trust Account	8,728					✓
Native Resources and Fire Protection Program	Trust Fund	9,215	✓				
Natural Area Reserve Fund	Special Fund	1,027,360	✓				
Total		\$30,414,234					

Source: Office of the Auditor

Accrued Vacation and Sick Leave Fund

Financial Data for Fiscal Years 2019 – 2023 (in thousands)					
	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$320	\$327	\$339	\$339	\$339
Revenues	16	12	0	0	16
Interest	0	0	0	0	0
Expenditures	(9)	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$327	\$339	\$339	\$339	\$355
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary	
Account Type	Trust fund
How was the fund created?	Administratively established as a revolving fund and reclassified by Act 10 (SLH 2015)
Why was it created?	The fund is used to receive and disburse funds for vacation and sick leave for staff who are funded by capital improvement projects (CIP).
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from vacation and sick leave payouts for employees who transfer into CIP-funded positions from other state and county agencies.
Expenditures	Expenditures include vacation and sick leave payouts for employees leaving CIP-funded positions.
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	No.

**Assistance in
Managing Land Fund**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$126	\$24	\$25	\$25	\$26
Revenues	0	0	0	0	0
Interest	1	1	0	1	0
Expenditures	(103)	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$24	\$25	\$25	\$26	\$26
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2007)
Why was it created?	The fund was used to assist the Office of Hawaiian Affairs (OHA) with managing the Wao Kele O Puna Forest Reserve on the island of Hawai'i as part of a Memorandum of Agreement (MOA) between OHA and the department. According to the department, the MOA ended in FY2018, the remaining funds were returned to OHA in FY2019. The fund's current balance is the interest received by the department after the fund balance had been returned to OHA in FY2019. The department intends to transfer the residual balance to the State Treasury and close the fund when it meets the required period of inactivity.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a trust fund. <i>The fund should be closed</i> because it no longer serves the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from interest. In Report No. 18-19, revenues were initially from transfers from OHA; however, the last transfer from OHA was in FY2013.
Expenditures	Expenditures include a return of funds to OHA in FY2019 after the MOA ended. There were no other expenditures during our review.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Beach Restoration
Special Fund**

**Section 171-156,
HRS**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$2,681	\$3,205	\$3,773	\$2,724	\$3,086
Revenues	840	986	207	837	979
Interest	17	103	20	13	65
Expenditures	(333)	(521)	(1,276)	(487)	(310)
Transfers**	0	0	0	(1)	22
Ending Balance	\$3,205	\$3,773	\$2,724	\$3,086	\$3,842
Encumbrances	\$270	\$527	\$539	\$237	\$283

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

**Transfers to Land and Natural Resources Natural and Physical Environment special fund for insurance premiums. Transfer in FY2023 of \$22,341.50 from Kaanapali Beach Restoration, Maui-DES special fund from excess private contributions for the Kaanapali Beach Restoration project.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 84 (SLH 1999)
Why was it created?	The fund is used for the planning, design, development, and implementation of beach restoration projects; providing grants to counties, nongovernmental organizations, and the University of Hawai'i for the restoration of beach lands; and for research and engineering studies necessary to support beach restoration projects.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from the lease or development of public coastal lands designated pursuant to a beach restoration plan, proceeds from the lease of public lands for an existing seawall or revetment, fines collected for unauthorized shoreline structures on state submerged land or conservation district land, donations and contributions made by private individuals or organizations, fees collected for the processing of applications for coastal and beach erosion control projects, grants provided by governmental agencies, and the transient accommodations tax.
Expenditures	Expenditures include a contract with Sea Grant related to the Coastal Lands Program, a "sustainable shorelines" project at Punaluu Beach Park, and expenses related to consultation and planning for coastal restoration work.

**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.

Boating Security Deposits

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$2,027	\$2,135	\$2,464	\$2,024	\$2,163
Revenues	201	405	660	356	192
Interest	0	0	0	0	0
Expenditures	(93)	(76)	(1,100)	(217)	(211)
Transfers	0	0	0	0	0
Ending Balance	\$2,135	\$2,464	\$2,024	\$2,163	\$2,144
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (1992)
Why was it created?	The fund is used as a holding account for security deposits collected from slip and property rentals from recreational and commercial boaters.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from security deposits collected from slip and property rentals.
Expenditures	Expenditures include the return of security deposits when rental agreements are terminated.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

Boating Special Fund

Section 248-8, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$11,759	\$13,546	\$14,744	\$16,450	\$26,940
Revenues	17,810	18,269	17,755	24,869	26,732
Interest	76	254	83	63	477
Expenditures	(15,311)	(16,325)	(14,968)	(13,847)	(17,670)
Transfers**	(788)	(1,000)	(1,164)	(595)	(579)
Ending Balance	\$293,851	\$135,350	\$259,361	\$244,659	\$217,472
Encumbrances	\$3,887	\$4,054	\$3,653	\$5,036	\$7,717

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

**Transfers to the Conservation and Resources Enforcement Fund and the Land and Natural Resources Natural and Physical Environment special fund for administrative staff expenses and insurance premiums. Transfers in FY2021 and FY2023 include \$190,974 and \$76,310 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 180 (SLH 1972), as amended by Act 272 (SLH 1991)
Why was it created?	The fund is used to administer a comprehensive statewide boating program.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from taxes from liquid fuel sales for small boats, and fees and penalties from recreational and commercial boaters for various violations of boating laws.
Expenditures	Expenditures include costs for improving and expanding the capacity of existing mooring and launch facilities, operating and maintaining all harbors and launch ramps, constructing new facilities, maintaining a centralized vessel registration file, regulating the commercial use of boating facilities, administering a marine casualty and investigation program, conducting public education in boating safety, and overseeing the State's ocean waters.
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.

**Bureau of
Conveyances
Special Fund**

Section 502-8, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$4,142	\$5,399	\$5,920	\$4,470	\$8,526
Revenues	7,969	7,778	7,246	9,997	6,922
Interest	24	191	34	24	164
Expenditures	(6,520)	(7,204)	(8,376)	(5,736)	(7,860)
Transfers*	(216)	(244)	(354)	(229)	(172)
Ending Balance**	\$5,399	\$5,920	\$4,470	\$8,526	\$7,580
Encumbrances	\$2,099	\$510	\$805	\$2,223	\$2,264

*Transfers to the Land and Natural Resources Natural and Physical Environment special fund for operating costs, including payroll and insurance premiums. Transfers in FY2021 and FY2023 include \$230,667 and \$40,838 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

**Section 502-8(c), HRS, requires that certain revenues in excess of \$500,000 remaining on balance in the fund at the end of each fiscal year shall lapse to the State General Fund (exceptions noted in Section 16, Act 120 (SLH 2009)). Expenditures in FY2021 and FY2023 include excess revenues transferred to the General Fund of \$1,076,499 and \$1,692,171, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 125 (SLH 1999)
Why was it created?	The fund is used to support the Bureau of Conveyances' daily operations, which includes maintaining a system for recording and preserving land titles and related legal documents and maps.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from recording fees, miscellaneous service fees, and legislatively mandated transaction fees.
Expenditures	Expenditures include operational expenses including payroll, fringe benefits, supplies, and training as well as costs related to projects for digitization and preservation of recorded documents, upgrades to the Land Records Management System, and digital platforms.
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.

**Commercial Fisheries
Special Fund**

Section 189-2.4, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023**
Beginning Balance	\$278	\$339	\$304	\$204	\$329
Revenues	345	329	335	497	414
Interest	1	9	2	1	5
Expenditures	(168)	(239)	(327)	(255)	(275)
Transfers***	(117)	(134)	(110)	(118)	(122)
Ending Balance	\$339	\$304	\$204	\$329	\$351
Encumbrances	\$38	\$29	\$51	\$97	\$69

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

**Financial data for FY2023 does not include the sub-account fund as DLNR advised that the sub-account fund was used by another program from FY2023 and should no longer be consolidated with the Commercial Fisheries Special Fund. We have analyzed the Ecosystem Protection and Restoration special fund separately for FY2023.

***Transfers to Land and Natural Resources Natural and Physical Environment trust fund for administrative staff costs. Transfers in FY2021 and FY2023 include \$8,442 and \$2,000 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 121 (SLH 2000)
Why was it created?	The fund is used to develop and conduct monitoring and research programs and activities for projects concerning aquatic life used for commercial purposes.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from the sale of commercial fishing licenses, other permits related to commercial use of aquatic resources, and periodic resource fines.
Expenditures	Expenditures include developing and conducting resource monitoring programs and studies to determine sustainable use of aquatic life for commercial purposes. Expenditures are also used to implement research programs and activities concerning the conservation and management of aquatic life for commercial purposes.
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.

**Conservation
and Resources
Enforcement**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$434	\$387	\$492	\$557	\$538
Revenues	0	0	0	0	0
Interest	2	21	4	2	11
Expenditures	(498)	(398)	(421)	(96)	0
Transfers*	449	482	482	75	(28)
Ending Balance	\$387	\$492	\$557	\$538	\$521
Encumbrances	\$103	\$64	\$119	\$0	\$0

*Transfers to Land and Natural Resources Natural and Physical Environment special fund for insurance premiums. Transfer in FY2019 includes \$29,593 to Collective Bargaining Special Fund pursuant to Executive Memorandum No. 18-04. Transfers in FY2019-FY2022 from the Ocean-Based Recreation special fund (a sub-account of the Boating Special Fund) to support the Recreational Boating Safety program.

Fund Summary

Account Type	Special fund
How was the fund created?	Administratively established (1996)
Why was it created?	The fund was used to support the Recreational Boating Safety program, which oversees small boat harbors, boating safety, registration, and boating casualty investigations, including marine patrol responsibilities. However, from FY2022 this fund no longer receives transfers from the Boating Special Fund and the program is now funded through the General Fund appropriation process. The program was transferred from the Department of Public Safety to DLNR pursuant to Act 296 (SLH 1996).
Fund meets criteria?	This fund does <i>not</i> meet the criteria of a special fund. The fund should be closed because the program it supported is now funded by the General Fund.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from interest and reimbursements. Prior to FY2023, the fund received transfers from the Boating Special Fund; however, funding through the Boating Special Fund was removed during FY2022.
Expenditures	Expenditures included costs related to the enforcement of the Recreational Boating Safety program, including personnel costs, equipment purchases, and vessel maintenance to support boating safety, conservation, and search and rescue.
Reported pursuant to Section 37-47, HRS	Yes.

Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	Yes.
Additional information	The department stated that it intends to request an appropriation ceiling for this fund during the next legislative session to utilize the remaining funds to purchase a vessel to aid in the recovery phase and reconstruction of the Lahaina Small Boat Harbor and West Maui nearshore waters.

**Conservation
and Resources
Enforcement Revolving
Fund**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$29	\$30	\$3	\$6	\$6
Revenues	2	3	3	3	2
Interest	0	0	0	0	0
Expenditures	(1)	(30)	0	(3)	0
Transfers	0	0	0	0	0
Ending Balance	\$30	\$3	\$6	\$6	\$8
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Revolving fund
How was the fund created?	Administratively established (1988)
Why was it created?	The fund is used to receive and expend income received from the Hunter Education Program, which administers hunter education classes to the public.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from the sale of replacement certifications, student manuals, and patches relating to the Hunter Education Program.
Expenditures	Expenditures include information and outreach supplies, general supplies, and additional support/coordination to administer the Hunter Education Program and provide classes. This fund offsets a small portion of the Hunter Education Program expenditures.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	Yes.
Reported pursuant to Section 37-52.5, HRS	No.
Additional information	In Report No. 18-19, we reported the fund as a sub-account of the Wildlife Revolving Fund; however, DLNR stated it is not a sub-account of the Wildlife Revolving Fund and should be analyzed as a separate fund.

**Conservation
and Resources
Enforcement Special
Fund**

Section 199-1.5, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$489	\$647	\$477	\$363	\$688
Revenues	380	0	0	380	380
Interest	5	21	3	1	12
Expenditures	(227)	(191)	(111)	(56)	(143)
Transfers*	0	0	(6)	0	0
Ending Balance	\$647	\$477	\$363	\$688	\$937
Encumbrances	\$32	\$53	\$0	\$0	\$351

*Transfer in FY2021 of \$5,907 to Collective Bargaining Special Fund pursuant to Executive Memorandum No. 20-09.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 78 (SLH 2011)
Why was it created?	The fund is used for the protection, preservation, and enhancement of Hawai'i's natural resources through law enforcement by providing extended patrol, presence, and response focused specifically in areas highly frequented and used by the State's residents and tourists.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from grants, awards, donations, fees, penalties collected from enforcement activities, and an allocation from the transient accommodations tax.
Expenditures	Expenditures include personnel and operational expenses related to education, outreach, and law enforcement in tourist-related areas such as state parks and beaches.
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.

**Dam and Reservoir
Safety Special Fund**

Financial Data for Fiscal Years 2019-2023 (in thousands)

Section 179D-25, HRS

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$3,067	\$3,118	\$3,219	\$3,341	\$3,445
Revenues	591	623	768	687	737
Interest	23	111	17	13	69
Expenditures	(563)	(633)	(663)	(596)	(921)
Transfers	0	0	0	0	0
Ending Balance	\$3,118	\$3,219	\$3,341	\$3,445	\$3,330
Encumbrances	\$2,214	\$2,162	\$1,990	\$1,936	\$1,309

Fund Summary

Account Type	Special fund
How was the fund created?	Act 262 (SLH 2007)
Why was it created?	The fund is used to support the Dam and Reservoir Safety Program, which oversees dams and reservoirs throughout the State.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from application fees, user fees, and fines collected from dam and reservoir owners and operators.
Expenditures	Expenditures include costs for conducting investigations, research and collection of data; monitoring and inspection programs, including enforcement; preparing and disseminating information to the public related to dam and reservoir safety; and employing any necessary remedial measures to protect persons and property.
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.

Donations, Gifts, and Grants from Private and Governmental Entities

Financial Data for Fiscal Years 2019 – 2023 (in thousands)					
	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$16,765	\$21,752	\$20,257	\$18,591	\$22,439
Revenues	9,647	2,520	3,222	6,766	5,383
Interest	140	712	119	80	431
Expenditures	(4,831)	(4,727)	(5,007)	(2,998)	(2,040)
Transfers*	31	0	0	0	0
Ending Balance	\$21,752	\$20,257	\$18,591	\$22,439	\$26,213
Encumbrances	\$3,854	\$5,970	\$3,892	\$2,274	\$1,628

*Transfer in FY2019 of \$31,400 private matching funds from the Water Audits of Public Water Systems trust account.

Fund Summary	
Account Type	Trust account
How was the account created?	Administratively established (1998)
Why was it created?	The account is used for donations, gifts and grants from private entities, revenue from court judgments and settlements, and temporary deposits received as security in the execution of contracts.
Account meets criteria?	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. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from donations, gifts, and grants from private entities and revenue from court judgments and settlements. The account also holds temporary security deposits for contract performance and specifications.
Expenditures	Expenditures include contract payments and various projects funded by private entities and state agencies.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Ecosystem Protection
and Restoration**

Financial Data for Fiscal Year 2023 (in thousands)

Section 187A-51, HRS

FY2023	
Beginning Balance	\$0
Revenues	308
Interest	1
Expenditures	(17)
Transfers	0
Ending Balance	\$292
Encumbrances	\$41

Fund Summary

Account Type	Special fund
How was the fund created?	Act 46 (SLH 2021)
Why was it created?	The fund is used to develop and carry out marine resource conservation, restoration, enhancement, research, regulatory measures, enforcement actions, education activities, or any other management measure intended to conserve, restore, and enhance marine resources under the jurisdiction of the State. In addition, the fund is used to install, maintain, and replace day use mooring buoys and other infrastructure to reduce impacts to the marine ecosystem.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from the ocean stewardship user fees, lease revenues from leased public lands and permits, fines for violations, and grants or donations. The collection of ocean stewardship user fees, which is the main revenue source for this program, began on January 1, 2024.
Expenditures	Expenditures include utilities, and reimbursement to the Department of Budget and Finance for central service fees and administrative expenses incurred by DLNR.
Reported pursuant to Section 37-47, HRS	No.
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.

Additional information

The Ecosystem Protection and Restoration special fund was originally administratively established in FY2016 for a one-time transfer of funds for payroll costs. In Report No. 18-19, we reported the fund as a sub-account of the Commercial Fisheries Special Fund. Pursuant to Act 87 (SLH 2021), the remaining balance in the Ecosystem Protection and Restoration special fund was transferred to the General Fund; however, an immaterial balance remained in the fund for interest received after the transfer. The department discontinued use of the Ecosystem Protection and Restoration special fund, but it continued to receive interest revenue. ***We recommend that the department transfer the remaining balance of \$31 for the original Ecosystem Protection and Restoration special fund to the General Fund.***

Pursuant to Act 46 (SLH 2021), the Ocean Stewardship Special Fund was established, and the department used the Ecosystem Protection and Restoration special fund for purposes of the Ocean Stewardship Special Fund. The financial data for the review period related to the original Ecosystem Protection and Restoration special fund has been consolidated with the Commercial Fisheries Special Fund consistent with prior years. The financial data presented above only relates to the newly established Ocean Stewardship Special Fund. The department stated that the fund name was officially changed in FY2024 to the Ocean Stewardship Special Fund.

**Endangered Species
Trust Fund**

Section 195D-31, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$4,743	\$3,531	\$3,803	\$2,628	\$2,490
Revenues	1,815	1,904	1,055	838	1,233
Interest	31	141	18	13	57
Expenditures	(3,058)	(1,773)	(2,248)	(989)	(577)
Transfers	0	0	0	0	0
Ending Balance	\$3,531	\$3,803	\$2,628	\$2,490	\$3,203
Encumbrances	\$2,291	\$2,239	\$1,245	\$1,043	\$1,373

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 380 (SLH 1997)
Why was it created?	The fund is used to support the conservation of indigenous aquatic life, wildlife, and land plants by creating and implementing habitat conservation plans to increase the population of Hawai'i's threatened and endangered species.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from federal and state funds, private contributions for the management and recovery of Hawai'i's plants and animals, sale of retail items sponsored by the department for the fund, fees, and fines.
Expenditures	Expenditures include costs related to habitat restoration, invasive species control and recovery, and reintroductions of threatened and endangered species.
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	Not applicable, the fund was established pursuant to an act.

Forest Stewardship Fund

Section 195F-4, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$573	\$415	\$449	\$479	\$523
Revenues	414	424	403	480	386
Interest	5	16	2	2	9
Expenditures	(409)	(352)	(369)	(384)	(351)
Transfers*	(168)	(54)	(6)	(54)	(47)
Ending Balance	\$415	\$449	\$479	\$523	\$520
Encumbrances	\$310	\$39	\$225	\$154	\$217

*Transfer to the Land and Natural Resources Natural and Physical Environment special fund for personnel costs and insurance premiums. Transfer in FY2020 of \$3,892 to the Land Conservation Fund for the Helemano acquisition settlement.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 327 (SLH 1991)
Why was it created?	The fund is intended to be used to provide funding to private landowners to manage, protect, and restore important watersheds, timber resources, fish and wildlife habitats, rare and endangered plants, and native vegetation. However, the department stated that during the period under review, payments to private landowners were made from the Special Land and Development Fund.
Fund meets criteria?	This fund does <i>not</i> meet the criteria of a special fund because the fund is no longer used for the purpose for which it was originally established. Therefore, the fund should be repealed.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from proceeds from the harvest of non-native forest products, native forest products from degraded forests, and dead forest products lying on the ground; from the sale of nursery tree seedlings and anything else of value derived from forest reserves; and fines or penalties for violations of Sections 183, 185, and 195F, HRS. Fines and penalties generally stem from trespassing, unpermitted hunting, unpermitted fire setting, and other violations related to respecting boundaries and following the laws of zoning, fire protection, and land stewardship.
Expenditures	Expenditures include program costs related to the management of forests and forest resources, including personnel costs, equipment, supplies, and other overhead.
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.

Hawai'i Historic Preservation Special Fund

Section 6E-16, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$146	\$143	\$184	\$81	\$115
Revenues	90	130	32	179	71
Interest	0	3	2	1	1
Expenditures	(93)	(92)	(182)	(146)	(110)
Transfers*	0	0	45	0	0
Ending Balance	\$143	\$184	\$81	\$115	\$77
Encumbrances	\$0	\$22	\$10	\$47	\$13

*Transfer in FY2021 of \$45,644 from the Special Land and Development Fund was erroneous. At the time of our review, the department said it intends to reverse the transfer in FY2024.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 388 (SLH 1989)
Why was it created?	The fund is used to protect, restore, and enhance Hawai'i's historic and cultural resources.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from fees charged for reviewing permits, projects, and submittals; and fines collected for cultural site violations and other rule infractions.
Expenditures	Expenditures include some of the Hawai'i State Historic Preservation Program operating costs, such as costs related to the review of permits, reports, and submittals.
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.

In-Lieu Fee Mitigation Program

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$6,100	\$6,023	\$6,110	\$5,972	\$5,705
Revenues	0	0	0	0	30
Interest	51	222	35	25	123
Expenditures	(128)	(135)	(173)	(292)	(58)
Transfers	0	0	0	0	0
Ending Balance	\$6,023	\$6,110	\$5,972	\$5,705	\$5,800
Encumbrances	\$331	\$349	\$550	\$334	\$492

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2012)
Why was it created?	The fund is used to restore, create, enhance, or preserve aquatic habitats or resources where a person is required to provide compensatory mitigation for the sustainable benefit of Hawaii's citizens and visitors.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from settlements resulting from damage to aquatic resources.
Expenditures	Expenditures include the selection, design, acquisition, implementation, and management of in-lieu compensatory mitigation projects that restore, enhance, or preserve aquatic habitats, and administrative expenditures.
Reported pursuant to Section 37-47, HRS	No.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Kaho‘olawe
Rehabilitation Trust
Fund**

Section 6K-9.5, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$504	\$578	\$1,429	\$1,423	\$878
Revenues	213	906	49	134	229
Interest	4	20	8	6	22
Expenditures	(143)	(75)	(63)	(685)	(808)
Transfers	0	0	0	0	0
Ending Balance	\$578	\$1,429	\$1,423	\$878	\$321
Encumbrances	\$31	\$4	\$496	\$654	\$22

Fund Summary

Account Type	Trust fund
How was the fund created?	Act 161 (SLH 1994), as amended by Act 126 (SLH 2001)
Why was it created?	The fund is used to support the rehabilitation and environmental restoration of the island of Kaho‘olawe.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are moneys received from the federal government for the rehabilitation of Kaho‘olawe, appropriations by the Legislature, interest, grants, and donations.
Expenditures	Expenditures include costs related to the operation of the Kaho‘olawe Island Reserve Commission for the preservation, protection, rehabilitation, revegetation, and education of the island.
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	Not applicable, the fund was established pursuant to an act.

**Land and Natural
Resources Natural and
Physical Environment**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$415	\$606	\$941	\$1,381	\$1,823
Revenues	79	48	201	54	52
Interest	0	30	6	4	28
Expenditures	(1,997)	(2,168)	(1,911)	(2,030)	(2,089)
Transfers*	2,109	2,425	2,144	2,414	2,274
Ending Balance	\$606	\$941	\$1,381	\$1,823	\$2,088
Encumbrances	\$116	\$35	\$104	\$100	\$0

*Transfers from various DLNR special funds for insurance premiums, personnel costs, and other operating expenses. Transfers in FY2021 and FY2023 include \$50,308 and \$18,971 to the Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Administratively established (2000)
Why was it created?	The fund is used as an account for risk management costs imposed on special funds and as an operating account for positions funded by special funds.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a special fund because it functions more like a trust account; but continues to serve the purpose for which it was originally established. <i>This fund should be reclassified as a trust account.</i>
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from administrative fees collected from enforcement activities under Civil Resources Violations System.
Expenditures	Expenditures include personal service and other costs associated with special funded positions and risk management costs imposed on special funds.
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**

Yes.

Additional information

In Report No. 18-19, this fund was a sub-account of the Special Land and Development Fund. During our current review, the department stated that this fund should be analyzed as a separate fund.

**Land and Natural
Resources Natural and
Physical Environment**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2017)
Why was it created?	The fund was created to receive donations and grants for the Ala Moku Advisory Committee.
Fund meets criteria?	This fund was closed in FY2023, and the remaining balance of \$7.65 was transferred to the Donations, Gifts, and Grants from Private and Governmental Entities trust account.

Land Conservation Fund

Section 173A-5, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$27,277	\$35,162	\$33,500	\$18,670	\$14,582
Revenues	10,397	6,401	5,123	5,163	5,466
Interest	192	1,106	179	111	38
Expenditures	(2,704)	(9,173)	(20,124)	(9,362)	(3,827)
Transfers**	0	4	(8)	0	(17)
Ending Balance	\$35,162	\$33,500	\$18,670	\$14,582	\$16,242
Encumbrances	\$11,074	\$11,657	\$8,783	\$5,423	\$9,264

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

**Transfer in FY2020 from the Forest Stewardship Fund for the Helemano Acquisition Settlement. Transfers in FY2021 and FY2023 include \$7,675 and \$16,521 to the Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary	
Account Type	Special fund
How was the fund created?	Act 77 (SLH 1973), as amended by Act 156 (SLH 2005)
Why was it created?	The fund is used to provide permanent adequate funding for land conservation through the acquisition of interests or rights in lands that have value as a resource to the State, such as watersheds; coastal areas, beaches and ocean access; habitat protection; cultural and historical sites; recreational and public hunting areas; parks; natural areas; agricultural production; and open spaces and scenic resources. The fund is also used for the payment of debt service; administration costs for the fund; and costs related to the operation, maintenance, and management of lands acquired by way of the fund.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from the lesser of ten percent of all conveyance taxes collected under Chapter 247, HRS, or \$5.1 million; the return of unused funds from grant awards and CIP appropriations to State agencies; private funds from the settlement of a dispute in a grant-funded State agency land acquisition; and revenue sharing from dispositions of interests in land acquired with grant awards from the Land Conservation Fund.

Expenditures	Expenditures include debt service payments for the Turtle Bay Reimbursable General Obligation Bonds; grant awards to State agencies, counties, and nonprofit land conservation organizations for land acquisition; CIP appropriations to State agencies for land acquisition; payroll for the Legacy Land Conservation Program; and program administration.
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.

Land Division – Water Monitoring Services

Financial Data for Fiscal Years 2019 – 2023 (in thousands)					
	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$21	\$11	\$12
Revenues	0	21	21	16	17
Interest	0	0	0	0	0
Expenditures	0	0	(31)	(15)	(20)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$21	\$11	\$12	\$9
Encumbrances	\$0	\$21	\$11	\$12	\$8

Fund Summary	
Account Type	Trust account
How was the account created?	Administratively established (1979)
Why was it created?	The account was originally used to accept donations from subsidiaries of sugarcane plantations to be used for the operation and maintenance of sugarcane irrigation stations. The account is currently being used by certain holders of revocable permits for the use of State waters on Maui to make payments for water monitoring services under a joint funding agreement with the United States Geological Survey (USGS).
Account meets criteria?	This account does <i>not</i> meet all the criteria of a trust account because it functions more like a trust fund. <i>The account should be reclassified as a trust fund.</i>
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from private parties who hold revocable permits for use of State waters and pay for stream gauging services rendered by USGS.
Expenditures	Expenditures include payments to USGS for stream gauging services.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Native Resources
and Fire Protection
Program**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$115	\$88	\$25	\$0	\$6
Revenues	22	16	0	6	3
Interest	0	1	0	0	0
Expenditures	(49)	(80)	(25)	0	0
Transfers	0	0	0	0	0
Ending Balance	\$88	\$25	\$0	\$6	\$9
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established (2012)
Why was it created?	The fund is used to support the Habitat Conservation Technical Assistance program, which provides technical assistance to landowners in developing, reviewing, or monitoring habitat conservation plans. The Habitat Conservation Technical Assistance Program was established pursuant to Section 195D-23(d), HRS, which allowed the department to charge fees for the program to be deposited into the Endangered Species Trust Fund established pursuant to Section 195D-31, HRS.
Fund meets criteria?	This fund does <i>not</i> meet all the criteria of a trust fund. <i>The fund should be closed, and the remaining balance should be transferred to the Endangered Species Trust Fund</i> because the fund's purpose and intent are not consistent with the criteria under which the Habitat Conservation Technical Assistance program was established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from technical service fees.
Expenditures	Expenditures include personnel, contracts, and supplies related to providing technical services to landowners.
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	No.

**Native Resources
and Fire Protection
Program Special Fund**

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

	FY2019	FY2020	FY2021
Beginning Balance	\$832	\$0	\$0
Revenues	0	0	0
Interest	7	17	0
Expenditures	0	0	0
Transfers*	(839)	(17)	0
Ending Balance	\$0	\$0	\$0
Encumbrances	\$0	\$0	\$0

*Transfers in FY2019 and FY2020 to return funds to the Special Land and Development Fund.

Fund Summary

Account Type	Special fund
How was the fund created?	Administratively established (2000)
Why was it created?	The fund was used to develop a rapid response capacity within DLNR to address invasive species on public lands.
Fund meets criteria?	This fund was closed, and the remaining balance was transferred to the Special Land and Development Fund as recommended by the Auditor in Report No. 18-19.

Natural Area Reserve Fund

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

Section 195-9, HRS

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$15,220	\$890	\$1,222	\$1,002	\$1,007
Revenues	0	0	0	0	0
Interest	128	332	7	5	21
Expenditures	(15,308)	0	(227)	0	(1)
Transfers*	850	0	0	0	0
Ending Balance	\$890	\$1,222	\$1,002	\$1,007	\$1,027
Encumbrances	\$0	\$0	\$0	\$0	\$139

*Transfers from various DLNR funds for repayments of temporary loans.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 351 (SLH 1987)
Why was it created?	The fund was originally created to be used for the identification, establishment, and management of natural area reserves; the acquisition of private lands for new natural area reserves; the operation of the Heritage Program; and the provision of matching funds for the Natural Area Partnership Program. However, the programs are now primarily supported by the General Fund appropriation process and the fund is meant to primarily collect parking fees at 'Āhihi-Kīna'u Natural Area Reserve to supplement visitor management.
Fund meets criteria?	This fund does <i>not</i> meet the criteria of a special fund because it no longer serves the purpose for which it was originally established and the programs that the fund was created to support are now funded through the General Fund appropriation process. Therefore, the fund should be repealed.
Performance standards	No, the fund does not have performance standards.
Revenues	The original source of revenue was 25 percent of the State's conveyance tax pursuant to Act 195 (SLH 1993). However, Act 84 (SLH 2015) eliminated the conveyance tax as the fund's primary source of revenue and general funds were appropriated to support the program. DLNR stated current revenues consist of parking fees collected at the 'Āhihi-Kīna'u Natural Area Reserve and interest. We note no parking fees were collected during the period under review.
Expenditures	Expenditures include costs to support visitor management at 'Āhihi-Kīna'u Natural Area Reserve. However, FY2019 and FY2021 expenditures include transfers to the General Fund pursuant to Act 12 (SLH 2018) and Act 87 (SLH 2021), respectively.
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	Not applicable, the fund was established pursuant to an act.

**Public Land Trust,
Ceded Land Proceeds
for O‘ahu, Maui,
Hawai‘i, and Kaua‘i**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$0	\$0	\$201	\$57	\$267
Revenues	2,959	3,101	2,517	5,320	5,260
Interest	0	0	0	0	0
Expenditures	(2,959)	(2,900)	(2,661)	(5,110)	(5,415)
Transfers	0	0	0	0	0
Ending Balance	\$0	\$201	\$57	\$267	\$112
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data is a consolidation of four trust accounts – one for each of the islands of O‘ahu, Maui, Hawai‘i, and Kaua‘i.

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1962)
Why was it created?	The account is used to hold twenty percent of ceded land revenues owed to OHA pursuant to Act 178 (SLH 2006) and Executive Order No. 06-06.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from the sale of ceded public lands and the rents from leases, licenses, and permits of ceded lands generated by the Land Division.
Expenditures	Expenditures include quarterly transfers to OHA.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Public Land Trust,
Ceded Land Proceeds
for O’ahu, Maui, Hawai’i
and Kaua’i – Division
of Boating and Ocean
Recreation**

Financial Data for Fiscal Years 2019 – 2023 (in thousands)*					
	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$696	\$649	\$1,100	\$218	\$2,324
Revenues	2,086	3,139	3,585	5,483	5,294
Interest	0	0	0	0	0
Expenditures	(2,133)	(2,688)	(4,467)	(3,377)	(5,900)
Transfers	0	0	0	0	0
Ending Balance	\$649	\$1,100	\$218	\$2,324	\$1,718
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data is a consolidation of four trust accounts – one for each of the islands of O’ahu, Maui, Hawai’i, and Kaua’i.

Fund Summary	
Account Type	Trust account
How was the account created?	Administratively established (2006)
Why was it created?	The account is used to hold twenty percent of ceded land revenues owed to OHA pursuant to Act 178 (SLH 2006) and Executive Order No. 06-06.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the account does not have performance standards.
Revenues	Revenues are from twenty percent of revenue derived from the Division of Boating and Ocean Recreation’s ceded lands.
Expenditures	Expenditures include quarterly transfers to OHA.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

**Public Land Trust
Funds, Ceded Land
Proceeds for O’ahu,
Maui, Hawai’i, and
Kaua’i – General Fund
Portion**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$6,738	\$2,979	\$3,212	\$3,126	\$5,974
Revenues	2,938	2,975	3,122	2,848	2,898
Interest	41	196	4	0	0
Expenditures	(6,738)	(2,938)	(3,212)	0	0
Transfers	0	0	0	0	0
Ending Balance	\$2,979	\$3,212	\$3,126	\$5,974	\$8,872
Encumbrances	\$0	\$0	\$0	\$0	\$0

*The financial data is a consolidation of four trust accounts – one for each of the islands of O’ahu, Maui, Hawai’i, and Kaua’i.

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2006)
Why was it created?	The account is used as a temporary holding account for 80 percent of revenue derived from the use of ceded lands to address any shortfalls in meeting the State’s financial obligation to OHA pursuant to Act 178 (SLH 2006) and Executive Order No. 06-06. Effective September 27, 2022, amounts in excess of the State’s obligation to OHA are to be transferred to the General Fund on a quarterly basis pursuant to Executive Order No. 22-04.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, this account does not have performance standards.
Revenues	Revenues are from 80 percent of general lease rents, remnant fee sales, sales of easements, rents from the issuance of rights-of-entry and revocable permits, fines, and document and mapping fees generated by the Land Division.
Expenditures	Expenditures include funds, upon the direction of the Governor or Director of the Department of Budget and Finance, needed to make up the shortfall of the State’s \$3,775,000 obligation to OHA at the end of each fiscal quarter, pursuant to Act 178 (SLH 2006) and Executive Order No. 06-06. Effective September 27, 2022, ceded land revenues in this account are to be transferred to the General Fund on a quarterly basis pursuant to Executive Order No. 22-04. DLNR stated that the FY2021-FY2023 ceded land revenues were transferred to the General Fund in FY2024 pursuant to Executive Order No. 22-04.
Reported pursuant to Section 37-47, HRS	Yes.

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

No.

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

No.

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

Yes.

Special Land and Development Fund

Section 171-19, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$26,322	\$32,564	\$35,662	\$32,247	\$37,248
Revenues	20,918	19,109	20,796	21,967	24,610
Interest	195	1,161	212	150	822
Expenditures	(12,701)	(14,075)	(22,988)	(13,981)	(14,425)
Transfers**	(2,170)	(3,097)	(1,435)	(3,135)	(3,171)
Ending Balance	\$32,564	\$35,662	\$32,247	\$37,248	\$45,084
Encumbrances	\$5,331	\$4,689	\$3,851	\$4,053	\$7,696

*This fund is the parent account and original source of revenue for 28 sub-accounts. The financial data presented is a consolidation of this fund and its sub-accounts.

**Transfers in FY2019-FY2023 to the Land and Natural Resources Natural and Physical Environment special fund for insurance premiums and various special funded positions. Transfers in FY2019-FY2020 and FY2022-FY2023 to Parks Administration and Operation Special Fund for lifeguard services. Transfer in FY2019 and FY2020 of \$839,358 and \$16,492 are from Native Resources and Fire Protection Program Special Fund as recommended in Report No. 18-19. Transfer in FY2021 of \$45,644 to the Hawai'i Historic Preservation Special Fund for payroll and benefits for eight positions. Transfers in FY2021 and FY2023 include \$136,077 and \$67,056 to the Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 32 (SLH 1962)
Why was it created?	The fund is used for the operations of the Land Division and for the operations and maintenance of public lands under the management jurisdiction of the Board of Land and Natural Resources.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from general lease rents (land leases and permits, mining rent/royalties, concessions, and renewable energy leases), sales of easements, rents from issuance of rights-of-entry and revocable permits, fines, and document and mapping fees.
Expenditures	Expenditures include personnel costs, supplies, telephone, transportation, equipment rental, insurance, services on fee basis, machinery and equipment, and support for the department's conservation and natural resource programs.

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.

Sport Fish Special Fund

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

Section 187A-9.5, HRS

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$72	\$78	\$83	\$74	\$74
Revenues	28	22	23	31	26
Interest	1	3	0	1	0
Expenditures	(23)	(20)	(24)	(21)	(14)
Transfers*	0	0	(8)	(11)	(10)
Ending Balance	\$78	\$83	\$74	\$74	\$76
Encumbrances	\$16	\$16	\$16	\$16	\$16

*Transfers to the Land and Natural Resources Natural and Physical Environment special fund for insurance premiums. Transfers in FY2021 and FY2023 include \$1,055 and \$250 to the Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 143 (SLH 1993)
Why was it created?	The fund is used for programs and activities, including providing state funds to match federal grants for projects concerning sport fish management and conservation; for acquisition of the use, development, or maintenance of trails and accessways into public fishing areas, fishery management areas, marine life conservation districts, or private land where public sport fishing is authorized; and for research programs and activities concerning sport fish conservation and management.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from sport fishing licenses, interest, and the sale of maps and publications.
Expenditures	Expenditures include monitoring recreational fishing success, maintaining a statewide system of fish aggregating devices, and maintaining and improving existing artificial reefs. Other expenditures during the period of review include funding 25 percent of the salary of one Division of Aquatic Resources employee who was working with Sport Fish Licensing.
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

State Parks Special Fund

Section 184-3.4, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$2,405	\$2,954	\$3,500	\$3,722	\$22,210
Revenues	4,598	5,681	1,785	18,780	15,021
Interest	21	97	19	19	345
Expenditures	(5,826)	(6,929)	(1,450)	(2,076)	(6,390)
Transfers**	1,756	1,697	(132)	1,765	1,765
Ending Balance	\$2,954	\$3,500	\$3,722	\$22,210	\$32,951
Encumbrances	\$825	\$448	\$121	\$318	\$6,793

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

**Transfers to the Land and Natural Resources Natural and Physical Environment special fund for insurance premiums and various special funded positions. Transfers in FY2019, FY2020, FY2022, and FY2023 of \$1.9 million each year in transient accommodations tax passed through the Special Land and Development Fund for lifeguard services provided at state parks.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 120 (SLH 2000)
Why was it created?	The fund is used to maintain and operate the state parks system.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from parking and entry fees, film permit fees, donations, leases and concessions, commercial use permits, and camping and lodging fees.
Expenditures	Expenditures include repair and maintenance, parking and entry refunds, camping and lodging refunds, intern contracts, legal fellow contracts, park signage, and state parks lifeguard services contracts.
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.

Temporary Deposits

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$1,789	\$1,756	\$1,754	\$1,775	\$1,756
Revenues	229	62	184	211	299
Interest	0	0	0	0	0
Expenditures	(262)	(64)	(163)	(230)	(198)
Transfers	0	0	0	0	0
Ending Balance	\$1,756	\$1,754	\$1,775	\$1,756	\$1,857
Encumbrances	\$9	\$21	\$60	\$51	\$37

Fund Summary

Account Type	Trust fund
How was the fund created?	Administratively established
Why was it created?	The fund is used for temporary deposits, such as security deposits for leases, permits, and licenses; and for the payment of appraisal fees chargeable to the lessee.
Fund meets criteria?	This fund meets the criteria of a trust fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from security deposits and other fees collected from lessees, permittees, licensees, and applicants.
Expenditures	Expenditures include the return of security deposits and the payment of fees that are chargeable to the lessees, permittees, licensees, or applicants.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.
Additional information	This fund was previously analyzed as a trust account in Report No. 18-19, which recommended that it be reclassified to a trust fund. DLNR reclassified the trust account to a trust fund as recommended.

**Temporary Deposits –
Undistributed Proceeds
Due Other Agencies**

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$694	\$988	\$1,149	\$1,320	\$1,401
Revenues	419	287	450	704	1,325
Interest	72	47	9	0	0
Expenditures	(197)	(173)	(288)	(623)	(1,225)
Transfers	0	0	0	0	0
Ending Balance	\$988	\$1,149	\$1,320	\$1,401	\$1,501
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (1992)
Why was it created?	The account was established as a pass-through and holding account for land rental and water license revenues that are collected by DLNR for, and later transferred to the Department of Hawaiian Home Lands, Department of Agriculture, Department of Transportation, and Hawai'i Community Development Authority.
Account meets criteria?	This account meets the criteria of a trust account and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from land rentals and water license fees managed by DLNR for other state agencies, including thirty percent of state receipts derived from the leasing of sugarcane cultivated lands; water licenses; rental leases managed by DLNR for the Department of Agriculture.
Expenditures	Expenditures include transfers of revenue collected from land rental and water licenses managed by DLNR for the Department of Hawaiian Home Lands, Department of Agriculture, Department of Transportation, Hawaii Community Development Authority, University of Hawaii, and City and County of Honolulu.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
Reported pursuant to Section 37-49, HRS	No.
Reported pursuant to Section 37-52.5, HRS	Yes.

Additional information

DLNR discovered that temporary security deposits for camping/cabin rentals and rental filing fees were being deposited to this account by the State Parks Division and refunded to individuals, not other state agencies. As this account is only for temporary deposits due to other agencies, the department is working with the State Parks Division to transfer these temporary security deposits to a more appropriate fund.

In addition, DLNR stated there is approximately \$782,000 in the fund that is due to the Department of Agriculture for FY2019-FY2023 revenues that were not yet transferred. DLNR is working on transferring the funds to the Department of Agriculture.

**Turtle Bay
Conservation
Easement Special Fund**

Section 171-172, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$6,540	\$7,005	\$7,298	\$7,801	\$8,297
Revenues	3,000	2,750	3,000	3,000	3,000
Interest	0	74	35	26	168
Expenditures	(2,535)	(2,531)	(2,532)	(2,530)	(2,534)
Transfers	0	0	0	0	0
Ending Balance	\$7,005	\$7,298	\$7,801	\$8,297	\$8,931
Encumbrances	\$0	\$0	\$0	\$0	\$0

Fund Summary

Account Type	Special fund
How was the fund created?	Act 121 (SLH 2015)
Why was it created?	The fund is used to reimburse the General Fund for the payment of debt service on reimbursable general obligation bonds issued to acquire the conservation easement and other real property interests in Turtle Bay.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from transient accommodations tax revenues and moneys from the Land Conservation Fund.
Expenditures	Expenditures include reimbursements to the General Fund for the payment of debt service on reimbursable general obligation bonds for the Turtle Bay conservation easement.
Reported pursuant to Section 37-47, HRS	Yes.
Reported pursuant to Section 37-48, HRS	No.
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.

Water Audits of Public Water Systems

Financial Data for Fiscal Year 2019 (in thousands)

	FY2019
Beginning Balance	\$31
Revenues	0
Interest	0
Expenditures	0
Transfers	(31)
Ending Balance	\$0
Encumbrances	\$0

Fund Summary

Account Type	Trust account
How was the account created?	Administratively established (2016)
Why was it created?	The account was used to allow for private funding cost-share to establish a program for water audits of public water systems and to provide technical assistance and training to affected public water systems.
Account meets criteria?	This account was closed in FY2019, and the remaining balance was transferred to the Donations, Gifts, and Grants from Private and Governmental Entities account.

**Water Resource
Management Fund**

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

Section 174C-5.5, HRS

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$766	\$765	\$656	\$592	\$656
Revenues	112	103	152	151	139
Interest	7	28	4	3	14
Expenditures	(76)	(178)	(169)	(38)	(62)
Transfers*	(44)	(62)	(51)	(52)	(53)
Ending Balance	\$765	\$656	\$592	\$656	\$694
Encumbrances	\$41	\$155	\$59	\$62	\$228

*Transfers to Land and Natural Resources Natural and Physical Environment special fund for various administrative personnel costs and insurance premiums.

Fund Summary

Account Type	Special fund
How was the fund created?	Act 204 (SLH 2000)
Why was it created?	The fund is used to support the Commission on Water Resource Management's monitoring and research programs related to water quantity and quality; data collection and development of long-ranging planning documents; and any other protection, management, operational, or maintenance functions authorized or deemed necessary by the Commission on Water Resource Management.
Fund meets criteria?	This fund meets the criteria of a special fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from water permitting application fees, user fees for public notices, and moneys collected as fines or penalties.
Expenditures	Expenditures include staff travel costs, water resource information management system maintenance, contributions to U.S. Geological Survey studies (joint funding agreements), contested case hearing expenses, water monitoring equipment, miscellaneous water-related studies, and general office expenditures.
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.

Wildlife Revolving Fund

Section 183D-10.5, HRS

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Beginning Balance	\$622	\$690	\$811	\$754	\$881
Revenues	606	581	407	770	847
Interest	4	23	5	3	18
Expenditures	(542)	(483)	(439)	(586)	(628)
Transfers*	0	0	(30)	(60)	(64)
Ending Balance	\$690	\$811	\$754	\$881	\$1,054
Encumbrances	\$126	\$103	\$244	\$234	\$302

*Transfers to Land and Natural Resources Natural and Physical Environment special fund for various administrative personnel costs. Transfers in FY2021 and FY2023 include \$86 and \$2,274 to Collective Bargaining Special Fund pursuant to Executive Memorandum Nos. 20-09 and 22-03, respectively.

Fund Summary	
Account Type	Revolving fund
How was the fund created?	Act 67 (SLH 1988)
Why was it created?	The fund is used to manage and enhance public hunting opportunities in Hawai'i.
Fund meets criteria?	This fund meets the criteria of a revolving fund and continues to serve the purpose for which it was originally established.
Performance standards	No, the fund does not have performance standards.
Revenues	Revenues are from hunting license fees, hunter training fees, hunting law violation fines, and charges for the use of public target ranges.
Expenditures	Expenditures include activities related to wildlife conservation and the development and maintenance of trails and accessways in forest reserves, wildlife sanctuaries, and hunting and game management areas.
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.

Chapter 3

Observations on Reporting and Accounting for Funds

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 Land and Natural Resources for each of their non-general funds. The Department of Land and Natural Resources 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, cost elements, 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, DLNR had administratively created non-general funds with balances totaling approximately \$372,000 that were not reported to the Legislature as required by Section 37-52.5, HRS; non-general funds with balances totaling approximately \$6.1 million that were not reported to the Legislature as required by Section 37-47, HRS; non-general funds with balances totaling \$57.7 million that were not reported to the Legislature as required by Section 37-48, HRS; and non-general funds with balances totaling \$52.8 million 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)
Accrued Vacation and Sick Leave Fund	Trust Fund							✓	\$355,000
Assistance in Managing Land Fund	Trust Fund			✓	\$26,000	✓	\$26,000		
Boating Security Deposits	Trust Fund			✓	2,144,000	✓	2,144,000		
Conservation and Resources Enforcement	Special Fund			✓	521,000				
Conservation and Resources Enforcement Revolving Fund	Revolving Fund			✓	8,000			✓	8,000
Donations, Gifts, and Grants from Private and Government Entities	Trust Account			✓	26,213,000	✓	26,213,000		
Ecosystem Protection and Restoration	Special Fund	✓	\$292,000						
Endangered Species Trust Fund	Trust Fund					✓	3,203,000		
In-Lieu Fee Mitigation Program	Trust Fund	✓	5,800,000	✓	5,800,000	✓	5,800,000		
Kaho'olawe Rehabilitation Trust Fund	Trust Fund					✓	321,000		

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)
Land Division – Water Monitoring Services	Trust Account			✓	9,000	✓	9,000		
Native Resources and Fire Protection Program	Trust Fund							✓	9,000
Natural Area Reserve Fund	Special Fund					✓	1,027,000		
Public Land Trust, Ceded Land Proceeds for O’ahu, Maui, Hawai’i, and Kaua’i	Trust Account			✓	112,000	✓	112,000		
Public Land Trust, Ceded Land Proceeds for O’ahu, Maui, Hawai’i, and Kaua’i – Division of Boating and Ocean Recreation	Trust Account			✓	1,718,000	✓	1,718,000		
Public Land Trust Funds, Ceded Land Proceeds for O’ahu, Maui, Hawai’i, and Kaua’i – General Fund Portion	Trust Account			✓	8,872,000	✓	8,872,000		
Temporary Deposits	Trust Fund			✓	1,857,000	✓	1,857,000		
Temporary Deposits – Undistributed Proceeds Due Other Agencies	Trust Account			✓	1,501,000	✓	1,501,000		
Turtle Bay Conservation Easement Special Fund	Special Fund			✓	8,931,000				
Total			\$6,092,000		\$57,712,000		\$52,803,000		\$372,000

Source: Office of the Auditor

Office of the Auditor’s Response to the Department of Land and Natural Resources’ Comments

Response to Agency Comments

WE TRANSMITTED a draft of this review to the Department of Land and Natural Resources (DLNR) on August 19, 2024. We received DLNR’s formal response to the draft report, which is attached in its entirety as Attachment 1, on September 3, 2024. DLNR concurred with our recommendations for reclassifications and/or closure for two trust funds and two trust accounts and will consider our recommendations for two special funds after further review.

We reported that a special fund, Forest Stewardship Fund, did not meet the criteria of a special fund. DLNR stated that the fund is necessary to be used to separate revenues from the harvest of non-native forest products from the forest reserves. The fund was statutorily established pursuant to Section 195F-4(a)(1), HRS, which states that payments from the fund, “shall be made by the board pursuant to agreements entered into with qualified landowners to further the purposes of this chapter.” During our review, we noted that while the funds are being used for other purposes as laid out in Section 195F-4, HRS, the fund is not being used to make payments to landowners as intended. Therefore, we maintain that this fund does not meet the special fund criteria as it is no longer used for the purpose for which it was established.

We reported that a trust account, Land Division – Water Monitoring Services, did not meet the criteria of a trust account. The Department of Accounting and General Services (DAGS) defines a trust account as a separate holding or clearing account for state agencies. While DLNR agreed to reclassify the trust account as a trust fund as we recommended, they stated that the account has been used as a clearing account for certain holders of revocable permits for use of State waters and for stream gauging services provided by the United States Geological Survey (USGS). As DLNR is making payments to USGS on behalf of revocable permit holders, both of whom are not state agencies, we maintain that this trust account functions more like a trust fund and should be reclassified as such.

DLNR acknowledged our findings that two funds were not reported pursuant to Section 37-47, HRS, and will take appropriate measures to ensure compliance.

DLNR disagreed with our findings noting that most trust funds and trust accounts were not reported pursuant to Section 37-48, HRS, based on how the funds are used in these accounts. DLNR stated that funds in these accounts cannot be measured for effectiveness and there are no program size indicators. Section 37-48, HRS, requires departments to submit to the Legislature an annual program measures report of each non-general fund account. Section 37-48, HRS, does not include any exceptions to the reporting requirement based on fund type.

DLNR also disagreed with our findings regarding reporting requirements pursuant to Section 37-49, HRS, as all non-reported funds are unbudgeted, and therefore, there are no budget details by cost elements. Section 37-49, HRS, requires departments to submit to the Legislature an annual cost element report of each non-general fund account. Section 37-49, HRS, does not include any exceptions to the reporting requirement based on budget status of funds or accounts.

DLNR concurred with our findings regarding two funds that were not reported pursuant to Section 37-52.5, HRS. However, DLNR stated that both funds were established years ago, and it did not think it was still necessary to file this report. DLNR noted that the funds were included in the annual submission of Non-General Fund Reports. 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. In addition, it 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 prior to the start of each legislative session. This report is separate from the non-general fund report required under Section 37-47, HRS. Therefore, we maintain that the funds identified in Exhibit 3.1 of our report were required to be reported pursuant to Section 37-52.5, HRS.

DLNR also noted that the Accrued Vacation and Sick Leave Trust Fund was not filed pursuant to Section 37-52.5, HRS, because it was not administratively created and believes it was statutorily created per Act 119 (SLH 2015), Item A-23. Act 119 (SLH 2015) is the budget bill for the state and Item A-23 establishes an appropriation but did not establish the fund. In our prior reviews, we have reported it as administratively established. Act 10 (SLH 2015) reclassified the fund from a revolving fund to a trust fund and stated, "The legislature finds that while the administratively established fund meets the purpose for which it was established, it does not meet the criteria for a revolving fund and that reclassifying it as a trust fund would be more appropriate." Therefore, we maintain that the fund was administratively established and was required to be reported pursuant to Section 37-52.5, HRS.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
IEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
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CONSERVATION AND RESOURCES
ENFORCEMENT
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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

September 3, 2024

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

Dear Mr. Kondo:

Thank you for the opportunity to respond to your report entitled *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources*. We have reviewed the draft report and offer the following comments:

Fund(s) Not Meeting Criteria

- Assistance in Managing Land Fund (T-926-C)

The Department of Land and Natural Resources (DLNR) agrees with the Auditor's review and shall close the fund. The approximately \$26,000 balance in the account is mostly interest received from the State Investment Pool Account and will be transferred to the State treasury.

The State's accounting system will automatically close the account when it meets the required period of inactivity.

- Conservation and Resources Enforcement Special Fund (S-302-C)

The DLNR has requested a ceiling increase during the last legislative session to use the funds to help with the recovery efforts related to the Maui wildfire disaster that began on August 8, 2023. The Department is in the process of requesting for an expenditure ceiling by way of the Major Disaster Funds (MDF).

Honorable Leslie H. Kondo, State Auditor
Response - Special Funds, Revolving Funds, Trust Funds, and Trust Accounts Review
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- Donations, Gifts, and Grants from Private and Governmental Entities (T-907-C)

The DLNR agrees with the Auditor's review. The account shall be reclassified as a trust fund. Although it should be noted that at the last review, the account was classified as a trust account and the Department was not informed that the classification was not correct.

- Forest Stewardship Fund (S-347-C)

During the 2015 legislative session, a portion of the conveyance taxes deposited to this account was repealed by the Legislature. The conveyance tax distribution was replaced by general funds and special fund sources. The special funds are coming from this account and from the Special Land and Development Fund (SLDF), per Sequence No. 3003-001, of Act 119, SLH 2015.

This account gets its revenue from forest product sales, and fines or penalties for violations related to respecting boundaries and following laws of land stewardship are reinvested to sustain these types of activities and the broader management of the forest reserves. The forest stewardship fund is essential to financially sustain certain activities within the Forest Reserve System. All costs paid from the fund are for support of the management of the Forest Reserved System and the forest stewardship program.

This account is necessary to separate revenues directly received from the harvest of non-native forest products from forest reserves, from the harvest of native forest products from degraded forests as defined in Section 186-5.5, HRS, within forest reserves, from forest products found dead and lying on the ground, from the sale of tree seedlings from the State nurseries, the sale of any other products or services, or anything of value derived from forest reserves, or the imposition of fines or penalties from violations per Sections 195F, 183, and 185, HRS.

An account was also established to separate the funding from SLDF. This is to show that this account is a sub-account of SLDF. This new account is the S-353-C and titled the DOFAW – SLDF. The funds from this account provide direct funding to private landowners to steward private lands - to manage, protect, and restore important watersheds and timber resources.

- Land and Natural Resources Natural and Physical Environment (S-308-C)

The Department will reconsider the auditor's recommendation of reclassing the account from a special fund to a trust account. The DLNR will work with the Legislature to change the means of financing (MOF) for all related expenditures.

Although it seems like it is a trust account, the account continues to serve the purpose for which it was originally established. Additionally, the account is receiving revenues from

Honorable Leslie H. Kondo, State Auditor
 Response - Special Funds, Revolving Funds, Trust Funds, and Trust Accounts Review
 Page 3 of 4

administrative fees collected from enforcement activities under the Civil Resources Violations System.

- Land Division – Water Monitoring Services (T-911-C)

The DLNR shall reclassify the account as a trust fund, per the Auditor’s recommendation. However, it should be noted that the same account was reviewed during the prior review and there was no mention of it not being classified incorrectly. The account has been used as a clearing account for certain holders of revocable permits for use of State waters on Maui, including the East Maui Irrigation Co. and Alexander & Baldwin, to obtain and pay for stream gauging services provided by the United States Geological Survey (USGS). The Department then make payments for water monitoring and/or stream gauging services under a joint funding agreement with the USGS. Expenditures include all costs associated with services provided by the USGS. Because the USGC cannot enter into agreements with private parties, it bills the State, which in turn charges private parties for the same services.

- Native Resources and Fire Protection Program (T-920-C)

The DLNR agrees with the Auditor’s review and shall close the fund. The approximately \$9,000 balance in the account shall be returned to the original source of funding.

The State’s accounting system will automatically close the account when it meets the required period of inactivity.

- Natural Area Reserve Fund (S-342-C)

The Department will reconsider the auditor’s recommendation to close the account after departmental and program review.

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

- HRS 37-47 (Non-General): The Department acknowledges the finding and/or observation that we missed filing two (2) accounts and will take the appropriate measures to ensure compliance. Specifically, we will develop a checklist to ensure that the annual non-general fund report submissions are complete.
- HRS 37-48 (Non-General Program Measures): The Department disagrees with this finding and/or observation and would like to note that report was not made for most Trust Funds/Accounts because of how the funds are used in these accounts. For example, Accounts like T-901 and T-902 and other similar accounts are meant for one specific reason. The money being deposited into these accounts come from ceded lands, the

Honorable Leslie H. Kondo, State Auditor
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funds are then transferred to the Office of Hawaiian Affairs (OHA) per Act 271, SLH 1980. Other accounts are holding accounts (i.e., security deposit account, settlement account, etc.) for various receipts and expenditures. The funds in these accounts cannot be measured for effectiveness and there are no program size indicators for them which is the information being required by the report.

- HRS 37-49 (Non-General Cost Element): The Department disagrees with this finding and/or observation. This is the cost element report. Written instructions to this report says, "Total estimated expenditures by cost element should total to the **budgeted** non-general fund amount". All of the funds are unbudgeted. No allotment or appropriation needs to be set up to expend the funds in these accounts, and therefore, no budget details by cost elements.
- HRS 37-52.5 (Admin Created): The Department concurs with the Auditor's finding and/or observation that two (2) accounts were not submitted within thirty (30) working days of establishment. The Conservation and Resources Enforcement Revolving Account (S-344-C), established in 1988, and the Native Resources and fire Protection Program Trust Fund (T-920-C), established in 2012, were established years ago and the Department does not think it is still necessary to file this report. The accounts have always been included in the annual submission of all Non-General Fund Reports.

Additionally, the Department would like to note that Accrued Vacation and Sick Leave Trust Fund (T-930-C) was not filed per the provisions of HRS 37-52.5 (Admin Created) because this account was **not** an administratively created account but was statutorily created per Act 119, SLH 2015, Item A-23.

DLNR appreciates the work put forward by the Auditor's Office and is grateful for the opportunity to provide a response. The Department also appreciates the extension of time provided to submit our response. Please contact me at (808) 587-0401 if you have any questions, or your staff may contact Cynthia C. Gomez at (808) 587-0340 or via email at cynthia.c.gomez@hawaii.gov.

Sincerely,



Dawn N.S. Chang
Chairperson