

The June 2019 Gila County Transportation Excise Tax performance audit found that the Town of Miami did not always use excise tax monies appropriately, and 3 entities lacked policies and procedures regarding allowable excise tax use. The status in implementing the recommendations is as follows:

### Status of 5 recommendations

Implemented: 4

**Not implemented:** 1

We will conduct a 48-month followup with the Town of Miami on the status of the recommendation that has not yet been implemented.

### Finding 1: Miami did not use excise tax monies appropriately, and 3 entities lacked policies regarding allowable excise tax uses

1. Miami should repay its Road Fund for the inappropriately loaned excise tax monies and discontinue the practice of loaning any restricted monies, including excise tax monies, to other funds. If resources are not currently available to completely repay the loans, it should develop and implement a repayment schedule in accordance with Arizona Revised Statutes (A.R.S.) §28-6392(B).

**Not implemented**—According to Miami’s Interim Town Manager and Finance Director, Miami did not repay any of its inappropriate transportation excise tax loan balance in fiscal year 2021 and still must repay \$75,298. Miami is working on a repayment plan, including repaying the entire loan balance by the time we conduct our 48-month followup in June 2023.

In our 12-month followup, issued in August 2020, we reported that, as of June 30, 2019, Miami had an inappropriate transportation excise tax loan balance of \$75,298 and did not meet its statutory repayment requirements. As a result, pursuant to A.R.S. §28-6392(B)(2), the Arizona Department of Transportation notified the State Treasurer to withhold Miami’s transportation excise tax revenues. As of August 24, 2022, the State Treasurer has withheld \$309,071 of transportation excise tax revenues.

2. Miami should review its past and future indirect administrative expenses it charged or will charge to its Road Fund to determine if they were for highway and street purposes. Any impermissible past expenditures should be repaid.

**Implemented at 12 months**

3. Globe, Miami, and Payson should develop and implement appropriate policies and procedures that define the allowable uses of excise tax monies, including obtaining appropriate city/town council approval.

**Implemented at 12 months**