

Gila County Transportation Excise Tax

County, city, and most towns used excise tax monies we reviewed appropriately and were able to demonstrate their impact, but 2 towns need to improve how they use these monies

Audit purpose

To determine whether Gila County (County), the City of Globe, and the Towns of Hayden, Miami, Payson, Star Valley, and Winkelman used excise tax monies from January 1, 2019 through December 31, 2023, in accordance with State law and were able to demonstrate their impact in solving transportation issues within the County and also to follow up on outstanding recommendations from our previous Gila County Transportation Excise Tax audit (Report 19-108) to determine their implementation status.

Key findings

- The County, Globe, and 3 towns (Miami, Payson, and Star Valley) used excise tax monies we reviewed consistent with statute for various highway and street purposes.
- The Towns of Hayden and Winkelman spent some excise tax monies inappropriately, did not review and approve most excise tax expenditures we tested, and lacked appropriate processes to use excise tax monies for salaries and related expenses.
- The County, Globe, and towns demonstrated the impact of their use of excise tax monies in solving transportation problems within the County.
- Four outstanding recommendations from our previous report—directed at Globe and the Towns of Miami and Payson have been implemented, and 1 outstanding recommendation—directed at the Town of Miami—is in progress.

Key recommendations

The Towns of Hayden and Winkelman should:

- Review past and future excise tax expenditures they charged or will charge to determine if they were for highway and street purposes and repay any impermissible expenditures.
- Develop and implement policies and procedures that outline step-by-step procedures, including documentation requirements, for the independent review and approval of excise tax expenditures by an individual familiar with the restrictions of excise tax monies, and train all individuals responsible for the use of excise tax monies on the new policies and procedures.
- Implement a mechanism to capture and document the time that staff spend on street-related activities to more accurately allocate salaries and related expenditures to excise tax monies.