



TOWN OF HAYDEN

P.O.Box B•520VelascoAvenue,Hayden,Arizona 85135•(520)356-7801•Fax(520)356-6334

June 20, 2024

Lindsey A Perry, Auditor General
Arizona office of the Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

Please see the Town of Hayden response below to the Auditor General recommendations for the 2023 Gila County Excise Tax Audit.

Finding 1: Hayden spent some excise tax monies inappropriately

Recommendation 1: Hayden should review past and future excise tax expenditures it charged or will charge to its Fund to determine if they were for highway and street purposes. It should repay any impermissible expenditures, including the potential \$498,039 of inappropriate, unsupported, and/or incorrectly recorded transactions it charged to its Fund that we identified during our review. [Hayden's Fund includes restricted excise tax and HURF monies.]

Hayden Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Town agrees that the expenditures were unsupported and will implement procedures so that all excise tax expenditures are supported in the future.

Recommendation 2: Hayden should develop and implement policies and procedures that, at a minimum, 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.

Hayden Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Town will develop policies and procedures for independent review and approval of excise tax expenditures.

Recommendation 3: Hayden should implement a mechanism, such as a time accounting system, spreadsheet, or a manual time log, to more accurately capture and document the time that staff spend on street-related activities and to more accurately allocate salaries and related expenditures to its Fund.

Hayden Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Town will implement a mechanism to more accurately allocate salaries and related expenditures for excise tax monies.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Hetrick', with a long horizontal flourish extending to the right.

Dean Hetrick
Mayor

P. O. BOX 386
WINKELMAN, ARIZONA 85192-0386



206 GIFFIN AVENUE
(520) 356-7854
FAX (520) 356-7709

June 27, 2024

Lindsey Perry, Auditor General
Office of the Auditor General
2910 N. 44th St, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We reviewed the information for the Gila County Excise Tax Audit for the years 2019 to 2024 for the Town of Winkelman. Please review our responses.

Section 4: *Winkelman should review past and future excise tax expenditures it charged or will charge to its Streets Fund to determine if they were for highway and street purposes. It should repay and impermissible expenditures, including the potential \$129,208 we identified during our review, and work with its attorney to determine if any monies were spent in violation of the State Constitution's gift clause and how to address these violations.*

Winkelman Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response Explanation: The Town of Winkelman will implement procedures so that all excise tax expenditures are supported in the future.

Section 5: *Winkelman should develop and implement policies and procedures that, at a minimum, 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.*

Winkelman Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response Explanation: The Town of Winkelman will develop policies and procedures for independent review and approval of excise tax expenditures.

Section 6: *Winkelman should implement a mechanism, such as a time accounting system, spreadsheet, or a manual time log, to more accurately capture and document the time that staff spend on street-related activities and to more accurately allocate salaries and related expenditures to its Streets Fund.*

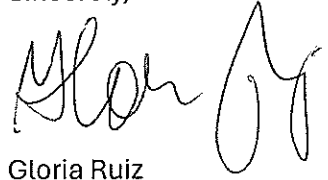
Winkelman Response: The finding of the Auditor General is agreed to, and the audit recommendation will be implemented.

Response Explanation: The Town of Winkelman will implement a mechanism to more accurately allocate salaries and related expenditures for excise tax monies.

Arizona Auditor General
Attn: Lindsey Perry
Audit Response Letter
Town of Winkelman
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Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "Gloria Ruiz". The signature is fluid and cursive, with the first name "Gloria" written in a larger, more prominent script than the last name "Ruiz".

Gloria Ruiz
Town Clerk
Town of Winkelman