



# TIMELY EXPENDITURES

CDBG-DR

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## Version History

Version	Date	Summary Description
1.0	06/04/2025	Final version submitted to HUD for FM Certification
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## 1. Overview

The County of Maui Office of Recovery (County OOR) is the lead agency responsible for administering the CDBG-DR funds allocated to Maui County for long-term recovery efforts. These funds are subject to the requirements of the appropriations act, the Allocation Announcement Notice (90 FR 4759), and the Universal Notice (90 FR 1754).

To ensure expenditure of all CDBG-DR funds within the required six-year period, the County must submit projections regarding the obligation and expenditure of 100% of CDBG-DR funds over the life of the award as well as the anticipated outcomes associated with program activities.

These projections enable the County and the US Department of Housing and Urban Development (HUD) to evaluate progress on program activities and ensure recovery efforts are achieved in a timely manner. To achieve these goals, the County has established the following procedures to implement strict guidelines for all County administered projects and any grant agreements with subrecipients. In addition, the County will provide technical assistance and support to all subrecipients as needed so that quarterly goals are met, and funds are expended within all deadlines.

## 2. Reporting

HUD requires the County to enter detailed information into the Disaster Recovery Grant Reporting (DRGR) System to allow HUD to review the County's performance. Quarterly Performance Reports (QPRs) must be submitted through DRGR no later than 30 days after the end of each calendar quarter. These reports must include a comparison of actual expenditures versus budgeted amounts, projected expenses for the next quarter, and justifications for any variances exceeding 100%.

The County OOR will use data from the DRGR action plan, transactional records in DRGR, and reports from subrecipients to generate updates for HUD and the public. To maintain transparency, the County OOR will post all projections, program income, and performance data on its website. This will allow both HUD and the public to track and compare proposed versus actual performance for each program.

The County OOR will conduct regular monitoring visits with subrecipients and perform detailed reconciliations between reported expenditures in DRGR and internal financial records to ensure accuracy and accountability. Any discrepancies identified will be promptly investigated and addressed. All expenditures reported to HUD must be fully supported by appropriate source documentation, including but not limited to invoices, executed contracts, timesheets, and other relevant financial records.

## 3. Program Income

Program Income is defined by HUD to include any “gross income received by a State, a Unit of General Local Government, or a subrecipient of the Unit of General Local Government that was generated from the use of CDBG funds, regardless of when the CDBG funds were appropriated and whether the activity has been closed out” (24 CFR 570.489(e) and Federal Register Notice 90 FR 1754) for CDBG-DR funds.

Gross income (greater than \$35,000 annually in the aggregate) generated from the use of CDBG-DR funds and received by recipient or subrecipient, except as provided in 90 FR 1754, which pertains to the net income from rental property constructed or improved with CDBG-DR funds and owned by a State, Local Government, or subrecipient thereof, and received by the State or a subrecipient of the State.

Typical sources of program income include:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with grant funds;
- Proceeds from the disposition of equipment purchased with grant funds;
- Gross income from the use or rental of real or personal property acquired by the County with grant funds, less costs incidental to the generation of the income;
- Gross income from the use or rental of real property owned by the Unit of General Local Government that was constructed or improved with grant funds, less the costs incidental to the generation of the income;
- Payments of principal and interest on loans made using grant funds;
- Proceeds from the sale of loans or obligations secured by loans made with grant funds;
- Interest earned on funds held in a revolving fund account or earned on program income pending disposition of the income;
- Funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where special assessments are used to recover all or part of the grant portion of a public improvement; and
- Gross income paid to a State, Local Government, or subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

## a. Management of Program Income

The County anticipates that certain CDBG-DR-funded activities will generate program income, which must be managed in compliance with federal regulations, including those outlined in 90 FR 1754. In accordance with HUD guidance, the County may either retain program income as CDBG-DR funds until grant closeout or, with HUD approval, transfer it to the County's annual CDBG entitlement program. The County OOR will manage program income in alignment with the HUD-approved Action Plan, ensuring that these funds are prioritized for eligible activities before drawing additional grant funds from the U.S. Treasury.

All program income received will be deposited into the County's treasury account and recorded across three systems: the County's financial management system (Finance Enterprise), the Office of Recovery's internal financial tracking system, and HUD's Disaster Recovery Grant Reporting (DRGR) system. Reconciliation among these systems will be conducted monthly to ensure accuracy, transparency, and audit readiness. Each receipt of program income will be clearly linked to the activity that generated it to ensure full traceability and regulatory compliance.

The County OOR's Fiscal Officer, in coordination with the grant management team, is responsible for overseeing the use and documentation of program income. This oversight ensures adherence to all applicable federal requirements, the CDBG-DR grant agreement, and the County's internal control policies.

Subrecipients are required to return any program income to the County within 30 days of receipt and prior to contract closeout. Upon receipt, the County will allocate and expend these funds in accordance with 24 CFR 570.504 and other applicable federal guidelines.

## 4. Tracking and Documentation

The County expects, at a minimum, that implementation contractors, project leads, and subrecipients track and document grant performance to ensure the timely expenditure of funds throughout the grant period. The County will oversee and monitor expenditures, comparing them to approved project budgets, performance goals, and milestones. Periodic checks will be conducted to ensure alignment with project timelines.

Contractors, project leads, and subrecipients will be required to submit regular updates on progress, expenditures, and any potential impediments to compliance. These updates will be reviewed for consistency with project goals. If delays or obstacles arise, contractors and subrecipients must promptly notify the County, enabling the identification and resolution of any stalled activities.

Stalled activities will be identified through regular status updates, progress reports, and ongoing communication between the County and contractors or subrecipients. If an activity falls behind its established timeline or milestones for three months, it will be flagged as stalled. The County will track these activities through a monitoring system that highlights delays, analyzes the causes, and ensures corrective actions are taken. Regular reviews will help to identify and address any impediments promptly, ensuring activities stay on track for timely completion. Activities that remain stalled for more than six months may be subject to program reallocation. Subrecipients will be notified in writing and CDBG-DR staff will conduct a corrective action period. A proposal will be submitted to HUD, to ensure that funds are expended within the grant period as required by the Allocation Announcement Notice.

To maintain accountability, the County OOR will conduct periodic reviews, monitor expenditures, and generate monthly budget reports for real-time tracking. This system ensures proactive management and timely use of CDBG-DR funds in compliance with federal requirements.

## 5. Projection of Expenditures

The County OOR proposed CDBG-DR programs and projects, methods of distribution, and anticipated projections for the timely expenditure of funding to meet the six-year deadline established in the Universal Notice (90 FR 1754). These projections will be based on each quarter's expected performance,

beginning when funds become available to the County and continuing each quarter until all funds are expended.

Since the exact timing of funding disbursements remains uncertain, the projections will reflect anticipated expenditures based on the County's best estimates. As funding becomes available, the County will update these projections, ensuring they align with actual performance. The published Action Plan will be amended as needed to accommodate changes, updates, or revisions to project and activity budgets, ensuring the timely expenditure of all funds.

To develop and track these projections, the County OOR will utilize the "CDBG-DR Grantee Projections of Expenditures and Outcomes" [template](#) provided by HUD upon approval of the Action Plan. This approach will allow the County to effectively plan for and manage the expenditure of 100% CDBG-DR funds, even with the uncertainties around the exact funding timeline.