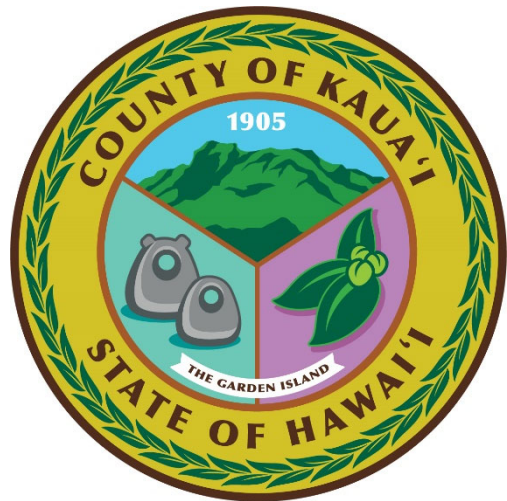


SINGLE AUDIT REPORTS
County of Kaua'i, Hawai'i



For the Fiscal Year Ended
June 30, 2021

March 10, 2022

To the Chair and Members of
the County Council of Kaua'i, Hawai'i
Līhu'e, Kaua'i, Hawai'i

We have completed our financial audit of the basic financial statements and other supplementary information of the County of Kaua'i (the County), as of and for the fiscal year ended June 30, 2021. 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, internal control over compliance and on 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, 2021, 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 of 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 with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.
3. To report on internal control over compliance related to each major federal programs and an opinion on compliance requirements that could have a direct and material effect on each major federal program in accordance with the Uniform Guidance.

SCOPE OF THE AUDIT

Our audit was performed 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, 2021.

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.

N&K CPAs, Inc.

COUNTY OF KAUA'I, HAWAI'I

TABLE OF CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i>	6 - 7
PART II REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE 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 the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	9 - 11
Schedule of Expenditures of Federal Awards	12 - 18
Notes to Schedule of Expenditures of Federal Awards	19
PART III SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21 - 25
PART IV CORRECTIVE ACTION PLAN	
Response of County of Kaua'i	27 - 30
PART V SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	
Status Report	32

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 Kaua'i, Hawai'i
Līhue, Kaua'i, Hawai'i

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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Kaua'i, Hawai'i (the County) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 28, 2022. Our report includes a reference to other auditors who audited the financial statements of the Department of Water, which is the County's discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 that we consider to be material weaknesses.

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 the Finding

The County's response to the findings identified in our audit is described in Part IV, Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 28, 2022

PART II

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

To the Chair and Members of
the County and Council of Kaua’i, Hawai’i
Līhue, Kaua’i, Hawai’i

Report on Compliance for Each Major Federal Program

We have audited the County of Kaua’i’s (the County) compliance with the types of compliance requirements described 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, 2021. 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.

Management’s Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the 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, the discretely presented component unit, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 28, 2022, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Department of Water, which is the County's discretely presented component unit, as described in our report on the County's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's 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 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 auditing standards generally accepted in the United States of America. 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
March 10, 2022

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS				
Direct Award--				
Office of National Drug Control Policy				
High Intensity Drug Trafficking Areas Program:				
High Intensity Drug Traffic, Fiscal Year 2020			\$ 106,546	\$ --
High Intensity Drug Traffic, Fiscal Year 2021			86,033	--
Total High Intensity Drug Trafficking Areas Program	95.001		<u>192,579</u>	<u>--</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT PROGRAMS			<u>192,579</u>	<u>--</u>
DEPARTMENT OF AGRICULTURE PROGRAMS				
Pass-through State of Hawai'i - Child Nutrition Programs--				
Summer Food Service Program for Children:				
Summer/Winter Fun Meals		370S13240E72304429	24,995	--
Total Summer Food Service Program for Children	10.559		<u>24,995</u>	<u>--</u>
Direct Award--				
Rural Business Development Grant (A, B):				
Rural Business Development FY21			20,000	20,000
Total Rural Business Development Grant (A, B)	10.351		<u>20,000</u>	<u>20,000</u>
TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS			<u>44,995</u>	<u>20,000</u>
DEPARTMENT OF COMMERCE PROGRAMS				
Pass-through Office of State Planning--				
Coastal Zone Management Program Administration Awards--				
Coastal Zone Management Administration Awards:				
Fiscal Year 2016-2017		B-17-01-CZM	(8,572)	--
Fiscal Year 2018-2019		B17-01CZM S#2	(6,253)	--
Fiscal Year 2019-2020		B-20-02-CZM	254	--
Fiscal Year 2020-2021		B20-02CZM S#2	291,213	--
Total Coastal Zone Management Administration Awards	11.419		<u>276,642</u>	<u>--</u>
TOTAL DEPARTMENT OF COMMERCE PROGRAMS			<u>276,642</u>	<u>--</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS				
Pass-through State Executive Office on Aging--				
Aging Cluster				
Special Programs for the Aging - Title III, Part C, Nutrition Services:				
C1 AEA FY 2019		KA2016N03	33,620	--
C1 CONG FY 2019		KA2016N03	(2)	--
C1 CONG FY 2020		ASO LOG 20-200	(25,101)	--
C2 HOMED FY 2019		KA2016N03	44,884	--
C2 HOMED FY 2020		ASO LOG 20-200	319,707	--
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		<u>\$ 373,108</u>	<u>\$ --</u>

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS (Continued)				
Special Programs for the Aging - Title III, Part B:				
Grants for Supportive Services and Senior Centers:				
B AEA Access FY 20		ASO LOG 20-200	\$ 2,556	\$ --
B AEA AREA INHOME 2019		KA2016N03	11,257	--
B AEA AREA INHOME 2020		ASO LOG 20-200	9,236	--
B AEA AREA LEGAL 2018		KA2018N03	31,433	--
B AEA AREA LEGAL 2019		KA2016N03	28,872	--
B AEA AREA LEGAL 2020		ASO LOG 20-200	6,012	--
B AEA AREA SYS FY 19		KA2016N03	47,038	--
B AEA AREA SYS FY 20		ASO LOG 20-200	<u>44,924</u>	--
Total Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		<u>181,328</u>	--
Administration on Aging - Nutrition Services Incentive Program:				
Food Distribution:				
NSIP 2019		KA2019N03	6,693	--
NSIP 2020		N/A	39,517	--
NSIP 2021		N/A	<u>41,274</u>	--
Total Nutrition Services Incentive Program	93.053		<u>87,484</u>	--
Total Aging Cluster			<u>641,920</u>	--
National Family Caregiver Support, Title III, Part E:				
Cooperative Agreements to States and Territories:				
E ELDER CARE FY 18		KA2018N03	11,289	--
E ELDER CARE FY 19		KA2016N03	29,757	--
E ELDER CARE FY 20		ASO LOG 20-200	17,625	--
E GRGC FY 2019		KA2019N03	<u>1,654</u>	--
Total National Family Caregiver Support, Title III, Part E	93.052		<u>60,325</u>	--
Special Programs for the Aging - Title III, Part D:				
Disease Prevention and Health Promotion Services:				
D HP3D FY 2018		KA2019N03	2,369	--
D HP3D FY 2019		ASO LOG 20-200	<u>6,519</u>	--
Total Title III, Part D, Disease Prevention and Health Promotion Services	93.043		<u>8,888</u>	--
Substance Abuse and Mental Health Services Projects of Regional and National Significance:				
Pass-through State of Hawai'i Department of Health--				
PFS Prevention (Mod #7)		ASO 16-161	34,073	--
PFS Prevention (Mod #8)		ASO 16-161	<u>19,759</u>	--
Total SAMHSA Projects Regional and National Significance	93.243		<u>53,832</u>	--
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS			<u>\$ 764,965</u>	\$ --

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				
Pass-through State Department of Business, Economic Development and Tourism--				
Home Investment Partnerships Program:				
Fiscal year 2012		M11SG150100	\$ 12,029	\$ --
Fiscal year 2016		MS16SG160100	172,833	121,104
Fiscal year 2019		M19SG150100	2,177,152	2,140,584
HOME - Program Income			<u>264,517</u>	<u>1,000</u>
Total Home Investment Partnerships Program	14.239		<u>2,626,531</u>	<u>2,262,688</u>
Housing Trust Fund--				
Koa'e Workforce Housing		F16-SG150100	212,784	135,211
Fiscal year 2018 HTF Funds		F18-SG150100	1,352,712	1,350,000
Fiscal year 2019 HTF Funds		F19-SG150100	<u>1,195,225</u>	<u>1,195,225</u>
Total Housing Trust Fund	14.275		<u>2,760,721</u>	<u>2,680,436</u>
Direct Awards:				
Lower Income Housing Assistance Program--				
Section 8 - Housing Choice Vouchers (252 Fund)			11,636,307	--
Total Section 8 Housing Choice Vouchers	14.871		<u>11,636,307</u>	<u>--</u>
Family Self Sufficiency Program (FSS)--				
Family Self Sufficiency Program FY 2020			90,629	--
Family Self Sufficiency Program FY 2021			<u>92,337</u>	<u>--</u>
Total Family Self Sufficiency Program (FSS)	14.896		<u>182,966</u>	<u>--</u>
Community Development Block Grants / Entitlement Grants:				
U.S. Department of Housing and Urban Development			91,782	--
Total Community Development Block Grants / Entitlement Grants	14.218		<u>91,782</u>	<u>--</u>
Community Development Block Grants--				
State's Program and Non-entitlement Grants in Hawai'i:				
2020 Annual Action Plan and Community Development Block Grant Allocation			225,375	225,000
COVID-19 - CDBG - CARES Act			862,885	819,100
CDBG - Disaster Program Income			191,650	--
CDBG - Program Income			152,541	--
Fiscal year 2019			17,135	--
Fiscal year 2020			<u>327,163</u>	<u>211,888</u>
Total CDBG / State's Program and Non-Entitlement Grants in Hawai'i	14.228		<u>1,776,749</u>	<u>1,255,988</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS			<u>19,075,056</u>	<u>6,199,112</u>
DEPARTMENT OF JUSTICE PROGRAMS				
Pass-through Office of State Attorney General:				
Crime Victim Assistance:				
VOCA FY 2016		16-VA-01	405	--
VOCA FY 2017		17-VA-03	1,108	--
VOCA FY 2018		18-V2-03	<u>285,740</u>	<u>80,000</u>
Total Crime Victim Assistance	16.575		<u>287,253</u>	<u>80,000</u>
Violence Against Women Formula Grants:				
Stop Violence Against Women - 2017		17-WF-01	(1,971)	--
Stop Violence Against Women - 2018		2018-WF-AX-0024	74,118	--
Stop Violence Against Women - 2019		2020-WF-AX-0001	3,193	--
VAWA - SANE Exams - FY 2017		17-WF-05	5,415	--
VAWA - SANE Exams - FY 2018		18-WF-05	39,194	--
VAWA - SANE Exams - FY 2019		2019-WF-AX0035	<u>2,535</u>	<u>--</u>
Total Violence Against Women Grants	16.588		<u>122,484</u>	<u>--</u>
Paul Coverdell Forensic Sciences Improvement Grant Program:				
Forensic Science Quality Improvement		19-CD-03	15,356	--
Total Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		<u>\$ 15,356</u>	<u>\$ --</u>

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF JUSTICE PROGRAMS (Continued)				
Edward Byrne Memorial Justice Assistance Grant Program:				
Forensic Science Technology Improvement		18-DJ-10	\$ 119,754	\$ --
JAG Drug Nuisance Abatement		2016-DJ-BX-0089	16,039	--
JAG Local Solicitation FY 2016		2016-DJ-BX-0356	(180)	--
JAG Local Solicitation FY 2017		2017-DJ-BX-0517	1,496	--
JAG Local Solicitation FY 2018		2018-DJ-BX-0866	12,578	--
Statewide Multi-Jurisdictional Drug Task Force		18-DJ-03	40,887	--
Total Edward Byrne Memorial Justice Assistance Grant Program	16,738		<u>190,574</u>	<u>--</u>
Pass-through State Department of Human Services Office of Youth Services:				
Juvenile Accountability Block Grants:				
JABG FY 20 Hale Opio Kaua'i Inc.		DHS-20-OYS-037	36,766	36,766
Total Juvenile Accountability Block Grants	16,523		<u>36,766</u>	<u>36,766</u>
Project Safe Neighborhoods:				
Project Safe Kauai		2018-GP-BX-0010	3,510	--
Total Project Safe Neighborhoods	16,609		<u>3,510</u>	<u>--</u>
Direct Award--				
Coronavirus Emergency Supplemental Program:				
COVID-19 - Coronavirus Emergency Supplemental Program FY2020 Formula Grant			42,970	--
COVID-19 - Kauai OPA COVID-19 Response			7,981	--
Total Coronavirus Emergency Supplemental Program	16,034		<u>50,951</u>	<u>--</u>
TOTAL DEPARTMENT OF JUSTICE PROGRAMS			<u>706,894</u>	<u>116,766</u>
DEPARTMENT OF LABOR PROGRAMS				
Pass-through State Department of Labor and Industrial Relations:				
WIOA Cluster				
Adult Program FY 2017		WIOA-17-AP-K	215	215
Adult Program FY 2018		WIOA-18-AP-K	4,045	4,045
Adult Program FY 2019		WIOA-19-A&DWP-K	60,424	60,424
Total WIOA Adult Program	17,258		<u>64,684</u>	<u>64,684</u>
Dislocated Workers, PY 2017		WIOA-17-DWP-K	287	287
Dislocated Workers, PY 2018		WIOA-18-DWP-K	308	308
Dislocated Workers, PY 2019		WIOA-19-A&DWP-K	45,044	45,044
Total WIOA Dislocated Workers Formula Grants	17,278		<u>45,639</u>	<u>45,639</u>
Youth Programs PY 2017 - In School		WIOA-17-YP-K	54	54
Youth Programs PY 2017 - Out School		WIOA-17-YP-K	161	161
Youth Programs PY 2019 - In School		WIOA-19-YP-K	19,039	19,039
Youth Programs PY 2019 - Out School		WIOA-19-YP-K	57,108	57,108
Total WIOA Youth Activities	17,259		<u>76,362</u>	<u>76,362</u>
Administrative, PY 2018		WIOA-18-LAC-K	2,983	2,983
Administrative, PY 2019		WIOA-19-LAC-K	22,030	22,030
Total WIOA Administrative	NOCFDA		<u>25,013</u>	<u>25,013</u>
Total WIOA Cluster			<u>211,698</u>	<u>211,698</u>
TOTAL DEPARTMENT OF LABOR PROGRAMS			<u>\$ 211,698</u>	<u>\$ 211,698</u>

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF TRANSPORTATION PROGRAMS				
Pass-through State Department of Transportation:				
Buses and Bus Facilities Formula & Discretionary Programs:				
FTA Section 5339 FFY 13		HI-34-0001	\$ 116,445	\$ --
FTA Section 5339 FFY 16		HI-2016-002-00	(4,338)	--
FTA Section 5339 FFY 17		HI-2017-003-00	188,190	--
FTA Section 5339 FFY 18		HI-2018-010	<u>895,000</u>	<u>--</u>
Total Bus and Bus Facilities Formula & Discretionary Programs	20.526		<u>1,195,297</u>	<u>--</u>
Formula Grants for Rural Areas--				
Formula Grants for Rural Areas:				
FTA Section 5311 FFY 17		HI-2017-004-00	526,596	--
FTA Section 5311 FFY 18		HI-2018-011-01	469,822	--
FTA Section 5311 FFY 19		HI-2019-012	86,751	--
COVID-19 - FTA Section 5311 FFY 20 CARES		HI-2020-006	<u>896,729</u>	<u>--</u>
Total Formula Grants for Rural Areas	20.509		<u>1,979,898</u>	<u>--</u>
Highway Planning and Construction:				
Bridge Replacement - Off System:				
Bridge Inspection and Appraisal BR-NBIS(072)		BR-NBIS(072)	29,872	--
Bridge Inspection and Appraisal BR-NBIS(076)		BR-NBIS(076)	46,966	--
Hanapēpē Bridge Repair BR-0545(1)		BR-0545(1)	4,926	--
Opaekaa Bridge Design BR-0700(60)		BR-0700(60)	1,190,312	--
Puuopae Bridge Repair BR-0700(59)		BR-0700(59)	12,971	--
Statewide Transportation Improvement Program:				
Ahukini/Lydgate		STP-0700(51)	130,304	--
Hanapēpē Road Improvements STP-0545(2)		STP-0545(2)	3,196	--
Island Wide - Safe Routes to School SRS-0700(074)		SRS-0700(074)	370	--
King Kaumualii Safe Routes to School SRS-1500(086)		SRS-1500(086)	24,081	--
Koloa Safe Routes to School SRS-1500(086)		SRS-1500(086)	15,878	--
Kuna Bay Anahola Bike Pedestrian Path		CMAQ-0700(56)	8,736	--
Lydgate/Kapaa Bikepath Phase C STP-0700(64)		STP-0700(64)	1,822,589	--
Maluhia and Koloa Road Improvements STP-0700(072)		STP-0700(072)	14,204,240	--
Nawiliwili Ahukini Bike Path CMAQ-0700(57)		CMAQ-0700(57)	55,263	--
Poipu Road STP-520(4)		STP-520(4)	71,706	--
Puhi Road Rehabilitation Phase II STP-5010(002)		STP-5010(002)	24,853	--
Puhi Road Ultra-Thin Whitetopping		STP-5010(1)	(62,707)	--
Resurface Various Collector Roads		STP-0700(68)	(8,544)	--
Safe Routes Kawaihau, Hau'ala, Mailehuna Rd. (STP-0700(071))		STP-0700(071)	<u>61,270</u>	<u>--</u>
Total Highway Planning and Construction	20.205		<u>\$ 17,636,282</u>	<u>\$ --</u>

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided Through to Subrecipients
DEPARTMENT OF TRANSPORTATION PROGRAMS (Continued)				
State and Community Highway Safety:				
KPD Distracted Driver - FY 2021		DD21-K-04	\$ 955	\$ --
KPD Roadblock Grant - FY 2020		AL20-02(01-K-04)	2,093	--
KPD Roadblock Grant - FY 2021		AL21-K-05	1,596	--
KPD Seat Belt Enforcement - FY 2019		OP19-05(01-K-04)	(145)	--
KPD Seat Belt Enforcement - FY 2020		OP20-05(01-K-04)	1,129	--
KPD Seat Belt Enforcement - FY 2021		OP21-K-08	667	--
KPD Speed Enforcement - FY 2019		SC19-06(01-K-04)	(8,009)	--
KPD Speed Enforcement - FY 2020		SC20-06(01-K-04)	4,019	--
KPD Speed Enforcement - FY 2021		SC21-K-04	37,465	--
OPA DOT Highway Safety 2019		AL19-02(04-S-01)	(161)	--
OPA DOT Highway Safety 2020		AL20-02(04-S-01)	54,159	--
OPA DOT Highway Safety 2021		AL21-S-11	138,821	--
Total State and Community Highway Safety	20.600		232,589	--
Direct Award--				
National Infrastructure Investments:				
TIGER Discretionary Grants:				
Lihue Town Core Mobility and Revitalization Project			759,418	--
Total National Infrastructure Investments	20.933		759,418	--
TOTAL DEPARTMENT OF TRANSPORTATION PROGRAMS			21,803,484	--
CORPORATION FOR NATIONAL SERVICE PROGRAMS				
Direct Award--				
Retired and Senior Volunteer Program:				
Title II, Part A, Older Americans Volunteer Program:				
RSVP - CY 20			78,116	--
RSVP - CY 21			19,074	--
Total Retired and Senior Volunteer Program	94.002		97,190	--
TOTAL CORPORATION FOR NATIONAL SERVICE PROGRAMS			97,190	--
DEPARTMENT OF HOMELAND SECURITY PROGRAMS				
Pass-through State Department of Health and State Civil Defense Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disaster):				
FEMA-4062-DR-HI Police Emergency Response		PW31 KPDB001	89,451	--
FEMA-4365-DR-HI Fire Emergency Response		PW14 #391339	210,786	--
FEMA-4365-DR-HI Haena Beach Parking		PW10 #66339	129,286	--
FEMA-4365-DR-HI Truck Tractor Flood Damage		PW37 #47314	14,568	--
FEMA-4365-DR-HI Waihothonu Stream Bank Debris Removal		PW34 #48442	207,723	--
FEMA-4365-DR-HI Wainiha Powerhouse Road		PW15 #66339	1,661,856	--
FEMA-4365-DR-HI Weke Road		PW94 #45579	1,717,424	--
FEMA-4395-DR-HI Black Pot Beach Park & Weke Road Debris Removal		PW13 #45611	162,665	--
FEMA-4395-DR-HI KEMA Emergency Response		PW26 #66741	11,578	--
FEMA-4395-DR-HI Parks		PW06 #67870	62,480	--
FEMA-4549-DR-HI Emergency Pumping		PW04 #147726	3,490	--
FEMA-4549-DR-HI Fire Apparatus		PW02 #147509	5,301	--
FEMA-4549-DR-HI Fire Emergency Response		PW02 #147509	4,151	--
FEMA-4549-DR-HI KEMA Emergency Response		PW03 #147065	4,566	--
FEMA-4549-DR-HI Police Emergency Response		007-013E8-00	11,526	--
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 4,296,851	\$ --

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Through to Subrecipients
DEPARTMENT OF HOMELAND SECURITY PROGRAMS (Continued)				
Emergency Management Performance Grants:				
EMPG FY 2018		EMF-2018-EP-00006	\$ (4,628)	\$ --
EMPG FY 2019		EMF-2019-EP-00006	79,581	--
EMPG FY 2020		EMF-2020-EP-HIEMA-03	<u>38,905</u>	<u>--</u>
Total Emergency Management Performance Grants	97.042		<u>113,858</u>	<u>--</u>
Homeland Security Grant Program:				
Homeland Security Grant 2018		EMW-2018-SS-00006	375,865	--
Homeland Security Grant 2019		EMW-2019-SS-00019	<u>24,998</u>	<u>--</u>
Total Homeland Security Grant Program	97.067		<u>400,863</u>	<u>--</u>
Pass-through State of Hawaii - Hawaii Emergency Management Agency:				
BRIC: Building Resilient Infrastructure and Communities:				
County of Kauai Multi-hazard Mitigation & Resilience Update		N/A	<u>75,000</u>	<u>--</u>
Total BRIC: Building Resilient Infrastructure and Communities	97.047		<u>75,000</u>	<u>--</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY PROGRAMS			<u>4,886,572</u>	<u>--</u>
DEPARTMENT OF TREASURY				
Pass-through State Executive Office of the Governor:				
COVID-19 - Coronavirus Relief Fund:				
Agricultural Assistance Grants			2,930,044	2,930,044
CARES ACT Management and Compliance Overhead /				
Emergency Ops Center Cost			813,336	--
CARES ACT Management and Compliance Overhead / OED Costs			227,971	--
County Teleworking Costs - Past and Future Expenses			736,453	--
Food Support Services & Grants			1,312,182	--
Increased Digital Services for Public (Pay Online with No Fee, etc.)			401,258	--
Mental Health & DV Prevention Grants to Non-Profits			901,220	801,220
Non-Profit Economic Loss Support Grants (e.g. Child Care Support, Community Services)			1,250,000	--
Retrofitted Isolation Vehicles			5,000	--
Rise to Work - Non-Profit Grants (e.g. AG, IT, and Conservation Workers)			4,182,728	4,165,000
Shower Trailer			100,000	100,000
Small Business Loans and Other Business Support Grants			6,399,125	6,399,125
Social Distanced Summer Fund			499,992	--
Stock Additional PPE & Safety Supplies (Testing Kits, etc.)			2,336,107	227,971
Sustained Enforcement of Various Rules / Orders, Related Equipment & Database Costs			2,479,193	--
Transforming Tourism / Economic Diversification Recovery Support Program Grants			2,026,848	2,026,848
Various Departmental Labor Costs			<u>389,221</u>	<u>--</u>
Total COVID-19 - Coronavirus Relief Fund	21.019	001-County of Kauai	<u>26,990,678</u>	<u>16,650,208</u>
Emergency Rental Assistance Program:				
Emergency Rental Assistance		N/A	<u>8,872,557</u>	<u>8,856,000</u>
Total Emergency Rental Assistance Program	21.023		<u>8,872,557</u>	<u>8,856,000</u>
TOTAL DEPARTMENT OF TREASURY			<u>35,863,235</u>	<u>25,506,208</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 83,923,310</u>	<u>\$ 32,053,784</u>

The accompanying notes are an integral part of this schedule.

County of Kaua'i, Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activities of the County under programs of the federal government for the fiscal year ended June 30, 2021. 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 B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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 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 C - 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 Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2021

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?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported

Noncompliance material to financial statements noted?

	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
--	--------------------------	-----	-------------------------------------	----

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	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)?

	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
--	--------------------------	-----	-------------------------------------	----

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund
20.205	Highway Planning and Construction
21.023	Emergency Rental Assistance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: \$2,517,699

Auditee qualified as a low-risk auditee? yes no

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.
No. **Internal Control Findings**

2020-001 CIP Prior Period Adjustment - Material Weakness

Criteria: Governmental Accounting Standards Board Statement 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments requires that expenditures incurred during the construction of capital assets to be reported as construction in progress on the Statement of Net Position.

Condition: During our audit, we noted that the County recorded a prior period adjustment of construction in progress expenditures totaling \$1,003,387. The amount was expensed rather than recorded as part of capital assets on the Statement of Net Position. This adjustment resulted in an increase of beginning net position of \$1,003,387 for total primary business type activities reported in the Annual Comprehensive Financial Report (ACFR) of the County as of July 1, 2020.

Cause: The County's controls over identifying and coding construction in progress expenditures to report under capital assets were not effective.

Effect: The County's beginning net position reported in the ACFR as of July 1, 2020 was understated by \$1,003,387.

Identification as a Repeat Finding, if applicable:

Not applicable.

Recommendation

Management should ensure that a process is established in which fiscal personnel review expenditures incurred to determine if they are related to construction in progress to mark and record as capital assets.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the finding and the recommendation. See Part IV Corrective Action Plan.

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No. **Internal Control Findings (Continued)**

2020-002 SRF Loans Prior Period Adjustment - Material Weakness

Criteria: Governmental Accounting Standards Board Statement 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments states that transfers should be reported under other financing sources and uses. Transfers include interfund advances to another fund for which repayment is not expected within a reasonable time.

Condition: During our audit we noted that the County recorded a prior period adjustment of \$14,228,141 on the Solid Waste Disposal Fund and General Capital Improvement Fund for state revolving fund loans that were not received of June 30, 2020. The County had advanced monies for three projects that were recorded as grant revenue rather than a transfer. This adjustment resulted in a decrease of beginning net position of \$14,228,141 for total primary governmental type activities reported in the Annual Comprehensive Financial Report (ACFR) of the County as of July 1, 2020.

Cause: County personnel did not have an effective process to identify, communicate, and record all advances made for projects that will be financed by state revolving fund loans.

Effect: The County's beginning net position reported in the ACFR as of July 1, 2020 was overstated by \$14,228,141.

Identification as a Repeat Finding, if applicable:

Not applicable.

Recommendation

Management should ensure that an effective process is established in which County personnel communicate to identify and record all advances on County projects that will be financed by state revolving fund loans.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the finding and the recommendation. See Part IV Corrective Action Plan.

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.
No. **Internal Control Findings (Continued)**

2020-003 Conduit Debt Receivable Prior Period Adjustment - Material Weakness

Criteria: The County's policies require that its government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized as soon as they are measureable and available. Measureable means the amounts are determinable. Available means that the amounts are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Condition: During our audit, we noted that the County recorded a prior period adjustment for receivables totaling \$179,534. The County is due amounts related to the County of Kauai Community Facilities District Bonds. A portion of special assessment revenues are deposited in discretionary accounts for the County's projects and conduit bond administrative costs. This adjustment resulted in an increase of beginning net position of \$179,534 for total primary governmental activities reported in the Annual Comprehensive Financial Report (ACFR) of the County as of July 1, 2020.

Cause: At the issuance of the initial Community Facilities District Bonds, some of the discretionary accounts had zero balances and were not identified for inclusion as measurable revenue. The County was unaware of these additional accounts that should have been included.

Effect: The County's beginning net position reported in the ACFR as of July 1, 2020 was understated by \$179,534.

Identification as a Repeat Finding, if applicable:

Not applicable.

Recommendation

Management should ensure that a process is established to identify all County discretionary accounts related to conduit bonds at each issuance.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the finding and the recommendation. See Part IV Corrective Action Plan.

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PART IV
CORRECTIVE ACTION PLAN

DEPARTMENT OF FINANCE

REIKO MATSUYAMA, DIRECTOR

MICHELLE L. LIZAMA, DEPUTY DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

March 10, 2022

Blake S. Isobe
N & K CPA's Inc.
999 Bishop Street, Suite 2200
Honolulu, HI 96813-3696

Dear Mr. Isobe:

Attached are the County of Kaua'i's responses and corrective action plans related to your fiscal year 2021 audit report *Uniform Guidance Single Audit Report* Current Findings and Recommendations. We appreciate the opportunity to comment on the audit report.

Sincerely,

A handwritten signature in black ink, appearing to read "Reiko Matsuyama", is written over a large, light-colored oval shape.

Reiko Matsuyama
Director of Finance

County of Kaua'i, Hawai'i
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2021

Ref.
No. **Internal Control Findings**

2021-001 CIP Prior Period Adjustment - Material Weakness

Auditor's Recommendation: Management should ensure that a process is established in which fiscal personnel review expenditures incurred to determine if they are related to construction in progress to mark and records as capital assets.

Corrective Action: Management agrees with the auditor's recommendation. Fiscal personnel will review project costs quarterly to ensure that construction in progress expenditures are coded and recorded as capital asset to adhere to GASB Statement 34. Furthermore, fiscal personnel will work closely with project managers/coordinators to effectively determine if future Housing projects are required to be capitalized.

End Date: Continuous monitoring.

Responding Person(s): Adam Roversi, Housing Director
Tess Abigania, Accountant IV
Phone: (808) 241-4444

County of Kaua'i, Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2021

Ref.
No. **Internal Control Findings (Continued)**

2021-002 SRF Loans Prior Period Adjustment - Material Weakness

Auditor's Recommendation: Management should ensure that an effective process is established in which County personnel communicate to identify and record all advances on County projects that will be financed by state revolving loans.

Corrective Action: Finance and Public Works will communicate periodically on the status of projects and drawdowns received:

The Department of Public Works (DPW) Solid Waste project managers will continue to follow up with the status of projects and outstanding drawdown requests with the Department of Health (DOH) Clean Water branch quarterly to assist with properly recording advances.

Annually in July, a confirmation request will be sent to DOH to acknowledge invoices received that remain unpaid at June 30th. Amounts reported by DOH will be compared against project revenue and expense reports. Large variances will be forwarded to DPW for their follow-up.

End Date: Continuous monitoring.

Responding Person(s): Renee Yadao, Accounting Systems Administrator
Phone: (808) 241-4211

Michael Tresler, Public Works Fiscal Management Officer
Phone: (808) 241-4837

County of Kaua'i, Hawai'i
CORRECTIVE ACTION PLAN (Continued)
Fiscal Year Ended June 30, 2021

Ref.
No. **Internal Control Findings (Continued)**

2021-003 Conduit Debt Receivable Prior Period Adjustment - Material Weakness

Auditor's Recommendation: Management should ensure that a process is established to identify all County discretionary accounts related to conduit bonds at each issuance.

Corrective Action: Management agrees with the recommendation provided by the Auditors to identify all discretionary accounts at each Community Facilities District Bonds issuance. Now that we have a better understanding of what accounts should be recorded as revenue, Treasury will review the project reports on a quarterly basis to determine what amounts can be drawn from the revenue accounts and requisition those monies accordingly to ensure timely recovery of expenditures. Upon year-end, Treasury will true-up the revenue/receivable amounts with an adjusted journal entry using the June 30 statement balances.

End Date: Continuous monitoring.

Responding Person(s): Reiko Matsuyama, Director of Finance
Phone: (808) 241-4200

PART V
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

County of Kaua'i, Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2021

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, 2020, dated January 20, 2021.

SECTION II - FINANCIAL STATEMENT FINDINGS

<u>Recommendations</u>	<u>Status</u>
<p>2020-001 OPEB Prior Period Adjustment - Material Weakness (Page 22)</p> <p>Management should ensure that a process is established in which management-level fiscal personnel review transactions for the determination of the proper accounting treatment for changes to the OPEB liability as of the measurement date.</p>	Accomplished.
<p>2020-002 Landfill Prior Period Adjustment - Material Weakness (Page 23)</p> <p>Management should perform an annual review of available information for its landfill operations to ensure that adjustments to its accrued estimated closure and postclosure care costs are reported in the period when the change occurs.</p>	Accomplished.
<p>2020-003 Timely Reconciliation of State Grant Programs - Material Weakness (Page 24)</p> <p>The County should implement a uniform process across all departments to complete monthly or quarterly reconciliations and monitoring of State grants.</p>	Accomplished.