

**ARIZONA  
AUDITOR  
GENERAL**

**Lindsey A. Perry**, Auditor General

June 24, 2026

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor

Pinal County Board of Supervisors and Managers

Incorporated Cities' and Towns' Councils, Mayors, and Managers

Transmitted herewith is the report *A Performance Audit of the Pinal County Transportation Excise Tax*. This audit was conducted by the independent firm Novum Advisory, PLLC under contract with the Arizona Auditor General and was in response to the requirements of Arizona Revised Statutes §41-1279.03. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Town of Mammoth agrees with the finding and plans to implement all recommendations. My Office has contracted with Novum Advisory, PLLC to follow up with the Town of Mammoth in 6 months to assess its progress in implementing the recommendations. I express my appreciation to Pinal County; the Cities of Apache Junction, Casa Grande, Coolidge, Eloy, and Maricopa; and the Towns of Mammoth, Kearny, Queen Creek, Superior, and Florence for their cooperation and assistance to Novum Advisory, PLLC throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

cc: Arizona Department of Transportation



June 10, 2026

Lindsey A. Perry, CPA, CFE  
Arizona Auditor General  
2910 North 44th Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Perry:

We are pleased to submit our report in connection with our performance audit of the Pinal County Transportation Excise Tax, as authorized by *A.R.S. § 41-1279.03(A)(6)* and in accordance with the requirements outlined in *A.R.S. § 28-6392(B)*. The period under review includes past transportation excise tax revenues and related projects from calendar years 2021 through 2025, and planned projects and expenditures from fiscal years 2026 through 2030.

As outlined in its response, the Town of Mammoth agrees with the finding and plans to implement the recommendations. We will follow up in 6 months to assess progress in implementing the recommendations.

We appreciate the opportunity to provide these services and to work with your Office. We also express our appreciation to Pinal County and the incorporated cities and towns for their cooperation and assistance throughout the audit. Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

Stephanie C. Palmertree, CPA, CFE, CGMA  
Managing Partner  
Novum Advisory, PLLC



Performance Audit  
of Pinal County Transportation Excise Tax  
June 10, 2026

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# REPORT HIGHLIGHTS

## Pinal County Transportation Excise Tax

Pinal County and most of its incorporated cities and towns appropriately used transportation excise tax revenues and demonstrated measurable project impacts. However, the Town of Mammoth lacked the ability to demonstrate that it spent all excise tax monies appropriately.

### Audit Purpose

This performance audit evaluated whether Pinal County and its incorporated cities and towns expended transportation excise tax revenues in compliance with *Arizona Revised Statutes (A.R.S.) §28-6392(B)* and whether those expenditures contributed to measurable improvements in addressing countywide transportation needs. The audit assessed whether completed projects from calendar years 2021 through 2025 and planned projects through 2030, contributed to measurable improvements in addressing transportation needs, such as reducing traffic congestion, improving roadway safety, and enhancing environmental quality and regional economic vitality. Additionally, the audit evaluated the County's and its incorporated cities' and towns' internal controls, governance practices, and oversight mechanisms to ensure excise tax monies are properly managed, prioritized, and aligned with statutory and public expectations.

### Key Findings

1. Pinal County and its incorporated cities and towns, other than the Town of Mammoth, were able to demonstrate that they used transportation excise tax monies for allowable highway and street purposes.
2. Transportation excise tax-funded projects addressed roadway condition, safety, mobility, drainage, and access needs across the County.
3. The County and participating jurisdictions used formal planning, budgeting, and oversight processes to identify, prioritize, approve, and monitor transportation projects.
4. The Town of Mammoth lacked the ability to demonstrate that it spent all excise tax monies appropriately because it did not maintain sufficient documentation and continuity in its records and procedures.

### Key Recommendations

The Town of Mammoth should:

1. Develop and implement formal written policies and procedures addressing allowable uses, documentation standards, responsibilities, records retention, and oversight.
2. Centralize transportation excise tax project files and supporting documentation to ensure records are complete, current, and accessible.
3. Maintain adequate documentation for all charges to excise tax monies, clearly demonstrating the nature, purpose, and eligibility of each expenditure.
4. Demonstrate that all excise tax monies were used for allowable purposes by maintaining sufficient documentation for each expenditure.



# Introduction

Novum Advisory has conducted a performance audit of the Pinal County Transportation Excise Tax (excise tax). This report evaluates whether excise tax revenues collected and expended between January 1, 2021, and December 31, 2025, were used in compliance with applicable Arizona state laws. Additionally, the report presents illustrative examples of how these monies have contributed to addressing transportation challenges within Pinal County and its incorporated cities and towns, including improvements to roadway infrastructure, traffic safety, and overall system efficiency.

## Pinal County's voter-approved excise tax provides countywide funding for road and transportation needs.

In 1986, 2005, and 2024, pursuant to Arizona Revised Statutes (A.R.S.) §42-6107, Pinal County voters approved a one-half cent countywide sales excise tax to pay for highway and street improvements and transportation projects in the County and its 10 incorporated cities and towns—Apache Junction, Casa Grande, Coolidge, Eloy, Florence, Kearny, Mammoth, Maricopa, Queen Creek, and Superior.<sup>1,2</sup> Excise tax revenues are distributed to Pinal County, which distributes monies to the incorporated cities and towns based on their population size.

**Figure 1 – County map showing cities and towns that receive excise tax revenues.**



Source: Novum staff reproduction of maps sourced from <https://d-maps.com>

In 2003, county and jurisdictional officials began planning for reauthorization of the excise tax before its scheduled expiration in 2006. According to county materials, the reauthorization effort was based in part on population growth and expansion of the roadway system. The effort identified three goals: developing an integrated, efficient, safe, and balanced transportation system for motorists, bicyclists, and pedestrians; developing a transportation system acceptable to regional partners and consistent with adopted planning

<sup>1</sup> A.R.S. §42-6107 authorizes counties to levy a sales tax for transportation-related purposes, including road maintenance.

<sup>2</sup> Apache Junction and Queen Creek are located in both Maricopa County and Pinal County.

concepts; and obtaining sufficient funding to complete identified transportation projects over the following 20 years.

As the 2005 reauthorization approached its 2026 expiration, the county again pursued renewal of the excise tax for an additional 20-year period. As part of that effort, the county conducted a public awareness campaign titled *Preserving Our Future* and placed Proposition 486 on the November 2024 ballot. Voters approved Proposition 486, extending the excise tax through 2046. County materials projected that the excise tax would generate more than \$1 billion over the next 20 years. These revenues are intended to support maintenance and preservation of the county roadway system, including approximately 2,046 miles of roads.

**Between January 2021 and December 2025, the County received nearly \$188 million in excise tax revenues and distributed these excise tax collections to jurisdictions based on certain allocation percentages.**

Excise tax collections are initially held by the Arizona Office of the State Treasurer and distributed monthly to the Pinal County Treasury. Upon receipt, the County records the excise tax revenues in its general ledger and, after retaining the County's share, distributes the remaining amount of each monthly receipt to the incorporated cities and towns using spreadsheet tables and formulas. Each city and town receives a percentage of the funds based on the portion of its population located within Pinal County. For example, because Apache Junction and Queen Creek are not located entirely within the County, their allocations are based only on the portion of each city's population residing in Pinal County rather than on each city's total population. Based on the allocation percentage as of December 31, 2025, the County receives approximately 50 percent of total excise tax revenues, and the incorporated cities and towns share the remaining 50 percent.

From January 1, 2021, through December 31, 2025, total excise tax revenue collected was \$187,963,400 and was allocated as detailed in Table 1 on page 3. However, historical collections have fallen below earlier projections. Key amounts include:

- 1986 through 2006: approximately \$115 million collected, compared with original projections of \$125 million to \$200 million.<sup>3</sup>
- January 1, 2007, through December 31, 2025: approximately \$408 million collected, compared with a projected \$951 million over the reauthorized 20-year period.<sup>4</sup>

Chart 1 on page 3 details the revenue received versus the revenue projected for the fiscal years 2021 – 2026.<sup>5</sup> The County further projects the excise tax will bring in an estimated \$1 billion for the reauthorized excise tax between 2026 – 2046.

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<sup>3</sup> Revenue projections obtained from Proposition 400 Information Pamphlet (2005).

<sup>4</sup> Projections assumed sustained growth that did not materialize due to economic downturns and slower development, resulting in lower-than-expected revenues.

<sup>5</sup> For purposes of this chart, fiscal year 2026 only includes July 2025 – December 2025; therefore, the projected balance has been also reduced to reflect half the year.

**Table 1 – Jurisdictions’ Allocation Percentages and Revenue Amounts for Transportation Excise Tax, January 2021 – December 2025**

Jurisdiction	Allocation Percentage	Revenue Received
Pinal County	48.92%	\$91,930,233.05
Casa Grande	12.93%	\$24,293,057.09
Maricopa	11.57%	\$21,751,190.83
Apache Junction	10.20%	\$19,164,955.65
Florence	6.95%	\$13,067,807.85
Eloy	4.45%	\$8,358,420.42
Coolidge	3.15%	\$5,926,671.46
Superior	0.77%	\$1,459,246.48
Kearny	0.52%	\$975,390.67
Mammoth	0.43%	\$809,172.09
Queen Creek	0.12%	\$227,254.86

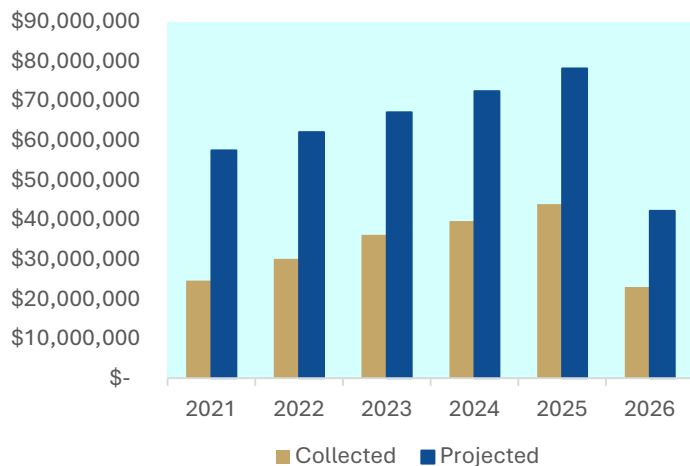
Source: Allocation percentages obtained from Pinal County Treasurer’s Office and revenue obtained from Arizona Treasurer’s Office for calendar years 2021 - 2025

**State law limits excise tax revenue use to highway and street purposes.**

Pursuant to *A.R.S. § 28-6392(B)*, revenues collected from a county transportation excise tax are restricted to highway and street purposes. Allowable uses include the construction, reconstruction, maintenance, repair, and roadside development of roads, streets, and bridges under the jurisdiction of counties, cities, and towns. In

addition to direct infrastructure expenditures, excise tax monies may also be used for certain administrative and support functions when those costs are clear and directly related to highway and street purposes. These uses may include transportation department management and payroll, central services such as accounting and information technology, and utility costs associated with highway and street operations. However, all expenditures must be directly related to a highway or street purpose in order to be legally permissible. The Arizona Attorney General has stated that indirect or general government expenses that are not tied to specific transportation functions do not qualify under these restrictions and should not be funded from excise tax revenues or Highway User Revenue Fund (HURF) monies.<sup>6</sup> Accordingly, the County and the incorporated towns and cities must demonstrate that each expenditure meets the constitutional and statutory definition of a highway or street purpose, as clarified in *A.R.S. § 28-6392(B)*

**Chart 1 – County’s Transportation Excise Tax Revenues Fell Below Projected Amounts from 2021 – 2026.**



Source: Revenue collection data obtained from Arizona Treasurer’s Office for calendar years 2021 - 2025 and revenue projections obtained from Proposition 400 Information Pamphlet (2005)

<sup>6</sup> Highway User Revenue Fund, or HURF, is a State-shared transportation revenue source established under *A.R.S. § 28-6533*. HURF revenues are distributed to the State Highway Fund, counties, cities, and towns under *A.R.S. § 28-6538* and are restricted to transportation purposes.



and *Arizona Attorney General Opinion 105-003*.

### **Transportation excise tax revenues funded roadway activities, related personnel costs, and other allowable transportation related expenditures.**

In Pinal County, both the County and the incorporated cities and towns, other than the Town of Mammoth, were able to demonstrate that they used transportation excise tax revenues for allowable transportation purposes. However, jurisdictions did not all use the revenues in the same way. Their use of the excise tax generally reflects differences in size, staffing, and operational structure.

Specifically, based on our review of transactional data from the annual general ledgers, jurisdictions used transportation excise tax revenues in the following ways:

- The County and all incorporated cities and towns used at least a portion of these revenues for road construction, repair, and maintenance activities, such as paving, sealing, signs, supplies, and other roadway-related costs.
- The County, Apache Junction and Eloy used excise tax monies for both direct payroll charges and salary allocations. Under this approach, payroll costs for employees directly involved in day-to-day road operations may be paid in full from the excise tax, while salaries for public works directors and administrative staff may be allocated among multiple funding sources, including the cities' general fund and HURF, based on the percentage of work performed for each function.
- Superior used the excise tax for direct payroll payments rather than for allocated salary costs.
- Eloy, Kearny, Mammoth, and Superior used excise tax monies for utility-related costs, such as streetlight and water utility payments associated with town roads.
- Casa Grande, Florence, and Queen Creek used excise tax revenues exclusively for roadway construction and did not use the excise tax to pay salaries, utilities, or other overhead costs, instead relying on HURF and city or town's general fund revenues for those expenditures.
- Superior also used a portion of these monies for debt service, including principal and interest payments on debt issued for allowable highway and road maintenance purposes.

Although some jurisdictions used excise tax revenues for administrative and support purposes, the largest categories of use related to roadway activities. For purposes of this report, the ways in which the County and incorporated cities and towns use excise tax revenues have been consolidated into the following major expenditure categories: Construction, Repair and Maintenance (R&M), Personnel Costs, Utilities, Debt Service, and Other.<sup>7</sup> The Table on page 5 summarizes total expenditures during the audit period by these categories. The expenditure amounts located in the Table reflect transportation excise tax revenues spent during the audit period and may not equal revenues received during the

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<sup>7</sup> Other expenditures include overhead and administration.

same period. Several jurisdictions budgeted, earmarked, or carried forward excise tax monies for transportation projects that span multiple fiscal years. As a result, some jurisdictions (Casa Grande, Maricopa, Florence, Superior, Kearny, and Mammoth) reported higher calendar year-end balances when planned project costs were incurred in a later fiscal year. Others (Pinal County and Coolidge) spent more than the excise tax revenue received during the audit period because they used prior-year carryforward balances or supplemented eligible project costs with other transportation funding sources. In addition, Queen Creek used its excise tax monies to pay only the portion of invoices related to the area of the town located within Pinal County; therefore, the expenditures shown for Queen Creek reflect only the portions paid with Pinal County transportation excise tax revenues.

**Table 2 – Expenditures from January 2021 through December 2025 differed by City and Town**

	Construction	R&M	Personnel Costs	Utilities	Debt Service	Other	Total
Pinal County	\$ 88,363,693.38	\$ 4,021,155.12	\$ 840,041.02	\$ -	\$ -	\$ 2,437,712.47	\$ 95,662,601.99
Casa Grande	\$ 6,846,037.11	\$ 7,429,880.46	\$ -	\$ -	\$ -	\$ -	\$ 14,275,917.57
Maricopa	\$ 8,090,218.30	\$ 9,479,101.62	\$ -	\$ -	\$ -	\$ 6,695.00	\$ 17,576,014.92
Apache Junction	\$ 18,148,785.17	\$ 14,604,469.14	\$ 2,495,414.28	\$ 915,173.05	\$ -	\$ 3,692,827.95	\$ 39,856,669.59
Florence	\$ 581,221.16	\$ 3,121,718.03	\$ -	\$ -	\$ 2,416,903.10	\$ -	\$ 6,119,842.29
Eloy	\$ 6,668,136.48	\$ 801,268.24	\$ 4,776,496.25	\$ -	\$ -	\$ 1,432,303.64	\$ 13,678,204.61
Coolidge	\$ 15,771,832.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,771,832.10
Superior	\$ 67,753.56	\$ 397,008.30	\$ 220,359.12	\$ 26,933.31	\$ 26,958.30	\$ 25,129.30	\$ 764,141.89
Kearny	\$ 8,246.14	\$ 531,501.97	\$ -	\$ 132,272.18	\$ -	\$ -	\$ 672,020.29
Mammoth	\$ 2,664.00	\$ 121,468.78	\$ 179,200.52	\$ 96,199.89	\$ -	\$ 2,699.49	\$ 402,232.68
Queen Creek	\$ 227,254.86	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,254.86

Source: Novum staff summary of expenditure data obtained from respective government’s General Ledgers and Financial Reports

**Jurisdictions were able to identify transportation excise tax expenditures, but methods and documentation practices varied.**

Although the County, along with the majority of the cities and towns, maintain separate funds for HURF and excise tax monies and can identify which expenditures are supported by each revenue source, they are not required to maintain excise tax revenues in separate funds. Because the allowable uses of these revenues are similar to those HURF monies, Apache Junction and Eloy, combine the two revenue streams within the same fund structure. In those jurisdictions, excise tax and HURF revenues are recorded in separate general ledger accounts, but related expenditures are paid from a commingled fund. As a result, although the revenue sources can be identified, individual expenditures are not always identified as being paid from one source or the other, making it difficult to attribute specific costs to a separate pool of monies.

Queen Creek presents a different circumstance. The town’s excise tax revenues are not sufficient to fully fund major highway improvement projects on their own, so the town applies excise tax revenues to specific projects located within the Pinal County portion of Queen Creek and documents the percentage of each project’s expenditures paid with those funds. This approach allows the town to link excise tax revenues to particular projects even when the projects are supported by additional funding sources.

Although all jurisdictions were able to identify transportation excise tax expenditures either through separate funds or through project-level allocation methods, the quality and organization of supporting documentation varied among jurisdictions. In particular, some governments maintained more consistent records and clearer expenditure support than others (see Finding 1, pages 12 through 16).

### **Pinal County and local governments use planning tools, pavement data, and public input to identify transportation priorities.**

Across the jurisdictions, transportation planning is integrated with budget development so that project timing, funding sources, and expected costs are considered together before the governing body adopts the annual budget and capital plan. Governments in Pinal County used several similar methods to identify transportation needs, establish priorities, and communicate those priorities to the public. For example, cities and towns used Capital Improvement Plans, or CIPs, as the primary framework for identifying, scheduling, and funding transportation projects. Roadway needs are evaluated during annual planning, candidate projects are assembled into multiyear capital plans, and those plans are approved through the annual budget process. This annual process provides the formal approval point for both recurring roadway work and larger capital projects.

Although the cities and towns use a common planning structure, they rely on different tools to develop project priorities within those CIPs. For example, Casa Grande uses a pavement management system that assigns a pavement index to each road segment on a 0-to-100 scale and uses that information to determine whether roads should receive surface treatment, rehabilitation, or reconstruction. Apache Junction uses iWorQ together with annual visual inspections and internal spreadsheets to evaluate road condition and adjust projects within its 5-year CIP.<sup>8</sup> Maricopa uses a road condition assessment developed with Arizona State University as an initial baseline for evaluating roadway conditions, later updated through a contractor-supported assessment, and combines that information with traffic studies and traffic counts in developing its 10-year CIP. These examples show that jurisdictional CIPs are supported by a combination of pavement management systems, condition assessments, traffic data, and staff review rather than by budget considerations alone. The CIPs also include planned projects for fiscal years 2026 – 2030 and provide a framework for how these projects are scheduled over several years based on transportation needs and expected funding. In addition to listing future projects, the CIPs can also identify the nature of the planned work and assist in ensuring that excise tax monies continue to address long-term transportation priorities. These future projects are included in formal, approved planning documents rather than identified year by year without a broader plan.

Overall, the cities and towns use a common annual capital planning model, but they supplement that model with different combinations of pavement systems, resident reporting tools, and public communication methods. Project prioritization reflects both technical

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<sup>8</sup> *iWorQ is a web-based software system used by local governments to manage public works assets, work orders, inspections, and related records.*

pavement conditions and broader practical and policy considerations. Jurisdictions weigh factors such as road age, traffic, safety, location, development obligations, and available funding when determining which projects move forward and when they occur, with these decisions ultimately formalized through the annual budget process.

- In Apache Junction, condition assessments primarily drive project selection, but timing is also influenced by location, safety, and council priorities, with the capital plan updated in advance of fall budget development to inform the next cycle.
- In Maricopa, project managers, finance staff, senior leadership, and the executive team review proposed projects during CIP development, may adjust timing based on financial feasibility and citywide considerations, and assign funding sources as part of budget approval.
- In Casa Grande, pavement monitoring and field observations are combined with annual budget planning, with projects developed through the CIP process and funding identified during budget review.

As a result, cities and towns integrate transportation project prioritization with the budget cycle, using it to confirm project priority, timing, and expected funding rather than treating project approval as a separate process. The cities and towns also use public communication and resident input to inform transportation planning, although the degree of public interaction varies by jurisdiction. Public meetings and the annual budget process provide a formal opportunity for residents to comment on proposed projects, and several jurisdictions also use direct reporting tools and online outreach. Examples of how the cities and towns provide information and receive public input include:

- Casa Grande uses *SeeClickFix* as a work-order tool through which residents can identify issues that may influence future priorities over the next three to five years.<sup>9</sup>
- Apache Junction uses GIS-based project displays, Facebook updates, press releases, website postings, and project notices to keep residents informed about upcoming work and traffic impacts.
- Maricopa uses a Brightly “report a problem” tool, newsletters, website updates, and public outreach by the mayor and council to communicate road projects and receive community feedback.<sup>10</sup>

Although the cities and towns followed a similar framework for developing and approving transportation priorities, Pinal County’s process differed because it was designed to address countywide needs, regional coordination, and multijurisdictional planning considerations. Pinal County uses a countywide planning model that differs from the approach used by the cities and towns. Rather than focusing only on individual street segments within a

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<sup>9</sup> *SeeClickFix* is an online and mobile platform that allows residents to report non-emergency infrastructure concerns—such as potholes, drainage issues, or damaged signage—directly to the appropriate county departments. Submissions are routed to the Casa Grande County Public Works staff for review and resolution. The tool supports community engagement and serves as a mechanism for identifying and tracking recurring service issues that may inform future capital planning or maintenance prioritization.

<sup>10</sup> Brightly is a provider of asset management and operations software used by local governments and other organizations to manage infrastructure, maintenance activities, and capital planning.

jurisdiction, the County plans transportation projects based on regional needs, traffic data, safety considerations, and coordination with jurisdictions and regional partners. Responsibility for the program is shared across the Board of Supervisors, County management, Finance, and Public Works, with the Board providing oversight through approval of the budget, the excise tax expenditure plan, intergovernmental agreements, and major transportation contracts.

The County organizes its planning around a formal transportation improvement and maintenance program and related capital planning documents. Its excise tax projects are carried in a 5-year plan that is updated periodically and approved by the Board of Supervisors. The County also uses a 10-member Transportation Advisory Committee, appointed by Board members from different districts, to review needs, apply the committee's bylaws and priorities, and make recommendations to the Board. In practice, this gives the County a more structured regional planning process in which staff recommendations, advisory committee input, and Board approval all shape how excise tax funding is programmed over multiple years.

The County also uses more formal condition and asset management tools to help identify and prioritize road work. For many years it used Lucity as its pavement asset management software and conducted road surveys every 2 years to generate pavement condition information and pavement condition index data.<sup>11</sup> The County has now moved to Cartograph, which is being used to build scenarios and support a 5-year pavement preservation program.<sup>12</sup> This approach allows the County to combine periodic road condition surveys with asset management modeling to determine which roads should be reconstructed, preserved, or otherwise improved.

Once projects are placed in the plan, the County tracks them through budgets, project accounting, and management reporting. Project managers are assigned responsibility for projects in their districts and oversee implementation, invoice review, and project progress. The County evaluates program effectiveness through project completion, regional mobility improvements, and coordination outcomes, using information such as traffic studies, project delivery metrics, and regional transportation indicators. Results are reviewed by management and reported to the County Board as part of transportation updates, and that information is used to inform future planning and funding decisions.

Public coordination is built primarily around the County's advisory and Board processes. Transportation Advisory Committee meetings are held regularly and include a public hearing component, and the Committee's materials and minutes are available on the County's website. The Board of Supervisors then considers and approves the County's plan in public meetings. In addition, the County provides a website tool for residents to report road or traffic issues, which now links to Cartograph and generates work orders for follow-

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<sup>11</sup> Lucity is an enterprise asset management system used by local governments and public works departments to track infrastructure assets, work orders, maintenance activities, and related costs.

<sup>12</sup> Cartograph, now part of OpenGov Enterprise Asset Management, is asset and work management software used by local governments and public works departments to track infrastructure assets, manage work orders, document asset conditions and costs, and plan capital improvement projects.

up. More broadly, the County communicates excise tax use through public Board meetings, budget documents, plans, public records, Board agendas, and supporting materials.

### **Excise tax-funded projects improved safety, mobility, pavement condition, and access.**

Excise tax-funded projects supported a range of transportation improvements across Pinal County and the participating cities and towns. These investments included pavement preservation, roadway rehabilitation, bridge replacement, pedestrian safety improvements, and ongoing maintenance activities designed to improve roadway condition, strengthen safety, support mobility, and maintain access. As the following project examples illustrate, jurisdictions used excise tax revenues in different ways depending on local needs, ranging from recurring pavement treatment programs and rural roadway maintenance to larger capital projects intended to improve long-term reliability and connectivity.

#### **Florence Boulevard Pavement Preservation Project - City of Casa Grande**

The City of Casa Grande undertook the Florence Boulevard Pavement Preservation Project to improve roadway conditions along a major arterial corridor and extend the service life of existing pavement infrastructure. The project included full-width milling of deteriorated asphalt surfaces, placement of new asphalt overlay, crack sealing, adjustment of utility features such as manholes and valve covers, and installation of pavement markings and striping. The total project cost was approximately \$3.65 million, funded entirely via excise tax revenue. Construction activities were carried out during a single construction cycle and were designed to allow for continued traffic flow, with lane closures and phased work zones implemented to minimize disruption to the traveling public.

**Photo 1 – Florence Boulevard shows improved road quality after pavement preservation funded by excise tax revenue.**



*Source: Photo provided courtesy of the City of Casa Grande*

## Maricopa Pedestrian Bridge Project (State Route 347 / Union Pacific Railroad Crossing) – City of Maricopa

The Maricopa Pedestrian Bridge Project involves the design, development, and construction of a grade-separated pedestrian crossing over the Union Pacific Railroad along a high-traffic corridor. The project is intended to improve pedestrian safety, enhance connectivity, and reduce at-grade conflicts with rail operations. Under an intergovernmental agreement between the City of Maricopa and the Arizona Department of Transportation (ADOT) approved on September 5, 2023, the project's original estimated construction cost was approximately \$5.03 million.<sup>13</sup> ADOT bid results later showed a low construction bid of \$7.92 million, an increase of approximately \$2.89 million. Under the agreement, the City of Maricopa is responsible for costs exceeding the original estimate.

**Figure 2 – Rendering of Maricopa Pedestrian Bridge underway to Support Pedestrian Connectivity**



Source: Figure provided courtesy of the City of Maricopa

Total expenditures as of March 2026 are approximately \$7.27 million, funded through a combination of approximately \$4.36 million in excise tax revenues, \$2.86 million in bond proceeds, and approximately \$44,492 in HURF revenues. Expenditures include engineering, design, and significant infrastructure related costs, indicating progression into capital implementation.

The project has progressed through multiple phases, including design, coordination, and procurement, and

began the early construction phase in August 2025 with a scheduled completion date of late 2026 or early 2027.

## Panther Drive Bridge Project – Town of Superior

The Panther Drive Bridge project replaced a flood-prone low-water crossing with a permanent bridge structure to address a long-standing public safety hazard. The project involved full bridge construction, roadway improvements, and drainage enhancements at a total cost of approximately \$3.7 million. Funding included State appropriations, bond financing secured by the Town of Superior's General Fund revenues, and approximately \$1.37 million allocated through HURF and excise tax funds via interfund transfers.<sup>14</sup>

<sup>13</sup> City of Maricopa, IGA 23-15, Intergovernmental Agreement with the Arizona Department of Transportation for construction of a pedestrian bridge over the Union Pacific Railroad along the Maricopa Road alignment, approved September 5, 2023.

<sup>14</sup> Arizona State Senate, *Fact Sheet for S.B. 1722/H.B. 2812: Capital Outlay; Appropriations; 2023-2024* (Fifty-Sixth Legislature, First Regular Session, enacted).

Prior to construction, the crossing experienced recurring flooding, resulting in roadway closures, hazardous conditions, and emergency response delays of 7 to 11 minutes. The new bridge is intended to eliminate flood-related closures and provide reliable, all-weather access. The project was completed in July 2025.

**Photo 2– Panther Drive Bridge is Under Construction to Address Flooding Concerns**



*Source: Photo provided courtesy of the Town of Superior*

# Finding 1

## **Mammoth lacked the ability to demonstrate it spent all of its excise tax monies appropriately.**

*A.R.S. § 28-6392(B)* requires that transportation excise tax monies be used only for allowable highway and street purposes. In addition, *A.R.S. § 39-121.01(B)* requires public bodies to maintain records reasonably necessary to provide accurate knowledge of official activities supported by public monies. Accordingly, a town should maintain organized supporting documentation, documented allocation methodologies, and written procedures for review, approval, and records retention sufficient to demonstrate that excise tax expenditures were allowable under statute.

Mammoth's records and procedures were not sufficiently organized to help ensure that monies were spent appropriately. During audit discussions, Town personnel were not always able to explain older excise tax spending and indicated that some earlier projects and expenditures predated current staff.<sup>15</sup> Mammoth's consultant accountant has worked for the Town since 2024, which also limits continuity for older transactions. For example, Mammoth charged some salary costs to the excise tax fund using percentage-based allocations, including some administrative salaries in prior years, but current personnel could not readily explain the basis for those percentages. For the sampled transactions for calendar years 2023, 2024 and 2025, Mammoth maintained salary allocation schedules supporting the payroll charges recorded to the excise tax fund. However, salary allocation tables supporting calendar years 2021 and 2022 were missing and could not be provided. Additionally, the current Town Manager could not explain why certain Public Works positions were charged entirely to excise tax monies in earlier years but were later allocated only in part during calendar years 2023 - 2025. As a result, Mammoth could not readily demonstrate the basis for \$153,082 in salary and related charges allocated to excise tax monies for those two years.<sup>16</sup>

Even so, based on the audit work performed, we did not identify unallowable excise tax expenditures in the transactions we reviewed. We reached this conclusion through our review of Mammoth's expenditure data, testing of selected transactions, and examination of supporting documentation obtained during the audit. For salary charges in calendar years 2021 and 2022, where allocation tables were not located or provided by Mammoth personnel, we used available payroll and expenditure information to recalculate the percentages salaries allocated to excise tax monies. Positions that were 100% charged to excise tax included roles that would be allowable to be paid from excise tax monies because these positions worked directly with road and street improvements. For positions that were partially allocated in 2021 and 2022, the auditor-calculated amounts were materially consistent with the amounts reflected in Mammoth's salary allocation schedules for calendar

<sup>15</sup> The Town Manager began with the Town in January 2024 and moved into the town manager role in November 2025, and the Town also relied on a consultant accountant for financial support.

<sup>16</sup> Charges for calendar year 2021 totaled \$88,282.10 and charges for calendar year 2022 totaled \$64,799.401.

years 2023 through 2025. Although this work provided some assurance that the salary charges were generally consistent with the Town's later documented allocation approach, Mammoth's inability to produce the missing 2021 and 2022 allocation tables prevent its ability to promptly and precisely demonstrate the basis for those charges.

Similar concerns have been identified in prior excise tax audits of Mammoth. The 2016 Pinal County transportation excise tax audit found that Mammoth had improperly loaned restricted road fund monies and lacked written policies and procedures for allowable uses, review and approval, reconciliation, and recordkeeping; however, the 2021 follow-up audit reported that Mammoth had implemented those prior recommendations.<sup>17</sup> Mammoth also reported that the Town Clerk had analyzed prior expenditures and did not identify any misuse. However, current audit work indicates that Mammoth did not maintain sufficient continuity in its documentation practices to ensure those improvements remained in effect over time. Without complete documentation, particularly for older salary allocations, Mammoth did not have the ability to demonstrate that it spent some excise tax monies appropriately.

Mammoth's administration of excise tax monies was affected by staffing changes and limited continuity in institutional knowledge. This lack of continuity was compounded by documentation weaknesses. For example, Mammoth staff reported that they had searched for written policies governing how excise tax monies should be used but could not find them and therefore, staff reported that they were in the process of drafting a proposed policy for future council approval. Without proper documentation, when staff turn over it makes it more difficult for the Town to consistently administer a restricted revenue source over multiple years.

### Recommendations to the Town of Mammoth

1. Develop and implement formal written policies and procedures for the administration of excise tax monies. These policies and procedures should address allowable uses, documentation standards, review and approval responsibilities, records retention requirements, and periodic management review of fund activity.
2. Organize excise tax project files and expenditure records in a centralized manner so that supporting documentation is complete, current, and readily accessible. This should include invoices, payroll support, allocation worksheets, utility records, and other documents needed to demonstrate the purpose and allowability of each expenditure.
3. Maintain supporting documentation for all payroll, administrative, utility, and project charges paid from excise tax monies, including salary allocation schedules for all years in which payroll and related costs are charged to the fund. This documentation should clearly identify the nature of the cost, its connection to eligible highway and

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<sup>17</sup> Arizona Auditor General, *Pinal County Transportation Excise Tax*, Report 16-106 (June 2016) and Report 21-106 (June 21).

street purposes, and the basis for charging the expenditure to the fund. If supporting allocation schedules for prior years cannot be located, Mammoth should reconstruct them to the extent possible using available payroll and accounting records and determine whether any reclassification or repayment is necessary.

4. Demonstrate that all excise tax monies were used for allowable purposes. Mammoth should maintain sufficient documentation to demonstrate that all excise tax monies were spent only for allowable highway and street purposes. Documentation should identify the nature of each expenditure, show its connection to eligible highway and street activities, and support the basis for charging the expenditure to excise tax monies.

**Mammoth Response:** As outlined in its response, Mammoth agrees with the finding and will implement the recommendations.

# Appendix A

## Objectives, scope, and methodology

Novum Advisory, PLLC, under contract with the Arizona Auditor General, has completed our performance audit of the programs associated with Pinal County's transportation excise tax, as authorized by *A.R.S. § 41-1279.03(A)(6)* and in accordance with the requirements outlined in *A.R.S. § 28-6392(B)*. The period under review includes past transportation excise tax revenues and related projects from calendar years 2021 through 2025, and planned projects and expenditures from fiscal years 2026 through 2030.

This audit was conducted in accordance with generally accepted government auditing standards issued by the U.S. Government Accountability Office. These standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

### *Audit Objectives*

The objectives of this performance audit were to determine whether transportation excise tax monies were used in accordance with State law; whether Pinal County and the incorporated cities and towns were able to demonstrate the impact of these monies in addressing transportation needs; and whether the governance, planning, oversight, and internal control processes supporting the transportation excise tax were adequate to help ensure compliance with statutory and voter-approved requirements. Specific attention was given to:

- Compliance with *A.R.S. § 28-6392(B)*, which limits excise tax expenditures to street and highway purposes or projects in the regional transportation plan.
- The County's process for identifying and prioritizing transportation needs and projects.
- The documentation and review process for excise tax expenditures.
- The anticipated impact of completed and future transportation projects on congestion, safety, environmental quality, and economic vitality.

### *Audit Scope and Methodology*

To determine whether Pinal County and the incorporated cities and towns in its jurisdiction expended transportation excise tax revenues in compliance with applicable State laws, specifically *A.R.S. § 28-6392(B)*, which limits the use of such revenues for highway and street purposes or projects included in the County's regional transportation plan, we performed the following procedures:

To accomplish these objectives, we obtained and analyzed the County's and participating jurisdictions' revenue and expenditure data for the period January 1, 2021, through December 31, 2025. As part of this process, we reconciled transportation excise tax distributions from the Arizona State Treasurer's Office to the County's and participating jurisdictions designated excise tax funds or accounts. To assess the completeness and reliability of the revenue and expenditure data, we

compared general ledger balances to audited financial statements and related financial records for the audit period.

The County records transportation excise tax revenues in a restricted fund used to account for transportation-related activity, while the incorporated cities and towns use differing fund structures. Some jurisdictions maintain transportation excise tax revenues in separate funds, while others account for these revenues together with other restricted transportation revenues, such as Highway User Revenue Fund, or HURF, monies, and distinguish activity through separate revenue accounts, project coding, or other accounting records. Because these structures vary, we identified the funds and accounts used by each jurisdiction for transportation excise tax activity and organized expenditure populations based on the accounting records available for each entity.

We analyzed expenditure data and classified transactions into common expenditure categories, including Construction, Debt Service, Repairs and Maintenance, Personnel Costs, Utilities, and Other. We then stratified the expenditure population into 2 groups. The first stratum consisted of transactions classified as "Other", which we evaluated separately because this category represented a large share of transactions and based on transaction descriptions and account-level coding, carried a higher risk of noncompliance due to its miscellaneous nature and less consistent classification across entities. The second stratum consisted of the core expenditure population, which included construction, debt service, equipment, repairs and maintenance, salaries, and utilities.

For the core expenditure population, we selected a risk-based sample of the population, which equated to 275 items. The sample allocation was based on a blended methodology that considered both risk-weighted transaction volume and risk-weighted dollars. For each entity, we calculated a risk-weighted transaction volume measure equal to transaction count multiplied by the applicable risk factor and a risk-weighted dollar measure equal to total dollars multiplied by the applicable risk factor. We then calculated each entity's proportional share under both measures, averaged those proportions to create a blended weight, and allocated the 275 selections proportionally using a consistent rounding approach. This methodology was designed to provide balanced coverage across higher-volume and higher-dollar jurisdictions while also incorporating entity-specific risk factors, such as fund structure, staffing turnover, internal control risk, and operational complexity. In addition, baseline coverage selections were used for certain entities to ensure minimum coverage by entity. Within each entity, transactions in the core expenditure population were selected randomly using a random number generator to support equal chance of selection.

Where transportation excise tax expenditures could not be isolated to a dedicated fund, we treated the full set of eligible transactions within the relevant fund or population as subject to testing. For all transactions selected, we requested and reviewed available supporting documentation, such as invoices, contracts, payroll records, allocation schedules, and related approvals, to determine whether the expenditure complied with *A.R.S. §28-6392(B)*. However, Mammoth did not provide all requested documentation for certain expenditures, specifically some salary allocation support for calendar years 2021 and 2022. For those years, we used available payroll and expenditure information to recalculate salary allocation percentages and assess whether the related charge appeared consistent with highway and street purposes.

We also reviewed planned transportation projects and capital planning records for future periods to determine whether they were consistent with statutory requirements and aligned with the County's transportation planning framework. Specifically, we reviewed project planning documents, expenditure plans, capital improvement information, and related supporting records to assess

whether proposed projects were documented, prioritized, and approved through an established planning process. This work enabled us to evaluate whether future project selections were supported by a transparent and data-informed process consistent with internal planning practices and applicable legal requirements.

In addition, we evaluated the internal control system over transportation excise tax monies. This included reviewing the design and implementation of controls and, where applicable, testing compliance for selected sample items. Our work focused on the following components and principles of internal control:

- **Control Activities:** We reviewed the design and implementation of controls intended to help ensure that transportation excise tax monies were used only for allowable highway and street purposes.
- **Control Environment:** We assessed the extent to which management demonstrated a commitment to compliance with State law through governance, oversight, and accountability practices.
- **Information and Communication:** We reviewed the policies, procedures, plans, budget materials, and other records used to communicate statutory restrictions and project information to responsible personnel and governing bodies.
- **Monitoring:** We examined recurring processes, including annual budget development, capital planning updates, project tracking, and management review, to assess whether transportation excise tax activity was periodically reviewed for continued relevance and compliance.
- **Risk Assessment:** We reviewed the methods used by the County and participating jurisdictions to identify and prioritize transportation needs, allocate limited revenues, and reduce the risk of unsupported or non-allowable expenditures.

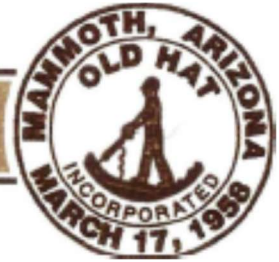
These procedures provided a sufficient and appropriate basis for determining whether excise tax revenues were used in accordance with applicable laws and internal policies during the audit period.

We express our appreciation to the County and the cities and towns for their cooperation and assistance throughout the audit.

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# Town of Mammoth Response

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May 29, 2026

Stephanie C. Palmertree, CPA, CFE, CGMA  
Novum Advisory, PLLC  
2168 Main Street, Suite A  
Madison, MS 39110

Dear Ms. Palmertree,

Please see the Town of Mammoth response below to Novum's recommendations for the 2026 Pinal County Excise Tax Audit.

**Finding 1:** Mammoth lacked the ability to demonstrate it spent all excise tax monies appropriately.

**Mammoth response:** The finding is agreed to.

**Response explanation:** The Town of Mammoth acknowledges the documentation and continuity concerns identified in the audit. The Town recognizes the importance of maintaining complete supporting documentation and formalized procedures for transportation excise tax expenditures. The Town has already begun reviewing and organizing available records and intends to strengthen its policies, documentation practices, and oversight processes to ensure future compliance with applicable statutory requirements.

**Recommendation 1:** Develop and implement formal written policies and procedures for the administration of excise tax monies. These policies and procedures should address allowable uses, documentation standards, review and approval responsibilities, records retention requirements, and periodic management review of fund activity.

**Mammoth response:** The audit recommendation will be implemented.

**Response explanation:** The Town plans to develop and adopt written policies and procedures addressing allowable uses, documentation standards, review and approval responsibilities, records retention requirements, and periodic management review of transportation excise tax activity.

**Recommendation 2:** Organize excise tax project files and expenditure records in a centralized manner so that supporting documentation is complete, current, and readily accessible. This should include invoices, payroll support, allocation worksheets, utility records, and other documents needed to demonstrate the purpose and allowability of each expenditure.

**Mammoth response:** The audit recommendation will be implemented.

**Response explanation:** The Town plans to centralize transportation excise tax records and supporting documentation, including invoices, payroll support, allocation schedules, and utility records, to improve accessibility and continuity.



**Recommendation 3:** Maintain supporting documentation for all payroll, administrative, utility, and project charges paid from excise tax monies, including salary allocation schedules for all years in which payroll and related costs are charged to the fund. This documentation should clearly identify the nature of the cost, its connection to eligible highway and street purposes, and the basis for charging the expenditure to the fund. If supporting allocation schedules for prior years cannot be located, Mammoth should reconstruct them to the extent possible using available payroll and accounting records and determine whether any reclassification or repayment is necessary.

**Mammoth response:** The audit recommendation will be implemented.

**Response explanation:** The Town plans to maintain and retain supporting documentation for all expenditures charged to transportation excise tax monies and, where feasible, reconstruct missing allocation schedules using available payroll and accounting records.

**Recommendation 4:** Demonstrate that all excise tax monies were used for allowable purposes. Mammoth should maintain sufficient documentation to demonstrate that all excise tax monies were spent only for allowable highway and street purposes. Documentation should identify the nature of each expenditure, show its connection to eligible highway and street activities, and support the basis for charging the expenditure to excise tax monies.

**Mammoth response:** The audit recommendation will be implemented.

**Response explanation:** The Town plans to strengthen its documentation and monitoring processes to ensure all expenditures charged to transportation excise tax monies are adequately supported and clearly connected to allowable highway and street purposes.

Hector Moreno  
Mammoth Town Manager