

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

April 19, 2012

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The Honorable Ann Kobayashi
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Councilmember Kobayashi:

In response to your request during the April 12, 2012, Budget Committee meeting, we provide the following:

1. How were the Transit Improvement Bond Fund, Federal Grants Fund, and Transit Fund created?

The Transit Fund was created by Section 17-114 of the Revised Charter of the City and County of Honolulu: "There shall be established a special fund into which shall be transferred the county surcharge on state tax and all revenues generated by the fixed guideway system, including interest earned on the deposits and all other receipts dedicated for the fixed guideway system."

Honolulu Authority for Rapid Transportation (HART) Resolution No. 2011-6, Approving Operating and Capital Budgets for Fiscal Year 2012 Ending June 30, 2012, identifies four subsidiary accounts within the Transit Fund:

- Transit Fund's transit operating subsidiary account;
- Transit Fund's transit capital subsidiary account;
- Transit Fund's capital improvement bond subsidiary account; and
- Transit Fund's Federal grants subsidiary account.

The subsidiary accounts were established within the City's Advantage Financial System in order to properly account for HART revenues, encumbrances, and expenditures.

2. How are the funds transferred?

Funds are transferred by journal entries to subsidiary accounts based on cash requirements.

The Honorable Ann Kobayashi
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Please do not hesitate to contact me should you have any further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'DAG', with a long horizontal flourish extending to the right.

Daniel A. Grabauskas
Executive Director and CEO

cc: All Councilmembers
HART Board of Directors