

August 14, 2025

Lindsey A. Perry  
Arizona Auditor General  
2910 N 44<sup>th</sup> Street  
Phoenix, AZ 85018-7271

Dear Auditor General Perry:

The Mohawk Valley School District acknowledges receipt of the performance audit report one and its related recommendations.

District administration and the Governing Board are committed to addressing the three findings and implementing the recommendations provided. The District has already addressed and implemented several of the recommendations and will work diligently to adhere to all the recommendations.

We appreciate the valuable information and feedback you have shared. Please note the District's response to the findings and recommendations.

Sincerely,



Shanna Johnson  
Superintendent

**Finding 1:** District taxpayers and State have made substantial investments in District's capital assets, but District lacks a comprehensive capital plan to help it maintain those assets, increasing risk that it is unprepared for future costs

District Response: The Auditor General's finding is agreed to.

Response explanation: The District agrees that a comprehensive capital plan will help it maintain District assets and better address related expenditures going forward. The District will work with a consultant and legal counsel, as necessary, to formulate a plan. Additionally, the District will send its business office staff to training at the Arizona Association of School Business Officials on capital expenditures during the 2025-2026 school year.

**Recommendation 1:** Develop and implement a formal, comprehensive, fiscally sustainable, multiyear capital plan in accordance with recommended practices for its school buildings, water treatment facility, and rental housing units that includes components such as capital needs, maintenance requirements, funding options, and operating budget impacts.

District Response: The audit recommendation will be implemented.

Response explanation: The District will prepare a comprehensive capital plan to help it maintain District assets as recommended. Additionally, the District will send its business office staff to training at the Arizona Association of School Business Officials on capital expenditures during the 2025-2026 school year.

**Finding 2:** District failed to follow statutory requirement for requesting emergency capital funding and may have unnecessarily levied approximately \$292,000 in property taxes

District Response: The Auditor General's finding is agreed to.

Response explanation: The District recognizes that it missed the statutory requirement to request Emergency Deficiencies Correction ("EDC") Fund monies from the Arizona School Facilities Division ("Division") prior to seeking a tax levy with the Yuma County Superintendent and Yuma County Board of Supervisors.

**Recommendation 2:** Consult with its legal counsel, ADOA's School Facilities Division, ADE, the Yuma County School Superintendent's Office, and the Yuma County Board of Supervisors, as necessary, to determine what actions it should take to correct its failure to comply with the statutory requirement to apply for EDC Fund monies before seeking a property tax levy to pay for emergency repairs in fiscal year 2024 and implement any identified actions.

District Response: The audit recommendation will be implemented.

Response explanation: The District is currently working with its legal counsel, ADOA's School Facilities Division, ADE, and the Yuma County School Superintendent's Office to resolve this issue. It will continue its efforts to resolve this issue per the recommendation.

**Recommendation 3:** Develop and implement a process for requesting monies for emergency capital expenditures that ensures the District complies with all applicable statutory requirements.

District Response: The audit recommendation will be implemented.

Response explanation: The District is developing an internal checklist, which will include the statutory steps to obtain EDC funds as recommended. The District will also send business office staff to training at the Arizona Association of School Business Officials on capital expenditures during the 2025-2026 school year. The District will also work with legal counsel when obtaining funds as needed.

**Finding 3:** District's use of its rental houses appears inconsistent with statutory intent, and units are costly to taxpayers and poorly managed, likely making them unnecessary for District operations

District Response: The Auditor General's finding is agreed to.

Response explanation: The District recognizes its mismanagement of its rental houses. The District will continue to evaluate the rental houses to determine whether the rental houses serve a beneficial purpose for the District in order to ensure proper stewardship of taxpayer funds.

**Recommendation 4:** Develop and implement procedures to ensure housing unit rental payments are made timely and late fees are collected, if necessary.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented procedures to address this recommendation, such as including an internal checklist and conducting a semi-annual internal audit of rental payments.

**Recommendation 5:** Develop and implement procedures to ensure security deposits for housing unit rentals are collected and returned in accordance with District policy.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented procedures to address this recommendation. Additionally, the District has reviewed the rental agreements and revised accordingly. The District will also implement an internal checklist regarding the same.

**Recommendation 6:** Ensure all individuals renting housing units have completed rental agreements and that the rental agreements are signed prior to the start of the rental period and follow Board-approved rental rates.

District Response: The audit recommendation will be implemented.

Response explanation: The District has implemented procedures to address this recommendation. Currently, all rental agreements for the 2025-2026 school year have been fully executed and signed prior to the start of the rental period.

**Recommendation 7:** Review gross income reported since fiscal year 2022 for employees renting District housing units to determine if any of the received rental value should have been included in their reported taxable income or Arizona State Retirement System contributions and if so, make any necessary corrections.

District Response: The audit recommendation will be implemented.

Response explanation: The District is working with legal counsel to implement this recommendation.

**Recommendation 8:** In consultation with legal counsel and the Arizona Attorney General's Office, as necessary, determine whether the District violated the State's gift clause by providing free housing to its former employee and, if so, the amount it may have improperly gifted; report any gift clause violations to the Arizona Attorney General's Office; and take necessary action to resolve any gift clause violations it identifies.

District Response: The audit recommendation will be implemented.

Response explanation: The District is working with legal counsel to implement this recommendation.

**Recommendation to the Board 1:** Determine whether any or all of the District's housing units are necessary for District operations in accordance with A.R.S. §15-342(6) and document its decision and rationale.

District Response: The audit recommendation will be implemented.

Response explanation: During the 2025-2026 school year, the District will assess the District's housing units in accordance with A.R.S. § 15-342(6) and present its findings to the District Governing Board. The District Governing Board will make a determination and document its decision according to the recommendation.

**Recommendation to the Board 2:** If the Board determines some or all housing units are no longer necessary for District operations, evaluate options for and take actions to address the unnecessary housing units.

District Response: The audit recommendation will be implemented.

Response explanation: To the extent applicable, the District Governing Board will assess the housing units and take appropriate action consistent with the Board's legal obligations.

**Recommendation to the Board 3:** If the Board determines some or all housing units are necessary for District operations, require District management to provide regular updates to the Board to ensure the District operates its rentals effectively and in accordance with Board directives and A.R.S. §15-342(6).

District Response: The audit recommendation will be implemented.

Response explanation: To the extent applicable, the District Governing Board will assess the housing units and take appropriate action consistent with the Board's legal obligations.