



January 29, 2021

VIA EMAIL

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

VIA EMAIL

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

RE: Financial Audit of the Hawai'i Tourism Authority

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements of the Hawai'i Tourism Authority for the fiscal year ended June 30, 2020, was issued on December 14, 2020. The Office of the Auditor retained Accuity LLP to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

You may view the financial audit report and Auditor's Summary on our website at:

http://files.hawaii.gov/auditor/Reports/2020_Audit/HTA2020.pdf; and

http://files.hawaii.gov/auditor/Reports/2020_Audit/HTA_Summary_2020.pdf.

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

Very truly yours,

A handwritten signature in blue ink, appearing to be "LH Kondo", is written over a circular stamp that partially overlaps the signature. The stamp is the official seal of the State Auditor, featuring the state coat of arms and the words "STATE OF HAWAII" and "OFFICE OF THE AUDITOR".

Leslie H. Kondo
State Auditor

LHK:LYK:emo
Attachment

cc/attach (Auditor's Summary only): Senators

Representatives

Carol Taniguchi, Senate Chief Clerk

Brian Takeshita, House Chief Clerk

Auditor's Summary

Financial Audit of the Hawai'i Tourism Authority

Financial Statements, Fiscal Year Ended June 30, 2020



PHOTO: HAWAII TOURISM AUTHORITY / TOR JOHNSON

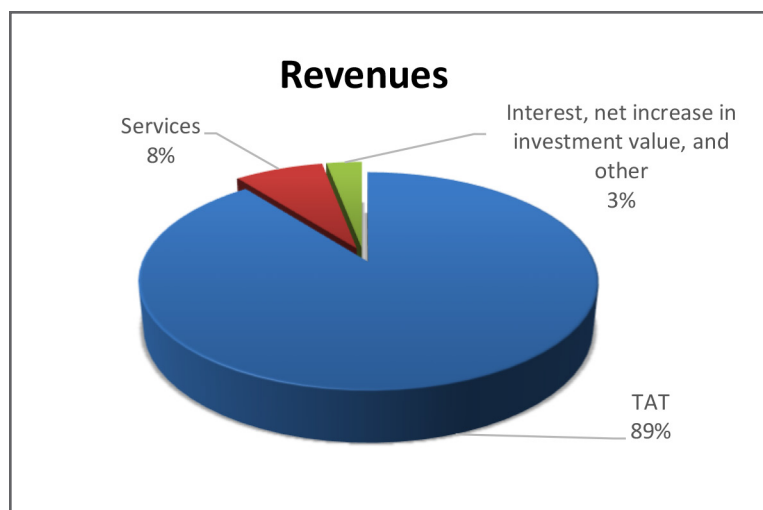
THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Tourism Authority, as of and for the fiscal year ended June 30, 2020. The audit was conducted by Accuity LLP.

About the Authority

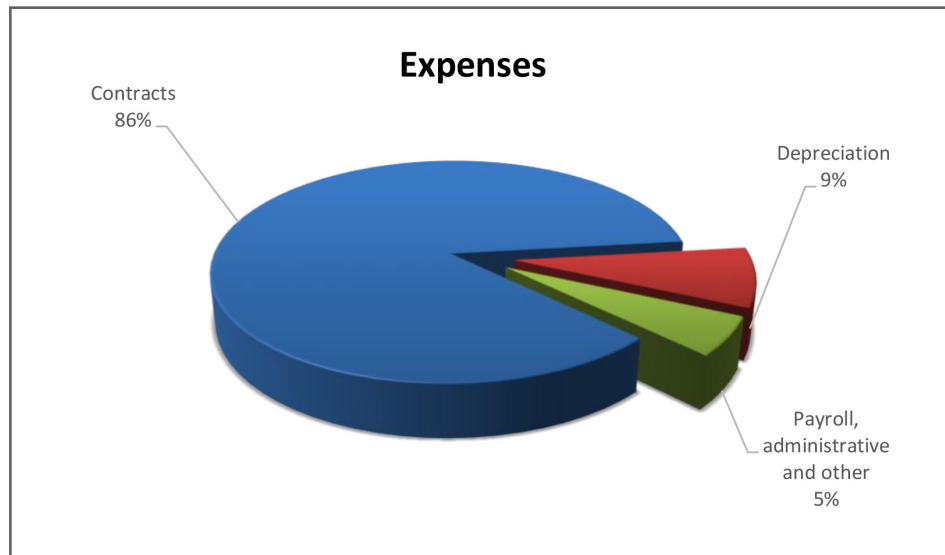
The Hawai'i Tourism Authority (HTA) was established "by the 1998 Legislature to serve as the State's lead agency for strategically managing tourism. State law requires HTA to develop a tourism marketing plan that includes statewide promotional efforts and programs, targeted markets, and other marketing efforts with measures of effectiveness and documentation of the Authority's progress toward strategic plan goals. HTA is also responsible for the Hawai'i Convention Center. The primary source of funding for HTA's operations is the Transient Accommodations Tax (TAT) collected by the State. HTA is governed by a board of directors comprised of 12 voting members, each of whom is appointed by the Governor, and is placed within the Department of Business, Economic Development and Tourism for administrative purposes.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2020, HTA reported total revenues of \$89 million, along with \$5 million in transfers from other state departments, and total expenses of \$88 million. Revenues consisted of \$79.6 million from TAT, \$6.7 million from charges for services, and interest and other revenues of \$2.7 million.



Total expenses of \$88 million consisted of \$75.6 million for contracts, \$7.5 million for depreciation, and \$4.9 million for payroll, administrative, and other expenses.



As of June 30, 2020, total assets and deferred outflows of resources of \$325.9 million exceeded total liabilities and deferred inflows of resources of \$15.9 million, resulting in a net position of \$310 million. Total assets and deferred outflows of resources included (1) cash of \$101.8 million, (2) investments of \$2 million, (3) land and net capital assets of \$194.9 million, and (4) other assets and deferred outflows of resources of \$27.2 million.

Auditors' Opinion

HTA RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO REPORTED DEFICIENCIES IN INTERNAL CONTROL over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Special-Purpose Financial Statements for the Hawai'i Convention Center, as of and for the year ended December 31, 2020, will issue in July.

For the complete report and financial statements, visit our website at:
http://files.hawaii.gov/auditor/Reports/2020_Audit/HTA2020.pdf