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November 1, 2019

The Honorable Kathy Hoffman  
Superintendent of Public Instruction  
Arizona Department of Education  
1535 W. Jefferson St.  
Phoenix, AZ 85007

**Subject: Morenci Unified School District - Not in Compliance with the USFR**

Dear Ms. Hoffman:

In June 2018, we notified Morenci Unified School District that it had not complied with the *Uniform System of Financial Records* (USFR) based on our review of the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2017. The District was given 90 days to correct its deficiencies as required by Arizona Revised Statutes (A.R.S.) §15-271.

We conducted a status review of the District in January 2019. As a result of our status review and our review of the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2018, we determined that the District still had not complied with the USFR. On June 13, 2019, we provided an updated list of deficiencies to the District. The District was given 90 days to correct its deficiencies.

In September 2019, the District provided a required corrective action plan for our review. Based on our review of the District's corrective action plan and discussions with District management, we determined that the District still had not made adequate progress in correcting the deficiencies to allow it to no longer be in noncompliance with the USFR. Therefore, we request that the Arizona State Board of Education take appropriate action as prescribed by A.R.S. §15-272.

If you have questions concerning this matter, please call Melanie Chesney, Deputy Auditor General and Interim Accounting Services Director, or Megan Smith, Accounting Services Manager, at (602) 553-0333.

Sincerely,  
Lindsey Perry, CPA, CFE  
Auditor General

cc: Governing Board  
Dr. David Woodall, Superintendent  
Ms. Erika Aguallo, Business Manager  
Morenci Unified School District  
The Honorable Tom Powers, Greenlee County School Superintendent  
Ms. Alicia Williams, Executive Director, Arizona State Board of Education  
Mr. John Carruth, Chief of Staff  
Ms. Sarah Hendrix, Deputy Associate Superintendent, Grants Management  
Arizona Department of Education