

Gila County Transportation Excise Tax

74-Month Followup of Performance Audit Report 19-108

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 (Town of Miami, City of Globe, and Town of Payson) lacked policies and procedures regarding allowable excise tax use. We made **5** recommendations to the County.

County's status in implementing 5 recommendations

| Implementation status ¹ | Number of recommendations |
|---|---------------------------|
| <input checked="" type="checkbox"/> Implemented | 5 recommendations |

¹ Status is as of July 30, 2025.

Recommendations to the County

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).

► Status: **Implemented at 74 months.**

In our 12-month followup report 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. The State Treasurer began withholding the excise tax revenues as of November 1, 2020.

As part of this followup, we examined Miami's audited financial statements and financial records and found it paid off its remaining excise tax loan balance during fiscal year 2021, had not made any additional loans during fiscal years 2022 and 2023, and met its repayment requirements as required by A.R.S. §28-6392(B)(2). As a result, we will notify the State Treasurer that Miami has met its statutory requirements and is eligible to receive its withheld 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.

► Status: **Implemented at 12 months.**

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

► Status: **Implemented at 12 months.**

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

► Status: **Implemented at 12 months.**

5. 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.

► Status: **Implemented at 12 months.**