



Annual Financial Schedule and Report on Compliance Year Ended June 30, 2025

Navajo Nation, Diné College—State of Arizona Funding Compact



Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor, State of Arizona

The Honorable Buu Nygren, President, Navajo Nation

Glennita Haskey, Acting President, Diné College

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Navajo Nation, Diné College—State of Arizona Funding Compact, for the year ended June 30, 2025, and the related notes to the schedule. Diné College's management is responsible for presenting this schedule based on the criteria described in Note 2. Our responsibility is to express an opinion on this schedule based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedule is based on the criteria described in Note 2 in all material respects. An examination involves performing procedures to obtain evidence about the schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the schedule referred to above is presented based on the criteria described in Note 2 in all material respects.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

January 15, 2026

Navajo Nation, Diné College-State of Arizona Funding Compact
Schedule of revenues, expenditures, and changes in fund balance
Year ended June 30, 2025

Revenues:

Intergovernmental (Note 2)	\$656,061
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Expenditures:

Maintenance, renewal, and capital expenditures (Note 2)	<u>351,661</u>
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Revenues in excess of expenditures	304,400
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Fund balance, July 1, 2024	<u>5,605,753</u>
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Fund balance, June 30, 2025	<u><u>\$5,910,153</u></u>
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See accompanying notes to schedule.

Navajo Nation, Diné College-State of Arizona Funding Compact

Notes to schedule of revenues, expenditures, and changes in fund balance

Year ended June 30, 2025

Note 1

Arizona Revised Statutes (A.R.S.) §42-5031.01 allows transaction privilege tax revenues collected on the Navajo Nation to be transferred to Diné College. This statute restricts the use of this revenue for the maintenance and renewal of buildings and infrastructure and capital construction costs of new buildings, structures, and site improvements expenditures of Diné College campuses operating in the State of Arizona. The statute further requires that the State of Arizona and the Navajo Nation enter into a compact requiring Diné College to account for the use of these monies. The Navajo Nation entered into the current compact in June 2018 for the period July 1, 2020, through June 30, 2040. Diné College must reimburse the State of Arizona, or the State may withhold future payments, for any amounts not used for maintenance, renewal, or capital expenditures at Diné College campuses operated in the State.

Note 2

The schedule of revenues, expenditures, and changes in fund balance is presented based on the revenue and expenditure criteria described in A.R.S. §42-5031.01(A) and (C). Under this statute, the Arizona State Treasurer is required to transfer transaction privilege tax revenues collected on the Navajo Nation to Diné College monthly. In each fiscal year, no more than \$1,750,000 or one-tenth of the transaction privilege tax revenues received from all sources located on the Navajo Nation, whichever is less may be transferred. In addition, the funding compact requires the College to annually submit a work plan to the Arizona Department of Administration (ADOA) to propose its yearly building maintenance, renewal, and capital expenditures plans, and ADOA must conclude on the work plans financial feasibility for the College to receive up to \$1,750,000 of TPT revenues for the year. The State transferred \$656,061 in TPT revenues to Diné College for the year ended June 30, 2025. Maintenance, renewal, and capital asset expenditures totaling \$351,661 include goods and services received during the year ended June 30, 2025, regardless of when payment was made. The schedule includes \$91,020 in expenditures for goods and services received by June 30, 2025, but paid for after that date.



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent accountants' report on compliance with the Navajo Nation, Diné College—State of Arizona Funding Compact

Members of the Arizona State Legislature

The Honorable Katie Hobbs, Governor, State of Arizona

The Honorable Buu Nygren, President, Navajo Nation

Glennita Haskey, Acting President, Diné College

We have examined Diné College's compliance as to whether during the year ended June 30, 2025, transaction privilege taxes collected on the Navajo Nation and distributed in prior years by the Arizona State Treasurer to Diné College pursuant to Arizona Revised Statutes (A.R.S.) §42-5031.01 were used solely for the maintenance, renewal, and capital expenditures of Diné College campuses operating in the State of Arizona as prescribed by A.R.S. §42-5031.01. Diné College's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Diné College's compliance with the specified requirements based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Diné College complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Diné College complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on Diné College's compliance with the specified requirements.

In our opinion, Diné College complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2025.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

January 15, 2026