

March 25, 2026

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MEMO TO: BFED-20(11) File

F R O M: Yuki Lei K. Sugimura, Chair *Yuki Lei K Sugimura*
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO ANNUAL COMPREHENSIVE FINANCIAL REPORT, SINGLE AUDIT REPORT, AND DEPARTMENT OF WATER SUPPLY'S FINANCIAL AUDIT REPORTS** (BFED-20(11))

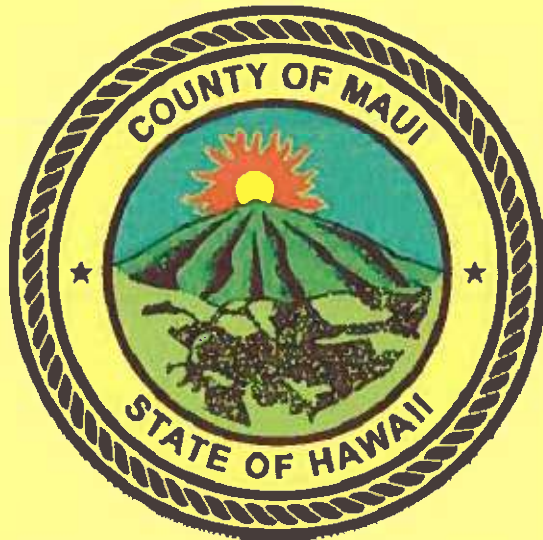
The attached informational document pertains to Item 20(11) on the Committee's agenda.

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Attachment

COUNTY OF MAUI

STATE OF HAWAII



SINGLE AUDIT REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



February 23, 2026

To the Chair and Members of
the County Council of Maui, Hawai'i
Wailuku, Maui, Hawai'i

We have completed our financial audit of the basic financial statements of the County of Maui, State of Hawai'i (the County), as of and for the fiscal year ended June 30, 2025. Our report containing our opinions on those basic financial statements is included in the County's *Annual Comprehensive Financial Report*. We submit herein our reports on the County's internal control over financial reporting and on compliance and other matters, the County's compliance for each major federal program and internal control over compliance and the schedule of expenditures of federal awards.

OBJECTIVES OF THE AUDIT

The primary purpose of our audit was to form opinions on the fairness of the presentation of the County's basic financial statements as of and for the fiscal year ended June 30, 2025, 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). More specifically, the objectives of the audit were as follows:

1. To provide a basis for opinions on the fairness of the presentation of the County's financial statements.
2. To report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. To report on internal control over compliance and an opinion on compliance on each major federal program, and on the schedule of expenditures of federal awards in accordance with the Uniform Guidance.

SCOPE OF THE AUDIT

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. The scope of our audit included an examination of the transactions and accounting records of the County for the fiscal year ended June 30, 2025.

ORGANIZATION OF THE REPORT

This report is presented in five parts as follows:

- Part I - Our report on internal control over financial reporting and on compliance and other matters.
- Part II - Our report on compliance for each major federal program and on internal control over compliance; and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
- Part III - The schedule of findings and questioned costs.
- Part IV - The corrective action plan.
- Part V - The summary schedule of prior audit findings.

We wish to express our sincere appreciation for the excellent cooperation and assistance extended by the staff of the County.

Sincerely,

N&K CPAs, INC.



Dwayne S. Takeno
Principal

COUNTY OF MAUI, STATE OF HAWAII

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PART I

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Chair and Members of
the County Council of Maui, Hawaii
Wailuku, Maui, Hawaii

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Maui, State of Hawaii (the County) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

N&K CPAs, Inc.

ACCOUNTANTS | CONSULTANTS

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 23, 2025

PART II

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Chair and Members of
the County Council of Maui, Hawaii
Wailuku, Maui, Hawaii

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Maui, State of Hawaii's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the fiscal year ended June 30, 2025. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 23, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

N&K CPAs, Inc.

Honolulu, Hawai'i
February 23, 2026

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS				
AmeriCorps Seniors Retired and Senior Volunteer Program	94.002		\$ _____	\$ _____ 75,325
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE PROGRAMS			_____	_____ 75,325
DEPARTMENT OF COMMERCE PROGRAMS				
Pass-through State - Broadband Equity, Access, and Development Program:				
BEAD Program	11.035	15-20-B083	_____ --	_____ 30,000
Pass-through State - Coastal Zone Management Administration Awards:				
Coastal Zone Management FY24		NA24NOSX41C0023	_____ --	_____ 225,367
Coastal Zone Management FY24		B22-01CZMS2	_____ --	_____ 12,658
Total Coastal Zone Management Administration Awards	11.419		_____ --	_____ 238,025
TOTAL DEPARTMENT OF COMMERCE PROGRAMS			_____ --	_____ 268,025
DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS				
Pass-through State - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services:				
Aging Title III D		S-24-221	_____ --	_____ 7,456
Aging Title III D		MA2016N03	_____ --	_____ 160
Aging Title III D		S-22-221	_____ --	_____ 9,965
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		_____ --	_____ 17,581
Aging Cluster				
Pass-through State - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:				
Aging Title III Programs		S-22-221	_____ --	_____ 45,652
Aging Title III Programs		S-24-221	_____ --	_____ 430,978
Total Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		_____ --	_____ 476,630
Pass-through State - Special Programs for the Aging, Title III, Part C, Nutrition Services:				
Aging Title III C-2	93.045	MA2016N03	_____ --	_____ 68,779
Pass-through State - Nutrition Services Incentive Program:				
Nutrition Services Incentive	93.053	PL 109-365	_____ --	_____ 27,282
Total Aging Cluster			_____ --	_____ 572,691
Pass-through State - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects:				
Federal Disaster Relief Grant	93.048	24-097	_____ --	_____ 632,775
Pass-through State - National Family Caregiver Support, Title III, Part E:				
Aging Title III E		S-24-221	_____ --	_____ 158,768
Aging Title III E		S-22-221	_____ --	_____ 852
Total National Family Caregiver Support, Title III, Part E	93.052		_____ --	_____ 159,620
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS			\$ _____ --	\$ _____ 1,382,667

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS				
High Intensity Drug Trafficking Areas Program:				
High Intensity Drug Trafficking Areas	95.001		\$ --	\$ 172,587
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS			<u> --</u>	<u> 172,587</u>
DEPARTMENT OF JUSTICE PROGRAMS				
Pass-through State - Crime Victim Assistance:				
FY24 Special Needs Advocacy Program		15POVC-21-GG-00621	--	(396)
FY25 Special Needs Advocacy Program		15POVC-22-GG-00730	60,000	407,958
Special Needs Advocacy Program		2020-V2-GX0055	--	3,964
Total Crime Victim Assistance	16.575		<u> 60,000</u>	<u> 411,526</u>
Pass-through State - Violence Against Women Formula Grants:				
Domestic Violence Investigation		15JOVW-23-GG-0569	--	57,067
Violence Against Women Grant		23-WF-06	--	41,943
Address Intimate Partner Violence		22-WF-06	--	302
Total Violence Against Women Formula Grants	16.588		<u> --</u>	<u> 99,312</u>
Pass-through State - Edward Byrne Memorial Justice Assistance Grant Program:				
FY22 Local JAG Program		15PBJA-22-GG-02334	--	15,274
E Byrne Memorial JAG		15PBJA-23-GG-003348	--	13,619
E Byrne Memorial JAG FY21		15PBJA-21-GG-01424	--	18,713
FY25 JAG - Live in Your Truth		21-DJ-12	--	27,351
SW Multi-Jurisdictional Drug		21-DJ-10	--	48,665
ARRA2022 E Byrne Memorial JAG		2020-DJ-BX-0681	--	18,865
FY25 JAG - Trunarc Part II		15PBJA-22-GG-00653	--	148,050
Total Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u> --</u>	<u> 290,537</u>
Pass-through State - Paul Coverdell Forensic Sciences Improvement Grant Program:				
Lab Accreditation Tech Improvement		22-CD-02	--	45,191
Replace Obsolete Testing Equipment		23-CD-02	--	19,375
Total Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		<u> --</u>	<u> 64,566</u>
Equitable Sharing Program:				
Federal Justice Police Forfeitures	16.922		--	281,000
TOTAL DEPARTMENT OF JUSTICE PROGRAMS			<u> 60,000</u>	<u> 1,146,941</u>
DEPARTMENT OF TRANSPORTATION PROGRAMS				
Pass-through State - Highway Planning and Construction:				
FHWA Maui MPO FY22 UPWP		PL-0053(022)	--	65,374
FTA Maui MPO FY23 UPWP		HI-2022-010-00	--	33,433
FHWA Maui MPO FY23 UPWP		PL-0053(023)	--	57,374
Old Haleakala Highway Traffic Sign		STP-0357(001)	--	171,488
Kahana Nui Bridge Replacement		BR-3080(009)	--	1,117,673
Mill Street Pavement Reconstruction		STP-3840(001)	--	216,352
FTA Maui MPO FY24 UPWP		HI-2024-007-00	--	195,196
FHWA Maui MPO FY24 UPWP		PL-0053(023)	--	155,485
FHWA Maui MPO FY25 UPWP		PL-0053(024)	--	57,355
Kamehameha/Wakea Avenue Intersection		STP-0900(104)	--	264,619
Flood Monitor For Enhanced		STP-0900(111)	--	15,000
COM 2023 Severe Weather - Lahaina		ER-26(005)	--	912,152
Total Highway Planning and Construction	20.205		<u> --</u>	<u> 3,261,501</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF TRANSPORTATION PROGRAMS (Continued)				
Federal Transit Cluster				
Pass-through State - COVID-19 - Federal Transit Formula Grants:				
COVID-19 - COVID CARES ACT FTA SEC 5307	20.507	5307 CARESACT	-	44,300
Pass-through State - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				
FTA SEC5339 Program	20.526	HI-2023-0014	--	85,204
Total Federal Transit Cluster			--	129,504
Pass-through State - Formula Grants for Rural Areas and Tribal Transit Program:				
FTA SEC5311 Non-Urbanized FRML	20.509	HI-2022-009	--	22,782
Highway Safety Cluster				
Pass-through State - State and Community Highway Safety:				
MPD Traffic Services		PT23-M-03	--	9,848
Selective Traffic Enforcement		OP24-M-01	--	159,427
MFD Extrication Tools		EM25-M-01	--	201,798
MPD Selective Traffic Enforcement		SS25-M-01	--	253,891
Total State and Community Highway Safety	20.600		--	624,964
Pass-through State - National Priority Safety Programs:				
MPD Roadblock Program		AL23-M-04	--	75,626
MPD Traffic Data Records		TR23-M-04	--	(175)
MPD Traffic Data Records		TR24-M-01	--	20,253
MPD Impaired Driving		AL24-M-01	--	143,234
Occupant Protection Grant		OP24-M-01	--	45,312
MPD Traffic Data Records		TR25-M-01	--	152,463
Maui Pros Traffic Records		TR25-M-02	--	9,958
MPD Child Restraint Program		OP25-M-01	--	22,956
Total National Priority Safety Programs	20.616		--	469,627
Total Highway Safety Cluster			--	1,094,591
Pass-through State - Alcohol Open Container Requirements:				
Impaired Driving Alcohol Open Container		ID25-M-01	--	120,806
Maui Professionals Impaired Driving		ID25-S-07	--	5,199
Total Alcohol Open Container Requirements	20.607		--	126,005
Pass-through State - Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Impaired Driver Repeat Offenders	20.608	ID25-M-01	--	57,815
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS			\$ --	\$ 4,692,198

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
Pass-through State - Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
FEMA-4604 Hawaii Storms		FEMA-4604-DR-HI	\$ --	\$ 1,303,877
FEMA-4639 Hawaii Storms Dec 21		FEMA-4639-DR-HI	--	1,124,653
FEMA-4724 Hawaii Wildfires		FEMA-4724-DR-HI	--	12,640,436
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		--	15,068,966
Pass-through State - Emergency Management Performance Grants:				
Emergency Management Performance Grant		EMF-2024-EP-05002-03	--	44,726
Emergency Management Performance Grant		EMF-2021-EP-00009-03	--	37,154
Emergency Management Performance Grant		EMF-2022-EP-00006-03	--	42,035
Emergency Management Performance Grant		EMF-2023-EP-00002-03	--	199,000
Total Emergency Management Performance Grants	97.042		--	322,915
Assistance to Firefighters Grant:				
FEMA AFG - Program Operations/Safety			--	50,567
FPS - Smoke Alarms			--	16,472
Total Assistance to Firefighters Grant	97.044		--	67,039
Pass-through State - Emergency Operations Center:				
DHS Emergency Operations Center Grant	97.052	EMF-2023-EO-0003	--	225,183
Pass-through State - Homeland Security Grant Program:				
State Homeland Security		EMW-2020-SS-00022A10	--	79,632
State Homeland Security		EMW-2021-SS-00030	--	182,125
State Homeland Security		EMW-2022-SS-00026	--	179,818
State Homeland Security		EMW-2023-SS-00026	--	423,286
State Homeland Security		EMW-2024-SS-05015	--	88,141
Total Homeland Security Grant Program	97.067		--	953,002
TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
			--	16,637,105
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants / Entitlement Grants:				
Total Community Development Block Grants / Entitlement Grants and CDBG - Entitlement Grants Cluster				
	14.218		--	116,091
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii				
			296,554	682,367
COVID-19 - Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii				
			--	447,269
Total Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228		296,554	1,129,636
Pass-through State - Home Investment Partnerships Program:				
FY21 Home ARP - Administration		M21-SP150100	--	12,130
Home FFY17 Administration		M17-SG150100	--	12,929
FY20 HTF Administration		F20-SG150100	--	14,362
Home FFY20 Administration		M20-SG150100	--	22,542
Home FY23 Admin		M23-SG150100	--	70,187
Total Home Investment Partnerships Program	14.239		\$ --	\$ 132,150

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS (Continued)				
Pass-through State - Continuum of Care Program:				
Continuum of Care Program Unsheltered Homelessness	14.267	HI0145H9C002200	\$ 29,295	\$ 29,295
Housing Trust Fund:				
National Housing Trust Fund FY23 Administration	14.275		--	16,980
Housing Voucher Cluster				
COVID-19 - Emergency Housing Vouchers			--	1,290,463
Section 8 Housing Choice Vouchers			--	29,955,001
Total Section 8 Housing Choice Vouchers and Housing Voucher Cluster	14.871		--	31,245,464
Family Self-Sufficiency Program	19.486		--	3,000
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS			<u>325,849</u>	<u>32,672,616</u>
DEPARTMENT OF LABOR PROGRAMS				
Pass-through State - Workforce Investment Act:				
WIOA Admin PY2023		WIOA-23-LAC-M	--	103,902
WIOA Admin PY2022		WIOA-21-DWP-M	--	3,865
Total Workforce Investment Act	17.U01		--	107,767
WIOA Cluster				
Pass-through State - WIOA Adult Program:				
WIOA Adult Program PY22		WIOA-21-AP-M	--	2,217
WIOA Adult Program PY23		WIOA-23-AP-M	--	277,374
Total WIOA Adult Program	17.258		--	279,591
Pass-through State - WIOA Youth Activities:				
WIOA Youth Activities		WIOA-22-YP-M	--	3,886
WIOA Youth Activities		WIOA-23-YP-M	--	196,552
Total WIOA Youth Activities	17.259		--	200,438
Pass-through State - WIOA Dislocated Worker Formula Grants:				
WIOA Rapid Response & Layoff		WIOA-21-RRP-M	--	2,640
WIOA Dislocated Worker		WIOA-21-DWP-M	--	3,535
WIOA Dislocated Worker		WIOA-23-DWP-M	--	130,768
Total WIOA Dislocated Worker Formula Grants	17.278		--	136,943
Total WIOA Cluster			--	616,972
Pass-through State - WIOA National Dislocated Worker Grants / WIA National Emergency Grants:				
WIOA QUEST Maui Country	17.277	WIOA-21-DWP-M	--	235,974
TOTAL DEPARTMENT OF LABOR PROGRAMS			<u>\$ --</u>	<u>\$ 960,713</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF THE TREASURY PROGRAMS				
Pass-through State - COVID-19 - Emergency Rental Assistance Program:				
COVID-19 - Emergency ARPA Rent Assistance	21.023	ERAE0026	\$ 1,250,000	\$ 1,250,000
Pass-through State - Homeowner Assistance Fund				
Homeowner Assistance Fund	21.026	HAF0002	8,212,500	12,242,775
Pass-through State - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 - Administrative		Act 009, SLH2020	--	55,924
COVID-19 - Negative Eco Impacts		Act 009, SLH2020	514,831	514,831
COVID-19 - West Maui Reliable Capacity		Act 009, SLH2020	--	5,762,158
COVID-19 - Natural Disasters		Act 009, SLH2020	--	483,758
Coronavirus ST Fiscal Recovery Fund		Act 009, SLH2020	2,591,812	2,591,812
CSLFRF/NEU - Administrative		Act 009, SLH2020	--	122,314
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>3,106,643</u>	<u>9,530,797</u>
TOTAL DEPARTMENT OF THE TREASURY PROGRAMS			<u>12,569,143</u>	<u>23,023,572</u>
DEPARTMENT OF AGRICULTURE PROGRAMS				
Child Nutrition Cluster				
Summer Food Service Program for Children:				
Total Summer Food Service Program for Child and Child Nutrition Cluster	10.559		--	163,320
Watershed Protection and Flood Prevention:				
USDA NRCS LAH Watershed Field Project	10.904		--	474,711
Emergency Watershed Protection Program				
Sediment Removal Kulanihaka Stream	10.923		--	2,479,135
TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS			<u>--</u>	<u>3,117,166</u>
ENVIRONMENTAL PROTECTION AGENCY PROGRAM				
Pass-through State - Drinking Water State Revolving Fund				
CW Lead and Copper Rule	66.468	MDWS-LS01	--	1,197,785
TOTAL ENVIRONMENTAL PROTECTION AGENCY PROGRAM			<u>--</u>	<u>1,197,785</u>
DEPARTMENT OF THE INTERIOR PROGRAM				
Water Conservation Field Services				
Maui Nui Water Conservation Grant	15.530		--	100,000
TOTAL DEPARTMENT OF THE INTERIOR PROGRAM			<u>--</u>	<u>100,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 12,954,992</u>	<u>\$ 85,446,700</u>

The accompanying notes are an integral part of this schedule.

County of Maui, State of Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activities of the County of Maui, State of Hawaii (the County) under programs of the federal government for the fiscal year ended June 30, 2025. The information in this Schedule is presented in accordance 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

PART III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

Assistance Listing Number

Name of Federal Program

14.871

Section 8 Housing Choice Vouchers and Housing Voucher Cluster

10.923

Emergency Watershed Protection Program

66.468

Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$2,563,401

Auditee qualified as a low-risk auditee?

yes no

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.
No.

2025-001 Maui County Transient Accommodations Tax - Material Weakness

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting relevant to the preparation and fair presentation of the basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Condition: Maui County Transient Accommodations Tax (MCTAT) is levied at a rate of 3 percent on every taxpayer that has gross rental proceeds and/or fair market rental value attributable to Maui County (County) considered taxable under the definitions of Chapter 237D-1 of the Hawaii Revised Statutes.

During our audit, we identified customer accounts with credit balances totaling approximately \$4.4 million as of June 30, 2025, that appear to represent customer overpayments or misapplied payments. The County has not yet performed a timely investigation or reconciliation on all credit balances to determine their underlying cause, validate their accuracy, or initiate corrective action such as issuing refunds, applying credits to future billings, or reclassifying amounts to the appropriate accounts.

Cause: The County is still in the process of reconciling taxpayer MCTAT payments to filings with the State of Hawaii and verifying information related to delinquencies, penalties, and interest. Limitations in the MCTAT system, staffing constraints, and other operational challenges hinder the MCTAT's office's ability to complete these reconciliations.

Effect: Without adequate systems, software, and staffing, there is an increased risk that MCTAT activity may not be timely reconciled and improperly recorded, which could result in material misstatements in the County's basic financial statements.

Identification as a Repeat Finding, if Applicable: Yes - Finding 2024-003.

Recommendation: We recommend that the County continue moving forward with the implementation of its new MCTAT system and ensure that the system can generate the information necessary for staff to perform timely and accurate reconciliations. In addition, we recommend the County continue its efforts to recruit and hire additional staff.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2025-002 Improve Controls over Financial Reporting - Material Weakness

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting relevant to the preparation and fair presentation of the basic financial statements prepared in accordance with US GAAP.

Condition: During the audit, we identified misstatements described as follows:

Governmental Activities - Compensated Absences Liability

During our audit of the County's adoption of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* (GASB 101), we identified that certain salary-related payments associated with the County's defined benefit pension plan were inappropriately included in the calculation of the compensated absences liability. These payments do not meet the recognition criteria for salary-related costs under GASB 101.

As a result, the County:

- Overstated compensated absences by approximately \$18.0 million,
- Overstated the reduction in beginning net position by approximately \$16.6 million, and
- Overstated expenses by approximately \$1.4 million

These misstatements were subsequently corrected by management.

General Fund - Loan Receivable

The County entered into a \$36 million loan agreement in August 2024 with a developer for the development and construction of a low-income residential housing project. During the fiscal year ended June 30, 2025, the County disbursed approximately \$24.7 million to the developer and recorded a payable of approximately \$4.5 million for amounts expected to be disbursed in the subsequent period. These amounts were improperly recorded as expenditures during the fiscal year ended June 30, 2025. As the lender, the County should have only recorded a loan receivable for the \$24.7 million disbursed during the fiscal year.

As a result, the County:

- Understated assets by approximately \$24.7 million
- Overstated liabilities by approximately \$4.5 million
- Overstated expenditures by approximately \$29.2 million

These misstatements were subsequently corrected by management.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2025-002 Improve Controls over Financial Reporting - Material Weakness (Continued)

County Funds - Accounts Payable

The County made a payment after the fiscal year ended June 30, 2025 of approximately \$768,000 for services rendered in March 2025. Under the modified accrual basis of accounting, expenditures should be recognized when the related liability is incurred and amounts are expected to be paid from current financial resources.

As a result, the County understated liabilities and expenditures by approximately \$768,000. This misstatement was subsequently corrected by management.

Capital Improvement Projects (CIP) Fund - State of Hawaii Receivables

The County recorded a receivable associated with a grant from the State of Hawaii that had lapsed in 2024. It was subsequently determined that the grant was no longer active and the related receivable was not collectible.

As a result, the County overstated assets and revenues by approximately \$1.1 million. This misstatement was subsequently corrected by management.

Fiduciary Fund and Grant Fund - Equity in Pooled Cash and Investments Held in County Treasury

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County that are not available to support the County's own programs. Cash in the amount of approximately \$292,000 was not properly recorded in the Fiduciary Fund.

As a result, the County understated assets and liabilities of the Fiduciary Fund, and overstated assets and liabilities of the Grant Fund. We proposed an adjustment to the County's Fiduciary Fund and Grant Fund, but it was not recorded by management as they determined the misstatement to be immaterial.

Cause: The County currently lacks sufficient personnel to allow for an appropriate review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP.

Effect: We identified several misstatements in the County's basic financial statements as a result of our audit procedures.

Identification as a Repeat Finding, if Applicable: Yes - Finding 2024-002.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2025-002 Improve Controls over Financial Reporting - Material Weakness (Continued)

Recommendation: County management should evaluate its staffing needs in the Department of Finance (Finance) to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to Finance is accurate and timely.

The County should also continue to improve its internal controls over financial reporting, with greater attention to the recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist them with the preparation of the basic financial statements.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

County of Maui, State of Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No.

2025-003 Internal Control Policies and Procedures over Capital Assets - Significant Deficiency

Criteria: US GAAP requires that assets be transferred from construction in progress (CIP) to capital assets when they are placed in service or are available to be placed in service.

Condition: During our audit, we identified approximately \$986,000 of capital assets that had been placed in service that were not transferred out of CIP.

Cause: The County's Financial System Analyst performs an annual review of CIP activity and balances by making inquiries with each department regarding the status of capital improvement projects and related equipment placed into service during the year. Once a project is determined to be complete, CIP balances including related equipment are transferred to the appropriate capital asset category. These items are maintained and accumulated in the County's accounting system and reconciled in a manual spreadsheet.

Due to oversight during Finance's annual review of capital assets, Finance overlooked transferring the capital assets from CIP to capital assets. However, the misstatement was not recorded by management as they determined it to be immaterial.

Effect: Inadequate internal controls over the capitalization process could result in inaccurate reporting of the County's CIP and capital asset balances.

Identification as a Repeat Finding, if Applicable: Yes - Finding 2024-004.

Recommendation: The County should exercise greater care when performing its review of capital assets to ensure that assets placed in service are removed from CIP to properly state the CIP and capital asset balances.

Views of Responsible Officials and Planned Corrective Action: The County agrees with the finding and the recommendation. See County's Corrective Action Plan.

PART IV
CORRECTIVE ACTION PLAN

RICHARD T. BISSEN, JR.
Mayor

MARCY MARTIN
Director

MARIA E. ZIELINSKI
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAI'I 96793
www.maui-county.gov

February 23, 2026

Mr. Dwayne S. Takeno
N&K CPAs Inc.
999 Bishop Street, Suite 2200
Honolulu, Hawai'i 96813

**SUBJECT: SINGLE AUDIT REPORT FINDINGS – CORRECTIVE
ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30,
2025**

Dear Mr. Takeno:

The County of Maui understands that the audits for the County's basic financial statements and federal financial assistance programs identify opportunities for improving our performance and operational processes. Accordingly, attached is our Corrective Action Plan in response to the Single Audit Report Findings for the fiscal year ended June 30, 2025. It is the County's goal for every audit to have positive results and our responses to these findings and recommendations allow the County to take the appropriate corrective actions for improvement of our operational processes.

I would like to take this opportunity to express my appreciation to you and your staff during this fiscal year's audit and to provide our responses to your findings and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcy Martin".

MARCY MARTIN
Director of Finance

MM:mms

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2025**

Ref.
No. Financial Statement Findings

2025-001 Maui County Transient Accommodations Tax - Material Weakness

Recommendation

We recommend that the County continue moving forward with the implementation of its new MCTAT system and ensure that the system can generate the information necessary for staff to perform timely and accurate reconciliations. In addition, we recommend the County continue its efforts to recruit and hire additional staff.

View of Responsible Officials and Planned Corrective Action

The County agrees with the finding and offers the following comments in response:

It is estimated that approximately 80% of the customer accounts with credit balances totaling approximately \$4.4 million as of June 30, 2025, represents payments from taxpayers filing with incorrect TAT numbers or filing with the wrong County. We understand that other Counties are experiencing this as well. Unfortunately, this issue cannot be resolved with the current system. The County has contracted with the software vendor currently being utilized by the State of Hawaii. Kick-off is occurring on January 5, 2026, and is estimated to be completed in nine (9) months. This is a comprehensive software system which is expected to address the needs of the County and its stakeholders. It should be noted that even without possessing the tools needed our existing staff (not fully staffed) has mailed over 3,000 letters to taxpayers relating to tax payments due for previous years and has collected over \$5 million alone from those letters. This undertaking was initiated to avoid any loss of taxes resulting from the Statute of Limitations.

End Date: **Ongoing**

Responding Person(s): Maria E. Zielinski, Deputy Director
Department of Finance
Phone No. (808) 270-7212

Nicole Ricks, Revenue Manager
Department of Finance
Phone No. (808) 270-6248

**County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2025**

Ref.
No. Financial Statement Findings

2025-002 Improve Controls over Financial Reporting - Material Weakness

Recommendation

County management should evaluate its staffing needs in the Department of Finance (Finance) to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to Finance is accurate and timely.

The County should also continue to improve its internal controls over financial reporting, with greater attention to the recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist with the preparation of the basic financial statements.

View of Responsible Officials and Planned Corrective Action

While the County agrees, we have the following comments relating to specific findings:

Compensated Absences Liability - The County interpreted the original GASB incorrectly and included the ERS pension contributions in its compensated absences liability. The County restated its FY2024 balances and made the necessary correction in FY2025 upon implementation of GASB 101.

Loan Receivable - This was the first loan agreement of its kind for a low-income residential housing project. When the Department of Finance (DOF) issued a payment of \$24.7 million to the developer it was with the understanding that this was a forgivable loan technically due in 2099. Consequently, DOF recorded it as an expenditure. DOF has been provided clarification that it is, in fact, a loan and has subsequently corrected the transaction entry.

Other/General - The Accounts Division of the DOF currently has seven (7) vacancies with many of the existing staff being relatively new. DOF is actively recruiting and utilizing any/all County-approved hiring practices to attract highly qualified candidates. We have begun to experience greater interest in the vacant positions and believe Accounts operations will benefit from this.

End Date: **Ongoing**

Responding Person(s): Maria E. Zielinski, Deputy Director
Department of Finance
Phone No. (808) 270-7212

Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

County of Maui, State of Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2025

Ref.
No. **Financial Statement Findings**

2025-003 Internal Control Policies and Procedures over Capital Assets - Significant Deficiency

Recommendation

The County should exercise greater care when performing its review of capital assets to ensure that assets placed in service are removed from CIP to properly state the CIP and capital asset balances.

View of Responsible Officials and Planned Corrective Action

Management concurs with this audit finding. The Department of Finance - Accounts Division has experienced changes with personnel assigned to the capital asset reporting over the past several years. Management will focus on additional training for staff members and will ensure additional reviews are performed to ensure that capital asset information is presented accurately.

End Date: **Ongoing**

Responding Person(s): Marci Sato, Accounting System Administrator
Department of Finance
Phone No. (808) 270-7503

PART V

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

County of Maui, State of Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2025

This section contains the current status of our prior audit recommendations. The recommendations are referenced to the pages of the previous audit report for the fiscal year ended June 30, 2024, dated March 27, 2025.

SECTION II - FINANCIAL STATEMENT FINDINGS

<u>Recommendations</u>	<u>Status</u>
<p>2024-001 Improve Controls over Preparation of the Schedule of Expenditures of Federal Awards - Material Weakness (Page 22)</p> <p>A properly designed internal control system over financial reporting allows the County to initiate, authorize, record, process, and report financial data in compliance with the Uniform Guidance. To strengthen this system, we recommend that County management implement procedures to ensure the completeness and accuracy of all information reported in the SEFA.</p>	<p>Accomplished.</p>
<p>2024-002 Improve Controls over Financial Reporting - Significant Deficiency (Page 23 - 24)</p> <p>County management should evaluate its staffing needs in the Department of Finance to determine whether there are adequate resources to provide the level of review and approval necessary to facilitate the review of accounting data and financial information used to prepare financial statements that are fairly presented in accordance with US GAAP. In addition, proper training of personnel in other County departments responsible for providing necessary financial information should be facilitated to ensure information provided to the accounting department is accurate and timely.</p> <p>The County should also continue to improve and develop its internal controls over financial reporting, with greater attention to recording of non-routine transactions and post-closing journal entries. While the County assesses its staffing needs, management may also consider utilizing an outside party to assist them with the preparation of the financial statements.</p>	<p>Not accomplished. See finding 2025-002.</p>
<p>2024-003 Maui County Transient Accommodations Tax - Significant Deficiency (Pages 25-26)</p> <p>We recommend the County to continue to work on evaluating alternatives to the MCTAT software program and continue its efforts to recruit and hire additional staff.</p>	<p>Not accomplished. See finding 2025-001.</p>

County of Maui, State of Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

<u>Recommendations</u>	<u>Status</u>
<p>2024-004 Internal Control Policies and Procedures over Capital Assets - Significant Deficiency (Page 27)</p> <p>The County should exercise greater care when performing its policies and procedures over capital assets to ensure that assets placed in service are removed from CIP to properly state the CIP and capital asset balances.</p>	<p>Not accomplished. See finding 2025-003.</p>

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Recommendations</u>	<u>Status</u>
<p>2024-005 Subrecipient Monitoring - Significant Deficiency (Page 28-29)</p> <p>We recommend the County follow its policies and procedures with its subrecipients to ensure proper monitoring activities are performed as required by 2 CFR §200.332.</p>	<p>Partially accomplished. The finding recurred due to delays in filling the Grant Compliance Manager position. The position was filled in October 2025. Updated guidance specific to subrecipient monitoring has been drafted and is currently under review prior to distribution, which is expected to occur in February 2026. Upon distribution, the Grant Compliance Manager will ensure the completion of subrecipient monitoring forms throughout the year.</p>