

BENJAMIN J. CAYETANO  
GOVERNOR



NEAL MIYAHIRA  
DIRECTOR

STANLEY SHIRAKI  
ACTING DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII PUBLIC EMPLOYEES HEALTH FUND  
OFFICE OF THE PUBLIC DEFENDER  
PUBLIC UTILITIES COMMISSION

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION

October 9, 2001

FINANCE MEMORANDUM

MEMO NO. 01-19

TO: All Department Heads

FROM: Neal Miyahira  
Director of Finance

SUBJECT: Lapsing of Unrequired Capital Improvement Project Balances

Prior and current general obligation (G.O.) bond authorizations for State capital improvement projects (CIP) have resulted in a negligible available debt margin. In order to increase the debt margin for priority statewide capital needs, it is requested that all agencies, including the counties, review and identify existing and/or long-standing prior G. O. and G.O. reimbursable CIP projects that could be lapsed.

I. Current Appropriations

For projects currently authorized for FB 2000-01 and FB 2002-03, agencies are asked to make a thorough and stringent review of all projects and project balances for possible lapsing.

II. Prior Appropriations

In reviewing Department of Accounting and General Services' (DAGS) accounting records, we have found that there is about \$46 million of general obligation bond and reimbursable general obligation bond funds "sitting" on the books. Some of these projects were completed in the 1970's and 1980's but still have encumbrance balances that keep the accounts active. It is our intent, and the Legislature concurs, that unexpended balances should be lapsed and used to increase our bond margin and fund new projects.

Based on our review, attached is a listing of your agency's long-standing G.O. and G.O. reimbursable CIP project unexpended balances that we will propose for lapsing.

The list includes:

- a. Appropriation and allotment balances and encumbrance balances for CIP appropriations made through Fiscal Biennium 1996-97 (appropriation acts through the 1996 Legislative Session).
- b. Appropriation and allotment balances for CIP appropriations made for Fiscal Biennium 1998-99 (appropriation acts in 1997 and 1998 Legislation Sessions).

As noted above, we will be proposing, to the Legislature, that the \$46 million of balances and encumbrances be lapsed. If there is any appropriation, allotment, or encumbrance balance that you determine **cannot** be lapsed, please provide specific and detailed justification on the amount required and the reasons to keep the project active. The information should include, at a minimum, specific reasons for the delay, the current status of the project, the completion date for project, expected dates of payment, date of last payment made, and date and nature of the last contact with the contractor or claimant. This specific information should be provided for **each** project for which you propose that a balance and/or encumbrance be retained.

If the encumbrance is lapsed/liquidated and there is a subsequent claim for payment, the payment claim can be included in the "claims against the State" bill that is annually submitted to the Legislature.

The list is sorted by user agency. If the responsible agency has subsequently changed, please inform and work with current agency for their follow-up.

Your response on the status of both current and prior appropriations should be submitted to B&F by October 16, 2001. For items proposed for lapsing, if we do not receive a response by then, we will assume that the amounts noted can indeed be lapsed. Your cooperation is appreciated.

Attachment (for departments with proposed lapses)

c: Honorable Benjamin J. Cayetano

***DEPARTMENTAL ATTACHMENTS ARE AVAILABLE UPON REQUEST.***