



TOWN COUNCIL

Darryl Dalley, Mayor
Sammy Gonzales, Vice-Mayor
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Jose "Angel" Medina
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Don Reiman

TOWN OF MIAMI
"Copper Center of the World"

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Miami, AZ 85539
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ADMINISTRATION

Joseph Heatherly
Town Manager
Karen Norris
Town Clerk

June 19, 2019

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

Dear Ms. Perry;

The Town of Miami offers the following responses to the Auditor General's draft report of the Gila County Transportation Excise Tax, dated June 3, 2019. The Town has already taken some steps to improve the overall accuracy of financial activities and will develop and implement others as identified. The Town appreciates the efforts and suggestions from your office and especially the professionalism of Ms. Marcia Schweers.

Finding 1: Miami did not use excise tax monies appropriately and lacks policies regarding allowable excise tax uses

Recommendation 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 A.R.S. §28-6392(B).

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

Response explanation: The Town will coordinate efforts with our auditors to review current fund balances and transfer available funds from unrestricted sources to minimize the current reported loaned monies. The Town will also establish a repayment plan for any remaining loan amounts in accordance with A.R.S. 28-6392(B). Audit reports for fiscal year 2018 have been forwarded, June 13, to the Auditor General's office for their usage.

Recommendation 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.

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

Response explanation: The Town of Miami will review all past and future allocation of indirect administrative expenses to ensure they comply with state mandated guidelines.

Recommendation 3: Miami should develop and implement appropriate policies and procedures that define the allowable uses of excise tax monies, including obtaining appropriate town council approval

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

Response explanation: The Town of Miami has developed new instructional materials centering on the principles of Governmental Accounting and has reviewed that with senior staff and council members. In addition the Town will develop and implement appropriate policies and procedures for procurement, cash management, grant tracking, and other accounting related functions. The Town has recently implemented monthly review of accounting activities including reconciliation of subsidiary ledgers to the general ledger, revenue and expenditure transactions, matching of activity to recording of transactions and ensuring that the transactions are posted to the appropriate accounts and funds. The Town has already initiated a schedule, with our auditor, for the kick off and completion of the fiscal year 2019 audit within the guidelines of state law.

If there are any further questions on this matter please contact me at your convenience. Please have the final report directed to my attention.

Joseph Heatherly
Town Manager
Town of Miami

Cc: Marcia Schweers-via email
Adam Tillard-via email
Scott Powell, Colby & Powell –via email
Town of Miami Mayor, and Council Members



150 N. Pine Street Globe, AZ 85502
(928) 425-7146

June 14, 2019

Lindsay Perry, Auditor General
Arizona Office of the Auditor General
2910 N. 44th Street
Suite 410
Phoenix, AZ 85018

Reference: Findings of Five-Year Excise Tax Audit

Dear Ms. Perry,

In response to the Auditor General's Recommendation No. 3 for the finding that the City of Globe lacks policies regarding allowable excise tax uses, the City of Globe agrees to the audit recommendation that the City of Globe should develop and implement appropriate policies and procedures that define the allowable uses of excise tax monies, including obtaining appropriate City Council approval.

Council approved Policies, Procedures and Guidelines that define the allowable uses of excise tax monies and tracking of restricted funds, including Highway User Revenue funds, will be written and put into place by January 01, 2020.

Sincerely,


Paul Jepson
City Manager



Town of Payson
Town Manager's Office
303 N. Beeline Highway
Payson, Arizona 85541-4306

Town Manager (928) 472-5041
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June 10, 2019

Lindsey Perry, Auditor General
Arizona Office of the Auditor General
2910 N. 44th Street, Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry

Following is the Town of Payson response to the Auditor General recommendations:

Finding 1: Payson lacks policies regarding allowable excise tax uses

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

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

Response Explanation: The Town of Payson will develop and implement financial policies and procedures that will define the allowable uses of excise tax monies, including obtaining appropriate town council approval. These policies and procedures will be developed and implemented within the next 120 calendar days.

Sincerely

LaRon G. Garrett, P.E.
Town Manager