

March 6, 2024

VIA EMAIL

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

VIA EMAIL

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

RE: Financial and Compliance Audit of the Hawai'i Tourism Authority

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements and compliance of the Hawai'i Tourism Authority for the fiscal year ended June 30, 2023, was issued on January 31, 2024. The Office of the Auditor retained Accuity LLP to perform the financial and compliance audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial and compliance audit report.

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

https://files.hawaii.gov/auditor/Reports/2023_Audit/HTA2023.pdf; and

https://files.hawaii.gov/auditor/Reports/2023_Audit/HTA_Summary_2023.pdf.

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

Very truly yours,

Leslie H. Kondo
State Auditor

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Attachment

ec/attach (Auditor's Summary only): Members of the Senate

Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Financial and Compliance Audit of the Hawai'i Tourism Authority

Financial Statements, Fiscal Year Ended June 30, 2023



PHOTO: HAWAII TOURISM AUTHORITY / TOR JOHNSON

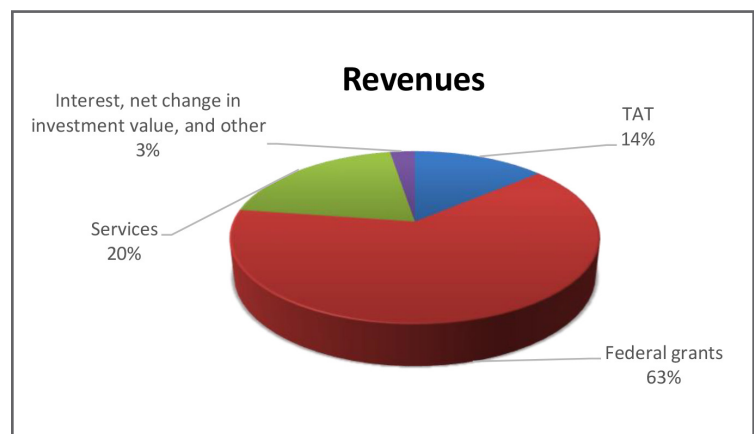
***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Tourism Authority, as of and for the fiscal year ended June 30, 2023, and to comply with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Accuity LLP.*

About the Authority

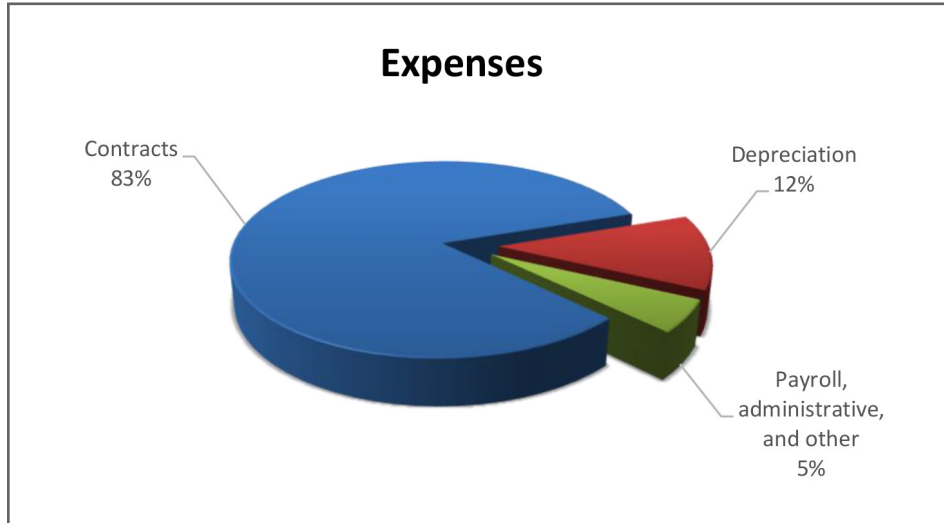
The Hawai'i Tourism Authority (HTA) was established by the 1998 Legislature to serve as the State's lead agency for strategically managing tourism. State law requires HTA to develop a tourism marketing plan that includes statewide promotional efforts and programs, targeted markets, and other marketing efforts with measures of effectiveness and documentation of HTA'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 General Fund. 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, 2023, HTA reported total revenues of \$79.6 million, along with \$5 million in transfers from other state departments, and total expenses of \$69.5 million. Revenues consisted of \$50.5 million from federal grants, \$11 million from transient accommodations tax, \$16 million from charges for services, and \$2.1 million from interest and other revenues.



Total expenses of \$69.5 million consisted of \$57.4 million for contracts, \$8.5 million for depreciation, and \$3.6 million for payroll, administrative, and other expenses.



As of June 30, 2023, total assets and deferred outflows of resources of \$341.1 million exceeded total liabilities and deferred inflows of resources of \$55.3 million, resulting in a net position of \$285.8 million. Total assets and deferred outflows of resources included (1) cash of \$109.6 million, (2) land and net capital assets of \$180.5 million, and (3) other assets and deferred outflows of resources of \$51 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. HTA also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

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*. There were no findings that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.



For the complete report and financial statements, visit our website at:
https://files.hawaii.gov/auditor/Reports/2023_Audit/HTA2023.pdf