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Jan K. Yamane
Acting State Auditor
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Constitutional Mandate

The Office of the Auditor, pursuant to Article VII, Section 10 of the Hawai'i State Constitution, is required to conduct post-audits of the transactions, accounts, program and performance of departments, offices and agencies of the State and its political subdivisions, and to certify to the accuracy of all financial statements issued by the respective accounting officers.

Financial Audit of the Hawai'i Tourism Authority

Financial Statements, Fiscal Year Ended June 30, 2012

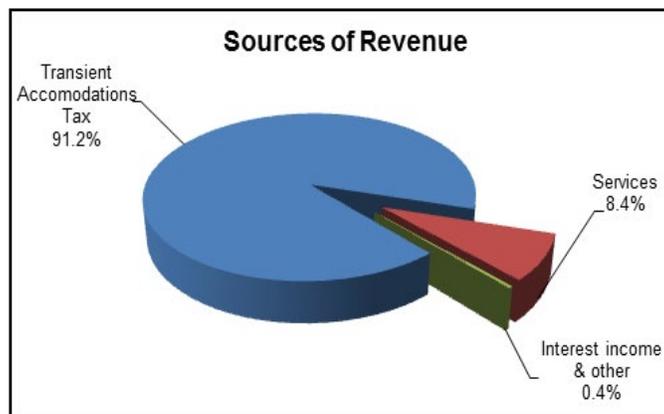
The primary purpose of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Tourism Authority as of and for the fiscal year ended June 30, 2012. The audit was conducted by KPMG, LLP.

About the Authority

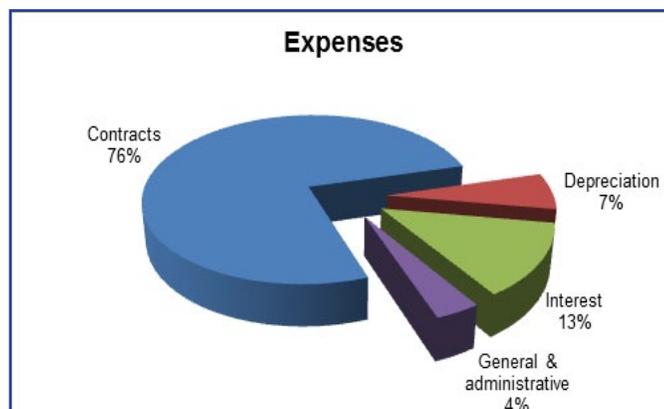
The authority was established on January 1, 1999, by Act 156, Session Laws of Hawai'i 1998 and was placed within the Department of Business, Economic Development and Tourism, for administrative purposes only. The authority is governed by a board of directors comprising 12 voting members, appointed by the governor. The authority is responsible for developing and implementing a strategic tourism marketing plan to enhance and promote the tourism industry in the State of Hawai'i. Effective July 1, 2002, the authority became responsible for the Hawai'i Convention Center. The primary source of funding for the authority's operations is the transient accommodations tax collected by the State.

Financial Highlights

For fiscal year ended June 30, 2012, the authority reported total revenues of approximately \$115 million and total expenses of approximately \$109 million, resulting in excess revenues of \$6 million before transfers. Transfers in the amount of \$1 million were made to other state departments. Revenues consisted of \$104.6 million from transient accommodations tax, \$9.6 million from services, and \$0.4 million in interest income and other sources.



Expenses consisted of \$83 million for contracts, \$7.3 million in depreciation, \$4 million for administration and other sources, and \$14.4 million in interest.





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Auditors' Opinions

Financial Statements: +
Unmodified opinion

Issues of Concern

Material Weaknesses
0
Significant Deficiencies
0

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<http://auditor.hawaii.gov/>

Total liabilities of the authority exceeded total assets by approximately \$4 million. With the deficit in net assets, the authority has no unrestricted net assets. Total assets of approximately \$296 million were comprised of cash (\$10.6 million), investments (\$32.5 million), net capital assets (\$235.8 million), and receivables and other assets (\$16.9 million). Liabilities totaled \$299 million, including \$294 million due to the Department of Budget and Finance for general obligation bonds and accrued interest payable. The bond proceeds were used to fund the construction of the Hawai'i Convention Center. The bonds are the obligations of the State and are secured by the State's full faith and credit. The debt service for the general obligation bonds is to be primarily funded by an allocated portion of the State's transient accommodations tax revenue and revenue generated from the operation of the convention center.

Auditors' Opinions

The authority received an unmodified opinion that the 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.

For the complete report and financial statements, visit our website at:
http://files.hawaii.gov/auditor/Reports/2012_Audit/HTA2012.pdf