

*Financial Statements and Required Supplementary  
Information*

**Majuro Atoll Waste Company**

(A Component Unit of the Republic of the Marshall Islands)

*Years ended September 30, 2024 and 2023  
with Report of Independent Auditors*



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Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Financial Statements and Required Supplementary Information

Years ended September 30, 2024 and 2023

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## Report of Independent Auditors

The Board of Directors  
Majuro Atoll Waste Company

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities of Majuro Atoll Waste Company (MAWC), a component unit of the Republic of the Marshall Islands, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise MAWC's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of MAWC as of September 30, 2024 and 2023, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MAWC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MAWC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MAWC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MAWC's ability to continue as a going concern for a reasonable period of time.

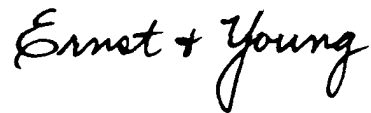
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025, on our consideration of MAWC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MAWC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MAWC's internal control over financial reporting and compliance.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

November 21, 2025

**Majuro Atoll Waste Company**  
(A Component Unit of the Republic of the Marshall Islands)

**Management's Discussion and Analysis**

Years ended September 30, 2024 and 2023

**OVERVIEW**

Majuro Atoll Waste Company (MAWC) management offers the readers of MAWC's financial statements this narrative overview and analysis of the financial activities of MAWC for the fiscal year ended September 30, 2024, with comparative information provided for 2023 and 2022. We encourage the readers to consider the information presented here in conjunction with additional information that we have furnished in MAWC's financial statements.

MAWC is a state-owned enterprise of the Republic of the Marshall Islands (RepMar) under the Ministry of Works, Infrastructure and Utilities (MWIU) starting May 16, 2024, previously under the Ministry of Environment. MAWC currently does not receive a General Fund subsidy from the RepMar government starting October 1, 2023, but will be under the new agreement with the RepMar government through the Community Service Obligation (CSO) contract. Other sources of funds are provided by grants from both foreign governments and private institutions and from MAWC's own revenues from operations.

MAWC is engaged in collecting and disposal of solid waste as well as implementation and operation of a Container Deposit Legislation (CDL) recycling program in Majuro Atoll. MAWC is governed by a seven member Board of Directors, chaired by the MWIU Minister with members from the RMI Environmental Protection Authority (EPA), Majuro Atoll Local Government (MALGOV), Chamber of Commerce, Tourism and Hospitality Community Association, Ministry of Finance, Banking and Postal Services (MOFBPS), and a representative from local landowners. MAWC is managed by 39 employees with the leadership of the General Manager.

**OPERATIONAL AND FINANCIAL PERFORMANCE**

MAWC's results of operations for 2024 have decreased its net operating loss by \$619,906 (or 78.9%) from \$785,442 in 2023 to \$165,536 in 2024. Factors that contributed to the net unfavorable results in 2024 are attributed to the increase in operating revenues of \$856,576 (or 98.25%) from \$871,808 in 2023 to \$1,728,384 in 2024 offset by the increase in operating expenses of \$236,670 (or 14.3%) from \$1,657,250 in 2023 to \$1,893,920 in 2024.

The major contributor to the increase in operating revenues was the new revenue source from the Community Service Obligation (CSO) agreement, which represents the payment from RepMar through the Ministry of Finance to MAWC for the service it provides to the public. Other contributors included an increase in recycling and waste collection revenues, offset by a decrease in revenues from RepMar's Recycling Fund revenues. The increase in operating expenses was attributed to an increase in payroll, depreciation, waste collection expense, fuel, uniform purchases, repairs and maintenance, office supplies, meetings and entertainment, tools, advertising and miscellaneous expenses offset by a decrease in recycling expense, taxes and licenses and leases.

**Majuro Atoll Waste Company**  
(A Component Unit of the Republic of the Marshall Islands)

**Management's Discussion and Analysis, continued**

**FINANCIAL ANALYSIS OF MAWC**

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of MAWC's financial condition. MAWC's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

**Net Position**

A summary of MAWC's Statements of Net Position is presented below:

**Summary Statements of Net Position**  
As of September 30

	2024	2023	\$ Change 2024-2023	% Change 2024-2023	2022
<b>Assets:</b>					
Current and other assets	\$ 705,379	\$ 583,904	\$ 121,475	20.8%	\$ 443,751
Capital assets	1,731,928	818,530	913,398	111.6%	542,495
<b>Total assets</b>	<b>2,437,307</b>	<b>1,402,434</b>	<b>1,034,873</b>	<b>73.8%</b>	<b>986,246</b>
<b>Liabilities:</b>					
Current and other liabilities	174,561	173,187	1,374	0.8%	147,678
<b>Net position:</b>					
Net investment in capital assets	1,731,928	818,530	913,398	111.6%	542,495
Restricted	11,500	-	11,500	100.0%	-
Unrestricted	519,318	410,717	108,601	26.4%	296,073
<b>Total net position</b>	<b>\$ 2,262,746</b>	<b>\$ 1,229,247</b>	<b>\$ 1,033,499</b>	<b>84.1%</b>	<b>\$ 838,568</b>

MAWC's total assets have increased by \$1,034,873 (or 73.8%) from \$1,402,434 in 2023 to \$2,437,307 in 2024, represented by a 20.8% increase in current and other assets and a 111.6% increase in capital assets. Current and other assets increased by \$121,475 (or 20.8%) primarily due to an increase in cash of \$11,599 (or 2.8%) from \$418,805 in 2023 to \$430,404 in 2024 and an increase in trade and other receivables of \$109,876 (or 67.2%) from \$163,599 in 2023 to \$273,475 in 2024. Capital assets increased by \$913,398 (or 111.6%) from \$818,530 in 2023 to \$1,731,928 in 2024 primarily due to capital asset acquisitions of \$1,111,886 less depreciation expense of \$198,488. Capital asset acquisitions includes the donation of capital assets from the Government of Japan and the European Union of \$882,375 and \$60,418, respectively.

MAWC's total liabilities have nominally increased by \$1,374 (or 0.8%) from \$173,187 in 2023 to \$174,561 in 2024.

As a result of these changes in assets and liabilities, total net position has increased by \$1,033,499 (or 84.1%) from \$1,229,247 in 2023 to \$2,262,746 in 2024.

**Majuro Atoll Waste Company**  
(A Component Unit of the Republic of the Marshall Islands)

**Management's Discussion and Analysis, continued**

**FINANCIAL ANALYSIS OF MAWC, continued**

**Change in Net Position**

A summary of MAWC's Statements of Revenues, Expenses, and Changes in Net Position is presented below:

**Summary Statements of Revenues, Expenses and Changes in Net Position**  
Years Ended September 30

	2024	2023	\$ Change 2024-2023	% Change 2024-2023	2022
Operating:					
Operating revenues	\$ 1,728,384	\$ 871,808	\$ 856,576	98.3%	\$ 956,863
Operating expenses	<u>1,893,920</u>	<u>1,657,250</u>	<u>236,670</u>	14.3%	<u>1,942,806</u>
Operating loss	(165,536)	(785,442)	619,906	(78.9)%	(985,943)
Nonoperating:					
Nonoperating revenues	<u>-</u>	<u>776,756</u>	<u>(776,756)</u>	(100.0)%	<u>708,506</u>
	(165,536)	(8,686)	(156,850)	1805.8%	(277,437)
Capital contributions	<u>1,199,035</u>	<u>399,365</u>	<u>799,670</u>	200.2%	<u>20,977</u>
Change in net position	<u>\$ 1,033,499</u>	<u>\$ 390,679</u>	<u>\$ 642,820</u>	164.5%	<u>\$ (256,460)</u>

MAWC's operating revenues increased by \$856,576 (or 98.3%) from \$871,808 in 2023 to \$1,728,384 in 2024. This increase is primarily the result of the execution of the CSO agreement entered into by MAWC with RepMar that resulted in the recognition of CSO revenues in 2024 in the amount of \$826,906. This CSO agreement became effective October 1, 2023 and replaced the prior arrangement of annual operating subsidies appropriated by the Nitijela of RepMar.

MAWC's operating expenses also increased by \$236,670 (or 14.3%) from \$1,657,250 in 2023 to \$1,893,920 in 2024. This increase is primarily the result of an increase in waste collection expenses due to the purchase of waste collection bins, uniforms and tools together with an increase in depreciation expense due to an overall increase in capital assets.

As indicated above, MAWC did not receive an operating subsidy from RepMar in 2024, which was replaced by the CSO agreement. In 2023, MAWC was the recipient of operational subsidies from RepMar of \$776,756.

Finally, capital contributions increased by \$799,670 (or 200%) from \$399,365 in 2023 to \$1,199,035 in 2024. Capital contributions represent donated capital assets from the Government of Japan and the European Union of \$882,375 and \$60,418, respectively, together with a U.S. Department of the Interior grant in the amount of \$256,242.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Management's Discussion and Analysis, continued

**FINANCIAL ANALYSIS OF MAWC, continued**

**Change in Net Position, continued**

The increase in operating revenues was attributed primarily to the new revenue source of MAWC through the Community Service Obligations agreement amounting to \$826,906, an increase in other recycling revenues of \$15,437 (or 19.9%) from \$77,445 in 2023 to \$92,882 in 2024, an increase in waste collection revenues of \$7,075 (or 9.7%) from \$72,639 in 2023 to \$79,714 in 2024, and an increase in other revenues of \$70,157 (or 5,590%) from \$1,255 in 2023 to \$71,412 in 2024. These increases in revenues were offset by the decrease in recycling fund revenues of \$41,882 (or 5.8%) from \$724,781 in 2023 to \$682,899 in 2024. This increase in other revenues is attributed to CSO revenues to fund residential bins that were distributed to residential customers

The increase in operating expenses was attributed primarily to an increase in payroll costs of \$33,922 (or 5.3%) from \$636,698 in 2023 to \$670,620 in 2024, a decrease in recycling expenses of \$41,833 (or 6.5%) from \$646,937 in 2023 to \$605,104 in 2024, an increase in depreciation of \$61,840 (or 45.3%) from \$136,648 in 2023 to 198,488 in 2024, an increase in waste collection expense of \$95,657 (or 100%), an increase in fuel cost of \$10,113 (or 12.9%) from \$78,396 in 2023 to \$88,509 in 2024, an increase in uniforms expense of \$31,260 (or 873%) from \$3,580 in 2023 to \$34,840 in 2024, an increase in repairs and maintenance expense of \$15,250 (or 38.2%) from \$39,969 in 2023 to \$55,219 in 2024, an increase in office supplies of \$2,464 (or 9.7%) from \$25,488 in 2023 to \$27,952 in 2024, an increase in meetings and entertainment expense of \$5,601 (or 32.3%) from \$17,365 in 2023 to \$22,966 in 2024, an increase in tools expense of \$21,086 (or 100%), an increase in utilities and communications expense of \$1,410 (or 9.9%) from \$14,245 in 2023 to \$15,655 in 2024, a decrease in taxes and licenses of \$17,042 (or 61.7%) from \$27,616 in 2023 to \$10,574 in 2024, an increase in insurance expense of \$4,517 (or 103.7%) from \$4,356 in 2023 to \$8,873 in 2024, a decrease in leases of \$378 (or 12.4%) from \$3,045 in 2023 to \$2,667 in 2024, an increase in advertising of \$36 (or 2.4%) from \$1,472 in 2023 to \$1,508 in 2024, and an increase in miscellaneous expenses of \$14,454 (or 73.2%) from \$19,748 in 2023 to \$34,202 in 2024. There were no seawall related expenses in 2024, which resulted in a decrease of \$1,687 (or 100%).

Management's Discussion and Analysis for the year ended September 30, 2023 is set forth in MAWC's report on the audit of financial statements, which is dated September 12, 2024. Such Management Discussion and Analysis explains the major factors impacting the 2023 financial statements and can be obtained from MAWC's General Manager via the contact information on page 9.

**Majuro Atoll Waste Company**  
(A Component Unit of the Republic of the Marshall Islands)

**Management's Discussion and Analysis, continued**

**CAPITAL ASSETS AND LONG-TERM DEBT**

At September 30, 2024, MAWC has investments in capital assets, net of accumulated depreciation, of \$1,731,928 an increase of \$913,398 (or 111.6%) from 2023. This increase is the result of current year depreciation expense amounting to \$198,488 offset by current year additions to depreciable capital assets amounting to \$1,111,613. The capital asset additions in 2024 pertains to office equipment, recycling equipment, truck and heavy equipment and waste collection equipment.

A summary of MAWC's capital assets is presented below:

**Summary Schedule of Capital Assets**  
As of September 30

	2024	2023	\$ Change 2024-2023	% Change 2024-2023	2022
Office equipment	\$ 51,424	\$ 43,803	\$ 7,621	17.4%	\$ 36,401
Recycling equipment	564,240	503,822	60,418	12.0%	503,822
Truck and heavy equipment	1,472,879	501,570	971,309	193.7%	501,570
Buildings and other structures	29,694	29,694	-	0.0%	29,694
Recycle center	185,684	185,684	-	0.0%	185,684
Waste collection equipment	1,011,418	938,880	72,538	7.7%	533,599
	3,315,339	2,203,453	1,111,886	50.5%	1,790,770
Accumulated depreciation	(1,583,411)	(1,384,923)	(198,488)	14.3%	(1,248,275)
	<u>\$ 1,731,928</u>	<u>\$ 818,530</u>	<u>\$ 913,398</u>	111.6%	<u>\$ 542,495</u>

In 2024, MAWC was the recipient of donated capital assets from the Government of Japan and the European Union. In 2023, MAWC was the recipient of donated capital assets from the Asian Development Bank.

In addition, MAWC was the recipient of U.S. Department of the Interior grants to assist with the acquisition of waste collection equipment.

Please refer to Note 3 for additional information concerning MAWC's capital assets. At this time, MAWC has no long-term debt.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Management's Discussion and Analysis, continued

**ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES**

Fiscal Year 2024 Budget

MAWC generated total operating revenues of \$1,728,384, which was lower than the anticipated revenues of \$1,779,520. The decrease in revenue estimates was caused by the increase in bad debt expense for 2024 as well as the decrease in the waste collection revenues.

Fiscal Year 2025 Budget

MAWC will continue to be under a new agreement with the RMI government through a Community Service Obligation (CSO) amounting to \$987,086 plus anticipated grants and operating revenues of \$768,250 with the total operating revenue of \$1,755,336 that aim to attain the following four outputs/goals:

1. All residential and commercial solid waste in Majuro service areas successfully collected in bins, bags or as bulk materials, and hauled to landfill for segregation, recycling or disposal.
2. All segregated, non-recyclable waste from Majuro service areas effectively disposed of in semi-sanitary landfill.
3. All segregated, recyclable waste from Majuro service areas processed for local reuse or exportation.
4. MAWC's operations and development guided by effective strategic plans and governance of Board of Directors with manager.

MAWC will continue to develop and implement strategic and annual action plans, build revenues towards sustainable financing and more independent operations as befit a state-owned enterprise.

Contact Us

Questions associated with the above Management's Discussion and Analysis may be sent by post addressed to Halston Debrum, General Manager, P.O. Box 3596, Majuro, MH 96960, or via email to [wanidebrum@gmx.com](mailto:wanidebrum@gmx.com) or call mobile no. (692) 455-3736.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Statements of Net Position

	September 30,	
	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 430,404	\$ 418,805
Receivables:		
Trade	132,955	88,846
Due from RepMar	227,184	86,202
Affiliates	27,295	50,270
Federal agencies	12,535	39,346
	399,969	264,664
Less allowance for doubtful accounts	( 126,494 )	( 101,065 )
Receivables, net	273,475	163,599
Other current assets	1,500	1,500
Total current assets	705,379	583,904
Capital assets, net of accumulated depreciation	1,731,928	818,530
	\$ 2,437,307	\$ 1,402,434
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 55,941	\$ 54,620
Payroll liabilities	59,460	55,857
Other liabilities and accruals	1,176	1,176
Payable to affiliates	57,984	61,534
Total liabilities	174,561	173,187
Commitments and contingencies		
Net position:		
Net investment in capital assets	1,731,928	818,530
Restricted	11,500	---
Unrestricted	519,318	410,717
Total net position	2,262,746	1,229,247
	\$ 2,437,307	\$ 1,402,434

See accompanying notes.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30,	
	2024	2023
Operating revenues:		
CSO-residential waste	\$ 826,906	\$ ---
Recycling fund revenues	682,899	724,781
Other recycling revenues	92,882	77,445
Waste collection	79,714	72,639
Other	71,412	1,255
Bad debts expense	( 25,429 )	( 4,312 )
Total operating revenues	1,728,384	871,808
Operating expenses:		
Payroll	670,620	636,698
Recycling	605,104	646,937
Depreciation	198,488	136,648
Waste collection expense	95,657	---
Fuel	88,509	78,396
Repairs and maintenance	55,219	39,969
Uniforms	34,840	3,580
Office supplies	27,952	25,488
Meetings and entertainment	22,966	17,365
Tools	21,086	---
Utilities and communications	15,655	14,245
Taxes and licenses	10,574	27,616
Insurance	8,873	4,356
Leases	2,667	3,045
Advertising	1,508	1,472
Seawall	---	1,687
Miscellaneous	34,202	19,748
Total operating expenses	1,893,920	1,657,250
Loss from operations	( 165,536 )	( 785,442 )
Nonoperating revenues:		
RepMar subsidy	---	776,756
Loss before capital contributions	( 165,536 )	( 8,686 )
Capital contributions:		
Government of Japan	882,375	---
U.S. Department of the Interior	256,242	358,744
European Union	60,418	---
Asian Development Bank	---	40,621
	1,199,035	399,365
Change in net position	1,033,499	390,679
Net position at beginning of year	1,229,247	838,568
Net position at end of year	\$ 2,262,746	\$ 1,229,247

See accompanying notes.

**Majuro Atoll Waste Company**  
(A Component Unit of the Republic of the Marshall Islands)

**Statements of Cash Flows**

	Year ended September 30,	
	2024	2023
Cash flows from operating activities:		
Cash received from the Recycling Fund	\$ 689,274	\$ 696,204
Community service obligation receipts	679,549	---
Cash received from customers	222,874	144,377
Cash payments to suppliers for goods and services	( 1,027,041 )	( 847,980 )
Cash payments to employees for services	( 667,017 )	( 647,113 )
Net cash used in operating activities	( 102,361 )	( 654,512 )
Cash flows from noncapital financing activities:		
Operating subsidy received from RepMar	---	776,756
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	( 169,093 )	( 372,062 )
Capital contributions received	283,053	319,398
Net cash provided by (used in) capital and related financing activities	113,960	( 52,664 )
Net change in cash	11,599	69,580
Cash at beginning of year	418,805	349,225
Cash at end of year	\$ 430,404	\$ 418,805
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$( 165,536 )	\$( 785,442 )
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	198,488	136,648
Bad debts expense	25,429	4,312
Change in assets and liabilities:		
Receivables:		
Trade	( 44,109 )	( 10,309 )
Affiliates	( 118,007 )	( 25,230 )
Accounts payable	1,321	41,701
Payroll liabilities	3,603	( 10,415 )
Payable to affiliates	( 3,550 )	( 5,777 )
Net cash used in operating activities	\$( 102,361 )	\$( 654,512 )
Noncash capital and related financing activities:		
Donation of capital assets:		
Capital assets	\$( 942,793 )	\$( 40,621 )
Capital contributions	942,793	40,621
	\$ ---	\$ ---

*See accompanying notes.*

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements

Years ended September 30, 2024 and 2023

**1. Organization**

Majuro Atoll Waste Company (MAWC) was incorporated under the laws of the Republic of the Marshall Islands (RepMar) on January 30, 2007 for the purpose of engaging in, but not limited to, the collection and disposal of solid waste on Majuro Atoll.

In accordance with Cabinet Minute 205 (2020), the RepMar Cabinet authorized the transfer of operational concerns and policy matters with respect to MAWC from the Ministry of Works, Infrastructure and Utilities to the Ministry of Environment. On May 16, 2024, the operational concerns and policy matters reverted back to the Ministry of Works, Infrastructure and Utilities.

MAWC is governed by a nine-member Board of Directors, which includes the Minister in Assistance to the President and Environment, the Secretary of the Ministry of Works, Infrastructure and Utilities, the Majuro Atoll Local Government Councilman on the Executive Committee responsible for solid waste management, and one member each respectively nominated by the Chamber of Commerce, the Tourism and Hospitality Community Association, the Office of Environmental Planning and Policy Coordination, the Ministry of Health and Human Services, the National Environmental Protection Authority, and the Ministry of Finance, Banking and Postal Services.

MAWC's financial statements are incorporated into the financial statements of RepMar as a component unit.

**2. Summary of Significant Accounting Policies**

The accounting policies of MAWC conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental entities, specifically proprietary funds.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and 34*, establish financial reporting standards for governmental entities, which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements including the requirement that resources be classified for accounting and reporting purposes into the following three net position categories:

- Net investment in capital assets - capital assets, net of accumulated depreciation and related debt, plus construction or improvement of those assets.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

- **Restricted:** Nonexpendable net position subject to externally imposed stipulations that require MAWC to maintain such permanently. Expendable net position whose use by MAWC is subject to externally imposed stipulations that can be fulfilled by actions of MAWC pursuant to those stipulations or that expire with the passage of time. As of September 30, 2024, MAWC has expendable net position of \$11,500 relating to the Community Service Obligations residential waste program. As of September 30, 2023, MAWC does not have expendable restricted net position.
- **Unrestricted - net position** that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use for the same purpose, it is MAWC's policy to use unrestricted resources first, then restricted resources as they are needed.

**Basis of Accounting**

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the fund are included in the statements of net position. Proprietary fund operating statements present increases and decreases in net position. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Cash**

Custodial credit risk is the risk that in the event of a bank failure, MAWC's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. MAWC does not have a deposit policy for custodial credit risk.

For purposes of the statements of net position and cash flows, cash is defined as cash on hand and cash held in demand and savings accounts. As of September 30, 2024 and 2023, the carrying amounts of cash were \$430,404 and \$418,805, respectively, and the corresponding bank balances was \$431,796 and \$417,818, respectively, which is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2024 and 2023, bank deposits in the amount of \$250,000 were FDIC insured. MAWC does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Receivables**

All receivables are due from government agencies, businesses and individuals located within the Republic of the Marshall Islands and are interest free and uncollateralized. The allowance for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience.

Management determines the adequacy of the allowance for uncollectible accounts based upon review of the aged accounts receivable. The allowance is established through a provision for bad debts charged to expense. Bad debts are written off against the allowance on the specific identification method.

**Property and Equipment**

MAWC generally capitalizes individual items with a cost that equals or exceeds \$250 and has estimated useful life of more than one year. Property and equipment is recorded at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of these assets are as follows:

	<u>Estimated Useful Lives</u>
Recycling equipment	5 - 10 years
Truck and heavy equipment	5 - 10 years
Waste collection equipment	5 - 10 years
Recycle equipment	10 years
Office equipment	3 years
Waste segregation structure	10 years
Building improvements	5 years

**Deferred Outflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. MAWC has no items that qualify for reporting in this category.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Compensated Absences**

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick benefits. As of September 30, 2024, and 2023, the accumulated vacation leave liability amounted to \$15,731 and \$17,863, respectively, and is included within the statements of net position as payroll liabilities.

**Deferred Inflows of Resources**

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. MAWC has no items that qualify for reporting in this category.

**Revenue Recognition**

MAWC considers Community service obligations (CSO) revenues as well as recycling and waste collection revenues and costs directly related to such revenues to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating. Capital grants, financing or investing related transactions are reported as nonoperating revenues. Revenue is recognized on an accrual basis and is recorded upon billing when services have been completed. All expenses related to operating MAWC are reported as operating expenses.

**Recently Adopted Accounting Pronouncements**

During the year ended September 30, 2024, MAWC implemented the following pronouncements:

- GASB Statement No. 99, *Omnibus 2022*, which modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures. It also provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncements, continued**

- GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, which enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The implementation of this Statement did not have a material effect on the accompanying financial statements.

**Upcoming Accounting Pronouncements**

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for the fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for the fiscal year ending September 30, 2025.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Upcoming Accounting Standards, continued**

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and addressing certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

**Taxes**

Corporate profits are not subject to income tax in the Marshall Islands. Instead, RepMar imposes a gross receipts tax (GRT) of 3% on revenues. MAWC is specifically exempt from this tax.

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

**Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Capital Assets**

Capital asset activities for the years ended September 30, 2024 and 2023, were as follows:

	2024			
	October 1, 2023	Additions	Transfers and Disposals	September 30, 2024
Recycling equipment	\$ 503,822	\$ 60,418	\$ ---	\$ 564,240
Truck and heavy equipment	501,570	971,309	---	1,472,879
Waste collection equipment	938,880	72,538	---	1,011,418
Recycle center	185,684	---	---	185,684
Office equipment	43,803	7,621	---	51,424
Waste segregation structure	16,223	---	---	16,223
Building improvements	13,471	---	---	13,471
	2,203,453	1,111,886	---	3,315,339
Less accumulated depreciation	(1,384,923)	(198,488)	---	(1,583,411)
	\$ 818,530	\$ 913,398	\$ ---	\$ 1,731,928
	2023			
	October 1, 2022	Additions	Transfers and Disposals	September 30, 2023
Recycling equipment	\$ 503,822	\$ ---	\$ ---	\$ 503,822
Truck and heavy equipment	501,570	---	---	501,570
Waste collection equipment	533,599	405,281	---	938,880
Recycle center	185,684	---	---	185,684
Office equipment	36,401	7,402	---	43,803
Waste segregation structure	16,223	---	---	16,223
Building improvements	13,471	---	---	13,471
	1,790,770	412,683	---	2,203,453
Less accumulated depreciation	(1,248,275)	(136,648)	---	(1,384,923)
	\$ 542,495	\$ 276,035	\$ ---	\$ 818,530

Majuro Atoll Waste Company  
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Notes to Financial Statements, continued

**3. Capital Assets, continued**

During the year ended September 30, 2024, MAWC was the recipient of donated heavy equipment and a truck as capital contributions from the Government of Japan in the amount of \$882,375 and donated equipment as capital contributions from the European Union in the amount of \$60,418. During the year ended September 30, 2023, MAWC was the recipient of donated equipment as capital contributions from the Asian Development Bank in the amount of \$40,621.

During the years ended September 30, 2024 and 2023, MAWC was the recipient of grants from the U.S. Department of the Interior for the purchase of waste collection equipment in the amount of \$256,242 and \$358,744, respectively. MAWC has recorded a receivable from grantor as of September 30, 2024 and 2023 in the amount of \$12,535 and \$39,346, respectively, associated with these grant awards.

**4. Related Party Transactions**

MAWC is a component unit of RepMar and is therefore affiliated with all RepMar-owned and affiliated entities, including the RMI Environmental Protection Authority. MAWC utilizes services from certain affiliated entities at substantially the same terms and conditions as those incurred from third parties.

A summary of related party transactions as of and for the years ended September 30, 2024 and 2023 are as follows:

	2024			
	<u>Revenues</u>	<u>Expenses</u>	<u>Receivables</u>	<u>Payables</u>
Marshalls Energy Company, Inc.	\$ 1,010	\$ 61,065	\$ 326	\$ 1,029
Marshall Islands Social Security Administration	55	60,979	530	26,486
College of the Marshall Islands	3,132	-	4,943	-
Marshall Islands National Telecommunications Authority	612	-	276	140
RepMar	5,990	16,805	6,826	30,329
Other	9,574	1,870	14,394	-
	\$ 20,373	\$ 140,719	\$ 27,295	\$ 57,984

Majuro Atoll Waste Company  
(A Component Unit of the Republic of the Marshall Islands)

Notes to Financial Statements, continued

**4. Related Party Transactions, continued**

	2023			
	<u>Revenues</u>	<u>Expenses</u>	<u>Receivables</u>	<u>Payables</u>
Marshall's Energy Company, Inc.	\$ 465	\$ 56,555	\$ 571	\$ 869
Marshall Islands Social Security Administration	10	58,955	475	26,827
College of the Marshall Islands	1,599	---	2,807	---
Marshall Islands National Telecommunications Authority	369	1,809	260	140
RepMar	4,692	28,063	34,633	33,698
Other	<u>10,390</u>	<u>3,666</u>	<u>11,524</u>	<u>---</u>
	<u>\$ 17,525</u>	<u>\$ 149,048</u>	<u>\$ 50,270</u>	<u>\$ 61,534</u>

In accordance with the Styrofoam Cups and Plates, and Plastic Products Prohibition and Container Deposit Act 2016, RepMar established a Recycling Program for the purpose of creating a self-supported, safe and efficient system of disposal of recyclable beverage containers in the Marshall Islands. A deposit fee is levied on each deposit beverage container manufactured in or imported into the Marshall Islands, which fees are deposited into the Recycling Fund maintained by RepMar's Ministry of Finance, Banking and Postal Services. Payments are made from the Recycling Fund to compensate redemption centers at which empty beverage containers may be returned for a payment in return of 5 cents per item. MAWC has entered into an agreement with the RMI Environmental Protection Authority whereby MAWC has agreed to act as a collection and processing center for empty beverage containers. In return, MAWC shall be paid 6 cents per item from the Recycling Fund. During the years ended September 30, 2024, and 2023, MAWC received distributions of \$682,899 and \$724,781, respectively, from the Recycling Fund. MAWC has recorded a receivable from RepMar as of September 30, 2024, and 2023 of \$79,827 and \$86,202, respectively, associated with the Recycling Program.

During the year ended September 30, 2023, MAWC received an operating subsidy of \$776,756 from RepMar's General Fund to support its operations. Effective October 1, 2023, MAWC commenced residential waste collection and disposal services under a three-year community service obligation (CSO) agreement with RepMar. In accordance with the agreement, MAWC will be remunerated at the rate of \$4.08 per household bin collected each week. For the year ended September 30, 2024, MAWC recorded revenue associated with this CSO agreement of \$826,906 of which MAWC has recorded a receivable of \$147,357 from RepMar as of September 30, 2024.

Majuro Atoll Waste Company  
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Notes to Financial Statements, continued

**5. Commitments and Contingencies**

**Dependency on the Government of the Republic of the Marshall Islands (RepMar)**

The accompanying financial statements have been prepared in accordance with GAAP, which contemplates the continuation of MAWC as a going concern. MAWC sustained substantial operating losses during the years ended September 30, 2024 and 2023 of \$165,536 and \$785,442, respectively. Effective October 1, 2023, MAWC executed a three-year CSO agreement with RepMar to provide residential waste collection and disposal services. Management believes that the initiation of this CSO agreement will reduce MAWC's dependency on RepMar for future operating subsidies.

**Federal Grants**

MAWC participates in several U.S. Department of the Interior grants. These programs are subject to financial and compliance audits to ascertain if Federal laws and guidelines have been followed. Questioned costs of \$903,552 were identified in 2019 for which related Single Audit Reports were issued in prior year. The ultimate disposition of the questioned costs can be determined only by the final action of the grantor agency. Therefore, no provision for any liability that may result upon resolution of this matter has been made in the accompanying financial statements.

**Urban Services Improvement Project**

On September 19, 2024, MAWC in conjunction with the Majuro Water and Sewer Company, Inc. (MWSC) and Kwajalein Atoll Development Authority (KADA) entered into a project agreement with the Asian Development Bank (ADB) associated with a \$52,500,000 grant agreement (Grant Number 0960-RMI) between RepMar and the ADB for the Integrated Urban Services and Resilience Project.

The objective of the Project is to improve water supply security, diversify water sources, and introduce innovative desalination solutions to mitigate the impact of anticipated future droughts. The Project consists of the following parts with respective allocations:

Output 1 - Resilient and sustainable water and sanitation facilities and services in Majuro	\$38,760,000
Output 2 - Circular economy and waste services delivery in Majuro	6,180,000
Output 3 - Climate resilience and road connectivity in Ebeye	2,000,000
Output 4 - Contingencies	<u>5,560,000</u>
	<u>\$52,500,000</u>

MAWC will be the implementing agency with respect to Output 2 while MWSC and KADA will be responsible for Output 1 and Output 3, respectively. As of September 30, 2024, activities under the Project have yet to commence.

Majuro Atoll Waste Company  
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Notes to Financial Statements, continued

**6. Employee Retirement Plan**

MAWC has implemented a defined contribution retirement savings plan (the Plan) for its employees who have completed at least three (3) months of service. Plan participants may either contribute a minimum of \$3 up to 5% of their gross salaries or up to the amount of the plan participant's specified contribution to be matched 100% by MAWC whichever is lower of the amounts. Withdrawal from the Plan occurs upon termination of employment, retirement at age 65, permanent disability or death. Plan assets are held in a trust fund administered by a trustee in accordance with the trust agreement. Management has the authority to establish or amend Plan provisions and contribution requirements. During the years ended September 30, 2024 and 2023, MAWC contributed \$11,188 and \$12,015, respectively, to Plan participant accounts. As of September 30, 2024 and 2023, total Plan assets were \$77,102 and \$49,445, respectively.



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## Report of Independent Auditors 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*

The Board of Directors  
Majuro Atoll Waste Company

We have audited, in accordance with the 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 Majuro Atoll Waste Company (MAWC) as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MAWC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MAWC's internal control. Accordingly, we do not express an opinion on the effectiveness of MAWC'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MAWC'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*.

### **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 result 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 MAWC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Ernst + Young, written in a black, cursive script font.

November 21, 2025