

# REPORT HIGHLIGHTS

## Coconino County Transportation Excise Tax

Coconino County appropriately used transportation excise tax revenues and demonstrated measurable project impacts. However, the County lacks a consistent and well-documented methodology for charging personnel expenditures to excise tax-funded activities.

### Audit Purpose

The purpose of this performance audit is to determine whether Coconino County expended transportation excise tax revenues collected through the Road Maintenance Sales Tax (RMST) in compliance with Arizona Revised Statutes §28-6392(B), which restricts use of the funds to highway, street, and regional transportation plan projects. The audit will assess whether expenditures from fiscal years 2015 through 2024, as well as planned projects through 2031, contributed to measurable improvements in addressing transportation needs such as congestion relief, roadway safety, and regional mobility. Additionally, the audit will evaluate the County's internal controls, governance practices, and oversight mechanisms to ensure funds are properly managed, prioritized, and aligned with statutory and public expectations.

### Key Findings

1. Coconino County used RMST monies we reviewed consistent with statute for various highway and street purposes.
2. Coconino County demonstrated the impact of their use of RMST monies in solving transportation problems within the County.
3. No unallowable salary or wage expenditures were identified during the review. However, Coconino County did not present a documented methodology or calculation to demonstrate that salary and wage transfers were planned, verified, or aligned with statutory requirements. Compliance was ultimately demonstrated through the auditors' independent analysis during the course of the audit.

### Key Recommendations

Coconino County should:

1. Implement a process to track and allocate salary and wage expenditures based on actual time spent on eligible road and highway activities.
2. Develop and adopt a formal policy that outlines the methodology to allocate salary and wage costs to transportation related funding.
3. Establish a process for conducting periodic compliance reviews of salary and wage allocations charged to transportation funds.