



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

Navajo Nation, Navajo Technical University —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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Audit staff

Katherine Edwards Decker, Director

Taryn Stangle, Manager

Contact information

 **(602) 553-0333**

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

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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

Dr. Elmer Guy, President, Navajo Technical University

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Navajo Nation, Navajo Technical University—State of Arizona Funding Compact, for the year ended June 30, 2025, and the related notes to the schedule. Navajo Technical University'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, Navajo Technical University-State of Arizona Funding Compact

Schedule of revenues, expenditures, and changes in fund balance

Year ended June 30, 2025

Revenues:

Intergovernmental (Note 2)	\$ 328,030
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Expenditures:

Maintenance, renewal, and capital expenditures (Note 2)	0
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Revenue in excess of expenditure	328,030
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Fund balance, July 1, 2024	14,767
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Fund balance, June 30, 2025	<u>\$ 342,797</u>
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Navajo Nation, Navajo Technical University-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 (TPT) collected on the Navajo Nation to be transferred to Navajo Technical University. 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 Navajo Technical University campuses operating in the State of Arizona. The statute also requires that the State of Arizona and the Navajo Nation enter into a compact requiring Navajo Technical University to account for the use of these monies. The Navajo Nation entered into the current compact in June 2018 for the period of July 1, 2020 through June 30, 2040. Navajo Technical University 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 Navajo Technical University 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 TPT revenues collected on the Navajo Nation to Navajo Technical University monthly. In each fiscal year, no more than \$875,000 or more than five percent of the TPT revenues received from all sources located on the Navajo Nation, whichever is less, may be transferred. In addition, the funding compact requires the University 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 plan's financial feasibility for the University to receive up to \$875,000 of TPT revenues for the year. The State transferred \$328,030 in TPT revenues to Navajo Technical University for the year ended June 30, 2025. Navajo Technical University did not incur any maintenance, renewal, or capital asset expenditures, including goods and services received during the year ended June 30, 2025, regardless of when payment was made.



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent accountants' report on compliance with the Navajo Nation, Navajo Technical University—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

Dr. Elmer Guy, President, Navajo Technical University

We have examined Navajo Technical University'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 Navajo Technical University pursuant to Arizona Revised Statutes (A.R.S.) §42-5031.01 were used solely for the maintenance, renewal, and capital expenditures of Navajo Technical University campuses operating in the State of Arizona as prescribed by A.R.S. §42-5031.01. Navajo Technical University's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Navajo Technical University'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 Navajo Technical University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Navajo Technical University 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 Navajo Technical University's compliance with the specified requirements.

In our opinion, Navajo Technical University 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