



TOWN OF KEARNY

BOX 639, KEARNY, AZ 85237

PHONE (520) 363-5547

FAX (520) 363-7527

June 14, 2011

Debra K. Davenport, CPA
State of Arizona Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The Town of Kearny is responding to the preliminary draft report of the Pinal County Transportation Excise Tax findings for the Town of Kearny.

Finding 1.1 The Town of Kearny should ensure that it does not loan any restricted road fund monies, including excise tax monies, to other funds in the future.

Kearny's Response

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

Finding 1.4 The Town of Kearny should provide training on its written procedures regarding the appropriate uses of excise tax monies to the staff who are responsible for approving excise tax expenditures.

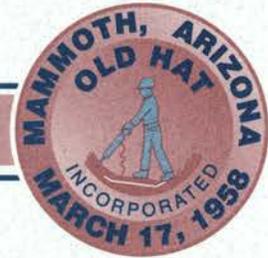
Kearny's Response

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

Sincerely yours,

Gary Eide
Town Manager

Town Of Mammoth



June 16, 2011

Debra K. Davenport, CPA
Auditor General
Arizona Office of The Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

Pursuant to your request, the foregoing details the responses of the Town of Mammoth (Town) to your recommendations pertaining to the findings made by you in connection your audit of the excise tax revenues received by the Town during its fiscal years ended June 30, 2006, through 2010:

RECOMMENDATION 1.2:

The Town is steadfast in its belief that it has never "loaned" its excise tax revenues in any permanent way to any other portion of the Town or for any other purpose. Furthermore, the Town disagrees that there is any Arizona Revised Statute (A.R.S.) that directly or indirectly disallows the temporary transaction such that its financial statements at each fiscal year end may be properly reflected. Additionally, inasmuch as the net excise tax revenues of the Town have been reserved in amounts exceeding any above referenced temporary transaction within its fund, those net revenues are available for their future use as intended. Therefore, the Town has determined that the finding of the Auditor General is not agreed to, but the recommendation will be implemented, however, in a manner that is believed by the Town to eliminate any future finding which might otherwise result in any recommendation that may need to be made (directly or indirectly) to the Treasurer of the State of Arizona with respect to the future withholding of excise tax revenues under ARS section 28-6392 (B) as the Town is in complete disagreement with any such action. (See Auditor General's Reply, Page b-i)

RECOMMENDATION 1.5:

Although the Town believes that its formal and informal policies and procedures have been technically and practically sufficient to safeguard the use of publicly generated funds, the Town recognizes that such policies and procedures should be reviewed from time to time. As such, the finding of the Auditor General is agreed to and the audit recommendation will be implemented to enhance the policies and procedures of the Town with respect to the use of excise tax revenues including increased project documentation and public involvement in order to provide greater compliance with any applicable requirements.

RECOMMENDATION 1.6:

On occasion, the Town has inadvertently recorded the receipts of excise tax revenues to accounts other than the account established to receive those revenues. Although such transactions have never been made to intentionally divert those revenues to another purpose as evidenced by subsequent entries having been made to correct the original errors, the finding of the Auditor General is agreed to and the audit recommendation will be implemented to provide documentation during your future inspection that the amount identified has been credited ultimately and properly to the account related to the excise tax revenues.

RECOMMENDATION 2.2:

Although the Town believes that its formal and informal processes in connection with its road improvement projects have been performed in the best interest of those using the Town's roadways and its taxpayers, the Town realizes that a more cohesive process would likely further that goal. Accordingly, the finding of the Auditor General is agreed to and the audit recommendation will be implemented to expand the Town's road improvement planning process in an attempt to be comprehensive in the identification of transportation needs through the increased use of public involvement and interaction.

In general, the Town will strive to mitigate the findings detailed in your report with the specific objective of achieving your recommendations to the best of its ability by the time of your next scheduled inspection.

Sincerely,

Rachelle Sanchez,
Town Clerk



TOWN OF SUPERIOR

Town Hall • 271 W. Main Street • Superior, Arizona 85273
520-689-5752 • Fax: 520-689-5822 • TDD Relay 1-800-367-8938

June 13, 2011

Debra Davenport, Auditor General
Arizona Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport;

Superior's Response to Auditor General's Recommendation-

1.2 Recommendation-Superior needs to repay the inappropriately borrowed excise tax or other restricted road fund monies and discontinue the practice of loaning excise tax or other restricted road fund monies to other funds. If resources are not currently available to completely repay loans, a repayment schedule should be developed and implemented.

Response-The finding of the Auditor General is not agreed to, but the recommend will be implemented if Superior is allowed to amend audits for 2007 and 2008, also be given 6 months to complete 2009 and 2010 audits. At that time Superior agrees to implement a payback schedule for inappropriately borrowed funds if any found after the completion of audits.

1.5 Recommendation-Superior should develop and implement written policies and procedures that outline the appropriate use of excise tax monies, and train staff on them.

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

2.1 Recommendation-The Town of Superior should develop a record-keeping mechanism for completed street and highway and transportation projects.

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

Because we have not completed its fiscal years 2009 and 2010 audited financial statements; we are requesting 6 months to complete our audits. We are currently undergoing the 2009 and 2010 audit with Colby and Company, Gilbert AZ., and anticipate completion by the end of this Fiscal Year. We anticipate reporting these two instances in our report.

Thank you,

Melanie Oliver, Town Manager
Town of Superior



Arizona Department of Transportation
Transportation Services Group

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janice K. Brewer
Governor

John S. Halikowski
Director

John A. Bogert
Chief of Operations

June 3, 2011

Debra K. Davenport, CPA
Auditor General
State of Arizona
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

I am in receipt of your letter dated May 26, 2011 related to the performance audit of the Pinal County Transportation Excise Tax. I have also reviewed the preliminary report draft that accompanied your letter and, specifically, the portions of Finding 1 related to the Arizona Department of Transportation (ADOT) and provide the following comment:

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

The final report should be directed to my attention.

Sincerely,

John R. Fink
Assistant Director for Finance and Accounting
Financial Management Services

June 1, 2011

Ms. Debra Davenport, CPA
Auditor General
2910 North 44th Street
Suite 410
Phoenix, Arizona 85018

Re: City of Maricopa response
Pinal County Transportation Excise Tax audit

Dear Ms. Davenport,

The City of Maricopa is pleased to provide the following response to the findings and recommendation resulting from the Pinal County Transportation Excise Tax audit conducted by your office:

Recommendation 1.5: The City of Maricopa should develop and implement written policies and procedures that outline the appropriate use of excise tax monies, and train staff on them.

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

We appreciate the Auditor General's office in assisting the City of Maricopa to improve our processes and compliance. Please do not hesitate to contact me if you have any further needs.

Regards,

Brenda Fischer, ICMA-CM
City Manager