SUMMARY OF PROPOSED LEGISLATION

Tracking No. 0152-24

DATE: July 9, 2024

RE: **AN ACTION RELATING TO THE BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; ACCEPTING THE AUDIT REPORT PROVIDED BY KPMG, L.L.P. REGARDING THE NAVAJO NATION'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2023**

PURPOSE OF THIS LEGISLATION:

to accept the FY2023 Audit Report prepared by KPMG, L.L.P.

FINAL AUTHORITY and VOTE REQUIREMENT:

The Navajo Nation Council has final authority. A simple majority vote is required.

OLC No. 24-369-1

5-DAY BILL HOLD PERIOD [signature]
Website Posting Time/Date 8:12 PM; 07-11-24
Posting End Date: 07-16-24
Eligible for Action: 07-17-24

Budget & Finance Committee
Thence
Naabik'íyáti' Committee
Thence
Navajo Nation Council

PROPOSED NAVAJO NATION COUNCIL RESOLUTION

25th NAVAJO NATION COUNCIL - Second Year, 2024

Introduced by:

(Sponsor)

Tracking No. 0152-24

AN ACTION

RELATING TO THE BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; ACCEPTING THE AUDIT REPORT PROVIDED BY KPMG, L.L.P. REGARDING THE NAVAJO NATION'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

SECTION ONE. AUTHORITY

A. The Budget and Finance Committee is a standing committee of the Navajo Nation Council with the authority to receive and review the annual comprehensive audit of the financial accounts of the Navajo Nation by certified public accountants, and then forward such audit to the Navajo Nation Council. 2 N.N.C. §301(B)(10).

B. Proposed resolutions requiring final action by the Navajo Nation Council are first reviewed by the Naabik'íyáti' Committee. 2 N.N.C. §164(A)(9).

C. Prior to the Navajo Nation Council's deliberation on the proposed Comprehensive Budget for the upcoming fiscal year, the most recent external audit of the financial statements of the Navajo Nation is presented to the Council by the Navajo Nation's contracted external auditors. 12 N.N.C. §840(B).

SECTION TWO. FINDINGS

A. KPMG, L.L.P. ("KPMG"), an independent auditor contracted by the Navajo Nation, has prepared the Navajo Nation's "Basic Financial Statements (With Independent Auditor's

Report Thereon)" for Fiscal Year 2023 ("FY2023 Audit Report"). A letter with a summary of the Audit Report, both provided by KPMG, are attached hereto as **EXHIBIT A.** The Audit Report dated September 30, 2023 is attached hereto as **EXHIBIT B.**

B. The Navajo Nation has received and reviewed the FY2023 Audit Report, and all findings set forth therein, and finds it in the best interest of the Navajo Nation to accept the FY2023 Audit Report.

SECTION THREE. ACCEPTANCE OF THE FY2023 AUDIT REPORT

A. The Navajo Nation hereby accepts the letter from KPMG and its summary of the Navajo Nation's "Basic Financial Statements (With Independent Auditor's Report Thereon)" for Fiscal Year 2023, attached hereto as **EXHIBIT A.**

B. The Navajo Nation hereby accepts the Navajo Nation's "Basic Financial Statements (With Independent Auditor's Report Thereon)" for Fiscal Year 2023, prepared by KPMG, L.L.P., attached hereto as **EXHIBIT B.**

SECTION FOUR. EFFECTIVE DATE

This Action shall become effective in accordance with 2 N.N.C. §221(C).

SECTION FIVE. SAVING CLAUSE

If any portion of this Action is determined invalid by the Navajo Nation Supreme Court, or by a District Court of the Navajo Nation without appeal to the Navajo Nation Supreme Court, the remainder of this Action shall be the law of the Navajo Nation.

KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

EXHIBIT
A

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Navajo Nation Council
The Navajo Nation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Navajo Nation (the Nation), as of and for the year ended September 30, 2023, and the related notes to the basic financial statements, which collectively comprise the Nation's basic financial statements, and have issued our report thereon dated June 30, 2024. Our report thereon included unmodified opinions on the grant fund, permanent fund, and the aggregate remaining fund information opinion units. Our report included a qualified opinion on the governmental activities opinion unit as the basic financial statements did not reflect the adoption of: (i) Government Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*, and accordingly did not include the majority equity interests for the aggregate discretely presented component units, (ii) GASB Statement No. 87, *Leases*, and accordingly, did not record lease right-to-use assets, lease liabilities, lease receivables, deferred inflows of resources, and related revenues and expenses, nor (iii) GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* and accordingly, did not record SBITA right-to-use assets, SBITA liabilities, and related revenues and expenses. Additionally, our report included qualified opinions on the general fund and business-type activities opinion units as the basic financial statements did not reflect the adoption of: (i) GASB Statement No. 87, *Leases*, and accordingly, did not record lease right-to-use assets, lease liabilities, lease receivables, deferred inflows of resources, and related revenues and expenses, nor (ii) GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA*), and accordingly, did not record SBITA right-to-use assets, SBITA liabilities, and related revenues and expenses. Finally, our report included in adverse opinion on the aggregate discretely presented components units, which were excluded from the basic financial statements. Our report also included a paragraph that stated that the basic financial statements were prepared in accordance with the bases of accounting described in Note 1(d) which are a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Nation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nation's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Navajo Nation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Nation's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Nation's responses were not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albuquerque, New Mexico
June 30, 2024

Navajo Nation

Schedule of Findings and Questioned Costs

Year ended September 30, 2023

Finding Number:	2023-001
Entity:	Navajo Nation
Finding Title:	Immaterial correction of error
Type of Finding:	Material weakness in internal controls
Responsible Party:	Office of the Controller

Criteria

Per Governmental Accounting Standards Board (GASB) Codification N50, Nonexchange Transactions, a recipient in a nonexchange transaction should recognize revenues when the resources are received, provided that all eligibility requirements have been met.

Condition

In May 2022, the Nation received an initial settlement payment of $209.4 million, and earned interest on those proceeds of $4.7 million between the date of receipt and the end of fiscal year 2022. The Nation did not record these funds in the fiscal year 2022 financial statements. During fiscal year 2023, the Nation received additional settlement payments of $39.1 million associated with the same settlement and earned interest of $6.3 million during fiscal year 2023 on these funds.

As part of management's process of closing the fiscal year 2023 books and records, they identified that the $259.5 million was not recorded in the books and records of the Nation and at that time recorded the settlement proceeds and accumulated interest income.

Effect

The fiscal year 2022 governmental activities and general fund financial statements were understated. Specifically, the governmental activities pooled cash and investments and unrestricted net position in the statement of net position were understated by $214.1 million, while special items in the statement of activities were understated by $214.1 million. The general funds pooled cash and investments and restricted for other capital projects fund balance in the balance sheet were under stated by $214.1 million, while claim settlements in the statement of revenues, expenditures and changes in fund balances were understated by $214.1 million.

Cause

The Nation did not record the settlement proceeds because an approved investment management plan was not adopted related to the specific settlement proceeds, which is not in accordance with GASB Codification N50. Additionally, while reconciliations of investment balances per the financial institutions and the general ledger are performed, those reconciliations are not designed to include review by personnel in General Accounting. Finally, current controls are not designed to ensure General Accounting is made aware of pending and received settlements; specifically, there are different groups/entities within the Nation that have differing responsibilities associated with the negotiation, approval, and recording of settlement awards, and the controls over communication among the responsible parties does not ensure each is made aware of new information in a timely and complete manner.

Auditors' Recommendation

Policies and procedures should be revised to ensure:

(i) all parties involved in the negotiation, approval, and recording of settlement awards are in communication at least quarterly on the status of open settlements, as well as the expected timing and receipt of settlement awards.

(ii) Personnel in General Accounting review investment reconciliations to ensure all material reconciling items between the financial institutions and the general ledger are appropriately accounted for and recorded.

(iii) in the absence of an investment management plan, procedures are in place to ensure settlement proceeds are timely recorded.

Views of Responsible Official (CAP)

Management concurs with finding. General Accounting, in coordination with the Investments section, will oversee: (i) the update of controls to ensure sufficient review of investment balances to the general ledger are performed, (ii) the development of controls to ensure appropriate personnel in General Accounting, the Investments section, and Navajo Nation Department of Justice have regular discussions on outstanding, pending, and anticipated settlement awards, and (iii) the development of procedures for managing settlement proceeds for which an investment management plan is not in place. These remediation steps will be overseen by the Controller and plan to be completed by October 31, 2024.

Finding Number:	2023-002
Entity:	Navajo Nation
Finding Title:	Recording of grant fund transactions that are outside of normal grant fund operations
Type of Finding:	Material weakness in internal controls
Responsible Party:	Office of the Controller

Criteria

Per 2 CFR 200.1 ad*vance payment* means a payment that a federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

Per 2 CFR 200.403(a) in order to be allowable under Federal awards costs must be necessary and reasonable for the performance of the Federal award and be allocable thereto under the cost principles of 2 CFR 200.

Condition

During performance of audit procedures, KPMG identified the following:

1) In fiscal year 2022 amounts were advanced to a subrecipient which were not spent at the end of fiscal year 2022, and as a result were reported as a prepaid and deferred revenue in the grant fund. In fiscal year 2023, $13.9 million of the deferred amount was refunded to the Nation which was incorrectly recorded as a reduction in grant fund revenue and expenses in fiscal year 2023. Additionally, the remaining $6.7 million of the deferred amount was spent by the subrecipient in fiscal year 2023, but the Nation failed to record the associated grant fund revenue and expenses.
2) In fiscal year 2023, the Nation made advance payments of $130.9 million to a subrecipient which was recorded as revenue and expense in the grant fund. However, the subrecipient had not spent $108.5 million of the advance funding as of the end of their fiscal year. As a result, it was necessary for management to record an adjustment in the grant fund to remove $108.5 million of revenue and expense and record the balance as prepaid and deferred revenue at the end of fiscal year 2023.
3) In fiscal year 2023, the Nation was informed that previously reported grant expenditures were determined to be unallowable by the grantor. However, the grantor allowed for the Nation to replace the unallowable expenditures with allowable expenditures from the general fund incurred in the same period which had not been previously submitted as part of the grant. However, management incorrectly recorded the reallocation resulting in misstatements in the general fund and grand fund. Specifically, within the general fund cash and revenue was overstated, whereas in the grant fund revenue, expense, and receivable was overstated, and cash was understated.

Management recorded each of the above corrections in the financial statements once identified by KPMG.

Effect

In total the three conditions above resulted in the following misstatements in the grant fund: revenue and expense were overstated $90.9 million, prepaids and deferred revenue were understated $108.4 million, cash was understated $2,8 million, and receivables were overstated $2.8 million. Additionally, within the general fund revenue and cash was overstated $2.8 million.

Cause

Management lacked sufficient controls over the recording of grant fund transactions that are non-routine in nature. Additionally, the FMIS accounting system automatically posts transactions in order to balance the grant fund, which further complicates recording non-routine transactions.

Auditors' Recommendation

Policies and procedures should be revised to ensure the accounting for non-routine grant fund transactions are subject to additional reviews and approvals.

Views of Responsible Official (CAP)

Management concurs with finding. Contract Accounting and General Accounting will oversee the update of the controls to ensure sufficient review and approval of non-routine grant funds entries. These remediation steps will be completed by the Controller by October 31, 2023.

KPMG

EXHIBIT

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B

THE NAVAJO NATION

Basic Financial Statements

September 30, 2023

(With Independent Auditors' Report Thereon)

THE NAVAJO NATION

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THE NAVAJO NATION

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KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

The Navajo Nation Council
The Navajo Nation:

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Navajo Nation (the Nation), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Nation's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion unit	Type of opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Qualified
Grant Fund	Unmodified
Permanent Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse, Qualified, and Unmodified Opinions* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Nation, as of September 30, 2023, or the changes in financial position for the year then ended in accordance with the basis of accounting described in Note 1(d).

Qualified Opinions on Governmental Activities, Business-Type Activities, and General Fund

In our opinion, except for the matters described in the *Basis for Adverse, Qualified, and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and the general fund of the Nation, as of September 30, 2023, and the changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1(d).

Unmodified Opinions on Grant Fund, Permanent Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the, grant fund, permanent fund, and the aggregate remaining fund information of the Nation, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1(d).

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Nation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Nation's legally separate component units. The basis of accounting described in Note 1(d) requires the financial data for those component units to be reported with the financial data of the Nation's primary government unless the Nation also issues financial statements for the financial reporting entity that include the financial data for its component units. The Nation has not issued such reporting entity financial statements. The effects of not including the Nation's legally separate component units on the aggregate discretely presented component units has not been determined.

Matters Giving Rise to Qualified Opinions on the Governmental Activities, Business-Type Activities, and General Fund

Management has not adopted Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests,* and, accordingly, has not recorded the majority equity interests in the Nation's legally separate component units in the governmental activities as required under the basis of accounting described in Note 1(d). The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the financial statements has not been determined.

Management has not adopted GASB Statement No. 87, *Leases*, and, accordingly, has not recorded lease right-to-use assets, lease liabilities, lease receivables, deferred inflows of resources, and related revenues and expenses in the governmental activities, business-type activities, and general fund as required under the basis of accounting described in Note 1(d). The amount by which this departure would affect the assets, liabilities, deferred inflows of resources, net position, fund balances, revenues and expenses of the governmental activities, business-type activities, and general fund financial statements has not been determined.

Management has not adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, and, accordingly, has not recorded SBITA right-to-use assets, SBITA liabilities, and related revenues and expenses in the governmental activities, business-type activities, and general fund as required under the basis of accounting described in Note 1(d). The amount by which this departure would affect the assets, liabilities, net position, fund balances, revenues and expenses of the governmental activities, business-type activities, and general fund financial statements has not been determined.

KPMG

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1(d) of the basic financial statements, which describes the basis of accounting. As described in Note 1(d) to the basic financial statements, the basic financial statements are prepared on a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 1(d) and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nation's basic financial statements. The combining fund financial statements (schedules 5 to 16) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance – budget to actual – general fund (schedule 1), the schedule of changes in the net pension liability (asset) and related ratios (schedule 2), the schedule of the Nation's contributions (schedule 3), and the schedule of investment returns (schedule 4) are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024 on our consideration of the Nation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nation's internal control over financial reporting and compliance.

KPMG LLP

Albuquerque, New Mexico
June 30, 2024

As management of the Navajo Nation (Nation), we offer readers of the Nation's financial statements this overview and analysis of the financial activities of the Nation for the fiscal years ended September 30, 2023 and 2022. This document is designed to:

- Help focus the reader on significant financial issues
- Provide an overview of the Nation's financial activity
- Identify changes in the Nation's ability to address the future year operational objectives
- Identify any material deviations from the approved budget
- Identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, we encourage it be considered in conjunction with the Nation's financial statements. The information in these sections complements each other.

Highlights

Financial Highlights

- The net position of the Nation at the close of the most recent fiscal year is $6.6 billion.
- Expenses of the Nation's governmental activities were $707 million for the year, which included $150 million for health and welfare, $196 million for general government, $71 million for natural resources, $83 million for community and rural development, $81 million for education and training and $79 million for public safety.
- As of the close of the current fiscal year, the Nation's governmental funds reported combined ending fund balance of $5.6 billion.
- At September 30, 2023, the unassigned fund balance for the General Fund was $425 million.
- The Nation has a significant amount of investments in the stock and bond market managed by external investment management firms. For fiscal years 2023 and 2022, the Nation's governmental funds experienced a $342 million increase and $832 million decrease in fair value, respectively. In addition, the fiduciary funds experienced a $63 million increase and $201 million decrease in fair value, respectively.
- The Nation receives a significant portion of operating revenues from oil and gas royalty payments and coal royalty payments. The governmental funds received oil and gas royalty and coal royalty payments of $76 million in fiscal year 2023 and $82 million in fiscal year 2022.

Overview of the Financial Statements

The Nation's basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains supplementary information presented just after the financial statement section.

(Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to resemble those of private sector entities in that all governmental and business-type activities are consolidated into columns, which add to a total for the primary government.

The statement of net position is designed to provide asset and liability information with the difference between the two presented as net position. This statement consolidates governmental fund's current financial resources (short term, spendable resources) with capital assets and long-term obligations.

The statement of activities is focused on both the gross and net cost of various functions (including governmental and business type) that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the Nation's basic services, including public safety, education, health, management of natural resources, as well as certain other activities such as economic development, community development, chapter projects, transportation, and cultural and recreational activities and employee benefits. Natural resource revenue and taxes finance most of these services. The business-type activities reflect private sector type operations (business industrial development fund, loan fund, employee housing, archaeology services, parks and recreation, and fish and wildlife), where the fee for services typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is based upon compliance with finance-related legal requirements underlying each fund. All funds of the Nation can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

(Continued)

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, grant, and permanent fund, all of which are considered to be major funds. The General Fund includes information from 14 separate funds, which have been combined in accordance with the requirements of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Data from the other 21 funds are combined into a single column titled other governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining financial statements. These combining financial statements follow the basic financial statements in this report.

Proprietary Funds

The Nation maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Nation uses enterprise funds to account for activities such as its business industrial development fund, loan fund, employee housing, and parks and recreation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Nation's various functions. The Nation uses its internal services funds to account for activities such as its fleet management, duplicating services, group health self-insurance fund, office supply center, air transportation, property and casualty self-insurance fund, workers' compensation insurance fund, and contingency management fund. As these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The enterprise funds and internal service funds are combined into aggregated columns on the proprietary fund's financial statements, as no enterprise or internal service funds are identified as major. Individual fund data for the enterprise and internal services funds are provided in the form of combining statements that follow the basic financial statements in this report.

While the total column on the business-type fund financial statements for enterprise funds is the same as the business-type column at the government-wide financial statements, the governmental major funds total column requires reconciliation because of the different measurement focus. The flow of current financial resources will reflect interfund transfers as other financial sources as well as capital expenditures and principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activity's column in the government-wide statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Nation's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

(Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information regarding the Nation's budgetary results. Other supplementary information can be found following the basic financial statements in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, and fiduciary funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Nation, assets exceeded liabilities by $6.6 billion at September 30, 2023 as compared to $5.9 billion at September 30, 2022 (restated).

The largest portion of the Nation's assets is cash and investments, which are managed by the Nation and managers selected by the Nation. The Nation uses the return on these investments to provide service to citizens. Earnings on the permanent fund investments became available to support operations of the Nation's government starting October 1, 2005. The Navajo Nation Council approved an expenditure plan for use of 95% of the permanent fund income (interest and dividends).

Restricted net position represents those operating funds on which external restrictions or restrictions imposed by law have been imposed that limit the purposes for which such funds can be used. The permanent fund's non-spendable fund balance of $3.0 billion and $2.7 billion as of September 30, 2023 and 2022, respectively, represents 98% of all non-expendable net position as of September 30, 2023 and 2022.

The Nation's net position

		Governmental activities			Business-type activities		
		2023	2022	Change	2023	2022	Change
				(In thousands)			
Current and other assets	$	8,274,498	7,489,713	784,785	151,659	139,877	11,782
Capital assets		831,250	796,729	34,521	31,988	25,751	6,237
Deferred outflow of resources, pensions		58,385	104,218	(45,833)	1,048	2,442	(1,394)
Total assets and deferred outflows	$	9,164,133	8,390,660	773,473	184,695	168,070	16,625
Long-term liabilities	$	170,742	238,458	(67,716)	2,120	4,320	(2,200)
Other liabilities		2,549,656	2,364,537	185,119	4,802	2,664	2,138
Deferred inflow of resources, pensions		16,275	—	16,275	292	—	292
Total liabilities and deferred inflows	$	2,736,673	2,602,995	133,678	7,214	6,984	230
Net position:							
Net investment in capital assets	$	798,121	760,163	37,958	31,988	25,751	6,237
Restricted		3,673,761	3,393,292	280,469	—	—	—
Unrestricted		1,955,578	1,634,210	321,368	145,492	135,335	10,157
Total net position	$	6,427,460	5,787,665	639,795	177,480	161,086	16,394

(Continued)

Analysis of the Nation's Operations

The following table provides a summary of the Nation's operations for the years ended September 30, 2023 and 2022. Governmental activities increased the Nation's net position by $640 million in 2023 compared to an decrease of $340 million in 2022. The 2023 increase is largely due to $342 million in net increase in fair value of investments, $175 million in interest and dividends, and $102 million in special item – claim settlements in the governmental funds. The 2022 decrease is largely due to $832 million in net decrease in fair value of investments, $140 million in interest and dividends, and $275 million in special item – claim settlements in the governmental funds.

Royalties from the sales of oil and gas and sale of coal were $76 million and $82 million of program revenues – charges for services, in 2023 and 2022, respectively. In fiscal year 2023, the General Fund budget was set to a conservative level so that the Nation could manage adjustments in market conditions and attempts to control expenditures.

The Nation averaged $678 million of external funding through grants and contracts for each of the past two years. The largest portion of that funding is for health and welfare for FY2023 and health and general government for FY2022. The Nation received $396 million of external funding in 2023 compared to $961 million of external funding in 2022.

The Nation's changes in net position

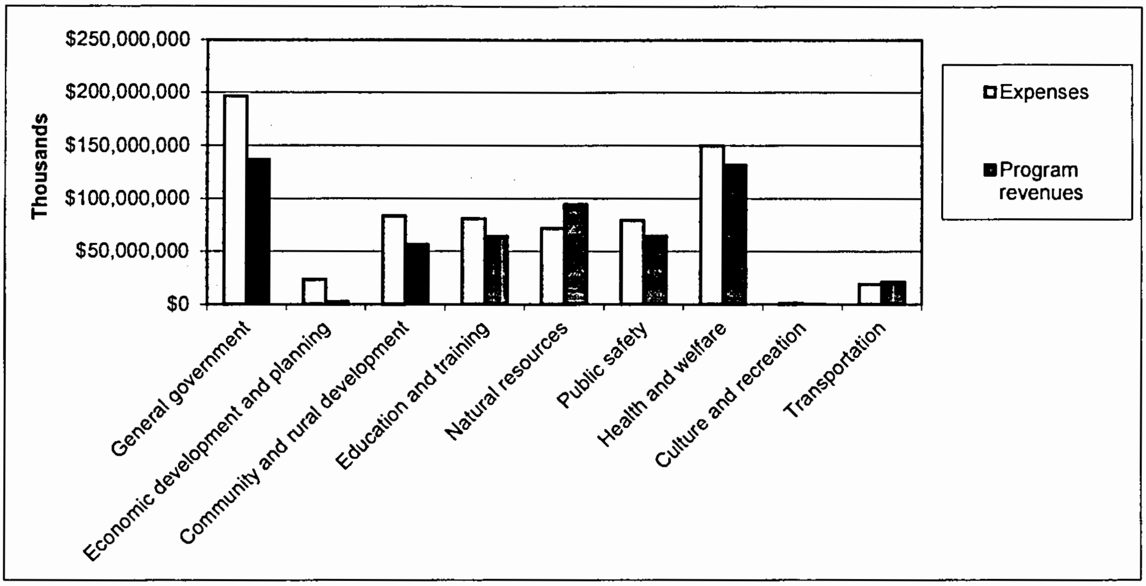
		Governmental activities			Business-type activities		
		2023	2022	Change	2023	2022	Change
				(In thousands)			
Revenues:							
Program revenues:							
Charges for services	$	176,645	35,032	141,613	21,940	18,700	3,240
Operating grants and contributions		344,793	914,533	(569,740)	—	—	—
Capital grants and contributions		50,897	46,339	4,558	—	—	—
General revenues:							
Taxes:							
Business activity		12,234	9,534	2,700	—	—	—
Possessory interest		18,076	19,836	(1,760)	—	—	—
Sales		78,715	70,851	7,864	—	—	—
Other		22,332	20,621	1,711	—	—	—
Unrestricted investment income		460,077	(603,747)	1,063,824	823	110	713
Land, buildings, business site, and right-of-way lease		80,381	75,618	4,763	—	—	—
Total revenues		1,244,150	588,617	655,533	22,763	18,810	3,953

The Nation's changes in net position

	Governmental activities			Business-type activities		
	2023	2022	Change	2023	2022	Change
	(In thousands)					
Expenses:						
General government	$ 196,468	717,810	(521,342)	—	—	—
Economic development and planning	23,473	8,827	14,646	—	—	—
Community and rural development	83,403	91,873	(8,470)	—	—	—
Education and training	80,589	71,256	9,333	—	—	—
Natural resources	71,467	74,212	(2,745)	—	—	—
Public safety	79,202	76,521	2,681	—	—	—
Health and welfare	149,629	138,274	11,355	—	—	—
Culture and recreation	1,116	1,065	51	—	—	—
Transportation	18,817	20,502	(1,685)	—	—	—
Interest on long-term debt	2,374	2,092	282	—	—	—
Business Industrial Development Fund	—	—	—	3,707	1,057	2,650
Credit Services	—	—	—	404	634	(230)
Navajo Nation Housing	—	—	—	753	710	43
Parks and Recreation	—	—	—	4,656	4,947	(291)
Fish and Wildlife	—	—	—	598	1,937	(1,339)
Navajo Transit	—	—	—	—	4	(4)
Livestock Custody	—	—	—	52	49	3
Annual Navajo Nation Fair	—	—	—	497	356	141
Tribal Ranch	—	—	—	226	(76)	302
Veterinary Medical Sales Fund	—	—	—	158	114	44
Colorado Ranch	—	—	—	595	720	(125)
Total expenses	706,538	1,202,432	(495,894)	11,646	10,452	1,194
Increase (decrease) in net assets before transfers, and Special item	537,612	(613,815)	1,151,427	11,117	8,358	2,759
Transfers	—	(863)	863	—	863	(863)
Statutory allocations	—	—	—	5,277	4,761	516
Special item – claims settlement	102,183	274,897	(172,714)	—	—	—
Change in net position	639,795	(339,781)	979,576	16,394	13,982	2,412
Net position, beginning (restated, see note 1)	5,787,665	6,127,446	(339,781)	161,086	147,104	13,982
Net position, end of year	$ 6,427,460	5,787,665	639,795	177,480	161,086	16,394

(Continued)

2023 Expenses and Program Revenues – Governmental Activities



Financial Analysis of the Government's Funds

Governmental Funds

The focus of the Nation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Nation's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The above graph shows governmental activities program revenues compared to expenses. The Nation's governmental activities are budgeted with and funded by a combination of program and general revenues. The Nation's general revenues are used to supplement program revenues reflected in the Nation's governmental activities and these two revenue sources combined resulted in a $538 million increase to net assets before transfers and special items compared to a $648 million net decrease in net assets before transfers and special items in the prior year. The turnaround is primarily attributed to an increase in investment income.

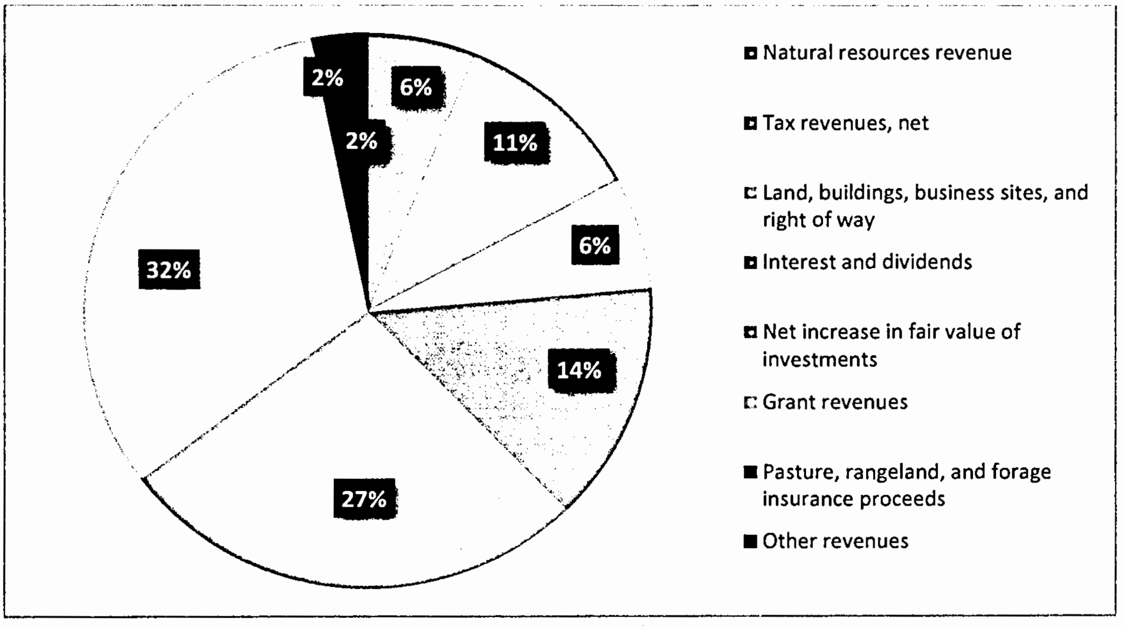
At the end of the current fiscal year, the Nation's governmental funds reported combined ending fund balance of $5.6 billion. Approximately, 92% of this total amount is reserved to indicate that it is not available for new spending because it is non-spendable, restricted, committed, and/or assigned.

The General Fund's revenues exceeded expenditures by $95 million during 2023.

At September 30, 2023, the Grant Fund recorded unearned revenue of $2.4 billion. This amount represents advances on federal grants, that have not been spent for their intended purpose in accordance with the grant document. These advances are restricted, and the Nation expects to fully utilize the funds in accordance with the original award.

The Permanent Fund's fund balance increased $236 million during the year ended September 30, 2023. The fund has a net increase in fair value of investments of $183 million and interest and dividends of $94 million. In addition, statutory allocations revenues of $48 million were added to the fund this year.

2023 Revenue by Source – Governmental Funds



Proprietary Funds

The Nation's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail. For the year ended September 30, 2023, enterprise fund net position increased $16 million and internal service fund net position increased $6 million.

General Fund Budgetary Highlights

- The Nation approved appropriations for fiscal year 2023 expenditures of $292 million. This amount included an initial operating budget of $249 million and supplemental appropriations approved during the year for various purposes of $43 million.
- Total net revenues of $302 million exceeded the original projection of $175 million by $127 million.
- On a budgetary basis, revenues exceeded expenditures by approximately $70 million before $48 million in transfers.

Capital Assets

The Nation's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to $863 million (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure, and construction in progress.

The construction in progress of $107 million increased from the prior year balance of $74 million, which was attributable to the construction of infrastructure waterline, road building and broadband network projects.

		Governmental activities		Business-type activities	
		2023	2022	2023	2022
Land and land development	$	125,307	125,307	965	965
Construction in progress		107,170	104,105	7,797	1,059
Buildings and improvements		731,393	681,201	35,265	35,254
Vehicles		163,438	151,036	695	695
Equipment		142,376	140,596	1,590	1,451
Furniture and fixtures		4,611	4,611	—	—
Accumulated depreciation		(443,045)	(410,126)	(14,324)	(13,673)
Total	$	831,250	796,730	31,988	25,751

Additional information on the Nation's capital assets can be found in note 4.

Debt Administration

At September 30, 2023, the Nation had the following debt:

Outstanding Debt at Year-End – Notes Payable, Bond Payable, and Bond Premium

		Governmental activities		Business-type activities	
		2023	2022	2023	2022
Bond payable	$	32,350	35,585	—	—
Bond premium		779	981	—	—
Total	$	33,129	36,566	—	—

Additional information on the Nation's long-term debt can be found in note 8.

Economic Factors and Next Year's Budget and Rates

- The Nation's operating budget is based on estimated revenue projections released by the Nation's Office of the Controller (OOC) in March of every year. Through June 2024, the Nation's actual revenues were at 129% of projected fiscal year 2024 revenues.

- Factors considered by OOC for the 2024 revenue projections were as follows:
  - The national economy coming out of the COVID-19 pandemic and the effects of this on pricing and investment income on the Nation's investment portfolio.
  - The effects of high interest rates projected into fiscal year 2024. While some predict interest rate reductions, the Nation has taken a conservative approach to predicting the effects interest rates will have on the projected fiscal year 2024 revenues in the general fund.
  - Increased inflation rates nationwide and the effects this has on market performance and interest rates. Inflation rates also were considered for budgeted expenditure plans during the 2024 budget process.
  - Pricing of commodities and energy production. The Nation is dependent on revenues provided from oil, gas and coal production. The OOC worked with industry experts and executives from the Nation's enterprises in projecting fiscal year 2024 revenues from energy related royalty income in the general fund.
  - Increased spending of the Nation's ARPA funds and the effect that may have on increased Nation tax revenue. Over the course of the next three fiscal periods the Nation plans to spend the remaining ARPA funds on local infrastructure and capital projects. The tax revenue effect for the Nation from this spending was taken into consideration in the 2024 revenue projections.
- In fiscal year 2022, a new five-year expenditure plan via Navajo Nation Council resolution CAP-30-21 was passed to spend the derived income in the Permanent Fund. The first three years (FY 2022, 2023, and 2024) have been completed, the fourth year (FY 2025) has an amount of $62,752,000 approved. An amount of $40,000,000 will be transferred to the General Fund to help fund operations. The additional $22,752,000 will be available for any other needs that the Navajo Nation leadership deems necessary.

Request for Information

The Nation's financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the Nation's finances. If you have questions about this report or need any additional information, contact the Office of the Controller, Attention: Sean McCabe, Controller, at:

P.O. Box 3150
Window Rock, Arizona 86515
928-871-6308

seanmccabe@nnooc.org

Exhibit A

THE NAVAJO NATION

Statement of Net Position

Modified Budget Basis

September 30, 2023

Assets and Deferred Outflows	Primary government		
Assets	**Governmental activities**	**Business-type activities**	**Total**
Pooled cash and investments (note 2)	$ 1,771,730,435	—	1,771,730,435
Cash and cash equivalents (note 2)	39,746,445	131,846,176	171,592,621
Investments (note 2)	10,022,514	14,754,641	24,777,155
Accounts and notes receivable, net (note 3)	112,161,572	5,056,873	117,218,445
Accrued interest receivable (note 3)	18,422,160	1,048	18,423,208
Other assets	5,607,138	—	5,607,138
Restricted assets:			
Pooled cash and investments (note 2)	5,842,532,754	—	5,842,532,754
Cash and cash equivalents (note 2)	37,814,679	—	37,814,679
Investments (note 2)	71,564,964	—	71,564,964
Accounts and notes receivable, net (note 3)	215,891,752	—	215,891,752
Accrued interest receivable (note 3)	39,290,201	—	39,290,201
Other assets	109,713,528	—	109,713,528
Capital assets (note 4):			
Land and construction in progress	232,476,887	8,762,320	241,239,207
Buildings and equipment, net of accumulated depreciation	598,773,040	23,225,952	621,998,992
Total capital assets	831,249,927	31,988,272	863,238,199
Total assets	9,105,748,069	183,647,010	9,289,395,079
Deferred Outflows			
Pension-related outflows	58,385,424	1,048,174	59,433,598
Total deferred outflows of resources	58,385,424	1,048,174	59,433,598
Total assets and deferred outflows	$ 9,164,133,493	184,695,184	9,348,828,677
Liabilities			
Accounts payable and accrued liabilities (note 6)	$ 93,697,547	4,802,478	98,500,025
Unearned revenue (note 7)	2,455,959,342	—	2,455,959,342
Long-term liabilities (note 8):			
Due within one year	34,913,895	258,012	35,171,907
Due in more than one year	32,111,576	—	32,111,576
Net pension liability (note 9)	103,716,166	1,861,980	105,578,146
Total long-term liabilities	170,741,637	2,119,992	172,861,629
Total liabilities	2,720,398,526	6,922,470	2,727,320,996
Deferred Inflows of Resources			
Pension-related inflows (note 9)	16,274,614	292,173	16,566,787
Total deferred inflows of resources	16,274,614	292,173	16,566,787
Net Position			
Net investment in capital assets	798,121,207	31,988,272	830,109,479
Expendable restricted assets:			
Restricted for community and rural development	460,732,044	—	460,732,044
Restricted for economic development and loans	9,115,320	—	9,115,320
Restricted for education	82,707,431	—	82,707,431
Restricted for claims and refunds	98,040,478	—	98,040,478
Nonexpendable restricted assets:			
Restricted for future government operations	2,964,263,190	—	2,964,263,190
Restricted for chapter activities	58,902,516	—	58,902,516
Unrestricted	1,955,578,167	145,492,269	2,101,070,436
Total net position	6,427,460,353	177,480,541	6,604,940,894
Total liabilities and net position	$ 9,164,133,493	184,695,184	9,348,828,677

See accompanying notes to basic financial statements.

Exhibit B

THE NAVAJO NATION

Statement of Activities

Modified Budget Basis

Year ended September 30, 2023

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue and changes in net position: Governmental activities	Net (expense) revenue and changes in net position: Business-type activities	Total
Governmental activities:							
General government	$ 196,468,243	56,500,692	73,088,324	7,203,540	(59,675,687)	—	(59,675,687)
Economic development and planning	23,472,697	795,487	—	1,925,000	(20,752,210)	—	(20,752,210)
Community and rural development	83,402,790	26,687,069	20,040,504	9,747,179	(26,928,038)	—	(26,928,038)
Education and training	80,588,952	9,999,955	53,920,931	313,198	(16,354,868)	—	(16,354,868)
Natural resources	71,466,497	78,769,865	12,224,735	3,348,561	22,676,664	—	22,876,664
Public safety	79,202,497	2,284,499	56,347,506	5,910,815	(14,659,677)	—	(14,659,677)
Health and welfare	149,628,973	111,570	121,737,853	9,943,572	(17,835,978)	—	(17,835,978)
Culture and recreation	1,115,546	187,458	2,828	—	(925,260)	—	(925,260)
Transportation	18,816,879	1,308,185	7,430,612	12,505,239	2,427,157	—	2,427,157
Interest on long-term debt	2,374,296	—	—	—	(2,374,296)	—	(2,374,296)
Total governmental activities	706,537,370	176,644,780	344,793,293	50,897,104	(134,202,193)	—	(134,202,193)
Business-type activities:							
Business industrial development fund	3,706,574	1,699,412	—	—	—	(2,007,162)	(2,007,162)
Loan fund	404,473	319,173	—	—	—	(85,300)	(85,300)
Employee Housing	752,939	906,895	—	—	—	153,956	153,956
Parks and Recreation	4,656,368	15,937,614	—	—	—	11,281,246	11,281,248
Fish and Wildlife	598,412	922,748	—	—	—	324,336	324,336
Navajo Nation Code	—	2,813	—	—	—	2,813	2,813
Livestock Custody	51,553	352,472	—	—	—	300,919	300,919
Fourth of July Celebration Fund	—	116,526	—	—	—	116,526	116,526
Annual Navajo Nation Fair	497,195	127,354	—	—	—	(369,841)	(369,841)
Tribal Ranch	225,963	845,334	—	—	—	619,371	619,371
Veterinary Medical Sales Fund	157,715	125,201	—	—	—	(32,514)	(32,514)
Colorado Ranch	594,956	584,552	—	—	—	(10,404)	(10,404)
Total business-type activities	11,646,148	21,940,094	—	—	—	10,293,946	10,293,946
	$ 718,183,518	198,584,874	344,793,293	50,897,104	(134,202,193)	10,293,946	(123,908,247)

General Revenue and Transfers

	Governmental activities	Business-type activities	Total
Taxes (note 10):			
Business activity	12,234,439	—	12,234,439
Possessory interest	18,075,969	—	18,075,969
Fuel excise	11,348,923	—	11,348,923
Oil and gas severance	6,978,896	—	6,978,896
Sales	78,714,812	—	78,714,812
Tobacco products	150,726	—	150,726
Hotel occupancy	1,437,507	—	1,437,507
Junk food tax	2,366,669	—	2,366,669
Alcohol tax	49,462	—	49,462
Unrestricted investment income	460,076,798	822,684	460,899,482
Statutory allocation	—	5,277,689	5,277,689
Land, buildings, business site, and right-of-way lease	80,380,745	—	80,380,745
Special item – claim settlements	102,182,855	—	102,182,855
Total general revenues and transfers	773,997,801	6,100,373	780,098,174
Change in net position	639,795,608	16,394,319	656,189,927
Net position, beginning of year, as restated (note 1n)	5,787,664,745	161,086,222	5,948,750,967
Net position, end of year	$ 6,427,460,353	177,480,541	6,604,940,894

See accompanying notes to basic financial statements.

Exhibit C

THE NAVAJO NATION

Balance Sheet – Governmental Funds

Modified Accrual Budget Basis

September 30, 2023

Assets	General funds (Schedule 5)	Grant fund	Permanent fund	Other governmental funds	Total governmental funds
Pooled cash and investments (including $5,553,916 of pledged securities) (note 2)	$ 1,561,287,076	2,339,076,309	2,888,046,597	825,853,207	7,614,263,189
Accounts receivable, net	12,433,825	128,128	—	7,790	12,569,743
Accrued interest receivable	9,253,401	1,940,173	34,370,280	12,040,385	57,604,239
Notes receivable (note 3)	70,711,671	—	136,384,851	53,867,867	260,964,389
Receivable from grantors	—	51,547,904	—	—	51,547,904
Due from the Grant Fund	9,510,845	—	—	—	9,510,845
Other assets	5,408,361	109,711,928	1,600	—	115,121,889
Total assets	$ 1,668,605,179	2,502,404,442	3,058,803,328	891,769,249	8,121,582,198
Liabilities and Fund Balances					
Liabilities:					
Accounts payable (note 6)	$ 13,259,953	28,698,092	2,209,262	5,088,548	49,255,855
Accrued liabilities (note 6)	26,061,961	15,407,268	1,298,311	—	42,767,540
Due to the General Fund	—	9,510,845	—	—	9,510,845
Unearned revenue (note 7)	7,096,813	2,448,788,237	58,293	—	2,455,943,343
Total liabilities	46,418,727	2,502,404,442	3,565,866	5,088,548	2,557,477,583
Fund balances:					
Nonspendable:					
Permanent fund principal	—	—	2,827,878,339	58,902,516	2,886,780,855
Long-term receivable	70,711,671	—	136,384,851	53,867,867	260,964,389
Spendable:					
Restricted for:					
Economic development loans	9,115,320	—	—	—	9,115,320
Community and rural development	13,000,000	—	—	—	13,000,000
Education	—	—	—	78,001,055	78,001,055
Special projects	—	—	—	40,908,219	40,908,219
Other capital projects	386,750,951	—	—	11,832,810	398,583,761
Committed for:					
Other capital projects	542,954,922	—	90,974,272	244,806,357	878,735,551
COVID-19 donations	3,142,561	—	—	—	3,142,561
Other purposes	150,831,969	—	—	398,361,877	549,193,846
Assigned to:					
Other purposes	20,901,339	—	—	—	20,901,339
Unassigned	424,777,719	—	—	—	424,777,719
Total fund balances	1,622,186,452	—	3,055,237,462	886,680,701	5,564,104,615
Total liabilities and fund balances	$ 1,668,605,179	2,502,404,442	3,058,803,328	891,769,249	

Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	829,546,381
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position (Exhibit F).	145,675,655
Amounts presented in the statement of net position relating to net pension outflows	57,310,728
Amounts presented in the statement of net position relating to net pension inflows	(15,975,049)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bond payable	(32,350,000)
Bond premium	(778,720)
Net pension liability	(101,807,073)
Compensated absences	(18,266,184)
Net position of governmental activities	$ 6,427,460,353

See accompanying notes to basic financial statements.

Exhibit D

THE NAVAJO NATION

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds

Modified Accrual Budget Basis

Year ended September 30, 2023

Revenues	General funds (Schedule 6)	Grant fund	Permanent fund	Other governmental funds	Total governmental funds
Natural resource revenue:					
Oil and gas	$ 38,143,485	—	—	—	38,143,485
Mining	37,604,114	—	—	—	37,604,114
Tax revenue, net (note 10)	101,138,656	—	—	30,218,747	131,357,403
Land, buildings, business site, and right-of-way revenue	79,419,867	—	—	960,878	80,380,745
Grant revenue	—	395,690,397	—	—	395,690,397
Interest and dividends	63,447,390	—	93,937,500	17,728,808	175,113,698
Net increase in fair value of investments	115,771,553	—	182,670,901	43,431,472	341,873,926
Pasture, rangeland, and forage insurance proceeds	19,526,563	—	—	—	19,526,563
Other revenue	8,287,839	—	690,563	11,231,936	20,210,338
Statutory allocation to permanent fund	(44,858,314)	—	48,174,228	(3,315,914)	—
Statutory allocation of current year revenues	(49,052,893)	—	—	43,775,204	(5,277,689)
Total revenues	369,428,260	395,690,397	325,473,192	144,031,131	1,234,622,980
Expenditures					
Current:					
General government	90,259,789	73,088,324	8,887,431	18,932,644	191,168,188
Economic development and planning	16,412,368	—	4,503,254	764,167	21,679,789
Community and rural development	45,543,171	20,040,504	6,391,763	1,916,453	73,891,891
Education and training	17,301,212	53,920,931	—	6,168,272	77,390,415
Natural resources	48,958,524	12,224,735	866,262	3,999,462	66,048,983
Public safety	9,485,553	56,347,506	—	3,136,059	68,969,118
Health and welfare	20,670,772	121,737,853	—	1,505,726	143,914,351
Culture and recreation	877,230	2,828	—	—	880,058
Transportation	—	7,430,612	—	3,628,940	11,059,552
Debt service – principal	—	—	—	3,235,000	3,235,000
Debt service – interest	—	—	—	2,374,296	2,374,296
Capital outlay	25,387,090	50,897,104	1,063,704	11,625,006	88,972,904
Total expenditures	274,895,709	395,690,397	21,712,414	57,286,025	749,584,545
Excess of revenues over expenditures	94,532,551	—	303,760,778	86,745,106	485,038,435
Other Financing Sources (Uses)					
Transfers (note 5)	65,911,000	—	(67,911,000)	2,000,000	—
Total other financing sources (uses)	65,911,000	—	(67,911,000)	2,000,000	—
Special Items					
Claim settlements	102,182,855	—	—	—	102,182,855
Total special items	102,182,855	—	—	—	102,182,855
Net change in fund balances (Exhibit E)	262,626,406	—	235,849,778	88,745,106	587,221,290
Fund balance, beginning of year, as restated	1,359,560,046	—	2,819,387,684	797,935,595	4,976,883,325
Fund balance, end of year	$ 1,622,186,452	—	3,055,237,462	886,680,701	5,564,104,615

See accompanying notes to basic financial statements.

Exhibit E

THE NAVAJO NATION

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Modified Accrual Budget Basis

Year ended September 30, 2023

Net change in fund balances – governmental funds (Exhibit D)		$ 587,221,290
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 72,275,729	
Depreciation expense	(35,956,010)	
		36,319,719
Net pension liability does not require the use of current financial resources and, therefore, are not reported in the governmental funds.		67,991,613
Net deferred outflow of resources related to pensions do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(44,873,461)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,235,000
Bond premium amortization expense does not require the use of current financial resources and, therefore, is not reported as expenditure in the governmental funds.		202,771
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		159,387
Net deferred inflow of resources related to pensions do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(15,975,049)
Internal service funds are used by the Nation to charge the costs of certain activities to the individual funds. The net revenue of internal service funds applicable to governmental activities is reported with governmental activities (Exhibit G).		5,514,338
Change in net position of governmental activities (Exhibit B)		$ 639,795,608

See accompanying notes to basic financial statements.

Exhibit F

THE NAVAJO NATION

Statement of Net Position

Proprietary Funds

Modified Budget Basis

September 30, 2023

Assets and Deferred Outflow of Resources		Business-type activities – enterprise funds	Governmental activities – internal service funds
Current assets:			
Cash and cash equivalents (note 2)	$	131,846,176	77,561,124
Investments (note 2)		14,754,641	81,587,478
Receivables:			
Accrued interest receivable		1,048	108,122
Accounts receivable, net		50,083	2,971,288
Current portion of notes receivable (note 3)		2,012,677	—
Inventory		—	198,777
Total receivables		2,063,808	3,278,187
Total current assets		148,664,625	162,426,789
Noncurrent assets:			
Receivables:			
Notes receivable, net (note 3)		2,994,113	—
Capital assets (note 4):			
Construction in progress		7,796,863	—
Land and land development costs		965,457	—
Buildings		35,264,613	812,506
Vehicles		—	42,496,232
Equipment		2,285,134	6,647,331
Total capital assets		46,312,067	49,956,069
Accumulated depreciation		14,323,795	48,252,523
Capital assets, net		31,988,272	1,703,546
Total noncurrent assets		34,982,385	1,703,546
Pension related outflows		1,048,174	1,074,696
Total deferred outflow of resources		1,048,174	1,074,696
Total assets and deferred outflows	$	184,695,184	165,205,031
Liabilities and Net Position			
Current liabilities:			
Accounts payable (note 6)	$	1,397,433	1,036,580
Accrued liabilities (note 6)		3,405,045	637,572
Unearned revenue (note 7)		—	15,999
Current portion of compensated absences (note 8)		258,012	297,679
Current estimated claims and judgements payable (note 8)		—	12,782,261
Total current liabilities		5,060,490	14,770,091
Noncurrent liabilities:			
Estimated claims and judgements payable (note 8)		—	2,550,627
Net pension liability (note 9)		1,861,980	1,909,093
Total noncurrent liabilities		1,861,980	4,459,720
Total liabilities		6,922,470	19,229,811
Pension-related inflows		292,173	299,565
Total deferred inflow of resources		292,173	299,565
Net position:			
Net investment in capital assets		31,988,272	1,703,546
Expendable restricted net position – restricted for claims and refunds		—	98,040,478
Unrestricted		145,492,269	45,931,631
Total net position		177,480,541	145,675,655
Total liabilities and net position	$	184,695,184	165,205,031

See accompanying notes to basic financial statements.

Exhibit G

THE NAVAJO NATION

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Modified Budget Basis

Year ended September 30, 2023

	Business-type activities – enterprise funds	Governmental activities – internal service funds
Operating revenues:		
Rental income	$ 2,228,685	—
Interest income – notes receivable	282,837	—
Insurance premium income	—	49,790,328
Charges for services	18,999,816	14,468,762
Other income	428,756	160,263
Total operating revenues	21,940,094	64,419,353
Operating expenses:		
Personnel	3,921,441	4,331,131
Travel, per diem, and vehicle	709,069	427,017
Supplies	706,218	6,411,471
Cost of goods sold	—	245,662
Contractual service	520,731	896,434
Lease, telephone, and utilities	342,421	164,375
Repairs and maintenance	429,872	138,668
Provision for bad debts	42,402	(3,740)
Depreciation expense	650,824	2,211,468
Benefits and claims	—	34,483,031
Reinsurance premiums	35,561	10,021,825
Tribal grants	2,805,000	—
Other expenses	1,482,609	3,827,127
Total operating expenses	11,646,148	63,154,469
Operating income	10,293,946	1,264,884
Nonoperating revenues:		
Interest and dividends	5,456	723,701
Net increase (decrease) in fair value of investments	817,228	3,525,753
Statutory allocations	5,277,689	—
Total nonoperating revenues	6,100,373	4,249,454
Nonoperating revenues, net	6,100,373	4,249,454
Change in net position	16,394,319	5,514,338
Net position, beginning of year, as restated (note 1n)	161,086,222	140,161,317
Net position, end of year	$ 177,480,541	145,675,655

See accompanying notes to basic financial statements.

Exhibit H

THE NAVAJO NATION

Statement of Cash Flows

Proprietary Funds

Modified Budget Basis

Year ended September 30, 2023

	Business-type activities – enterprise funds	Governmental activities – internal service funds
Cash flows from operating activities:		
Receipts from customers	$ 20,558,805	14,530,356
Cash received for premiums from the government	—	27,192,246
Cash received from others for premiums	—	23,093,509
Receipt of interest on loans	282,837	—
Payments to employees for services	(4,435,746)	(4,531,752)
Payments of claims	—	(29,152,056)
Payments to suppliers	(584,579)	(6,527,265)
Payments to third parties for services	(2,857,540)	(16,854,700)
Other (expenses) receipts	(1,019,028)	141,609
Net cash provided by operating activities	11,944,749	7,891,947
Cash flows from capital and related financing activity:		
Acquisition of capital assets	(6,888,895)	(443,830)
Sale of capital assets	635	31,829
Net cash used in capital and related financing activity	(6,888,260)	(412,001)
Cash flows from noncapital and related financing activity:		
Statutory Allocation	5,277,689	—
Net cash provided by noncapital and related financing activity	5,277,689	—
Cash flows from investing activities:		
Purchase of investments	(61,384,352)	(79,088,947)
Sales of investments	62,286,404	63,507,368
Interest on investment and cash balances	4,408	660,499
Net cash (used in) provided by investing activities	906,460	(14,921,080)
Net increase in cash and cash equivalents	11,240,638	(7,441,134)
Cash and cash equivalents, beginning of year	120,605,538	85,002,258
Cash and cash equivalents, end of year	$ 131,846,176	77,561,124
Reconciliation of operating income to net cash from operating activities:		
Operating income	$ 10,293,946	1,264,884
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation expense	650,824	2,211,468
Provision (recovery) for bad debts	42,402	(3,740)
(Increase) decrease in accounts receivable	(47,292)	538,367
Decrease in inventories	—	102,905
Increase in notes receivable	(619,613)	—
Decrease in deferred outflows	1,393,400	959,462
Increase (decrease) in accounts payable and accrued liabilities	2,138,787	(1,352,291)
Decrease in net pension liability	(2,195,169)	(1,471,049)
Increase (decrease) in compensated absences	(4,709)	11,401
Increase in estimated claims payable	—	5,330,975
Increase in deferred inflows	292,173	299,565
Total adjustments	1,650,803	6,627,063
Net cash provided by operating activities	$ 11,944,749	7,891,947

See accompanying notes to basic financial statements.

Exhibit I

THE NAVAJO NATION

Statement of Fiduciary Net Position

Fiduciary Funds

Modified Budget Basis

September 30, 2023

Assets		Pension trust funds	Private-purpose trust funds
Cash and cash equivalents (note 2)	$	7,760,304	2,727,820
Investments (note 2)		1,076,576,033	—
Accrued interest receivable		2,335,379	—
Total assets		1,086,671,716	2,727,820
Liabilities and Net Position			
Accounts payable and accrued liabilities (note 6)		622,875	—
Total liabilities		622,875	—
Net position held in trust for pension benefits and other purposes	$	1,086,048,841	2,727,820

See accompanying notes to basic financial statements.

Exhibit J

THE NAVAJO NATION

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Modified Budget Basis

Year ended September 30, 2023

	Pension trust funds	Private-purpose trust funds
Additions:		
Interest and dividends	$ 33,821,330	—
Net increase in fair value of investments	63,103,144	87,852
Contributions to plans (note 9)	35,802,741	—
Total additions	132,727,215	87,852
Deductions:		
Personnel	434,944	—
Travel	41,208	—
Supplies	22,896	—
Utilities	175,234	—
Retirement benefits	61,062,588	—
Contractual services	3,838,967	25,734
Other	72,377	—
Total deductions	65,648,214	25,734
Change in net position	67,079,001	62,118
Net position, beginning of year	1,018,969,840	2,665,702
Net position, end of year	$ 1,086,048,841	2,727,820

See accompanying notes to basic financial statements.

(1) Basis of Accounting and Summary of Significant Accounting Policies

(a) Reporting Entity

The accompanying financial statements reflect the operations and financial position of the Navajo Nation, which are accounted for by the Office of the Controller of the Navajo Nation. These operations provide the Navajo Nation (the Nation) with traditional governmental services such as public safety, education, health, and management of natural resources, as well as certain other activities such as economic development, community development, chapter projects, transportation, and cultural and recreational activities and employee benefits.

The Nation has adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14,* GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provide guidance in determining whether certain organizations are component units and the presentation of these component units in the financial statements. Criteria for determining whether related organizations are component units include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the Nation to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Nation, or;
- An organization is fiscally dependent on the Nation and provides specific financial benefits to, or imposes specific financial burdens on, the Nation, or;
- It is determined that it would be misleading to exclude the related organization from the Nation's financial statements because of the nature of the entity or because the entity is closely related to or financially integrated with the Nation.

The financial statements do not include the assets, liabilities, net position, or results of operations of certain entities that are legally separate from the Nation and/or which are financially accountable to the Nation. Some of these entities have had capital investments and contributions made by the Nation. The modified accrual budget basis of accounting requires the financial statements of such entities to be included in the financial statements.

The financial statements do not include the financial position or activities of various private and governmental agencies operating within reservation boundaries or programs conducted on the Navajo reservation, which do not involve the use of Nation funds and over which the Navajo Nation Council does not exercise fiscal or administrative control.

As a Native American Indian Tribe, the Nation considers itself exempt from federal and state income taxes.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) display information about the Nation's governmental and business-type activities. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations of internal activity have been made in these statements. The governmental activities are reported separately from the business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Nation's governmental and business-type activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants, contributions, and fair market value of restricted investments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not properly included among program revenues are reported as general revenues.

(c) Fund Financial Statements

The Nation uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. Separate financial statements are provided for the governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed as a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds and each of the fiduciary fund types are reported in the aggregate.

The funds used by the Nation are as follows:

Governmental Funds

(i) General Fund (Major Fund)

The General Fund represents the operating activities of the Nation. The Navajo Nation Council appropriates funds for the expenditures of the General Fund. Within the General Fund, funds are appropriated in the following categories:

Operating Appropriations – Appropriations allocated to operating departments and programs that are budgeted annually. Unencumbered balances at the close of each fiscal year revert to General Fund unassigned fund balance, unless otherwise specified by the Navajo Nation Council.

Capital Project Appropriations – Appropriations for items of a capital nature. Unencumbered balances at the close of each fiscal year revert to General Fund unassigned fund balance, unless otherwise specified by the Navajo Nation Council.

Reimbursements of administrative costs (indirect costs) incurred by the Nation's General Fund in connection with the administration of programs funded by various grantor agencies are recorded as expenditures in the Grant Fund and as a reduction of General Fund expenditures. Realization of the amounts recorded is subject to approval and audit by grantor agencies and availability of funds from such grantors.

The Nation consolidates several funds in the General Fund which do not meet the GASB definitions for one of the other fund types.

(ii) Navajo Dam Escrow Fund (Included in General Funds)

The Navajo Dam Escrow Fund is used to account for monetary settlements received in connection with an agreement between the Nation and the City of Farmington, New Mexico. Funds within the account shall be used solely for the purpose of collateralizing loans to Navajo individuals or entities within the San Juan County, New Mexico portion of the Nation.

(iii) Oil and Gas Development Fund (Included in General Funds)

The Oil and Gas Development Fund is used to provide financing for development projects and related costs of the Navajo Nation Oil and Gas Company, Inc. in furtherance of the Navajo Nation Energy Policy and pursuant to its corporate charter.

(iv) Navajo Nation Reforestation Fund (Included in General Funds)

The Navajo Nation Reforestation Fund is used to account for funds reserved for the purpose of reseeding land within the Nation.

(v) Capital Outlay Match Fund (Included in General Funds)

The Capital Outlay Match Fund was established in 2001 with a $5,000,000 appropriation from the Navajo Nation Council. The Nation often receives capital outlay grants for projects that benefit the Navajo people. The purpose of the Capital Outlay Match Fund is to establish a ready source of funds to meet the matching requirements associated with these grants.

(vi) Sihasin Fund (Included in General Funds)

The Sihasin Fund was created with monies received from a settlement with the U.S. government related to trust mismanagement of assets. The purposes of the fund include financing the planning and development of regional infrastructure, supporting economic and community development, education opportunities for members of the Nation, and leveraging the fund by way of guaranteeing loans or match funding.

(vii) License Plate Revenue Fund (Included in General Funds)

The License Plate Revenue Fund was established to account for the revenue from the sale of Arizona specialty license plates.

(continued)

(viii) *Handicapped Services Trust Fund (Included in General Funds)*

The Handicapped Services Trust Fund is used to supplement programs and projects, which provide services to handicapped Navajo citizens. The Navajo Nation Council resolution, that established the fund, stipulates that the principal may not be expended except pursuant to a referendum adopted by a two-thirds majority vote of registered Navajo voters. For the income earned by the fund, 95% is available for the stated purpose; the remainder is to be reinvested as principal.

(ix) *Senior Citizens Services Trust Fund (Included in General Funds)*

The Senior Citizens Services Trust Fund is used to supplement programs and projects, which provide services to Navajo senior citizens. The Navajo Nation Council resolution, that established the fund, stipulates that the principal may not be expended except pursuant to a referendum adopted by a two-thirds majority vote of registered Navajo voters. For the income earned by the fund, 95% is available for the stated purpose; the remainder is to be reinvested as principal.

(x) *Vocational Education Trust Fund (Included in General Funds)*

The Vocational Education Trust Fund is used to fund grants to Navajo students attending vocational education institutions and to apprentices and practitioners selected to participate in the Navajo Traditional Apprenticeship Project on an annual basis.

The Navajo Nation Council resolution, that established the fund, stipulates that the principal may not be expended except pursuant to a referendum adopted by a two-thirds majority vote of registered Navajo voters. The previous year's market value of the fund is used to determine the amount available for use as 4% of the previous year's market value is available for the stated purpose while the remainder is to be reinvested as principal.

(xi) *Navajo Academy Trust Fund (Included in General Funds)*

The Navajo Academy Trust Fund is intended to be used by the Navajo Preparatory School to provide funds to upgrade classroom equipment and materials, to fund costs associated with new educational facilities, and to fund scholarships for Navajo Preparatory School graduates to pursue postsecondary education. The Navajo Nation Council resolution, that established the fund, stipulates that the principal may not be expended except pursuant to a referendum adopted by a two-thirds majority of registered Navajo voters. The previous year's market value of the fund is used to determine the amount available for use as 4% of the previous year's market value is available for the stated purpose while the remainder is to be reinvested as principal.

(xii) *Navajo Trust Fund (Included in General Funds)*

The Navajo Trust Fund was established as a result of the exchange/sale of the former Phoenix Indian School property. The United States wanted to acquire private land adjacent to the Big Cypress National Preserve to be included in the National Wildlife Refuge System and offered in exchange for this property the former Phoenix Indian School property. Trust income may be used only for supplemental educational and child welfare programs, activities, and services to benefit the Nation, and the design, construction, improvement, or repair of related facilities.

(xiii) Local Governance Trust Fund (Included in General Funds)

The Local Governance Trust Fund was established in 2001 with a $2,400,000 appropriation from the Navajo Nation Council. The purpose of the Local Governance Trust Fund is to support the chapters of the Nation in the implementation of the Local Governance Act enacted by the Navajo Nation Council in 1998.

(xiv) San Juan River Mitigation Fund (Included in General Funds)

The San Juan River Mitigation Fund was established in 2023 with the net settlement amounts from the U.S. Environmental Protection Agency (EPA), its contractors, and several mining companies. The fund's usage is restricted to environmental technical studies, water quality monitoring activities, preventive and corrective measures to address contamination, and the implementation of the Nation's Environmental Protection Agency Communications Strategy.

Special Revenue Fund Type

Special Revenue Funds are used to account for revenue from specific sources that are restricted by law or administrative action for specific purposes as follows:

(i) Grant Fund (Major Fund)

The Grant Fund is used to account for the activities and programs over which the Nation exercises fiscal and administrative control, which are financed by various grantors. Program expenditure budgets are approved by the grantors. Disallowed costs, if any, resulting from compliance audits are recorded during the period when an amount is mutually agreed upon.

(ii) Scholarship Fund (Nonmajor Fund)

The Scholarship Fund is used to account for certain assets budgeted to provide scholarships to tribal members for educational purposes. An 8.3333% portion of sales tax revenue, net of statutory allocations to the Permanent Fund, Veterans Trust Fund, and Land Acquisition Fund, are deposited to this Fund.

(iii) Navajo Tourism Fund (Nonmajor fund)

The Navajo Tourism Fund is used to account for taxes, which are assessed on hotel room rentals within the Nation. The funds are to be used to improve tourism in the Nation.

(iv) Navajo Nation Environmental Protection Agency Fund (Nonmajor Fund)

The Navajo Nation Environmental Protection Agency Fund is used to account for fees and penalties imposed upon owners and operators of underground storage tanks. The funds are to be used to administer and regulate the Navajo Nation Underground Storage Tank Act.

(v) Tax Suspense Fund (Nonmajor Fund)

The Tax Suspense Fund is used to account for 2% of actual tax payments received, which are set aside to pay future tax claims and refunds. No later than 60 days prior to the end of each fiscal year, the Navajo Tax Commission shall make a determination as to what amount, if any, may be released from the fund to the General Fund.

(continued)

(vi) *Water Rights Fund (Nonmajor Fund)*

The Water Rights Fund was established in 2003 with a $2,100,000 appropriation from the Navajo Nation Council. The purpose of the Water Rights Fund is to provide assured annual funding for the protection of the Nation's water rights in the states of Arizona, Utah, and New Mexico.

(vii) *Navajo Nation Roads Fund (Nonmajor Fund)*

The Navajo Nation Roads Fund is used to account for the proceeds generated from the Nation's fuel excise tax. The tax proceeds are to be utilized to meet highway funding regulations and design standards, to improve overall road systems, to improve safety, and to meet community and economic development needs.

(viii) *Land Acquisition Fund (Nonmajor Fund)*

The Land Acquisition Fund is used to provide revenue to acquire land, including existing structures, for the Nation in accordance with the Navajo Nation Land Acquisition Policies and Procedures. A 2% portion of all unrestricted revenue of the Nation is transferred, via statutory allocation, to the Land Acquisition Fund. The Navajo Nation Council resolution, which established the fund, stipulates that the principal may not be expended except pursuant to a referendum adopted by a two-thirds majority vote of the Navajo Nation Council. Of the income earned, 90% is available for the stated purpose; the remainder is to be reinvested as principal.

(ix) *Navajo Rehabilitation Trust Fund (Nonmajor Fund)*

The Navajo Rehabilitation Trust Fund is used to account for amounts received from the U.S. government to benefit Navajo people and communities affected by the settlement of the Navajo/Hopi land dispute.

The fund qualifies as a special revenue fund as it has a recurring source of revenue through a business site lease with the Navajo Nation Gaming Enterprise (NNGE) Twin Arrows Casino and the fund is to be used for specific purposes.

(x) *Diné Relocatee Fund (Nonmajor Fund)*

The Diné Relocatee Fund is used to record all revenue, income, payments and proceeds generated from the Arizona New Lands acquired pursuant to Navajo-Hopi Settlement Act. The net proceeds of all settlement or judgement awards stemming from litigation brought by the Nation on behalf of Navajo families residing on the Hopi-partitioned lands as of December 22, 1974 against the United States shall be deposited into the fund.

(xi) *Gaming Development Fund (Nonmajor Fund)*

The Gaming Development Fund is used to account for the proceeds generated from any agreements entered into by the Nation concerning the lease of gaming machines to any other Indian nation. These sources of revenues will be used to provide funding for gaming development within the Nation.

(continued)

(xii) *Gaming Revenue Distribution Fund (Nonmajor Fund)*

The Gaming Revenue Distribution Fund is used to account for the proceeds received from the NNGE and to provide an allocation plan for the use of the revenue received.

(xiii) *Judicial/Public Safety Facilities Fund (Nonmajor Fund)*

The Judicial/Public Safety Facilities Fund was established to provide funding for judicial and public safety facilities as approved by the Judiciary Committee and Public Safety Committee. Projects or activities funded by this fund include planning, site clearance, and development; site improvement and landscape development; utility access; street access and parking areas; construction, maintenance, renovation, and repair; and debt service financing as needed for these activities. A 16.6666% portion of sales tax revenue, net of statutory allocations to the Permanent Fund, Veterans Trust Fund, and Land Acquisition Fund, are deposited to this fund.

(xiv) *Department of Public Safety (DPS) Gaming Fund (Nonmajor Fund)*

The DPS Gaming Fund was established to provide funding for police services at various Nation casinos.

(xv) *DPS Alcohol Tax Fund (Nonmajor Fund)*

The DPS Alcohol Tax Fund was established to fund public welfare. A 3.25% tax is added to the sale of all alcoholic beverages sold.

(xvi) *Healthy Diné Tax Act Fund (Nonmajor Fund)*

The Healthy Diné Tax Act Fund was established to fund community wellness projects. A 2% tax is added to the sale of food or beverage items considered to have minimal-to-no nutritional value.

(xvii) *Fire & Rescue Services Fund (Nonmajor Fund)*

The Fire & Rescue Services Fund was established to provide funding for fire and rescue services throughout the Navajo Nation. A 16.6666% portion of sales tax revenue, net of statutory transfers to the Permanent Fund, Veterans Trust Fund, and Land Acquisition Fund, are deposited to this fund.

(xviii) *Navajo Tribal Utility Authority (NTUA) Emergency and Replacement Fund (Nonmajor Fund)*

NTUA Emergency and Replacement Fund was established to provide funding for emergency water and wastewater projects and replacement throughout the Navajo Nation. A 60% portion of sales tax revenue associated with construction of public water and wastewater, net of statutory transfers to the Permanent Fund, Veterans Trust Fund, and Land Acquisition Fund, is deposited to this fund.

(xix) *Sales Tax Trust Fund (Nonmajor Fund)*

The Sales Tax Trust Fund is used to accumulate net sales tax revenue collected from retail establishments on the Navajo reservation. The net sales tax revenue collected from retail establishments is to be distributed to the specific Nation chapter in which the retail sale occurred, so long as that chapter is governance certified as defined by the Navajo Nation Local Governance Act. Net sales tax revenue collected from retail establishments where no governance certified chapter exists shall be distributed pursuant to a plan of operation developed by the Nation and approved by the Budget and Finance Committee of the Navajo Nation Council.

(xx) Veterans' Trust Fund (Nonmajor Fund)

The Veterans' Trust Fund is used to account for the accumulation of funds, which are expected to be used to pay for veterans' programs, projects, and services or activities, as well as survivors' benefits for the surviving spouses of deceased veterans. A 4% portion of all unrestricted revenues is transferred, via statutory allocation, to the Veterans' Trust Fund. Based on the average market value of the fund, 4% of the average market value of the fund is available to be spent for the stated purpose; the remainder is to be reinvested as principal.

Debt Service Fund Type

Debt Service Funds are used to account for and report financial resources that are restricted to expenditures for principal and interest of long-term debt as follows:

(xxi) FMIS Key Bank Loan Fund (Nonmajor Fund)

The fund was established with an unsecured general obligation credit facility to maintain and upgrade the Nation's Financial Management Information System. The loan will be repaid with general funds.

Permanent Fund Type

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Nation's programs. The Nation has the following permanent fund types:

(xxii) Permanent Fund (Major Fund)

The Permanent Fund was established to provide revenues in future years. The Navajo Nation Council resolution, that established the fund, stipulates that the principal may not be expended except pursuant to a referendum approved by the Navajo Nation Council and adopted by a two-thirds majority vote of registered Navajo voters. A 95% portion of the fund's income is available to supplement operations of the Nation's government, while 50% of the fund's income is available to be transferred to the Local Governance Trust Fund once a five-year spending plan is established.

(xxiii) Chapter Government Nation Building Fund (Nonmajor Fund)

The Chapter Government Nation Building Fund is used to account for assets budgeted for use on chapter projects. Of the income earned on the assets, 95% is to be distributed to Navajo chapters for the benefit of chapter members.

(continued)

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The Nation utilizes the following proprietary funds:

Enterprise Fund Type

Enterprise Funds are used to report activity for which a fee is charged to external users for goods and services. The Nation utilizes the following enterprise funds:

(i) *Business and Industrial Development Fund (Nonmajor Fund)*

The Business and Industrial Development Fund was established to promote economic development through investment in, and loans to, entities that conduct business on the Navajo reservation. A 8.3333% portion of sales tax revenue, net of statutory allocations to the Permanent Fund, Veterans Trust Fund, and Land Acquisition Fund, are deposited to this Fund.

(ii) *Loan Fund (Nonmajor Fund)*

The Loan Fund is used to account for the loan programs that are administered by the Credit Services Department of the Division of Finance or the Veterans' Affairs Program of the Division of Human Resources.

(iii) *Employee Housing Fund (Nonmajor Fund)*

The Employee Housing Department maintains and rents 149 housing units to Nation employees. Monthly rental payments are automatically deducted from Nation employee paychecks and are expected to be sufficient to fund the operations of the program.

(iv) *Parks and Recreation Fund (Nonmajor Fund)*

The Parks and Recreation Fund is utilized to account for the scenic tour fees, gift shop charges, camping fees, and other charges associated with Nation parks and recreation areas. The largest of these parks is the Monument Valley Tribal Park. The fees collected are expected to be sufficient to fund the Parks and Recreation department operations.

(v) *Fish and Wildlife Fund (Nonmajor Fund)*

The Fish and Wildlife Fund was established to manage, conserve, and protect the Nation's fish, wildlife, and plant resources and their habitats. The fund is utilized to account for the fees collected from hunting, fishing, and other wildlife management activities.

(vi) *Navajo Nation Code Fund (Nonmajor Fund)*

The Navajo Nation Code Fund was established to account for the revenue generated from sale, reproduction, and transmission of the Navajo Nation Code and related expenses.

(vii) *Navajo Transit Fund (Nonmajor Fund)*

The Navajo Transit Fund was established to account for the revenue generated from fixed route transportation services for transporting passengers and their baggage, newspapers, and express mail, between points in New Mexico and Arizona. In addition, the fund accounts for charter transportation services for passengers and their baggage between points in Arizona and New

(continued)

Mexico and other points in Utah, Colorado, California, Nevada, Idaho, Oregon, Washington, Oklahoma, Texas, Kansas, Mississippi, Illinois, Arkansas, Tennessee, North Carolina, Virginia, Missouri, Louisiana, and the District of Columbia.

(viii) Livestock Custody Fund (Nonmajor Fund)

The Livestock Custody Fund was established by the Livestock and Foreign Animal Disease Response Act of 2006 to administer service fees collected from inspection of livestock by the Navajo Department of Resource Enforcement. The department is authorized to enhance methods of seizure of livestock; to safeguard the livestock industry, the livestock owner, and the Navajo Nation Government; to develop and maintain records for purposes of livestock tracking, animal identification, and ownership identification; to adhere to service charges and fees established by Navajo law; to initiate and establish a livestock identification program required by the U.S. government; and to collect penalties from violations of Navajo law regarding livestock.

(ix) Fourth of July Celebration Fund (Nonmajor Fund)

The Fourth of July Celebration Fund was established to provide a dedicated source of funds to the Annual Navajo Nation Fourth of July Celebration as a self-sustaining event. All sources of revenue from this event as well as expenses are recorded in this fund.

(x) Annual Navajo Nation Fair Fund (Nonmajor Fund)

The Annual Navajo Nation Fair Fund was established to provide a dedicated source of funds to the Annual Navajo Nation Fair as a self-sustaining event. All sources of revenue from this event as well as expenses are recorded in this fund.

(xi) Tribal Ranch Fund (Nonmajor Fund)

The Tribal Ranch Fund was established to administer and regulate the Nation's tribal ranches specifically, ensuring the ranchers and lessees comply with U.S. Forest Service, Bureau of Land Management, adjoining states, and other governmental regulations and/or guidelines.

(xii) Veterinary Medical Sales Fund (Nonmajor Fund)

The Veterinary Medical Sales Fund was established to enable the Nation's Veterinary and Livestock Program to provide low cost comprehensive veterinary services and interact with Federal and State Veterinary Agencies in accordance with the Nation's Emergency Response to a Foreign Animal Disease, the Livestock and Foreign Animal Disease Act of 2006, and the Nation's Veterinary Act of 2007.

(xiii) Colorado Ranch Fund (Nonmajor Fund)

The Colorado Ranch Fund was established to manage, conserve, and protect the Nation's fish, wildlife, and plant resources and their habitats on lands owned in Colorado. The fund is utilized to account for the fees collected from hunting, fishing, and other wildlife management activities at the Colorado Ranch.

Internal Service Fund Type

Internal service funds are utilized to account for goods or services that are provided to the Nation's departments on a cost reimbursement basis. The Nation utilizes the following internal service funds:

(xiv) Fleet Management Fund

The Fleet Management department provides motor vehicle transportation services to the Nation's departments and programs, including those of certain affiliates. Fees collected from vehicle rentals and mileage are expected to be sufficient to sustain operations of the program.

(xv) Duplicating Services Fund

The Duplicating Services department provides duplicating services to the Nation's departments and programs, including those of certain affiliates. Fees collected from duplicating services are expected to be sufficient to sustain operations of the program.

(xvi) Office Supply Center Fund

The Office Supply Center procures office supplies, which are sold to the Nation's departments and programs, including those of certain affiliates. Fees collected from the sale of supplies are expected to be sufficient to sustain operations of the program.

(xvii) Air Transportation Fund

The Air Transportation department utilizes three aircraft to provide flight services to Nation employees and third parties working on Nation government business. Fees billed to Nation departments for individual flights are expected to be sufficient to support program operations and aircraft maintenance. The majority of this fund's services are provided to departments and programs of the Nation's primary government.

(xviii) Group Health Self-Insurance Fund

The Group Health Self-Insurance Fund is used to account for the accumulation of funds, which are expected to be used to pay for health insurance claims of the Nation and certain affiliates. Life insurance premiums of third-party providers are also paid from this fund. The majority of this fund's services are provided to departments and programs of the Nation's primary government.

(xix) Property and Casualty Self-Insurance Fund

The Property and Casualty Self-Insurance Fund is used to account for the accumulation of funds, which are expected to be used to pay for liability and property claims and related costs necessary to administer a comprehensive risk management program for the Nation and certain affiliates. The majority of this fund's services are provided to departments and programs of the Nation's primary government.

(xx) Workers' Compensation Self-Insurance Fund

The Workers' Compensation Self-Insurance Fund is used to account for the accumulation of funds, which are expected to be used to pay for workers' compensation claims of employees of the Nation and of certain affiliates. The majority of this fund's services are provided to departments and programs of the Nation's primary government.

(xxi) Contingency Management Fund

The Contingency Management Fund is used to account for management of the Nation's risk of loss.

Fiduciary Funds

Fiduciary funds are utilized to account for assets held in a trustee capacity for others and, therefore, cannot be used to support the Nation's programs. Fiduciary funds are not classified as either major or nonmajor. The Nation uses the following fiduciary funds:

Pension Trust Funds

(i) Retirement Fund

The Retirement Fund includes the activities of the retirement plan for the Nation and certain affiliates. The plan covers all full-time employees. The provision for the retirement plan contribution is sufficient to cover the plan's normal cost and amortization of past service costs over 40 years. The policy is to fund pension costs accrued. Contributions are recognized when received and retirement benefits are recognized when paid.

(ii) Deferred Retirement Fund

The Deferred Retirement Fund includes the activities of the deferred retirement plan, which covers members of the Navajo Nation Council, the President, and the Vice President, and the deferred compensation plan, which covers employees who serve at the pleasure of the Navajo Nation Council, the President, and Speaker of the Council. The contribution to the fund is based upon a percentage of an official's compensation and is funded currently. The participants' deferred compensation benefit is their share of the market value of the fund.

Private-Purpose Trust Funds

(iii) Navajo Bennett Freeze Trust Fund

The Navajo Bennett Freeze Trust Fund is used to record the disputed area receipts. The fund was established in 2011 with a deposit of $5,700,000 that was disbursed out of an escrow from the U.S. Treasury. The funds from the escrow account are for the use and benefit of the Western Navajo Agency Chapters impacted by the Bennett Freeze.

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus, which reflects all long-term assets and liabilities, and the modified budget basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are generally recorded when earned, except for taxes, natural resources, and right-of-way revenue, which are recognized when received from third-parties, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Administrative overhead charges are included with direct expenses.

(continued)

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual budget basis of accounting, which has been developed based upon U.S. generally accepted accounting principles, as modified by Navajo Nation Council resolutions and financial reporting practices. Under this basis of accounting, governmental fund revenues are recorded when susceptible to accrual, that is, both measurable and available to be budgeted to pay liabilities of the current period, October 1, 2022 to September 30, 2023, except for taxes, natural resources and right-of-way revenue, which are recognized when received. Interest income generated by assets of the Grant Fund is recorded in the General Fund. Other financing sources include the proceeds of long-term debt and obligations under capital leases. Notes receivable from related enterprises are recorded as assets of the funds that financed the notes.

The Nation prepares its budget on the budgetary basis of accounting, which differs from the modified accrual budget basis of accounting. The difference between the budgetary basis and the modified accrual budget basis of accounting is that encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to a commitment of fund balance (modified accrual budget basis).

In applying the susceptible to accrual concept to Grant Fund revenue, the legal and contractual requirements of the individual programs are used as guidance. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met and the related expenditure has been incurred. Such expenditures must be expended for the specific purpose outlined in the grant before they are recognized.

Grant Fund expenditures are subject to fiscal and/or program compliance audits by the grantors, which may result in disallowed program expenditures. Generally, such audits must commence within three years of the program's termination date. Expenditures disallowed as a result of such audits, if any, would require a General Fund appropriation.

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses.

Operating revenues include activities that are generated through the entity's business activity. Examples include a) loan interest income; b) insurance premiums; c) gift shop charges; d) rental fees; and e) supply charges.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions and primarily include interest and dividend income from investments and statutory allocations.

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expense; b) cost of sales and services; c) insurance benefit payments; and d) depreciation expenses related to capital assets.

Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on debt.

(continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Nation's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

(e) Statutory Allocations

General Fund revenues are subject to statutory allocations to other funds and are recorded based on percentages established by the Navajo Tribal Code (the Code). The specific percentages are discussed in the Fund Financial Statements section of the notes to the basic financial statements.

(f) Net Position Classification and Fund Balances

In the government-wide financial statements, net position is classified as follows:

Net investment in capital assets represents the Nation's total investment in capital assets, net of outstanding debt related to those capital assets.

Restricted net position represents those operating funds on which external restrictions or restrictions imposed by law have been imposed that limit the purposes for which such funds can be used. Restricted *expendable* net position is resources that the Nation is legally or contractually obligated to spend in accordance with imposed restrictions. Restricted nonexpendable net position consists of funds in which third parties have stipulated that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal. The government-wide statement of net position reports restricted net position and net position restricted by enabling legislation as follows:

Restricted for claims and refunds	$	98,040,478
Restricted for future government operations		2,964,263,190
Total net position restricted by enabling legislation		3,062,303,668
Restricted for community and rural development		460,732,044
Restricted for economic development and loans		9,115,320
Restricted for education		82,707,431
Restricted for chapter activities		58,902,516
Total restricted net position	$	3,673,760,979

Unrestricted net position consists of those operating funds over which the Navajo Nation Council retains full control to use in achieving any of its authorized purposes.

(continued)

In the fund financial statements, fund balances are classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

(i) Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

(ii) Restricted Fund Balance

This classification includes amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants) grantor and contributors, or laws or regulations of other governments, or through constitutional provisions, or by enabling legislation.

(iii) Committed Fund Balance

This classification includes amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. In the case of the Nation, it is the Navajo Nation Council.

(iv) Assigned Fund Balance

This classification includes amounts that are constrained by the Nation's intent to be used for specific purposes, but neither restricted nor committed.

(v) Unassigned Fund Balance

This classification includes amounts that are available for any purpose; these amounts can be reported only in the Nation's General Fund.

The Nation typically uses restricted fund balance first, followed by committed resources, and then assigned resources before unassigned resources.

(g) Budgetary Information

Annually, a General Fund budget is adopted on a basis consistent with the budgetary basis of accounting. Budget requests are submitted so that a budget may be prepared. The budget is presented to the Navajo Nation Council for review and a final budget must be prepared and adopted no later than September 30. All supplemental appropriations must also be approved by the Navajo Nation Council. The legal level of control is at the functional level. Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as committed fund balance.

(h) Pooled Cash and Investments, Cash and Cash Equivalents, and Investments

The Nation considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, short-term investments with an original maturity of three months or less at time of acquisition, and all amounts included in pooled cash accounts.

A pooled cash concept is used in maintaining certain cash accounts in the Nation's accounting records. Under this concept, cash is pooled for investment purposes in the General Fund and each fund has equity in the pooled amount. The Nation's pooled cash concept means bank accounts are not maintained for each of the individual funds.

Investment securities are reported at fair value. The Nation utilizes established quoted market prices and model indexes for determining the fair value of its equity and corporate debt securities, respectively. The Nation also holds various alternative investments, which are reported at the net asset value (NAV). The Nation utilizes the market values as reported by its fund managers. The net increase (decrease) in fair value of investments is reported as general revenue in the government-wide statements and as nonoperating revenue in the proprietary fund financial statements.

(i) Capital Assets

Capital assets, that include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Such assets are valued at historical cost, if purchased, or fair market value on the date donated, when acquired by gift. Major outlays for capital assets and improvements are capitalized as projects are constructed within the government-wide and proprietary fund financial statements.

No monetary values have been assigned to the interest of the Nation in ancestral lands, irrigation projects, mineral deposits, and a substantial portion of the cost of water wells located on reservation lands, buildings, utility systems, or other improvements, which have been provided or returned by the U.S. government or others under treaty obligations or contributed prior to 1951. Items of a capital nature contributed subsequent to 1951 are capitalized at fair value at the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Buildings and improvements	20 to 40 years
Equipment	3 to 15 years
Fumiture and fixtures	7 years

When fixed assets are retired from service or otherwise disposed of, a gain or loss, if any, on disposal of assets is recognized.

(j) Unearned Revenue

Unearned revenue primarily represents amounts received from funding agencies that have been collected in advance of the revenue recognition criteria.

(k) Compensated Absences

The employees of the Nation are granted annual and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated annual leave. Employees are not paid for accumulated sick leave. All accumulated annual leave is accrued in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(l) Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the governmental fund financial statements, the proceeds of debt issued are reported as other financing sources. Repayment of long-term obligation principal and interest is recorded as an expenditure.

In the government-wide financial statements, bond discounts or premiums are capitalized and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs other than prepaid insurance are reported as expenses.

(m) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Immaterial Correction of an Error

On December 21, 2020, the U.S. Congress approved the Navajo Utah Water Rights Settlement Act, as part of the Comprehensive Appropriations Act (Appropriations Act), which contains Section 1102, the *Navajo Utah Water Rights Settlement*, recognizing the water rights of the Navajo Nation in Utah and authorizing the funding of $198,300,000 by the U.S. government to the Nation for water infrastructure development. Given the appropriation of the settlement amount by the U.S. Congress, the Final Navajo Utah Water Rights Settlement Agreement (Final Settlement Agreement) was signed in May 2022. In connection with the signing of the Final Settlement Agreement, the state of Utah appropriated $11,000,000 for water infrastructure development. In May 2022, the settlement funds were deposited for the benefit of the Nation with the Bureau of Trust Funds Administration (BTFA). BTFA provided statements for the Navajo owned accounts in May 2022 but the settlement funds were not recorded into the accounting system. As such, the settlement monies, including interest earned, will be corrected in the beginning balances of the Governmental Activities and the General Fund.

The Nation increased beginning net position of the Governmental Activities as of October 1, 2022 by $29,668,516 for capital assets expensed as of September 30, 2022 that were subsequently capitalized as of September 30, 2023. In addition, the Nation increased beginning net position of the

Business-Type Activities as of October 1, 2022 by $148,078 for capital assets expensed as of September 30, 2022 that were subsequently capitalized as of September 30, 2023.

	Governmental activities net position	General funds fund balance	Business-type activities net position
As originally reported, October 1, 2022	$ 5,543,936,697	1,145,500,514	160,938,144
Immaterial correction of an error:			
Navajo Utah Water Rights settlement	214,059,532	214,059,532	—
Property, plant and equipment	29,668,516	—	148,078
	$ 5,787,664,745	1,359,560,046	161,086,222

(2) Pooled Cash and Investments, Cash and Cash Equivalents, and Investments

A summary of cash and investments as of September 30, 2023 is as follows:

Cash, including money market accounts	$ 964,133,637
Certificates of deposit	5,553,916
Government and federal agency obligations	3,251,689,472
Municipal bonds	2,767,631
Corporate bonds	948,048,201
Corporate obligations	94,471,298
Marketable securities	2,664,970,267
Mutual funds	380,335,867
Real estate funds	493,627,501
High yield fixed income funds	201,478,975
Total cash and investments	$ 9,007,076,765

(continued)

Government-wide financial statements (Exhibit A):	
Pooled cash and investments	$ 1,771,730,435
Cash and cash equivalents	171,592,621
Investments	24,777,155
Restricted pooled cash and investments	5,842,532,754
Restricted cash and cash equivalents	37,814,679
Restricted investments	71,564,964
Fiduciary funds statement of net assets (Exhibit I):	
Pension trust funds:	
Cash and cash equivalents	7,760,304
Investments	1,076,576,033
Private-purpose trust funds:	
Cash and cash equivalents	2,727,820
	$ 9,007,076,765

(a) Investment Policy

The Nation's Investment Committee has established an investment policy to provide for the prudent management of invested funds. The fundamental goal of the policy is to produce the maximum return possible while preserving the Nation's assets. Qualified investments under the investment policy include investments in domestic equity securities publicly owned and traded; fixed income securities; U.S. Treasury bills and notes and U.S. agency securities; investment in foreign debt and equity; corporate bonds generally with an S&P rating of A or better although high yield bonds that are rated less than investment grade are permitted in certain instances; certificates of deposit, provided such amounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) or fully collateralized; repurchase agreements acquired under an Investment Committee approved master agreement; real estate; and alternative investments such as commingled funds of funds and investments in partnerships. All investments will be diversified to minimize risk.

Investments in natural resource properties, commodities, floating rate securities, equity securities not traded on a national exchange, short sales, warrants, and margin transactions are prohibited. In addition, investments in companies that are involved in litigation or major contractual disputes with the Nation are prohibited.

(b) Custodial Credit Risk

In the case of deposits, the custodial credit risk is the risk that in the event of a depository institution failure, the Nation's deposits may not be recovered. The Nation does not have formal deposit policies that limit its exposure to custodial credit risk. At September 30, 2023, the Nation's bank balances were $39,800,704. The balance in excess of FDIC coverage of $500,000 was insured and collateralized.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Nation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Nation does not have specific policies regarding investment custodial credit risk. As of September 30, 2023, the Nation is not exposed to investment custodial credit risk as all of the Nation's investments are held in the Nation's name.

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Nation. The Nation's investment policy states that it will minimize credit risk by the following:

- Limiting investments to the low-risk types of securities
- Performing proper due diligence of investment managers
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized

The following table provides information on the credit ratings associated with the Nation's investment in debt securities including pro rata share of mutual fund fixed income as of September 30, 2023:

Rating	Government and federal agency obligations	Municipal bonds	Corporate bonds	Corporate obligations	High-Yield Fixed Income Funds	Total
AAA	$ 14,776,361	—	22,655,001	36,104,989	—	73,536,351
AA	1,625,394,118	690,782	96,306,232	5,535,971	—	1,727,927,103
A	186,025	1,722,571	334,998,178	1,288,351	—	338,195,125
BBB	5,012,991	354,278	434,800,959	2,918,647	—	443,086,875
BB	326,543	—	26,802,744	—	—	27,129,287
B	—	—	6,914,973	—	—	6,914,973
CCC	—	—	1,640,033	—	—	1,640,033
CC	—	—	—	2,310,912	—	2,310,912
Not rated	315,543	—	23,930,081	46,312,428	201,478,975	272,037,027
U.S. government guaranteed	1,605,677,891	—	—	—	—	1,605,677,891
	$ 3,251,689,472	2,767,631	948,048,201	94,471,298	201,478,975	4,498,455,577

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Nation's investment policy states that it will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. Operating funds will be invested primarily in short-term securities, money market mutual funds, or similar investment pools.

As of September 30, 2023, the Nation had the following investments and maturities:

Investment type	Fair value	Investment maturities: Less than 1 year	1–5 years	6–10 years	10 years +
Certificates of deposit	$ 5,553,916	5,553,916	—	—	—
Government and federal agency obligations	3,251,689,472	2,326,431,598	396,059,125	53,122,299	476,076,450
Municipal bonds	2,767,631	637,835	—	—	2,129,796
Corporate bonds	948,048,201	413,580,935	234,868,007	138,373,304	161,225,955
Corporate obligations	94,471,298	—	36,422,496	5,631,000	52,417,802
High yield fixed income funds (1)	201,478,975	—	201,478,975	—	—
	$ 4,504,009,493	2,746,204,284	868,828,603	197,126,603	691,850,003

(1) The balance of high-yield fixed income funds reflected in the 1-5 years category consists of one high-yield fixed income fund for which the classification above is based upon the fund's weighted average maturity.

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Nation's investment in a single type of security. The Nation's investment policy prohibits ownership of more than 2.5% of the outstanding common shares of any corporation. Except for the above limitation, the Nation does not have formal deposit and investment policies that limit its exposure to concentrations of credit risk.

The Nation does not have any investments that represent greater than 5% of total investments except for investments issued or explicitly guaranteed by the U.S. government and mutual funds.

(f) Foreign Currency Risk

The Nation's exposure to foreign currency risk derives from its positions in foreign currency denominated investments. The Nation's investment policy permits it to invest in foreign currency denominated investments, provided that the countries are in developed markets and the countries must be represented on the Europe, Australasia, and Far East Asia (EAFEA) index. The Nation's exposure to foreign currency risk is as follows:

Country	Currency	Corporate bonds	Corporate obligations	Municipal bonds and corporate obligations	Government and federal agency obligations	Marketable securities	Total
Australia	Dollar	$ 5,164,319	—	—	—	—	5,164,319
Brazil	Peso	2,772,152	—	—	—	2,950,297	5,722,449
Bermuda	Dollar	2,572,689	—	—	—	—	2,572,689
Canada	Dollar	21,061,734	—	637,835	107,807	14,009,751	35,817,127
Cayman Islands	Dollar	—	1,466,450	—	—	234,391,681	235,858,131
Chile	Peso	119,958	—	—	186,025	—	305,983
China	Yuan	2,322,276	—	—	—	—	2,322,276
Colombia	Peso	223,827	—	—	82,850	—	306,677
Denmark	Krone	—	—	—	—	10,223,900	10,223,900
Dominican Republic	Peso	—	—	—	102,881	—	102,881
EAFEA	NA	—	—	—	—	58,760,249	58,760,249
Europe	Euro	20,691,844	—	—	—	48,112,416	68,804,260
Guatemala	Quetzal	138,328	—	—	—	—	138,328
India	Rupee	354,373	—	—	—	—	354,373
Indonesia	Rupiah	295,878	—	—	—	—	295,878
Israel	Shekel	171,249	—	—	—	—	171,249
Jamaica	Dollar	6,678	—	—	—	—	6,678
Japan	Yen	8,067,165	—	—	—	6,055,200	14,122,365
Jordan	Dinar	—	—	—	—	1,829,672	1,829,672
Mexico	Peso	706,140	—	—	3,432,683	—	4,138,823
Multi-National Agencies Region	NA	—	—	—	—	510,431,598	510,431,598
Norway	Krone	1,000,293	—	—	230,727	—	1,231,020
Panama	Balboa	201,300	—	—	565,938	—	767,238
Peru	Inti	229,831	—	—	140,812	—	370,643
Singapore	Dollar	362,152	—	—	—	—	362,152
Sweden	Kronor	—	—	—	—	152,828	152,828
Switzerland	Franc	4,733,622	—	—	—	12,729,016	17,462,638
Taiwan	Dollar	—	—	—	—	2,558,510	2,558,510
United Arab Emirates	Dirham	289,199	—	—	—	—	289,199
United Kingdom	Pound	36,016,511	—	—	—	5,988,209	42,004,720
		$ 107,501,518	1,466,450	637,835	4,849,723	908,193,327	1,022,648,853

(g) *Pledged Securities*

As of September 30, 2023, the Nation held and pledged a $5,553,916 certificate of deposit as security for debt of the Navajo Nation Hospitality Enterprise, a related party.

(h) *Fair Value Measurement*

The Nation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- *Level 1* inputs are quoted prices (unadjusted) for identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

- *Level 2* inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.
- *Level 3* inputs are unobservable inputs for an asset.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers, but the Nation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The Nation has the following recurring fair value measurements as of September 30, 2023:

		Fair value measurement using		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Investments held by the Nation:				
Certificates of deposit	$ 5,553,916	5,553,916	—	—
Governmental and federal agency obligations	3,251,689,472	—	3,251,689,472	—
Municipal bonds	2,767,631	—	2,767,631	—
Corporate bonds	948,048,201	—	948,048,201	—
Corporate obligations	94,471,298	—	94,471,298	—
Mutual funds	380,335,867	380,335,867	—	—
Marketable securities	2,664,970,267	2,664,970,267	—	—
Total investments held by the Nation	$ 7,347,836,652	3,050,860,050	4,296,976,602	—

	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Investments measured at the NAV:				
Real estate funds (1)	$ 493,627,501	8,750,000	45 to 90 days	Quarterly
High yield fixed income funds (2)	201,478,975	—	30 days	Monthly
Total investments measured at the NAV	695,106,476	$ 8,750,000		
Total investments held	$ 8,042,943,128			

(1) *Real estate funds.* This type includes three real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share of the partner's capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

(2) *High yield fixed income funds.* This type includes one investment in fixed income funds that invest in high yield corporate, governmental obligations and secured credit swaps/loans. The fair values of the investments in this type have been determined using the NAV per share of the partner's capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

(3) Accounts and Notes Receivable

The notes and accounts receivable in the governmental activities and fiduciary funds comprise the following as of September 30, 2023:

	Governmental activities		
	Restricted	**Unrestricted**	**Total**
Notes receivable:			
Permanent fund	$ 136,384,851	—	136,384,851
Chapter government nation building fund	7,484,116	—	7,484,116
Land acquisition fund	—	34,166,981	34,166,981
Scholarship funds	4,706,376	—	4,706,376
Navajo rehabilitation trust fund	2,661,299	—	2,661,299
Handicapped services fund	—	1,136,866	1,136,866
Senior citizen services fund	—	975,785	975,785
Vocational education fund	—	1,135,866	1,135,866
Veterans' trust fund	—	4,849,095	4,849,095
NNGE note receivable	151,236,642	42,264,593	193,501,235
Sihasin fund - NNGE and NTUA notes receivable	—	67,463,154	67,463,154
Receivable from grantors:			
Grant fund	51,547,904	—	51,547,904
Accounts receivable:			
General funds	10,000,000	2,433,825	12,433,825
Grant fund	128,128	—	128,128
Chapter government nation building fund	7,790	—	7,790
Group health self-insurance fund	2,958,183	—	2,958,183
Property and casualty self-insurance fund	5,567	—	5,567
Workers' compensation self-insurance fund	7,538	—	7,538
	$ 215,891,752	112,161,572	328,053,324

(continued)

(a) *Governmental Accounts Receivable*

Accounts receivable from grantors represent the majority of the governmental activities restricted accounts receivable balance at September 30, 2023.

(b) *Notes Receivable with Navajo Nation Gaming Enterprise*

Notes receivable in the governmental activities primarily represent loans to the NNGE, a related party, to fund construction of casinos.

On April 3, 2012, the existing separate notes receivables were consolidated, along with the extension of additional credit in the form of a construction draw down loan for the Twin Arrows Casino, near Flagstaff, Arizona (2012 Credit Agreement). The total amount available for the consolidation and the construction draw down loan is $200,000,000. The 2012 Credit Agreement required interest-only payments from the closing date (April 3, 2012) to June 30, 2013. Thereafter, the 2012 Credit Agreement requires interest and principal payments based on a 15-year amortization schedule with the remaining principal balance due at maturity (March 31, 2020).

In connection with the 2012 Credit Agreement above, the Nation has entered into an arrangement with NNGE whereby NNGE has granted a security interest in its cash balances to the Nation. The cash balances subject to this security agreement are not considered to be an asset of the Nation and have not been recorded on the Nation's financial statements.

NNGE reported to the Nation in the fall of 2013 that it would be unable to make debt service payments scheduled for December 31, 2013 and April 30, 2014. Consequently, a forbearance agreement was executed on December 11, 2013, whereby the Nation agreed to forbear enforcement of remedies through April 30, 2014. The forbearance agreement suspended quarterly principal payments during the forbearance period and reduced the base interest rate to 9%, payable from excess cash flow after paying all operating expenses. There was also additional interest due at a rate of 4% after NNGE made debt service payments on subordinate debt. Any interest that was not paid on a current basis was accrued as a liability of NNGE.

The forbearance agreement was amended on April 29, 2014, August 31, 2014, and December 31, 2014, to extend the forbearance through August 31, 2014, December 31, 2014, and March 31, 2015, respectively. On January 9, 2015, NNGE and the Nation agreed to a three-year extension of the forbearance agreement to December 31, 2017. Also, on January 9, 2015, the accrued but unpaid interest was added to the principal balance of the loan. During the period beginning January 9, 2015 through the 24-month period commencing on the effective date, the outstanding balance will carry an interest rate of 8% per annum. For the 12-month period commencing at the beginning of the third year following the effective date, the outstanding balance will carry an interest rate of 8% per annum plus a contingent interest of 1% payable from available cash flow. Commencing on July 1, 2016, principal payments are due based on a 30-year amortization schedule. On January 1, 2018, the repayment terms of the three-year extension of the forbearance agreement revert to the terms in the 2012 Credit Agreement if the forbearance agreement is not extended or the 2012 Credit Agreement is not refinanced. The 2012 Credit Agreement requires interest to be paid at a rate of between 10% to 13% based on the leverage ratio of NNGE; principal payments based on a 15-year amortization schedule; and had a maturity date of March 31, 2020. The 2012 Credit Agreement was refinanced on December 1, 2017.

On December 1, 2017, the Nation amended and restated the 2012 Credit Agreement with NNGE for an amount up to the outstanding principal amount but not to exceed $208,759,393 (Loan Agreement). The maturity of the Loan Agreement is 15 years after the effective date of December 1, 2017 with an option to renew for an additional 15 years. The interest rate of the Loan Agreement will be a fixed rate of the 10-year gross annual average return of the Nation's investment portfolio (Master Trust) to be reset every ten years. The interest will be payable quarterly beginning December 1, 2017. Debt service will be based on a 30-year amortization schedule, commencing January 15, 2018. As of September 30, 2023, the principal balance is $190,839,936.

NNGE reported to the Nation in May 2020 that it would be unable to make a debt service payment scheduled for June 30, 2020, until such time as NNGE and the Nation are able to quantify available funding sources to cover operating expenses. The Nation modified the Loan Agreement with NNGE to suspend and defer debt service payments until December 31, 2020 and agreed to allow the gaming distribution set-aside to be used to fund the debt service payment due June 30, 2020. In July 2020, NNGE requested permission to use the annual gaming distribution set-aside payment for operations. NNGE made the debt service payment scheduled for June 30, 2020 in September 2020. As of June 2024, the Nation is in the process of amending the Loan Agreement to suspend and defer debt service payments to a future date. On June 27, 2024, NNGE made a payment of $14.9 million consistent with a draft of the amended loan agreement. The Nation has accrued a total of $38,578,293 in interest for the period of July 1, 2020 through September 30, 2023.

In 2010, the Navajo Hopi Land Commission entered into an agreement with NNGE to fund the purchase of the land, which the Twin Arrows Casino sits on for $3,715,777 funded by the Navajo Nation Rehabilitation Trust Fund. Subsequently, the land was brought into Trust and ownership was transferred to the Navajo Nation. On January 9, 2015, the Navajo Hopi Land Commission agreed to reset the amortization of the note. The note has a 30-year amortization with a 10% interest rate. The outstanding principal balance at September 30, 2023 is $2,661,299.

(c) Notes Receivable in the Sihasin Fund – NNGE and NTUA

The notes receivable in the Sihasin Fund represents a loan to NNGE for the planning, development, and construction of the Twin Arrows Travel Center. The term of the note is 15 years at an interest rate of 1.5%. As of September 30, 2023, NNGE is current on the loan balance of which is $3,517,182.

The notes receivable in the Sihasin Fund also represents a loan to NTUA for the construction of utility infrastructure that was funded during fiscal years 2017 to 2019. The note receivable agreement states funding will be provided by the end of the fiscal year of the lender (September 30). The note receivable balance from May 2, 2022 through May 1, 2023 was interest only at 2.10%. The note receivable balance from May 2, 2023 to May 1, 2024 is interest only at 4.86%. As of September 30, 2023, the note balance is $63,945,972.

(d) Notes Receivable in Business-Type Activity Funds

Notes receivable for business-type activities consist of the following as of September 30, 2023:

	Principal balance	Allowance for doubtful accounts	Total	Portion due within one year
Loan funds:				
Home loans	$ 5,002,934	(874,440)	4,128,494	1,345,938
Personal loans	975,706	(202,802)	772,904	454,848
Veterans' loans	576,505	(471,113)	105,392	211,891
	6,555,145	(1,548,355)	5,006,790	2,012,677
Business-type activities, notes receivable, net	$ 6,555,145	(1,548,355)	5,006,790	2,012,677

(4) Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023 is as follows:

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Governmental activities:					
Capital assets not being depreciated:					
Purchased land	$ 125,306,907	—	—	—	125,306,907
Construction in progress	104,104,494	50,549,967	(17,197)	(47,467,285)	107,169,979
Total capital assets not being depreciated	229,411,401	50,549,967	(17,197)	(47,467,285)	232,476,886
Capital assets being depreciated:					
Building and improvements	681,201,287	2,840,655	(116,530)	47,467,285	731,392,697
Equipment	140,596,320	4,386,803	(2,606,906)	—	142,376,217
Furniture and fixtures	4,611,231	—	—	—	4,611,231
Vehicles	151,035,468	15,047,646	(2,644,747)	—	163,438,367
Total capital assets being depreciated	977,444,306	22,275,104	(5,368,183)	47,467,285	1,041,818,512

(continued)

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Less accumulated depreciation:					
Building and improvements	$ 185,874,155	18,383,677	(93,575)	—	204,164,257
Equipment	91,686,669	9,367,613	(2,528,874)	—	98,525,408
Furniture and fixtures	4,860,555	118,133	—	—	4,978,688
Vehicles	127,704,653	10,298,055	(2,625,590)	—	135,377,118
Total accumulated depreciation	410,126,032	38,167,478	(5,248,039)	—	443,045,471
Depreciable capital assets, net	567,318,274	(15,892,374)	(120,144)	47,467,285	598,773,041
Governmental activities, capital assets, net	$ 796,729,675	34,657,593	(137,341)	—	831,249,927

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	$ 1,058,574	6,749,379	—	(11,090)	7,796,863
Land and land development costs	965,457	—	—	—	965,457
Total capital assets not being depreciated	2,024,031	6,749,379	—	(11,090)	8,762,320
Capital assets being depreciated:					
Buildings and improvements	35,254,158	—	(635)	11,090	35,264,613
Equipment	2,145,619	139,515	—	—	2,285,134
Total depreciable capital assets	37,399,777	139,515	(635)	11,090	37,549,747
Less accumulated depreciation for:					
Buildings	12,203,281	628,529	—	—	12,831,810
Equipment (and vehicles)	1,469,691	22,294	—	—	1,491,985
Total accumulated depreciation	13,672,972	650,823	—	—	14,323,795
Depreciable capital assets, net	23,726,805	(511,308)	(635)	11,090	23,225,952
Business-type activities, capital assets, net	$ 25,750,836	6,238,071	(635)	—	31,988,272

(continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	3,023,578
Economic development and planning		1,282,118
Community and rural development		7,769,957
Education and training		1,375,168
Natural resources		3,861,356
Public safety		8,608,420
Health and welfare		2,323,904
Culture and recreation		214,753
Transportation		7,496,756
Internal service funds		2,211,468
Total governmental activities depreciation expense	$	38,167,478
Business-type activities:		
Business and industrial development fund	$	527,280
Employee housing fund		7,447
Parks and recreation		98,569
Livestock Custody Fund		12,354
Colorado Ranch Fund		5,174
Total business-type activities depreciation expense	$	650,824

(5) Interfund Activity

The composition of interfund activity as of September 30, 2023 is as follows:

Receivable fund	Payable fund	Purpose		Amount
General Fund	Grant Fund	Grant expenditures	$	9,510,845

At September 30, 2023, the following funds have deficit net positions, as follows:

Fund		cash equivalents	Net position
Air Transportation Fund	$	(3,188,334)	(3,083,497)

To the extent that operations of this fund are not sufficient to cover the deficit, the General Fund or other funds will be required to provide financial support.

(continued)

Interfund transfers are summarized as follows:

	Transfers from: General fund	Transfers from: Permanent fund	Total	Purpose
Transfers to:				
Water rights fund	$ (2,000,000)	—	(2,000,000)	Required transfer
Capital outlay match fund	(2,000,000)	—	(2,000,000)	Required transfer
San Juan River Mitigation Fund	(15,557,467)	—	(15,557,467)	Establish fund
General fund	67,911,000	(67,911,000)	—	Provide support
Total	$ 48,353,533	(67,911,000)	(19,557,467)	

(6) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of September 30, 2023 are as follows:

	Vendors	Salaries and benefits	Construction contract payables	Other	Total
Governmental activities:					
General fund	$ 16,887,449	14,588,580	1,716,875	6,129,010	39,321,914
Grant fund	31,762,800	8,562,929	3,779,631	—	44,105,360
Permanent fund	2,882,524	31,582	593,467	—	3,507,573
Aggregate nonmajor funds	3,759,190	899,178	133,838	296,342	5,088,548
Internal service funds	1,131,918	273,164	—	269,070	1,674,152
Total governmental activities	$ 56,423,881	24,355,433	6,223,811	6,694,422	93,697,547
Business-type activities:					
Enterprise funds	$ 2,209,054	280,342	333,935	1,979,147	4,802,478

(continued)

(7) Unearned Revenue

At September 30, 2023, unearned revenue consisted of the following:

	Governmental activities:					
	Grant fund	General fund	Permanent fund	Property and casualty self-insurance fund	Workers' compensation insurance fund	Total
Unearned revenue:						
Corporation for National and Community Service	$ 46,418	—	—	—	—	46,418
U.S. Department of Education	64,777,657	—	—	—	—	64,777,657
U.S. Department of Energy	13,529,205	—	—	—	—	13,529,205
U.S. Department of Health and Human Service	277,104,521	—	—	—	—	277,104,521
U.S. Department of Homeland Security	258,679	—	—	—	—	258,679
U.S. Department of Housing and Urban Development	332,740	—	—	—	—	332,740
U.S. Department of Justice	177,916	—	—	—	—	177,916
U.S. Department of Labor	17,041	—	—	—	—	17,041
U.S. Department of the Interior	234,004,075	—	—	—	—	234,004,075
U.S. Department of Transportation	304,416,013	—	—	—	—	304,416,013
U.S. Department of Treasury	1,497,913,956	—	—	—	—	1,497,913,956
Environmental Protection Agency	20,805	—	—	—	—	20,805
U.S. Department of Agriculture	886,804	—	—	—	—	886,804
Other non-federal	55,302,407	7,096,813	58,293	999	15,000	62,473,512
Total governmental activities	$ 2,448,788,237	7,096,813	58,293	999	15,000	2,455,959,342

(8) Long-Term Liabilities

On November 17, 2015, the Nation issued $52,900,000 of general obligation bonds under Securities and Exchange Commission (SEC) Rule 144A. The bonds payable were issued to refinance a general obligation loan. The bonds payable carry tax-exempt coupon rates of 2.9% to 5.5%. The bonds require semiannual debt service payments beginning on November 2016. The bonds mature on December 1, 2020 to December 1, 2030.

Description of issue	Bonds issued	Outstanding balance	Range of interest	Scheduled maturities: First year	Scheduled maturities: Last year	First call
General Obligation 2016 Series A	$ 52,900,000	32,350,000	2.9%–5.5%	2020	2030	2016

		Principal	Interest	Total
General Obligation Series A – 144A:				
2024	$	3,365,000	1,726,200	5,091,200
2025		3,535,000	1,557,950	5,092,950
2026		3,710,000	1,381,200	5,091,200
2027		3,895,000	1,195,700	5,090,700
2028		4,110,000	1,088,588	5,198,588
2029-2032		13,735,000	1,770,040	15,505,040
	$	32,350,000	8,719,678	41,069,678

Changes in long-term liabilities for the year ended September 30, 2023 were as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds payable	$ 35,585,000	—	3,235,000	32,350,000	3,365,000
Bond premium	981,491	—	202,771	778,720	202,771
Compensated absences	18,711,849	13,095,289	13,243,275	18,563,863	18,563,863
Net pension liability	173,178,828	24,563,449	94,026,111	103,716,166	—
Claims and judgments	10,001,913	29,106,977	23,776,002	15,332,888	12,782,261
Governmental activities long-term liabilities	$ 238,459,081	66,765,715	134,483,159	170,741,637	34,913,895

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Business-type activities:					
Compensated absences	$ 262,721	203,741	208,450	258,012	258,012
Net pension liability	4,057,149	776,258	2,971,427	1,861,980	—
Business-type activities long-term liabilities	$ 4,319,870	979,999	3,179,877	2,119,992	258,012

There were no long-term liabilities recorded in the General Fund, Grant Fund, Permanent Fund or the other governmental funds. The notes payable, bonds payable, and net pension liability in governmental activities will be funded through the General Fund. Compensated absences and claims and judgments in governmental activities will be funded through the General Fund and Internal Service Funds.

(9) Retirement Plans

The Nation has implemented GASB Statement No. 68, *Accounting and Reporting for Pensions* (GASB Statement No. 68), which requires that employers report a net pension liability (NPL) and related pension expense as determined by the plan under the requirements contained in GASB Statement No. 67.

The Nation has implemented GASB Statement No. 67, which specified the required approach to measuring the pension liability and required plans to calculate a NPL to be measured as the total pension liability less the amount of the pension plan's fiduciary net position.

GASB Statement 68 does not affect the way that a government may choose to fund their pension obligations. While GASB Statement No. 68 changes the amount of the pension liability/asset that is reported on the financial statements, governments may continue to fund their plan by calculating an actuarially determined contribution and measuring their funded status as it relates to that actuarially determined contribution. GASB Statement No. 68 requires certain disclosures if an actuarially determined contribution has been calculated. The disclosures, which include schedules presenting the actuarially determined contribution, the amount of those contributions recognized by the plan, the difference between the two amounts, the amount of covered-employee payroll, and the contributions as a percentage of covered-employee payroll are included as Supplementary Information and Notes to Supplementary Information.

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into the following two sections:

- The first section offers a description of the plan.
- The second section provides information regarding the pension plans that are required by GASB Statement Nos. 67 and 68 – changes in net pension liability/asset, balances of deferred pension outflows of resources and deferred pension inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of pension expense for the year.

1. Disclosure about the Defined-Benefit Retirement Plan

This section provides the disclosures about the defined-benefit retirement plan required by GASB Statement No. 67, including the plan description, benefits, and membership at September 30, 2023.

Plan Description

The Nation has established an agent, single-employer defined-benefit retirement plan (the Plan) for all employees of the Nation. All full-time, permanent employees over the age of 21 are eligible to participate in the Plan. Benefits vest after four years of service. Tribal participants who retire at or after the age of 60 (55 for law enforcement) with four years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the average monthly salary for each month of their credited service. The Plan also provides death and disability benefits.

The Nation is the fiduciary for the Plan's assets. All assets of the Plan, including those contributed by the tribal entities, are reported in the Retirement Fund in the accompanying financial statements. The Plan document delegates the authority to establish and amend benefit provisions to the Navajo Nation Budget and Finance Committee of the Navajo Nation Council upon recommendation of the Navajo Nation Retirement Committee. Separate stand-alone financial statements are not issued for the Plan.

At September 30, 2023, the Nation reported the following membership in the Plan:

		Total
Retired participants	$	4,877
Terminated vested participants		4,611
Active participants		3,782
Total covered employees	$	13,270

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for the Plan's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The Plan is entirely employer funded. For the year ended September 30, 2023, the required contribution rate approximated 20% of covered payroll.

2. Employer and Defined-Benefit Plan Reporting of Pension Liabilities, Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension Plans as required by GASB Statement Nos. 67 and 68

This section includes the information that is required to be reported by employers per GASB Statement No. 68. It reports information regarding the calculation of the Nation's net pension liability/asset, including changes during the measurement period in both total pension liability and net position; balances in the various components of deferred pension outflows of resources and deferred pension inflows of resources and the amounts to be recognized in pension expense in future periods; and the calculation of pension expense.

This section also includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statements for the defined-benefit plans for the year ended September 30, 2023. Separate valuations were performed by the Nation's actuary to calculate the total pension liability in accordance with this standard for financial reporting by the pension plan and calculates the net pension liability. The plan elected to base the valuations on plan data as of October 1, 2022 and used update procedures to roll forward the total pension liability to the pension plan's fiscal year-end of September 30, 2023. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

(a) Reporting Date, Measurement Date, and Valuation Date

Net pension liability, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Nation's reporting date (September 30, 2023) and for the Nation's reporting period (the fiscal year ended September 30, 2023). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date as of September 30, 2023, the Nation has chosen to use the end of the current fiscal year-end as the measurement date, and the fiscal year ended September 30, 2023 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date or using update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and one day earlier than the employer's most recent fiscal year-end. The Nation has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2022, to the measurement date of September 30, 2023.

(b) *Net Pension Liability*

The net pension liability is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. The changes in the components for the measurement period are as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balance at September 30, 2022	$ 1,193,029,368	1,015,793,391	177,235,977
Changes for the year:			
Service cost	13,061,553	—	13,061,553
Interest	74,498,793	—	74,498,793
Differences between expected and actual experience	(32,035,119)	—	(32,035,119)
Contributions – employer	—	33,204,429	(33,204,429)
Investment income (loss) net of investment expense	—	95,090,346	(95,090,346)
Benefit payments, including refunds of employee contributions	(58,884,613)	(58,884,613)	—
Administrative expenses	—	(1,111,717)	1,111,717
Net changes	(3,359,386)	68,298,445	(71,657,831)
Balance at September 30, 2023	$ 1,189,669,982	1,084,091,836	105,578,146

Additional information regarding the changes in the net pension liability for the year ended September 30, 2023 can be found in the Other Supplementary Information (unaudited) immediately following these notes to the financial statements.

(c) *Deferred Pension Outflows of Resources and Deferred Pension Inflows of Resources*

Most changes in the net pension liability are included in pension expense during the year of change. Changes resulting from current period service cost, interest on the total pension liability, and changes in benefit terms are required to be included in pension expense immediately. Similarly, projected earnings on the pension plan's investments are also required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods, depending on the nature of the change.

The effect of the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that these changes result from use of estimates, where probabilities of events range from zero to 100%, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that pensions arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related pension measurements are viewed in the context of ongoing, career-long employment relationships.

As of September 30, 2023, the Nation reported the following deferred pension outflows of resources and deferred inflows of resources:

Source		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	285,811	(16,852,598)
Net differences between projected and actual earnings on plan investments		59,433,598	—
Total	$	59,719,409	(16,852,598)

(continued)

The deferred pension outflows of resources and deferred pension inflows of resources, as discussed above, will be recognized in pension expense as follows:

		Amount
2024	$	(7,457,358)
2025		11,940,325
2026		44,568,567
2027		(6,184,723)
Total	$	42,866,811

(d) Pension Expense

As discussed above, most changes in the net pension liability are included in pension expense in the year of change, including changes resulting from current period service cost, interest on the total pension liability, change in benefit terms, and projected earnings on the pension plan's investments. Other changes in net pension liability are recorded as deferred pension outflows of resources and deferred pension inflows of resources and included in pension expense on a systematic and rational manner over current and future periods.

Pension expense for the year ended September 30, 2023, is as follows:

Service cost	$	13,061,553
Interest on the total pension liability		74,498,793
Differences between expected and actual experience		(12,719,582)
Projected earnings on pension plan investments		(64,166,731)
Differences between projected and actual earnings on plan investments		13,553,958
Pension plan administrative expense		1,111,716
Total pension expense	$	25,339,707

(e) Actuarial Methods and Assumptions

Methods and assumptions used to determine pension expense and total pension liability are based on a valuation date of September 30, 2023. The chart below summarizes these methods and assumptions.

Valuation date:	Actuarially determined contribution rates are calculated as of September 30, one year prior to the end of the fiscal year in which contributions are reported
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Actuarial assumptions:	
Salary increases	Age-graded scale 2.0%–6.0%
Investment rate of return	6.4%
Retirement age	Group-specific rates based on age ranging from 45–75, with 100% by 75 for regular employees, 100% by age 70 for commissioned law enforcement and 100% upon reaching 75% benefit accrual cap for judges.
Mortality:	PUB-10 benefits weighted, with specific tables for females and males, adjusted for plan specific retiree experience from 2013-2017 by a factor of 1.7 for females and 1.2 for males.

Additional information regarding changes in the net pension liability for the year ended September 30, 2023 can be found in the Other Supplementary Information (Unaudited) section immediately following these notes to the financial statements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 (see the discussion of the pension plan's investment policy):

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	32.00 %	6.93 %
International equity	15.00	9.24
Fixed income	18.00	5.14
Real estate	10.00	6.73
Private equity	10.00	8.33
Global tactical asset allocation	15.00	5.88

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.5%.

(f) Discount Rate

The discount rate used to measure the total pension liability was 6.4%. The projection of cash flows used to determine the discount rate assumed that contributions would continue to be made at the actuarially determined contribution rates. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses for the fiscal year ended September 30, 2023 was 9.44%. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

(g) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Nation, calculated using the discount rates determined above, as well as what the Nation's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1 percentage decrease (5.4%)	Current discount rate (6.4%)	1 percentage increase (7.4%)
Nation's net pension liability (asset)	$ 237,655,178	105,578,146	(5,143,678)

(h) Nihibeeso Retirement Savings Plan

The Nation sponsors the Nihibeeso Retirement Savings Plan, a defined-contribution 401(k) plan available to substantially all employees in which the employer matches 50% of the first 6% of salary contributed by the participant. Matching contributions become fully vested after four years of service. The employer may elect to discontinue matching contributions upon notice to participants; the employer also has the right to terminate the plan. Employer contributions were $3,903,985 and employee contributions were $9,405,163 for the year ended September 30, 2023.

(10) Tax Revenue

During 1978, the Code was amended by the Navajo Nation Council to provide for taxes on those owning property rights on the Navajo Reservation (possessory interest tax) or doing business on the Navajo reservation (business activity tax). The U.S. Supreme Court affirmed the legality of the taxes in Kerr McGee Corporation vs. Navajo Tribe of Indians, on April 16, 1985. Subsequently, the Navajo Nation made significant additional provisions of the Code and those taxes are summarized as follows:

(a) Business Activity Tax

The business activity tax is imposed on those "engaged in trade, commerce, manufacture, power production, or any other productive activity, whether for profit or not, wholly or in part within the Navajo Nation." The tax is assessed on the gross receipts from the sale of services performed and goods produced within the Nation. According to the Navajo Nation Tax Code, the tax rate shall not be less than 4% or more than 8%. The rate in effect from the initial imposition of the tax through September 30, 2023 has been 5%.

Beginning January 1, 2001, any amounts on which the Navajo sales tax has been paid may be excluded from gross receipts.

(b) Possessory Interest Tax

The possessory interest tax is imposed on owners of property rights under leases granted by the Nation, including the rights to the leased premises and underlying natural resources. The tax is assessed against the value of the possessory interest, excluding leasehold improvements. According to the Code, the annual tax rate shall not be less than 1% or more than 10%. The rate in effect from the initial imposition of the tax through September 30, 2023 has been 3%.

(c) Fuel Excise Tax

The fuel excise tax is assessed on each gallon distributed for sale within the Nation and used for the powering of motor vehicles. These funds are to be used to meet highway funding regulations and design standards, to improve overall road systems, to improve safety, and to meet community and economic development needs. According to the Code, the annual tax shall not be less than 10 cents per gallon or more than 25 cents per gallon. The tax rates in effect at September 30, 2023 are 18 cents per gallon of gasoline and 25 cents per gallon of diesel fuel.

(d) Oil and Gas Severance Tax

A tax imposed on those who are engaged in the severance of oil and natural gas products within the Nation. The taxes are assessed on the value of the products severed. According to the Code, the annual tax rate shall not be less than 3% or more than 8%. The rate in effect as of September 30, 2023 is 4%.

(e) Sales Tax

A tax imposed on "those engaged in the sale or leasing of real or personal property of any kind, the sale of services of any kind, and any other productive activity of any kind, whether for profit or not, conducted wholly or partially within the Navajo Nation." According to the Code, the annual tax rate shall not be less than 2% or more than 6%. The rate in effect at September 30, 2023 is 6%.

A majority of registered voters of any governance-certified chapter may enact an ordinance imposing an additional tax rate in addition to the rate approved by the Navajo Tax Commission. This additional rate may be from 0.25% to 4%.

(f) Tobacco Products Tax

The tobacco products tax is assessed on all tobacco products sold within the Nation. The tax rate in effect at September 30, 2023 was 5 cents to 11 cents per cigarette or cigar and ranges from 2.8 cents to 22.3 cents per ounce on other types of tobacco products.

(g) Hotel Occupancy Tax

The hotel occupancy tax is assessed on hotel room rentals within the Nation. The funds are to be used to improve tourism in the Nation. The tax rate in effect during the year ended September 30, 2023 was 8%.

(h) Junk Food Tax

A tax imposed on applicable gross receipts from all minimal-to-no nutritional value food items sold. The rate as of September 30, 2023 was 2%.

(i) Alcohol Tax

A tax imposed on any retailer or distributor of alcohol products within the Nation. The funds are to be used to improve public safety. The annual tax rate shall not be less than 2% or more than 6%. The rate in effect as of September 30, 2023 was 3.25%.

Tax revenues for the year ended September 30, 2023 are summarized as follows:

	General fund	Other governmental funds: Navajo tourism fund	Navajo roads fund	Healthy Diné act fund	DPS-alcohol tax fund	Sales tax trust fund	Tax suspense fund	Total
Business activity tax	$ 11,989,750	—	—	—	—	—	244,689	12,234,439
Possessory interest tax	17,703,396	—	—	—	—	—	372,573	18,075,969
Fuel excise tax	—	—	11,123,135	—	—	—	225,788	11,348,923
Oil and gas severance tax	6,839,318	—	—	—	—	—	139,578	6,978,896
Sales tax	64,458,481	—	—	—	—	12,693,090	1,563,241	78,714,812
Tobacco products tax	147,711	—	—	—	—	—	3,015	150,726
Hotel occupancy tax	—	1,408,757	—	—	—	—	28,750	1,437,507
Junk food tax	—	—	—	2,319,336	—	—	47,333	2,366,669
Alcohol tax	—	—	—	—	48,473	—	989	49,462
Total tax revenue	$ 101,138,656	1,408,757	11,123,135	2,319,336	48,473	12,693,090	2,625,956	131,357,403

The Tax Commission's fiscal policy provides that 2% of tax collections be held for the potential payment of refunds for overpayment of tax, if any, which is recognized as revenue in the Tax Suspense Fund in the accompanying financial statements.

(11) Commitments and Contingent Liabilities

The following are the significant financial commitments and contingent liabilities of the Nation at September 30, 2023, in addition to the items further described in notes 2, 7, 8, 12, and 13:

(a) Guarantor

The Nation has guaranteed an obligation of NTUA for a note payable to Economic Development Administration and Rural Economic and Community Development in the amount of $105,482.

(b) Various Taxes

The liabilities of the Nation for various taxes imposed with respect to activities of the Nation off the reservation have not yet been conclusively established. Legal counsel for the Nation is unable to predict or express an opinion as to the ultimate liability, if any, of the Nation for any such taxes.

(12) Litigation

(a) General

In the normal course of operations, the Nation is a party to various claims and litigation, some of which have been referred to its insurance carriers. Included in these claims are matters involving the Hopi Tribe; damage suits against the Nation for alleged actions of its officials and employees; actions resulting in claims for compensation and/or destruction of property; and various other matters. Except for matters related to the Hopi Tribe, after consultation with outside legal counsel and the attorney general of the Nation, it is not possible to ascertain what ultimate liability, if any, the Nation may have as a result of the various claims. The Nation has, and will, continue to vigorously litigate these matters at both the trial and appellate court levels.

(b) Matters Related to Grants

The Nation received notification of potential cost disallowances related to several grants. Cost disallowances could result from these notifications and subsequent proceedings. Management does not believe the potential settlements will be material to the financial statements.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. In certain instances, grantor agencies have questioned such costs, to which the Nation responded.

(13) Risk Management

The Nation is exposed to various risks of loss related to torts and civil rights; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and nonemployees; and natural disasters. The Navajo Nation Risk Management Department was established to manage, control, and minimize this risk. Through Risk Management, the Nation and certain enterprises of the Nation finance their uninsured risk of loss. This activity is accounted for in the Property and Casualty Self-Insurance Fund, an internal service fund, in the accompanying financial statements. Under this program, the Risk Management Pool provides coverage for up to a maximum of $500,000 for each incident. Risk Management purchases commercial insurance for claims in excess of coverage provided by the Risk Management Pool. Claims payable amounts have been estimated based upon a review of open claims and an estimate of unreported claims.

The Nation and certain enterprises of the Nation have established a risk management plan codified under the Navajo Nation Code for workers' compensation. The activity is accounted for in the Workers' Compensation Self-Insurance Fund, an internal service fund, in the accompanying financial statements. During the year ended September 30, 2023, premiums of $2,719,020 were paid into the fund to pay claim amounts and administrative costs. Claims payable amounts are estimated by the Nation based upon a review of open claims and an estimate of unreported claims.

The Nation and certain enterprises of the Nation have established an employee benefits program for health insurance. The activity is accounted for in the Group Health Self-Insurance Fund, an internal service fund, in the accompanying financial statements. Premiums are paid directly to a third-party administrator. The third-party administrator utilizes the premiums to pay claims and maintains excess premium payments as a reserve for future claims. An excess coverage insurance policy covers claims in excess of $600,000. Claims payable amounts are estimated by the third-party administrator based upon a review of open claims and an estimate of unreported claims.

The amounts and changes in the Nation's Risk Management program claims payable for the year ended September 30, 2023 are as follows:

Property and casualty self-insurance fund:		
Claims payable, beginning of year	$	1,422,672
Current year claims and changes in estimates		2,782,741
Claim payments		(1,646,055)
Claims payable, end of year	$	2,559,358

(continued)

Workers' compensation self-insurance fund:		
Claims payable, beginning of year	$	303,614
Current year claims and changes in estimates		8,214,428
Claim payments		(2,953,139)
Claims payable, end of year	$	5,564,903
Group health benefit self-insurance fund:		
Claims payable, beginning of year	$	5,700,000
Current year claims and changes in estimates		23,485,862
Claim payments		(24,527,862)
Claims payable, end of year	$	4,658,000

(14) Special Item

Navajo Utah Water Rights Settlement Act

On December 21, 2020, the United States Congress approved the Navajo Utah Water Rights Settlement Act (the Act), as a part of the Comprehensive Appropriations Act, 2021, which contains Section 1102, the Navajo Utah Water Rights Settlement, recognizing the water rights of the Navajo Nation in Utah and authorizing funding for water infrastructure development. On December 28, 2020, the United States President signed the Comprehensive Appropriations Act, 2021 into law as Public Law 116-260. During 2023, the Nation received $39,114,000 of settlement proceeds.

Opioid Settlement

Various American Indian Tribal Nations brought suits against a number of companies involved in manufacturing and selling opioids in the United Statement. On December 21, 2022, the tribes successfully negotiated a settlement with the many defendants. On August 17, 2023, the Nation received $63,068,855.

(15) Subsequent Events

The Nation has evaluated all events that occur after the balance sheet date through the date when the financial statements were issued to determine if any must be reported.

Northeastern Arizona Water Rights Settlement Agreement

On February 28, 2024, the Nation announced a proposed agreement to settled all of the Nation's water rights claims in the State of Arizona, which includes the Colorado River Upper Basin, the Colorado River Lower Basin, Little Colorado River Basin, the Gila River Basin, and groundwater. Other parties involved in the settlement have not finalized their parts of the agreement. Once all parties have finalized, the Council can deliberate and act on the agreement. The U.S. Congress will have to approve the agreement as well.

Schedule 1

THE NAVAJO NATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund

Year ended September 30, 2023

Revenues	Original budget	Final budget	Actual (budgetary basis)	September 30, 2023 Designated fund balance carryover	Budget variance favorable (unfavorable)
Natural resource revenue:					
Oil and gas	$ 43,667,000	43,667,000	38,143,485	—	(5,523,515)
Mining	34,303,000	34,303,000	37,604,114	—	3,301,114
Tax revenue, net (note 10)	55,664,000	55,664,000	101,138,656	—	45,474,656
Land, buildings, business site, and right-of-way revenue	74,818,000	74,818,000	79,419,867	—	4,601,867
Interest and dividends	4,000,000	4,000,000	43,051,604	—	39,051,604
Net increase in fair value of investments	—	—	71,464,750	—	71,464,750
Pasture, rangeland, and forage insurance proceeds	—	—	19,526,563	—	19,526,563
Other revenue	1,150,000	1,150,000	5,572,759	—	4,422,759
Statutory allocation to permanent fund	(25,656,000)	(25,656,000)	(44,858,314)	—	(19,202,314)
Statutory allocation of current year revenues	(12,828,000)	(12,828,000)	(49,052,893)	—	(36,224,893)
Total revenues	175,118,000	175,118,000	302,010,591	—	126,892,591
Expenditures					
General government	119,588,103	137,989,668	88,604,059	—	49,385,609
Economic development and planning	8,404,442	9,392,097	5,400,620	—	3,991,477
Community and rural development	42,617,222	51,050,236	41,393,216	—	9,657,020
Education and training	21,819,354	29,242,845	21,313,576	—	7,929,269
Natural resources	25,191,239	26,985,064	51,801,508	—	(24,816,444)
Public safety	11,645,904	13,257,546	10,549,532	—	2,708,014
Health and welfare	18,817,774	22,715,372	11,763,383	—	10,951,989
Culture and recreation	1,296,598	1,462,929	907,910	—	555,019
Total expenditures	249,380,636	292,095,757	231,733,804	—	60,361,953
Other financing sources					
Transfers	36,000,000	36,000,000	48,353,533	—	12,353,533
Total other financing uses	36,000,000	36,000,000	48,353,533	—	12,353,533
Special item					
Claim settlements	—	—	102,182,855	—	102,182,855
Total special items	—	—	102,182,855	—	102,182,855
Net change under budgetary basis	$ (38,262,636)	(80,977,757)	220,813,175	—	301,790,932

Reconciliation of budgetary basis net change to net change from schedule 6:	
Less beginning encumbrances	$ (17,447,378)
Add ending encumbrances	20,901,339
Modified accrual budget net change in fund balance	$ 224,267,136

See accompanying independent auditors' report.

THE NAVAJO NATION

Pension Other Supplementary Information

Year ended September 30, 2023

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (dollars in thousands) –

(Unaudited Other Supplementary Information)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:											
Service cost	$	13,062	13,204	13,438	14,378	18,165	15,912	13,780	13,297	12,939	14,222
Interest		74,499	72,413	69,701	66,970	66,661	64,519	63,374	60,576	57,582	54,812
Changes of benefit terms		—	—	8,835	(6,072)	—	—	—	—	302	5,300
Differences between expected and actual experience		(32,035)	4,616	2,887	8,447	(6,962)	(4,665)	2,672	1,507	4,911	—
Changes of assumptions		—	—	—	—	(22,165)	—	61,633	—	—	—
Benefit payments, including refunds of member contributions		(58,885)	(56,457)	(48,621)	(45,680)	(43,941)	(40,689)	(36,706)	(34,170)	(31,180)	(28,415)
Net change in total pension liability		(3,359)	33,776	46,240	38,043	11,758	35,077	104,753	41,210	44,554	45,919
Total pension liability – beginning		1,193,029	1,159,253	1,113,013	1,074,970	1,063,212	1,028,135	923,382	882,172	637,618	791,699
Total pension liability – ending (a)		1,189,670	1,193,029	1,159,253	1,113,013	1,074,970	1,063,212	1,028,135	923,382	862,172	837,618
Plan fiduciary net position:											
Contributions – employer		33,204	27,894	29,154	36,293	36,589	38,770	42,920	46,473	49,975	47,750
Contributions – member		—	—	—	—	—	—	—	—	—	—
Net investment income		95,090	(176,498)	219,606	90,837	28,202	80,052	98,506	72,162	(6,703)	63,712
Benefit payments, including refunds of member contributions		(58,885)	(56,458)	(48,621)	(45,680)	(43,941)	(40,689)	(36,706)	(34,170)	(31,179)	(28,415)
Administrative expense		(1,112)	(1,020)	(1,147)	(794)	(1,184)	(1,146)	(1,521)	(1,092)	(1,157)	(1,114)
Other		—	—	—	—	—	—	—	—	—	—
		68,297	(206,082)	198,992	80,656	19,666	76,987	103,199	83,373	10,936	81,933
Plan fiduciary net position – beginning		1,015,793	1,221,875	1,022,883	942,227	922,561	845,574	742,375	659,002	648,066	566,133
Plan fiduciary net position – ending (b)		1,084,090	1,015,793	1,221,875	1,022,883	942,227	922,561	845,574	742,375	659,002	648,066
Nation's net pension liability (asset) – ending (a) – (b)		105,580	177,236	(62,622)	90,130	132,743	140,651	182,561	181,007	223,170	189,552
Plan fiduciary net position as a percentage of the total pension liability		91.13 %	85.14 %	105.40 %	91.90 %	87.65 %	86.77 %	82.24 %	80.40 %	74.70 %	77.37 %
Covered-employee payroll		167,457	165,367	182,210	179,051	172,888	178,346	173,182	171,504	168,042	179,682
Nation's net pension liability (asset) as a percentage of covered-employee payroll	$	63.05 %	107.18 %	(34.37)%	50.34 %	76.78 %	78.86 %	105.42 %	105.54 %	132.81 %	105.49 %

Notes to schedule:

Benefit Changes: All retirees in payment on October 1, 2014 were given a one-time 2% COLA increase to their benefit.

Benefit Changes: During 2021, the plan was amended to offer an enhanced retirement package (ERP) for regular status employees that were at least sixtey (60) years of age with at least ten (10) years of service and employed on March 31, 2021. Participants who terminated employment with Navajo Nation after the commencement of COVID-19 related office closures, commenced payments on or after April 1, 2020, and who would otherwise satisfied the minimum age and service requirements as of March 31, 2021 if employment had continued until that date, were also entitled to ERP beginning October 1, 2021.

The enhancement provided eligible participants an additional three years of Benefit Service provided that the participants retired by October 1, 2021. The plan was remeasured on September 30, 2021 to determine the impact of the ERP under GASB.

Change of Assumptions: Based on a review of the plan performance the discount rate was changed from 8% to 7% for the fiscal year 2014 valuation.

Change of Assumptions: Based on a review of the plan performance the discount rate was changed from 7% to 6.4% for the fiscal year 2017 valuation.

Change of Assumptions: The following assumptions were updated based the results of an experience study conducted in 2019:

The base mortality tables were updated from the 1983 Group Annuity Mortality table to the PUB-10 benefits weighted tables, with separate tables for females and males, adjusted for plan specific retiree experience from 2013-2017 by a factor of 1.7 for females and 1.2 for males.

The mortality improvement projection scale MP-2019 with base year 2015 was added (previously, no projection scale was used).

The salary increase assumption was updated to be based on age for regular employees, 3.5% for commissioned law enforcement officers, and 6.0% for judges.

Termination rates were updated based on observed differences in rates by service (previously, termination rates were based on age and gender).

Retirement rates were updated based on observed rates by age and group.

The form of payment assumption was updated from 100% electing Single Life Annuity to 55% electing Single Life Annuity, 25% electing Joint & Survivor 50% Annuity, 10% electing Joint & Survivor 100% Annuity, and 10% electing 10 Year Certain & Life Annuity.

The percent married assumption was changed from 50% for males and 40% for females to 80% for both males and females.

The spouse age assumption was updated from wives three years younger than husbands to spouse assumed to be ten years younger than the primary participant.

See accompanying independent auditors' report.

THE NAVAJO NATION

Pension Other Supplementary Information

Year ended September 30, 2023

Schedule of the Nation's Contributions (dollars in thousands) –

(Unaudited Other Supplementary Information)

Fiscal year ended	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	24,934	33,204	(8,270)	167,457	20
2022	26,195	27,894	(1,699)	165,367	17
2021	34,121	29,154	4,967	182,210	16
2020	34,516	36,293	(1,777)	179,051	20
2019	26,459	36,589	(10,130)	172,888	21
2018	32,004	38,770	(6,766)	178,346	22
2017	44,229	42,920	1,309	173,182	25
2016	42,590	46,473	(3,883)	171,504	27
2015	49,723	49,975	(252)	168,042	30
2014	49,723	47,750	1,973	179,682	27

Notes to schedule:

Valuation date:	Actuarially determined contribution rates are calculated as of September 30, one year prior to the end of the fiscal year in which contributions are reported
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Straight line
Remaining amortization period	10 years
Asset valuation method	Fair value
Actuarial assumptions:	
Inflation	2.0 %
Salary increases	Age-graded scale 2.0% – 6.0%
Investment rate of return	6.4 %
Retirement age	Group-specific rates based on age ranging from 45–75, with 100% by 75 for regular employees, 100% by age 70 for commissioned law enforcement and 100% upon reaching the 75% benefit accrual cap for judges.
Mortality	PUB 10 benefits weighted tables, with separate tables for females and males, adjusted for experience from 2013-2017 by a factor of 1.7 for females and 1.2 for males.

See accompanying independent auditors' report.

THE NAVAJO NATION

Pension Other Supplementary Information

Year ended September 30, 2023

Schedule of Investment Returns (dollars in thousands) –

(Unaudited Other Supplementary Information)

Fiscal year ended	Annual money-weighted rate of return, net of investment expense
2023	9.44
2022	(14.21)
2021	20.81
2020	10.07
2019	3.10
2018	9.45
2017	13.24
2016	11.15
2015	(1.03)
2014	10.76

See accompanying independent auditors' report.

THE NAVAJO NATION

Combining Balance Sheet – General Funds

Modified Accrual Budget Basis

September 30, 2023

Assets	General Fund	Navajo Dam Escrow Fund	Oil and Gas Development Fund	Navajo Nation Reforestation Fund	Capital Outlay Match Fund	Sihasin Fund	License Plate Revenue Fund	Handicapped Services Trust Fund	Senior Citizen Services Trust Fund	Vocational Education Trust Fund	Navajo Academy Trust Fund	Navajo Trust Fund	Local Governance Trust Fund	San Juan River Mitigation Fund	Total General Funds
Pooled cash and investments (including $5,556,916 of pledged securities)	$ 940,791,038	3,570,185	862,711	285,768	9,778,567	541,318,014	688,142	15,871,339	12,678,379	12,982,352	458,182	1,164,366	15,280,566	5,557,467	1,561,287,078
Accounts receivable, net	2,433,825	—	—	—	—	—	—	—	—	—	—	—	—	10,000,000	12,433,825
Accrued interest receivable	6,958,912	—	—	—	—	1,490,372	—	286,832	241,862	275,423	—	—	—	—	9,253,401
Notes receivable	—	—	—	—	—	67,463,154	—	1,136,866	975,785	1,135,866	—	—	—	—	70,711,671
Due from Grant Fund	9,510,845	—	—	—	—	—	—	—	—	—	—	—	—	—	9,510,845
Other assets	5,408,361	—	—	—	—	—	—	—	—	—	—	—	—	—	5,408,361
Total assets	$ 965,102,981	3,570,185	862,711	285,768	9,778,567	610,271,540	688,142	17,295,037	13,896,026	14,393,641	458,182	1,164,366	15,280,566	15,557,467	1,668,605,179
Liabilities and Fund Balances															
Liabilities															
Accounts payable	$ 8,416,428	—	—	—	—	4,804,856	—	11,523	13,147	13,999	—	—	—	—	13,259,953
Accrued liabilities	22,167,335	—	—	34	455,785	3,424,994	—	13,586	—	227	—	—	—	—	26,061,961
Unearned revenue	7,096,813	—	—	—	—	—	—	—	—	—	—	—	—	—	7,096,813
Total liabilities	37,680,576	—	—	34	455,785	8,229,850	—	25,109	13,147	14,226	—	—	—	—	46,418,727
Fund balances															
Nonspendable															
Long-term receivables	—	—	—	—	—	67,463,154	—	1,136,866	975,785	1,135,866	—	—	—	—	70,711,671
Spendable															
Restricted for															
Economic development loans	5,545,135	3,570,185	—	—	—	—	—	—	—	—	—	—	—	—	9,115,320
Community and rural development	—	—	—	—	—	—	—	—	—	—	—	—	—	13,000,000	13,000,000
Other capital projects	385,804,555	—	—	—	—	946,396	—	—	—	—	—	—	—	—	386,750,951
Committed for															
Other capital projects	—	—	—	—	9,322,782	533,632,140	—	—	—	—	—	—	—	—	542,954,922
Covid-19 donations	3,142,561	—	—	—	—	—	—	—	—	—	—	—	—	—	3,142,561
Other purposes	87,251,096	—	862,711	285,734	—	—	688,142	16,133,062	12,907,094	13,243,549	458,182	1,164,366	15,280,566	2,557,467	150,831,969
Assigned to															
Other purposes	20,901,339	—	—	—	—	—	—	—	—	—	—	—	—	—	20,901,339
Unassigned															
General Fund	424,777,719	—	—	—	—	—	—	—	—	—	—	—	—	—	424,777,719
Total fund balances	927,422,405	3,570,185	862,711	285,734	9,322,782	602,041,690	688,142	17,269,928	13,882,879	14,379,415	458,182	1,164,366	15,280,566	15,557,467	1,622,186,452
Total liabilities and fund balances	$ 965,102,981	3,570,185	862,711	285,768	9,778,567	610,271,540	688,142	17,295,037	13,896,026	14,393,641	458,182	1,164,366	15,280,566	15,557,467	1,668,605,179

See accompanying independent auditors' report

THE NAVAJO NATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

General Funds

Modified Accrual Budget Basis

Year ended September 30, 2023

Revenues	General Fund	Navajo Dam Escrow Fund	Oil and Gas Development Fund	Navajo Nation Reforestation Fund	Capital Outlay Match Fund	Sihasin Fund	License Plate Revenue Fund	Handicapped Services Trust Fund	Senior Citizen Services Trust Fund	Vocational Education Trust Fund	Navajo Academy Trust Fund	Navajo Trust Fund	Local Governance Trust Fund	San Juan River Mitigation Fund	Total General Funds
Natural resource revenue															
Oil and gas	$ 38,143,485	—	—	—	—	—	—	—	—	—	—	—	—	—	38,143,485
Mining	37,604,114	—	—	—	—	—	—	—	—	—	—	—	—	—	37,604,114
Tax revenue, net	101,138,656	—	—	—	—	—	—	—	—	—	—	—	—	—	101,138,656
Land, buildings, business site, and right-of-way revenue	79,419,867	—	—	—	—	—	—	—	—	—	—	—	—	—	79,419,867
Interest and dividends	43,051,604	56,135	—	4,425	22,019	18,737,839	—	588,530	470,649	482,566	—	33,623	—	—	63,447,390
Net increase (decrease) in fair value of investments	71,464,750	95,925	31,357	—	424,608	40,289,168	—	938,145	820,230	837,315	15,281	—	854,774	—	115,771,553
Pasture, rangeland, and forage insurance proceeds	19,526,563	—	—	—	—	—	—	—	—	—	—	—	—	—	19,526,563
Other revenue	5,572,759	—	—	—	—	2,710,461	—	1,825	1,320	1,474	—	—	—	—	8,287,839
Statutory allocation to permanent fund	(44,868,314)	—	—	—	—	—	—	—	—	—	—	—	—	—	(44,868,314)
Statutory allocation of current year revenues	(49,052,893)	—	—	—	—	—	—	—	—	—	—	—	—	—	(49,052,893)
Total revenues	302,010,591	152,060	31,357	4,425	446,627	61,737,468	—	1,528,500	1,292,199	1,321,355	15,281	33,623	854,774	—	369,428,260
Expenditures															
Current:															
General government	88,669,173	—	—	—	—	1,590,616	—	—	—	—	—	—	—	—	90,259,789
Economic development and planning	5,012,365	—	—	—	—	11,400,000	—	—	—	—	—	—	—	—	16,412,365
Community and rural development	40,332,675	—	—	—	—	5,210,496	—	—		—	—	—	—	—	45,543,171
Education and training	17,015,015	—	—	—	—	—	—	—	—	286,197	—	—	—	—	17,301,212
Natural resources	48,958,524	—	—	—	—	—	—	—	—	—	—	—	—	—	48,958,524
Public safety	9,485,563	—	—	—	—	—	—	—	—	—	—	—	—	—	9,485,563
Health and welfare	12,804,073	—	—	—	—	7,304,113	—	322,941	239,645	—	—	—	—	—	20,670,772
Culture and recreation	877,230	—	—	—	—	—	—	—	—	—	—	—	—	—	877,230
Capital outlay	5,125,232	—	—	—	2,149,831	18,112,027	—	—	—	—	—	—	—	—	25,387,090
Total expenditures	228,279,843	—	—	—	2,149,831	43,617,252	—	322,941	239,645	286,197	—	—	—	—	274,895,709
Excess (deficit) of revenues over (under) expenditures	73,730,748	152,060	31,357	4,425	(1,703,204)	18,120,216	—	1,205,559	1,052,554	1,035,158	15,281	33,623	854,774	—	94,532,551
Other Financing Sources															
Transfers	48,353,533	—	—	—	2,000,000	—	—	—	—	—	—	—	—	15,557,467	65,911,000
Total other financing sources	48,353,533	—	—	—	2,000,000	—	—	—	—	—	—	—	—	15,557,467	65,911,000
Special Items															
Claim settlements	102,182,855	—	—	—	—	—	—	—	—	—	—	—	—	—	102,182,855
Total special items	102,182,855	—	—	—	—	—	—	—	—	—	—	—	—	—	102,182,855
Net change in fund balances	224,267,136	152,060	31,357	4,425	296,796	18,120,216	—	1,205,559	1,052,554	1,035,158	15,281	33,623	854,774	15,557,467	262,626,406
Fund balance, beginning of year (restated)	703,155,269	3,418,125	831,354	281,309	9,025,986	583,921,474	688,142	16,064,369	12,830,325	13,344,257	442,901	1,130,743	14,425,792	—	1,359,560,046
Fund balance, end of year	$ 927,422,405	3,570,185	862,711	285,734	9,322,782	602,041,690	688,142	17,269,928	13,882,879	14,379,415	458,182	1,164,366	15,280,566	15,557,467	1,622,186,452

See accompanying independent auditors' report.

THE NAVAJO NATION
Combining Balance Sheet
Nonmajor Governmental Funds
Modified Accrual Budget Basis
September 30, 2023

Assets	Special Revenue: Scholarship Fund	Navajo Tourism Fund	Navajo Nation Environmental Protection Agency Fund	Tax Suspense Fund	Water Rights Fund	Navajo Nation Roads Fund	Land Acquisition Fund	Navajo Rehabilitation Trust Fund	Diné Education Fund	Gaming Development Fund
Pooled cash and investments	$ 84,993,915	8,788,619	59,520,615	20,858,857	14,200,271	41,142,404	190,599,929	1,384,929	7,117,383	9,439,343
Accounts receivable	—	—	—	—	—	—	—	—	—	—
Accrued interest receivable	1,150,113	—	746	—	—	—	7,468,809	—	—	3,156
Notes receivable	4,706,376	—	—	—	—	—	34,154,981	7,691,299	—	—
Total receivables	5,856,489	—	746	—	—	—	41,623,790	7,691,299	—	3,156
Total assets	$ 90,850,404	8,788,619	59,521,361	20,858,857	14,200,271	41,142,404	232,223,719	9,076,228	7,117,383	9,442,499
Liabilities and Fund Balance										
Accounts payable	$ 67,900	194,875	162,171	—	381,370	1,278,379	231,799	3,484	—	369,794
Total liabilities	67,900	194,875	162,171	—	381,370	1,278,379	231,799	3,484	—	369,794
Fund balance										
Nonspendable										
Permanent fund principal	—	—	—	—	—	—	—	—	—	—
Long-term receivables	4,706,376	—	—	—	—	—	34,154,981	2,691,298	—	—
Spendable										
Restricted to										
Education	79,001,086	—	—	—	—	—	—	—	—	—
Special projects	—	—	40,497,869	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—	6,381,446	—	—
Committed for										
Other capital projects	—	—	—	—	—	39,864,025	197,836,939	—	7,117,383	—
Other purposes	9,080,073	8,593,744	18,861,321	20,858,857	13,818,901	—	—	—	—	9,072,705
Total fund balance	90,782,504	8,593,744	59,359,190	20,858,857	13,818,901	39,864,025	231,991,920	9,072,744	7,117,383	9,072,705
Total liabilities and fund balance	$ 90,850,404	8,788,619	59,521,361	20,858,857	14,200,271	41,142,404	232,223,719	9,076,228	7,117,383	9,442,499

Assets	Gaming Revenue Distribution Fund	Judicial Public Safety Facilities Fund	DPS Gaming Fund	DPS Alcohol Tax Fund	Healthy Diné Tax Act Fund	Fire and Rescue Services Fund	NTUA Repair and Replacement Fund	Sales Tax Trust Fund	Veterans' Trust Fund	Debt Service: FNSB Key Bank Loan Fund	Permanent: Chapter Government Nation Building Fund	Total
Pooled cash and investments	14,999,223	37,844,035	2,563,392	386,872	2,238,672	19,106,152	822,448	8,789,750	233,899,838	410,384	62,996,396	826,653,307
Accounts receivable	—	—	—	—	—	—	—	—	—	—	7,790	7,790
Accrued interest receivable	—	—	—	—	—	—	—	—	1,664,622	—	1,773,840	12,046,386
Notes receivable	—	—	—	—	—	—	—	—	4,840,095	—	7,484,110	53,867,867
Total receivables	—	—	—	—	—	—	—	—	6,504,717	—	7,266,946	65,918,042
Total assets	14,999,223	37,844,035	2,563,392	386,872	2,238,672	19,106,152	822,448	8,789,750	240,404,555	410,384	71,867,142	891,789,349
Liabilities and Fund Balance												
Accounts payable	—	1,487,752	1,384	—	36,618	241,316	—	144,970	397,438	—	104,145	6,089,548
Total liabilities	—	1,487,752	1,384	—	36,618	241,316	—	144,970	397,438	—	104,145	6,089,548
Fund balance												
Nonspendable												
Permanent fund principal	—	—	—	—	—	—	—	—	—	—	58,902,510	58,902,510
Long-term receivables	—	—	—	—	—	—	—	—	4,840,095	—	7,484,110	53,867,867
Spendable												
Restricted to												
Education	—	—	—	—	—	—	—	—	—	—	—	79,001,086
Special projects	—	—	—	—	—	—	—	—	—	410,384	—	40,908,210
Capital projects	—	—	—	—	—	—	—	—	—	—	6,471,369	11,832,810
Committed for												
Other capital projects	—	—	—	—	—	—	—	—	—	—	—	284,806,397
Other purposes	14,999,223	36,356,283	2,562,008	386,872	2,202,054	18,864,836	822,448	8,644,780	235,167,022	—	—	389,361,877
Total fund balance	14,999,223	36,356,283	2,562,008	386,872	2,202,054	18,864,836	822,448	8,644,780	240,007,117	410,384	71,867,997	885,690,701
Total liabilities and fund balance	14,999,223	37,844,035	2,563,392	386,872	2,238,672	19,106,152	822,448	8,789,750	240,404,555	410,384	71,867,142	891,789,349

See accompanying independent auditors' report

THE NAVAJO NATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Modified Accrual Budget Basis

Year ended September 30, 2023

	Special revenue									
	Scholarship Fund	Navajo Tourism Fund	Navajo Nation Environmental Protection Agency Fund	Tax Suspense Fund	Water Rights Fund	Navajo Nation Roads Fund	Land Acquisition Fund	Navajo Rehabilitation Trust Fund	[illegible] Fund	Gaming Development Fund
Revenues										
Tax revenue	$ —	1,408,757	—	2,679,986	—	11,123,136	—	—	—	—
Land, buildings, homesite, and right-of-way revenue	—	—	—	—	—	—	—	—	960,978	—
Interest and dividends	2,376,817	83,108	—	80,738	—	—	6,880,837	279,881	—	—
Net increase (decrease) in fair value of investments	8,861,986	136,979	604,806	888,887	286,420	1,308,188	17,382,347	280,088	210,580	—
Other revenue	1,871,428	82,586	1,887,928	—	1,166,288	—	83,408	—	—	5,888,457
Statutory allocation to permanent fund	—	(160,051)	—	—	—	(1,334,770)	—	—	—	—
Statutory allocation of current year revenues	2,277,688	—	—	—	—	(667,388)	8,000,861	—	—	—
Total revenues	15,077,930	1,521,368	2,194,734	3,298,560	1,431,682	10,429,156	32,107,061	536,717	1,171,488	5,888,457
Expenditures										
General government	—	—	—	—	—	—	878,168	—	—	6,364,542
Economic and development	—	784,167	—	—	—	—	—	—	—	—
Community and rural development	—	—	—	—	—	—	—	—	—	—
Education and training	6,188,272	—	—	—	—	—	—	—	—	—
Natural resources	—	—	1,888,476	—	2,108,427	—	—	4,560	—	—
Public safety	—	—	—	—	—	—	—	—	—	—
Health and welfare	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	3,629,940	—	—	—	—
Capital outlay	—	—	67,280	—	—	8,317,868	—	—	—	—
Debt service – principal	—	—	—	—	—	—	—	—	—	—
Debt service – interest	—	—	—	—	—	—	—	—	—	—
Total expenditures	6,188,272	784,167	1,956,726	—	2,108,427	11,946,808	878,166	4,560	—	6,364,542
Excess (deficiency) of revenues over (under) expenditures	8,889,658	737,181	238,008	3,298,560	(673,745)	(1,517,650)	31,228,895	532,158	1,171,488	(486,085)
Other financing sources										
Transfers	—	—	—	—	2,000,000	—	—	—	—	—
Total other financing sources	—	—	—	—	2,000,000	—	—	—	—	—
Net change in fund balance	8,889,658	737,181	238,008	3,298,560	1,326,255	(1,517,650)	31,228,895	532,158	1,171,488	(486,085)
Fund balance, beginning of year	81,877,846	6,826,603	88,121,178	17,682,308	17,482,646	41,381,675	200,763,035	8,490,586	5,946,925	8,587,790
Fund balance, end of year	$ 90,787,504	7,583,784	88,359,186	20,958,867	13,818,901	39,864,025	231,991,920	9,022,744	7,117,393	9,072,705

	Special revenue									Debt Service	Permanent	
	Gaming Revenue Distribution Fund	Judicial Public Safety Facilities Fund	DPS Gaming Fund	DPS Alcohol Tax Fund	Healthy Diné Tax Act	Fire and Rescue Services Fund	NTUA Repair and Replacement Fund	Sales Tax Trust Fund	Veterans' Trust Fund	[illegible] Key Bank Loan Fund	Chapter Government Nation Building Fund	Total
Revenues												
Tax revenue	—	—	—	46,473	2,319,386	—	—	12,883,000	—	—	—	30,218,747
Land, buildings, homesite, and right-of-way revenue	—	—	—	—	—	—	—	—	—	—	—	960,978
Interest and dividends	—	148,411	—	—	—	—	—	—	6,888,667	—	2,413,841	17,738,808
Net increase (decrease) in fair value of investments	—	1,279,172	—	—	—	—	—	432,113	11,808,920	—	3,241,118	43,431,472
Other revenue	—	—	886,000	—	—	—	—	—	177,288	—	7,807	11,231,838
Statutory allocation to permanent fund	—	—	—	(6,935)	(282,881)	—	—	(1,823,171)	—	—	—	(3,318,814)
Statutory allocation of current year revenues	—	10,855,377	—	(2,781)	(154,498)	10,478,086	731,874	(6,966,731)	16,001,726	—	—	43,778,704
Total revenues	—	11,873,860	886,000	36,747	1,801,866	10,478,086	731,874	3,636,301	33,774,831	—	5,662,884	144,031,131
Expenditures												
General government	—	—	—	—	—	—	781,288	4,480,536	6,428,132	—	—	18,832,844
Economic and development	—	—	—	—	—	—	—	—	—	—	—	784,167
Community and rural development	78,878	—	—	—	—	—	—	—	—	—	1,837,574	1,916,453
Education and training	—	—	—	—	—	—	—	—	—	—	—	6,188,272
Natural resources	—	—	—	—	—	—	—	—	—	—	—	3,999,462
Public safety	—	—	382,730	—	—	2,743,338	—	—	—	—	—	3,126,068
Health and welfare	—	—	—	—	1,606,728	—	—	—	—	—	—	1,606,728
Transportation	—	—	—	—	—	—	—	—	—	—	—	3,629,940
Capital outlay	—	1,186,613	94,884	—	—	1,348,413	—	—	—	—	—	11,025,008
Debt service – principal	—	3,236,086	—	—	—	—	—	—	—	—	—	3,236,000
Debt service – interest	—	3,374,798	—	—	—	—	—	—	—	—	—	3,374,798
Total expenditures	78,878	7,807,809	477,584	—	1,505,728	4,086,752	781,288	4,480,536	6,428,132	—	1,837,574	57,286,028
Excess (deficiency) of revenues over (under) expenditures	(78,878)	6,166,051	208,416	36,747	296,130	6,786,334	(49,384)	1,146,766	27,346,488	—	3,824,880	86,745,103
Other financing sources												
Transfers	—	—	—	—	—	—	—	—	—	—	—	2,000,000
Total other financing sources	—	—	—	—	—	—	—	—	—	—	—	2,000,000
Net change in fund balance	(78,878)	6,166,051	208,416	36,747	296,130	6,786,334	(49,384)	1,146,766	27,346,488	—	3,824,880	88,745,103
Fund balance, beginning of year	15,078,102	31,190,232	2,383,587	348,829	1,806,724	13,186,902	1,371,842	8,488,018	212,660,618	410,384	68,033,007	797,835,596
Fund balance, end of year	14,998,223	36,356,783	2,567,008	385,572	2,207,854	19,984,936	872,448	9,644,780	240,007,117	410,384	71,857,887	886,880,701

See accompanying independent auditors' report.

Schedule 9

THE NAVAJO NATION

Combining Statement of Net Position

Enterprise Funds

Modified Budget Basis

September 30, 2023

Assets and Deferred Outflows of Resources		Business and Industrial Development Fund	Loan Fund	Employee Housing Fund	Parks and Recreation Fund	Fish and Wildlife Fund	Navajo Nation Code Fund	Navajo Transit Fund	Livestock Custody Fund	Fourth of July Celebration Fund	Annual Navajo Nation Fair Fund	Tribal Ranch Fund	Veterinary Medical Sales Fund	Colorado Ranch Fund	Total
Current assets															
Cash and cash equivalents	$	40,983,694	2,903,164	1,811,383	76,040,015	2,664,031	156,907	211,826	1,407,719	119,626	1,732,035	3,017,288	319,079	479,409	131,846,176
Investments		4,622,093	10,132,548	—	—	—	—	—	—	—	—	—	—	—	14,754,641
Receivables															
Accounts receivable		—	—	—	—	—	—	—	—	—	—	50,083	—	—	50,083
Accrued interest receivable		1,048	—	—	—	—	—	—	—	—	—	—	—	—	1,048
Current portion of notes receivable, net		—	2,012,677	—	—	—	—	—	—	—	—	—	—	—	2,012,677
Total receivables		1,048	2,012,677	—	—	—	—	—	—	—	—	50,083	—	—	2,063,808
Total current assets		45,606,835	15,048,389	1,811,383	76,040,015	2,664,031	156,907	211,826	1,407,719	119,626	1,732,035	3,067,371	319,079	479,409	148,664,625
Noncurrent assets															
Receivables															
Notes receivable, net		—	2,994,113	—	—	—	—	—	—	—	—	—	—	—	2,994,113
Total noncurrent assets		—	2,994,113	—	—	—	—	—	—	—	—	—	—	—	2,994,113
Capital assets															
Construction in progress		6,054,705	—	—	1,742,158	—	—	—	—	—	—	—	—	—	7,796,863
Land and land development costs		965,457	—	—	—	—	—	—	—	—	—	—	—	—	965,457
Buildings		23,349,828	—	2,566,534	9,219,183	118,568	—	—	—	—	—	10,500	—	—	35,264,613
Equipment		231,164	—	89,912	1,330,864	88,909	—	—	218,480	—	—	242,364	—	83,351	2,285,134
Total capital assets		30,601,154	—	2,656,446	12,292,205	207,567	—	—	218,480	—	—	252,864	—	83,351	46,312,067
Accumulated depreciation		9,126,800	—	2,656,446	2,095,291	98,602	—	—	88,806	—	—	251,576	—	6,274	14,323,795
Capital assets, net		21,474,354	—	—	10,196,914	108,965	—	—	129,674	—	—	1,288	—	77,077	31,988,272
Total noncurrent assets		21,474,354	2,994,113	—	10,196,914	108,965	—	—	129,674	—	—	1,288	—	77,077	34,982,385
Pension-related outflows		15,049	76,768	116,610	656,215	51,099	—	—	2,256	—	35,623	43,395	18,412	32,747	1,048,174
Total deferred outflows of resources		15,049	76,768	116,610	656,215	51,099	—	—	2,256	—	35,623	43,395	18,412	32,747	1,048,174
Total assets and deferred outflows	$	67,096,238	18,119,270	1,927,993	86,893,144	2,824,095	156,907	211,826	1,539,649	119,626	1,767,658	3,112,054	337,491	589,233	184,695,184
Liabilities and Net Position															
Current liabilities															
Accounts payable	$	1,066,334	100,234	900	206,977	22,685	—	—	—	—	—	—	—	303	1,397,433
Accrued liabilities		1,070,385	110,436	109,980	1,571,099	12,958	—	—	15,129	24,604	244,313	214,975	8,770	22,396	3,405,045
Current portion of compensated absences		6,991	9,760	16,298	153,290	21,294	—	—	—	—	6,664	26,583	1,276	15,856	258,012
Total current liabilities		2,143,710	220,430	127,178	1,931,366	56,937	—	—	15,129	24,604	250,977	241,558	10,046	38,555	5,060,490
Noncurrent liabilities															
Net pension liability		26,732	136,371	207,146	1,165,704	90,773		—	4,007	—	63,281	77,086	32,707	58,173	1,861,960
Total noncurrent liabilities		26,732	136,371	207,146	1,165,704	90,773	—	—	4,007	—	63,281	77,086	32,707	58,173	1,861,960
Total liabilities		2,170,442	356,801	334,324	3,097,070	147,710	—	—	19,136	24,604	314,258	318,644	42,753	96,728	6,922,470
Pension-related inflows		4,195	21,399	32,504	182,916	14,244	—	—	629	—	9,930	12,096	5,132	9,128	292,173
Total deferred inflows of resources		4,195	21,399	32,504	182,916	14,244	—	—	629	—	9,930	12,096	5,132	9,128	292,173
Net position															
Net investment in capital assets		21,474,354	—	—	10,196,914	108,965	—	—	129,674	—	—	1,288	—	77,077	31,988,272
Unrestricted		43,447,247	17,741,070	1,561,165	73,416,244	2,553,176	156,907	211,826	1,390,210	95,022	1,443,470	2,780,026	289,606	406,300	145,492,269
Total net position		64,921,601	17,741,070	1,561,165	83,613,158	2,662,141	156,907	211,826	1,519,884	95,022	1,443,470	2,781,314	289,606	483,377	177,480,541
Total liabilities and net position	$	67,096,238	18,119,270	1,927,993	86,893,144	2,824,095	156,907	211,826	1,539,649	119,626	1,767,658	3,112,054	337,491	589,233	184,695,184

See accompanying independent auditors' report

N

THE NAVAJO NATION

Combining Statement of Revenues, Expenses, and Changes in Net Position

Enterprise Funds

Modified Budget Basis

Year ended September 30, 2023

	Business and Industrial Development Fund	Loan Fund	Employee Housing Fund	Parks and Recreation Fund	Fish and Wildlife Fund	Navajo Nation Code Fund	Navajo Transit Fund	Livestock Custody Fund	Fourth of July Celebration Fund	Annual Navajo Nation Fair Fund	Tribal Ranch Fund	Veterinary Medical Sales Fund	Colorado Ranch Fund	Total
Operating revenues														
Rental income	$ 1,298,147	—	908,895	18,043	—	—	—	—	—	—	—	—	7,600	2,228,685
Interest income – notes receivable	5,357	277,480	—	—	—	—	—	—	—	—	—	—	—	282,837
Charges for services	460	41,693	—	15,916,868	922,748	2,813	—	352,472	116,526	127,354	818,416	123,514	576,952	18,999,816
Other income	397,448	—	—	2,703	—	—	—	—	—	—	26,918	1,687	—	428,756
Total operating revenues	1,699,412	319,173	908,895	15,937,614	922,748	2,813	—	352,472	116,526	127,354	845,334	125,201	584,552	21,940,094
Operating expenses														
Personnel	63,895	282,858	500,213	2,644,829	(59,922)	—	—	7,564	—	121,873	160,556	77,712	121,863	3,921,441
Travel, per diem, and vehicle	—	15,810	35,086	336,794	269,819	—	—	875	—	22,360	3,013	22,364	2,948	709,069
Supplies	11,609	38,003	16,187	311,901	186,700	—	—	28,757	—	7,135	8,626	—	97,300	706,218
Contractual service	1,212	—	—	127,219	76,940	—	—	—	—	—	—	—	315,360	520,731
Lease, telephone, and utilities	585	3,514	69,483	240,186	16,209	—	—	—	—	1,184	376	4,668	6,238	342,421
Repairs and maintenance	104,724	14,787	107,186	168,939	28,964	—	—	1,993	—	309	—	—	2,970	429,872
Bad debt expense	8,325	34,077	—	—	—	—	—	—	—	—	—	—	—	42,402
Depreciation expense	527,280	—	7,447	98,569	—	—	—	12,354	—	—	—	—	5,174	650,824
Reinsurance premiums	351	2,281	3,587	22,463	2,794	—	—	10	—	1,206	1,389	393	1,087	35,561
Tribal grants	2,805,000	—	—	—	—	—	—	—	—	—	—	—	—	2,805,000
Other expense	183,593	13,143	13,770	705,468	76,908	—	—	—	—	343,128	52,003	52,580	42,016	1,482,609
Total operating expenses	3,706,574	404,473	752,939	4,656,368	598,412	—	—	51,553	—	497,195	225,963	157,715	594,956	11,646,148
Operating income (loss), net	(2,007,162)	(85,300)	153,958	11,281,246	324,336	2,813	—	300,919	116,526	(369,841)	619,371	(32,514)	(10,404)	10,293,946
Nonoperating revenues														
Interest and dividends	3,330	—	—	2,126	—	—	—	—	—	—	—	—	—	5,456
Net increase in fair value of investments	333,480	483,748	—	—	—	—	—	—	—	—	—	—	—	817,228
Statutory allocations	5,277,689	—	—	—	—	—	—	—	—	—	—	—	—	5,277,689
Total nonoperating revenues	5,614,499	483,748	—	2,126	—	—	—	—	—	—	—	—	—	6,100,373
Nonoperating revenues, net	5,614,499	483,748	—	2,126	—	—	—	—	—	—	—	—	—	6,100,373
Excess (deficiency) of revenues over (under) expenses	3,607,337	398,448	153,958	11,283,372	324,336	2,813	—	300,919	116,526	(369,841)	619,371	(32,514)	(10,404)	16,394,319
Change in net position	3,607,337	398,448	153,958	11,283,372	324,336	2,813	—	300,919	116,526	(369,841)	619,371	(32,514)	(10,404)	16,394,319
Net position, beginning of year, as restated	61,314,264	17,342,622	1,407,209	72,329,786	2,337,805	154,094	211,826	1,218,965	(21,504)	1,813,311	2,161,943	322,120	493,781	161,086,222
Net position, end of year	$ 64,921,601	17,741,070	1,561,165	83,613,158	2,662,141	156,907	211,826	1,519,884	95,022	1,443,470	2,781,314	289,606	483,377	177,480,541

See accompanying independent auditors' report

THE NAVAJO NATION

Combining Statement of Cash Flows

Enterprise Funds

Modified Budget Basis

Year ended September 30, 2023

	Business and Industrial Development Fund	Loan Fund	Employee Housing Fund	Parks and Recreation Fund	Fish and Wildlife Fund	Navajo Nation Code Fund	Navajo Transit Fund	Livestock Custody Fund	Fourth of July Celebration Fund	Annual Navajo Nation Fair Fund	Tribal Ranch Fund	Veterinary Medical Sales Fund	Colorado Ranch Fund	Total
Cash flows from operating activities														
Receipts from customers	$ 1,288,282	(569,595)	906,895	15,934,911	922,748	2,813	—	352,472	116,526	127,354	768,333	123,514	584,552	20,558,805
Receipt of interest on loans	5,357	277,480	—	—	—	—	—	—	—	—	—	—	—	282,837
Payments to employees for services	(64,871)	(324,787)	(503,053)	(2,755,268)	(214,638)	—	—	(9,536)	—	(164,160)	(181,540)	(77,941)	(139,952)	(4,435,746)
Payments to suppliers	(11,609)	(38,003)	(18,092)	(115,165)	(260,196)	—	—	(28,757)	—	(7,135)	(8,626)	—	(96,997)	(584,579)
Payments to third parties for services	(1,418,906)	56,563	(205,262)	(583,022)	(385,727)	—	—	2,848	—	(25,059)	44,744	(28,664)	(315,055)	(2,857,540)
Other receipts (payments)	213,855	(10,352)	(13,770)	(702,765)	(76,908)	—	—	—	—	(311,094)	(25,085)	(50,893)	(42,016)	(1,019,028)
Net cash (used in) provided by operating activities	12,106	(608,694)	166,718	11,778,691	(14,720)	2,813	—	317,027	116,526	(380,094)	597,826	(33,984)	(9,468)	11,944,749
Cash flows from capital and related financing activity														
Acquisition of capital assets	(5,007,224)	—	—	(1,742,156)	—	—	—	(61,648)	—	—	—	—	(77,867)	(6,888,895)
Sale of capital assets	—	—	—	635	—	—	—	—	—	—	—	—	—	635
Net cash (used in) capital and related financing activity	(5,007,224)	—	—	(1,741,521)	—	—	—	(61,648)	—	—	—	—	(77,867)	(6,888,260)
Cash flows from noncapital and related financing activities														
Statutory allocations	5,277,689	—	—	—	—	—	—	—	—	—	—	—	—	5,277,689
Net cash provided by noncapital and related financing activities	5,277,689	—	—	—	—	—	—	—	—	—	—	—	—	5,277,689
Cash flows from investing activities														
Purchases of investments	(20,953,918)	(40,430,434)	—	—	—	—	—	—	—	—	—	—	—	(61,384,352)
Sales of investments	21,927,291	40,359,113	—	—	—	—	—	—	—	—	—	—	—	62,286,404
Interest on investment and cash balances	2,282	—	—	2,126	—	—	—	—	—	—	—	—	—	4,408
Net cash provided by investing activities	975,655	(71,321)	—	2,126	—	—	—	—	—	—	—	—	—	906,460
Net increase (decrease) in cash and cash equivalents	1,258,228	(680,015)	166,718	10,039,296	(14,720)	2,813	—	255,379	116,526	(380,094)	597,826	(33,984)	(87,335)	11,240,638
Cash and cash equivalents, beginning of year	39,725,466	3,583,179	1,644,665	66,000,719	2,678,751	154,094	211,826	1,152,340	3,100	2,112,129	2,419,462	353,063	566,744	120,805,538
Cash and cash equivalents, end of year	$ 40,983,694	2,903,164	1,811,383	76,040,015	2,664,031	156,907	211,826	1,407,719	119,626	1,732,035	3,017,288	319,079	479,409	131,846,176
Reconciliation of operating income (loss) to net cash from operating activities														
Operating income (loss)	$ (2,007,162)	(85,300)	153,956	11,281,246	324,336	2,813	—	300,919	116,526	(369,841)	619,371	(32,514)	(10,404)	10,293,946
Adjustments to reconcile operating income to net cash from operating activities														
Depreciation expense	527,280	—	7,447	96,569	—	—	—	12,354	—	—	—	—	5,174	650,824
Provision of bad debt (Recovery of bad debts)	8,325	34,077	—	—	—	—	—	—	—	—	—	—	—	42,402
(Increase) Decrease in accounts receivable	—	2,791	—	—	—	—	—	—	—	—	(50,083)	—	—	(47,292)
Increase in notes receivable	(8,325)	(611,288)	—	—	—	—	—	—	—	—	—	—	—	(619,613)
Decrease in deferred outflows	8,523	106,625	58,367	585,530	447,405	—	—	4,322	—	64,582	60,397	11,131	44,518	1,393,400
Increase (decrease) in accounts payable and accrued liabilities	1,492,966	92,955	8,155	509,315	(64,496)	—	—	5,726	—	32,034	49,522	(1,241)	13,851	2,138,787
Decrease in net pension liability	(12,439)	(171,695)	(83,612)	(897,695)	(737,587)	—	—	(6,923)	—	(103,230)	(95,384)	(16,385)	(70,219)	(2,195,169)
Increase (decrease) in compensated absences	(1,256)	(258)	(10,099)	18,810	1,378	—	—	—	—	(13,569)	1,907	(107)	(1,516)	(4,709)
Increase in deferred inflows	4,195	21,399	32,504	182,916	14,244	—	—	629	—	9,930	12,096	5,132	9,128	292,173
Total adjustments	2,019,270	(523,394)	12,762	497,445	(339,056)	—	—	16,108	—	(10,253)	(21,545)	(1,470)	936	1,650,803
Net cash (used in) provided by operating activities	$ 12,106	(608,694)	166,718	11,778,691	(14,720)	2,813	—	317,027	116,526	(380,094)	597,826	(33,984)	(9,468)	11,944,749

See accompanying independent auditors' report

Schedule 12

THE NAVAJO NATION

Combining Statement of Net Position

Internal Service Funds

Modified Budget Basis

September 30, 2023

Assets and Deferred Outflows of Resources	Fleet Management Fund	Duplicating Services Fund	Office Supply Center Fund	Air Transportation Fund	Group Health Self-Insurance Fund	Property and Casualty Self-Insurance Fund	Workers' Compensation Insurance Fund	Contingency Management Fund	Total
Current assets:									
Cash and cash equivalents	$ 36,880,139	5,033,989	314,999	(3,188,334)	36,297,467	1,053,653	463,559	705,652	77,561,124
Investments	—	—	—	—	—	51,011,520	20,553,444	10,022,514	81,587,478
Receivables:									
Accrued interest receivable	—	—	—	—	—	—	54,950	53,172	108,122
Accounts receivable, net	—	—	—	—	2,958,183	5,587	7,538	—	2,971,288
Inventories	—	—	198,777	—	—	—	—	—	198,777
Total receivables	—	—	198,777	—	2,958,183	5,587	62,488	53,172	3,278,187
Total current assets	36,880,139	5,033,989	513,776	(3,188,334)	39,255,650	52,070,740	21,079,491	10,781,338	162,426,789
Noncurrent assets:									
Capital assets:									
Buildings	226,328	—	—	—	—	438,767	147,411	—	812,506
Vehicles	42,496,232	—	—	—	—	—	—	—	42,496,232
Equipment	1,158,149	714,573	11,546	4,440,500	—	236,101	86,462	—	6,647,331
Total capital assets	43,880,709	714,573	11,546	4,440,500	—	674,868	233,873	—	49,956,069
Accumulated depreciation	43,018,476	546,141	11,546	4,335,663	—	254,235	86,462	—	48,252,523
Capital assets, net	862,233	188,432	—	104,837	—	420,633	147,411	—	1,703,546
Total noncurrent assets	862,233	168,432	—	104,837	—	420,633	147,411	—	1,703,546
Pension-related outflows	643,146	53,171	27,645	—	113,413	158,111	79,210	—	1,074,696
Total deferred outflows of resources	643,146	53,171	27,645	—	113,413	158,111	79,210	—	1,074,696
Total assets and deferred outflows	$ 38,385,518	5,255,592	541,421	(3,083,497)	39,369,063	52,649,484	21,306,112	10,781,338	165,205,031
Liabilities and Net Position									
Current liabilities:									
Accounts payable	$ 287,070	—	—	—	495,858	245,671	8,181	—	1,036,580
Accrued liabilities	247,551	25,419	6,732	—	296,770	38,896	22,204	—	637,572
Unearned revenue	—	—	—	—	—	999	15,000	—	15,999
Current portion of compensated absences	187,880	11,144	8,967	—	11,709	51,076	26,903	—	297,679
Current estimated claims payable	—	—	—	—	4,656,000	2,559,358	5,564,903	—	12,782,261
Total current liabilities	722,501	36,563	15,699	—	5,462,137	2,896,000	5,637,191	—	14,770,091
Noncurrent liabilities:									
Net pension liability	1,142,488	94,453	49,108	—	201,467	280,869	140,708	—	1,909,093
Estimated claims payable	—	—	—	—	—	—	—	2,550,627	2,550,627
Total noncurrent liabilities	1,142,488	94,453	49,108	—	201,467	280,869	140,708	2,550,627	4,459,720
Total liabilities	1,864,989	131,016	64,807	—	5,663,604	3,176,869	5,777,899	2,550,627	19,229,811
Pension related inflows	179,273	14,821	7,706	—	31,613	44,073	22,079	—	299,565
Total deferred inflows of resources	179,273	14,821	7,706	—	31,613	44,073	22,079	—	299,565
Net position:									
Net investment in capital assets	862,233	168,432	—	104,837	—	420,633	147,411	—	1,703,546
Restricted, expendable for claims and judgments	—	—	—	—	33,673,846	49,007,909	15,358,723	—	98,040,478
Unrestricted	35,479,023	4,941,323	468,908	(3,188,334)	—	—	—	8,230,711	45,931,631
Total net position	36,341,256	5,109,755	468,908	(3,083,497)	33,673,846	49,428,542	15,506,134	8,230,711	145,675,655
Total liabilities and net position	$ 38,385,518	5,255,592	541,421	(3,083,497)	39,369,063	52,649,484	21,306,112	10,781,338	165,205,031

See accompanying independent auditors' report.

THE NAVAJO NATION

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

Modified Budget Basis

Year ended September 30, 2023

	Fleet Management Fund	Duplicating Services Fund	Office Supply Center Fund	Air Transportation Fund	Group Health Self-Insurance Fund	Property and Casualty Self-Insurance Fund	Worker's Compensation Insurance Fund	Contingency Management Fund	Total
Operating revenues:									
Insurance premium income	$ —	—	—	—	33,738,523	13,332,785	2,719,020	—	49,790,328
Charges for services	13,553,052	598,038	317,672	—	—	—	—	—	14,468,762
Other income	141,609	—	—	—	18,289	—	365	—	160,263
Total operating revenues	13,694,661	598,038	317,672	—	33,756,812	13,332,785	2,719,385	—	64,419,353
Operating expenditures:									
Personnel	2,624,017	215,533	102,959	(34,774)	456,469	647,488	319,439	—	4,331,131
Travel, per diem, and vehicle	226,307	548	6,428	—	42,649	99,411	51,674	—	427,017
Supplies	6,017,991	43,629	—	—	6,658	168,162	175,031	—	6,411,471
Cost of goods sold	—	—	245,662	—	—	—	—	—	245,662
Contractual service	26,664	—	—	—	43,103	781,024	45,643	—	896,434
Lease, telephone, and utilities	11,861	108,083	2,680	—	9,351	19,013	13,387	—	164,375
Repairs and maintenance	115,329	23,339	—	—	—	—	—	—	138,668
Provision for bad debts	(3,740)	—	—	—	—	—	—	—	(3,740)
Depreciation expense	2,109,875	36,613	4,828	38,158	—	21,994	—	—	2,211,468
Benefits and claims	—	—	—	—	23,485,862	2,782,741	8,214,428	—	34,483,031
Reinsurance premiums	20,347	1,525	919	—	5,080,141	4,915,809	3,084	—	10,021,825
Other expense	99,586	1,041	1,386	—	4,073,113	(390,170)	42,171	—	3,827,127
Total operating expenditures	11,248,237	430,311	364,862	3,384	33,197,346	9,045,472	8,864,857	—	63,154,469
Net operating income (loss)	2,446,424	167,727	(47,190)	(3,384)	559,466	4,287,313	(6,145,472)	—	1,264,884
Nonoperating revenues:									
Interest and dividends	—	—	—	—	178,267	—	492,263	53,171	723,701
Net increase in fair value of investments	—	—	—	—	—	1,999,726	1,122,260	403,767	3,525,753
Total nonoperating revenues	—	—	—	—	178,267	1,999,726	1,614,523	456,938	4,249,454
Excess (deficiency) of revenues over (under) expenditures	2,446,424	167,727	(47,190)	(3,384)	737,733	6,287,039	(4,530,949)	456,938	5,514,338
Change in net position	2,446,424	167,727	(47,190)	(3,384)	737,733	6,287,039	(4,530,949)	456,938	5,514,338
Net position, beginning of year	33,894,832	4,942,028	516,098	(3,080,113)	32,936,113	43,141,503	20,037,083	7,773,773	140,161,317
Net position, end of year	$ 36,341,256	5,109,755	468,908	(3,083,497)	33,673,846	49,428,542	15,506,134	8,230,711	145,675,655

See accompanying independent auditors' report.

Schedule 14

THE NAVAJO NATION

Combining Statement of Cash Flows

Internal Service Funds

Modified Budget Basis

Year ended September 30, 2023

	Fleet Management Fund	Duplicating Services Fund	Office Supply Center Fund	Air Transportation Fund	Group Health Self-Insurance Fund	Property and Casualty Self-Insurance Fund	Workers' Compensation Insurance Fund	Contingency Management Fund	Totals
Cash flows from operating activities:									
Receipts from customers	$ 13,614,646	598,038	317,672	—	—	—	—	—	14,530,356
Cash received for premiums from the government	—	—	—	—	21,317,566	4,501,694	1,372,986	—	27,192,246
Cash received from others for premiums	—	—	—	—	12,916,681	8,827,652	1,348,976	—	23,093,509
Payments to employees for services	(2,703,019)	(225,724)	(116,926)	—	(477,934)	(671,400)	(336,749)	—	(4,531,752)
Payment of claims	—	—	—	—	(24,527,662)	(1,646,055)	(2,953,139)	(25,000)	(29,152,056)
Payments to suppliers	(5,957,720)	(78,067)	(142,757)	—	(8,658)	(168,162)	(173,901)	—	(6,527,265)
Payments to third parties for services	(361,539)	(121,536)	(11,019)	—	(9,155,767)	(7,050,348)	(154,491)	—	(16,854,700)
Other receipts	141,609	—	—	—	—	—	—	—	141,609
Net cash provided by (used in) operating activities	4,733,977	172,711	46,970	—	66,026	3,793,561	(896,318)	(25,000)	7,691,947
Cash flows from capital and related financing activity:									
Acquisition of capital assets	(5,063)	—	—	—	—	(438,767)	—	—	(443,830)
Sale of capital assets	31,829	—	—	—	—	—	—	—	31,829
Net cash provided by (used in) capital and related financing activity	26,766	—	—	—	—	(438,767)	—	—	(412,001)
Cash flows from investing activities:									
Purchases of investments	—	—	—	—	—	(43,665,511)	(6,711,879)	(28,711,757)	(79,088,947)
Sale of investments	—	—	—	—	—	30,524,870	7,223,229	25,759,269	63,507,368
Interest on investment and cash balances	—	—	—	—	178,267	—	482,232	—	660,499
Net cash provided by (used in) investing activities:	—	—	—	—	178,267	(13,140,641)	993,782	(2,952,488)	(14,921,080)
Net increase (decrease) in cash and cash equivalents	4,760,743	172,711	46,970	—	244,293	(9,785,827)	97,464	(2,977,488)	(7,441,134)
Cash and cash equivalents, beginning of year	32,119,396	4,861,278	268,029	(3,188,334)	36,053,174	10,839,480	366,095	3,683,140	85,002,256
Cash and cash equivalents, end of year	$ 36,880,139	5,033,989	314,999	(3,188,334)	36,297,467	1,053,653	463,559	705,652	77,561,124
Reconciliation of operating income (loss) to net cash from operating activities:									
Operating income (loss)	$ 2,446,424	187,727	(47,190)	(3,384)	559,466	4,287,313	(6,145,472)	—	1,264,884
Adjustments to reconcile operating income (loss) to net cash from operating activities:									
Depreciation expense	2,109,875	38,613	4,828	38,158	—	21,994	—	—	2,211,468
Provision for bad debts	(3,740)	—	—	—	—	—	—	—	(3,740)
(Increase) Decrease in accounts receivable	61,594	—	—	—	477,435	(3,239)	2,577	—	538,367
Decrease in inventories	—	—	102,905	—	—	—	—	—	102,905
Decrease in deferred outflows	525,720	45,579	37,455	52,553	102,151	125,616	70,388	—	959,462
Increase (decrease) in accounts payable and accrued liabilities	198,826	(21,438)	394	—	92,590	(1,625,261)	2,598	—	(1,352,291)
Increase (decrease) in compensated absences	15,811	(951)	(61)	—	1,505	(3,004)	(1,899)	—	11,401
Decrease in net pension liability	(799,806)	(69,640)	(59,067)	(87,327)	(156,734)	(190,597)	(107,878)	—	(1,471,049)
Increase in deferred inflows	179,273	14,821	7,706	—	31,613	44,073	22,079	—	299,565
Increase (decrease) in estimated claims payable	—	—	—	—	(1,042,000)	1,136,686	5,261,289	(25,000)	5,330,975
Total adjustments	2,287,553	4,984	94,160	3,384	(493,440)	(493,732)	5,249,154	(25,000)	6,627,063
Net cash provided by (used in) operating activities	$ 4,733,977	172,711	46,970	—	66,026	3,793,581	(896,318)	(25,000)	7,891,947

See accompanying independent auditors' report.

THE NAVAJO NATION

Combining Statement of Fiduciary Net Position

Fiduciary Funds

Modified Budget Basis

September 30, 2023

	Pension Trust Funds			Private-Purpose Trust Funds	
Assets	Retirement Fund	Deferred Retirement Fund	Total Pension Trust Funds	Navajo Bennett Freeze Trust Fund	Total Fiduciary Funds
Cash and cash equivalents:					
Managed by:					
The Navajo Nation	$ (7,178,596)	25,169	(7,153,427)	2,727,820	(4,425,607)
Managers selected by the Navajo Nation	14,904,003	9,728	14,913,731	—	14,913,731
Total cash and cash equivalents	7,725,407	34,897	7,760,304	2,727,820	10,488,124
Investments:					
Managed by:					
Managers selected by the Navajo Nation	1,074,653,997	1,922,036	1,076,576,033	—	1,076,576,033
Total investments	1,074,653,997	1,922,036	1,076,576,033	—	1,076,576,033
Receivables:					
Accrued interest receivable	2,335,307	72	2,335,379	—	2,335,379
Total receivables	2,335,307	72	2,335,379	—	2,335,379
Total assets	1,084,714,711	1,957,005	1,086,671,716	2,727,820	1,089,399,536
Liabilities and Net Position					
Accounts payable	594,317	—	594,317	—	594,317
Accrued liabilities	28,558	—	28,558	—	28,558
Total liabilities	622,875	—	622,875	—	622,875
Net position held in trust for pension benefits and other purposes	$ 1,084,091,836	1,957,005	1,086,048,841	2,727,820	1,088,776,661

See accompanying independent auditors' report.

THE NAVAJO NATION

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Modified Budget Basis

September 30, 2023

	Pension Trust Funds			Private-Purpose Trust Funds	
	Retirement Fund	Deferred Retirement Fund	Total Pension Trust Funds	Navajo Bennett Freeze Trust Fund	Total Fiduciary Funds
Additions:					
Interest and dividends	$ 33,737,667	83,663	33,821,330	—	33,821,330
Net increase in fair value of investments	62,910,489	192,655	63,103,144	87,852	63,190,996
Contributions to plans	35,116,779	685,962	35,802,741	—	35,802,741
Total additions	131,764,935	962,280	132,727,215	87,852	132,815,067
Deductions:					
Personnel	434,944	—	434,944	—	434,944
Travel	41,208	—	41,208	—	41,208
Supplies	22,896	—	22,896	—	22,896
Utilities	175,234	—	175,234	—	175,234
Retirement benefits	58,884,613	2,177,975	61,062,588	—	61,062,588
Contractual services	3,835,217	3,750	3,838,967	25,734	3,864,701
Other	72,377	—	72,377	—	72,377
Total deductions	63,466,489	2,181,725	65,648,214	25,734	65,673,948
Change in net position	68,298,446	(1,219,445)	67,079,001	62,118	67,141,119
Net position, beginning of year	1,015,793,390	3,176,450	1,018,969,840	2,665,702	1,021,635,542
Net position, end of year	$ 1,084,091,836	1,957,005	1,086,048,841	2,727,820	1,088,776,661

See accompanying independent auditors' report.

Office of Legislative Counsel
Phone: (928) 871-7166
Fax: (928) 871-7576

Hon. Crystalyne Curley, Speaker
25th Navajo Nation Council
2023 - 2027

MEMORANDUM

TO: Hon. Shaandiin Parrish, Chair
Budget & Finance Committee

FROM: Luralene D. Tapahe, Principal Advocate
Office of Legislative Counsel

DATE: July 9, 2024

RE: **AN ACTION RELATING TO THE BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; ACCEPTING THE AUDIT REPORT PROVIDED BY KPMG, L.L.P. REGARDING THE NAVAJO NATION'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2023**

Per your request, the Office of Legislative Counsel has prepared the above-described proposed legislation. OLC finds this draft to be legally sufficient, but as with any action of the Navajo Nation government, it can be challenged under applicable laws.

This legislation will be assigned to the appropriate Standing Committees of the Navajo Nation Council in accordance with the Speaker's authority under title 2 of the Navajo Nation Code.

Please review this legislation and its exhibits, to make sure that everything is satisfactory and in order. You should contact me immediately if any edits are needed, or if you have any questions or concerns. I can be reached at the Office of Legislative Counsel at (928) 871-7166 or via email at *luralenetapahe@navajo-nsn.gov.*

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION

LEGISLATION NO: _0152-24__ **SPONSOR: Shaandiin Parrish**

TITLE: An Action Relating to the Budget and Finance and Naabik'íyáti' Committee, and the Navajo Nation Council; Accepting the Audit Report Provided by KPMG, L.L.P. Regarding the Navajo Nation's Financial Statements for Fiscal Year 2023

***Date posted*: July 11, 2024 at 8:12PM**

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. *§374 et. seq.*

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY

LEGISLATION NO.: **0152-24**

SPONSOR: **Honorable Shaandiin Parrish**

TITLE: **An Action Relating to the Budget and Finance and Naabik'íyáti' Committee, and the Navajo Nation Council; Accepting the Audit Report Provided by KPMG, L.L.P. Regarding the Navajo Nation's Financial Statements for Fiscal Year 2023**

Posted: **July 11, 2024 at 8:12 PM**

5 DAY Comment Period Ended: **July 16, 2024**

Digital Comments received:

Comments Supporting	*None*
Comments Opposing	*None*
Comments/Recommendations	*None*

Legislative Secretary II
Office of Legislative Services

July 17, 2024; 8:10 AM
Date/Time

25th NAVAJO NATION COUNCIL

Second Year 2024

Ms. Speaker:

The **BUDGET & FINANCE COMMITTEE** to whom has been assigned

NAVAJO LEGISLATIVE BILL # 0152-24:
An Action Relating to the Budget and Finance and Naabikiyati Committees, and the Navajo Nation Council; Accepting the Audit Report Provided by KPMG, L.L.P. regarding the Navajo Nation's Financial Statements for Fiscal Year 2023
Sponsor: Shaandiin Parrish, Council Delegate

has had it under consideration and reports the same with the recommendation that It **Do Pass** without amendment.

And, therefore referred to the **NAABIKIYATI** Committee

Respectfully submitted,

Lomardo Aseret, Pro Tempore Chairperson

Adopted: ______________ Not Adopted: ______________
Legislative Advisor Legislative Advisor

July 23, 2024

The vote was **4** in favor **0** opposed *yeas: Norman M. Begay, Amber K. Crotty, Shaandiin Parrish, Lester Yazzie*
Main Motion: Amber K. Crotty
Second: Lester Yazzie

BUDGET AND FINANCE COMMITTEE
July 23, 2024
Special Meeting

VOTE TALLY SHEET:

Legislation No. 0152-24: An Action Relating to the Budget and Finance and Naabikiyati Committees, and the Navajo Nation Council; Accepting the Audit Report Provided by KPMG, L.L.P. regarding the Navajo Nation's Financial Statements for Fiscal Year 2023

Sponsor: Shaandiin Parrish, Council Delegate
Motion: Amber K. Crotty
Second: Lester Yazzie
Vote: 4-0, Pro Tempore Chairperson not voting

Final Vote Tally:

Lomardo Aseret		
Norman M. Begay	y	
Amber K. Crotty	y	
Lester Yazzie	y	
Shaandiin Parrish	y	
Carl R. Slater		

Absent: Carl R. Slater

Lomardo Aseret, Pro Tempore Chairperson
Budget & Finance Committee

Peggy Nakai, Legislative Advisor
Budget & Finance Committee

25th NAVAJO NATION COUNCIL
NAABIK'ÍYÁTI' COMMITTEE REPORT
Second Year 2024

The **NAABIK'ÍYÁTI' COMMITTEE** to whom has been assigned:

NAVAJO LEGISLATIVE BILL # 0152-24

An Action Relating to the Budget and Finance and Naabik'íyáti' Committees, and the Navajo Nation Council; Accepting the Audit Report Provided by KPMG, L.L.P. Regarding the Navajo Nation's Financial Statements for Fiscal Year 2023

Sponsored by: Honorable Shaandiin Parrish
Co-Sponsored by: Honorable Crystalyne Curley

Has had it under consideration and reports the same that the legislation **WAS PASSED AND REFERRED TO THE NAVAJO NATION COUNCIL**.

Respectfully Submitted,

Honorable Crystalyne Curley, Chairwoman
NAABIK'ÍYÁTI' COMMITTEE

15 August 2024

MAIN MOTION
Motioned by: Honorable Helena Nez Begay
Seconded by: Honorable Otto Tso
Vote: 11 in Favor, 02 Opposed (Chairwoman Curley Not Voting)

NAVAJO NATION

440

Naa'bik'iyati' Committee Special Meeting

8/15/2024
02:33:06 PM

Amd# to Amd#	New Business: Item A.	PASSED
MOT Begay, H	CONSENT AGENDA	
SEC Tso, O	# 0152-24; #0193-24; #0138-24 #0149-24; #0004-24	

Yeas : 11 **Nays : 2** **Excused : 8** **Not Voting : 2**

Yea : 11

Arviso, S	Jesus, B	Nez, R	Tso, O
Begay, H	Johnson, C	Simonson, G	Yanito, C
James, V	Nez, A	Simpson, D	

Nay : 2

Yazzie, C	Claw, S

Excused : 8

Aseret, L	Charles-Newton, E	Parrish, S	Tolth, G
Begay, N	Crotty, A	Slater, C	Yazzie, L

Not Voting : 2

Daniels, H	Notah, N

Presiding Speaker: Curley, C