



KAYENTA CHAPTER

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KAYENTA CHAPTER MEETING AGENDA January 21, 2026 @ 5:00pm

I. Meeting Call to Order:

II. Invocation:

III. Roll Call:

- | | | | |
|--|---|--|--|
| <input type="checkbox"/> Albert Bailey | <input type="checkbox"/> Stanley Clitso | <input type="checkbox"/> Dalton Singer | <input type="checkbox"/> Shandiin Parrish |
| <input type="checkbox"/> Jonathan Nez | <input type="checkbox"/> Ben Edwards | <input type="checkbox"/> Michael Parrish | <input type="checkbox"/> Genevieve Benally |

IV. Review and Adopt Agenda:

Motion:	Second:
In Favor:	Oppose:
	Abstain:

V. Presentations:

A. No Presentations for the month of January 2026.

VI. Review & Accept Previous Meeting Minutes: Month of December 2026.

Motion:	Second:
In Favor:	Oppose:
	Abstain:

VII. New Business:

A. **Financial Report:** Month of December 2026.

Motion:	Second:
In Favor:	Oppose:
	Abstain:

B. **Resolutions:** *Sponsor or Co-Sponsors must be present at both meetings.

1. Resolution No. KY26-01-030

ACCEPTING THE FINANCIAL AUDIT REPORT FROM HARSHWAL AND COMPANY, LLP, FOR FISCAL YEAR 2017.

Sponsor: Kayenta Chapter

Motion: **Second:**

Vote: In favor: Oppose: Abstain:

2. Resolution No. KY26-01-031

ACCEPTING THE FINANCIAL AUDIT REPORT FROM HARSHWAL AND COMPANY, LLP, FOR FISCAL YEAR 2018.

Sponsor: Kayenta Chapter

Motion: **Second:**

Vote: In favor: Oppose: Abstain:

3. Resolution No. KY26-01-032

ACCEPTING AND APPROVING THE FREEPORT MCMORAN GRANT FUNDING OF \$5,000.00 TO THE KAYENTA CHAPTER TO BE USED FOR THE LOCAL ELDERLY COMMUNITY MEMBERS.

Sponsor: Kayenta Chapter

Motion:

Second:

Vote: In favor:

Oppose:

Abstain:

VIII. Reports: (Please limit Reports to 5 minutes and please provide a written report.)

- A. Delegate Shaandiin Parrish, 25th Navajo Nation Council
- B. Supervisor Fern Benally, Navajo County Supervisor District 1
- C. Clairice Begay, Kayenta Chapter Manager
- D. Jonathan Nez, Kayenta District 8 Grazing Official
- E. Ben Edwards, Kayenta Farm Board
- F. Kayenta Chapter CLUPC
- G. Kayenta ASC- Lena Poyer
- H. Bobby Donald, Kayenta Veterans Organization
- I. Nellie James, Kayenta Senior Center Supervisor
- J. Jarvis Williams- Kayenta Township Manager
- K. Superintendent Lemuel Adson, K.U.S.D. #27
- L. Mariva Plummer, Kayenta IHS Chief Executive Office
- M. Letresia Todecheene, Navajo Head Start
- N. Nellie James, Kayenta Senior Center

IX. Announcements: (Please provide flyers/information if available)

- A. Grazing Official:
 - 1. Western Agency Grazing Meeting: January 15, 2026 @10am- LeChee Chapter
 - 2. Western Agency NPL Meeting: January 20, 2026 @10am, Low Mountain Chapter
 - 3. District 8 Grazing Permittee Meeting: January 26, 2026 @10am, Kayenta Chapter
- B. Farm Board:
 - 1. 1st meeting: January 08, 2026 @10am, Kayenta Chapter House
 - 2. 2nd meeting: January 15, 2026 @10pm, Kayenta Chapter House
 - 3. Permittee Mtg: January 22, 2026 @10am at Kayenta Chapter.
- C. Veterans Organization: January 08, 2026 @ 1800 (6pm) at Kayenta Chapter House.
- D. Kayenta Township:
 - 1. Regular Meeting January 12, 2026 @ 5:30pm.
- E. K.U.S.D. Governing Board Meeting
 - 1. January 08, 2026 @5:30pm- KUSD Board Room
- F. St. Mary's Food Distribution
 - 1. January 20, 2026 @1pm- Kayenta Vendor Village



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Resolution No: KY26-01-030

ACCEPTING THE FINANCIAL AUDIT REPORT FROM HARSHWAL AND COMPANY, LLP, FOR FISCAL YEAR 2017.

WHEREAS,

1. Pursuant to 26 N.N.C., Section 3(A), the Kayenta Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at 11 N.N.C., Section 10; and
2. Pursuant to 26 N.N.C., Section 1(B), the Kayenta Chapter is vested with the authority to review all matters affecting the community and to make appropriate correction(s) when necessary and make recommendation(s) to the Navajo Nation and other local agencies for appropriate action(s); and
3. Pursuant to the Kayenta Chapter Five Management System- Fiscal Policies and Procedures, the Kayenta Chapter shall obtain an audit of its financial operations at least every two years, which shall include funds received from all Navajo Nation, State, County, Federal sources, and other fund sources; and
4. The last completed audit prior to FY2017 was conducted in 2012; and
5. The Kayenta Chapter responded to the Audit report for FY2017 with a response letter and corrective action plan submitted, addressing the audit findings; and
6. The Kayenta Chapter has assumed the responsibilities to implement a corrective action plan to address the findings in the audit report; and
7. The Kayenta Chapter Administration has two new full-time staff that were not employed in 2017, but committed to completing the FY2017 financial audit.

NOW THEREFORE BE IT RESOLVED THAT:

The Kayenta Chapter accepts the financial audit report from Harshwal and Company LLP, for Fiscal Year 2017, hereto attached as Exhibit "A", the audit report; hereto attached as Exhibit "B", the Corrective Action Plan.

The Kayenta Chapter Official and Chapter Administration shall take any necessary actions to address the findings.

CERTIFICATION

I certify that the foregoing resolution was duly considered by the Kayenta Chapter, at a duly called meeting, in Kayenta (Navajo Nation), Arizona, at which a quorum was present and that same was passed by a vote of: XX in favor, XX opposed, XX abstained, this 21st day of **January 2026**.

Motioned by:

Seconded by:

X
Albert Bailey
Kayenta Chapter President

X
Stanley Clitso
Kayenta Chapter Vice President

X
Dalton Singer
Kayenta Chapter Secretary/Treasurer

KAYENTA CHAPTER
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017



**KAYENTA CHAPTER
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SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chapter Officials
Kayenta Chapter
Kayenta, AZ

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kayenta Chapter (the "Chapter"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Chapter's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

As of and during the year ended September 30, 2017, the Chapter lacks internal controls over its capital asset inventory. The Chapter could not provide the auditors with Board Certification of capital assets Inventory, for the governmental activities. As a result of the material weaknesses over the internal control structure of the Chapter, the Chapter's accounting records are inadequate to substantiate the account balances for capital assets presented in the financial statements. We were unable to express an opinion on capital assets as of September 30, 2017, for the year then ended. The effect on assets, net position, and expenses of the governmental activities is not readily determinable.

The Chapter was not able to provide sufficient appropriate audit evidence for the beginning balances of general ledger. The Chapter's audit was not performed in prior year. As a result, we were unable to obtain substantiation on the beginning balances for cash, capital assets, taxes payable and other liabilities.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to in the first paragraph do not present fairly the financial position of the Chapter, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) and budgetary comparison information which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **July 10, 2025**, on our consideration of the Chapter'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 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 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 Chapter's internal control over financial reporting and compliance.

Harshmal & Company LLP

Albuquerque, New Mexico
July 10, 2025

BASIC FINANCIAL STATEMENTS

CHAPTER-WIDE FINANCIAL STATEMENTS

**KAYENTA CHAPTER
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>568,250</u>
Total current assets	<u>568,250</u>
Noncurrent assets:	
Capital assets being depreciated	<u>759,744</u>
Total noncurrent assets	<u>759,744</u>
Total assets	<u>1,327,994</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Payroll tax payable	3,681
Navajo Nation sales tax payable	249
Other liabilities	<u>317</u>
Total current liabilities	<u>4,247</u>
Total liabilities	<u>4,247</u>
 NET POSITION	
Net investment in capital assets	759,744
Restricted	500,951
Unrestricted	<u>63,052</u>
Total net position	<u>1,323,747</u>
Total liabilities and net position	<u>\$ <u>1,327,994</u></u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues, and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 315,888	\$ 16,975	\$ 378,596	\$ 79,683
Public works	49,276	-	78,039	28,763
Education	90,803	-	55,288	(35,515)
Economic development	<u>16,899</u>	<u>-</u>	<u>27,283</u>	<u>10,384</u>
Total governmental activities	<u>\$ 472,866</u>	<u>\$ 16,975</u>	<u>\$ 539,206</u>	<u>83,315</u>
General revenues:				
Miscellaneous income				<u>8,845</u>
Total general revenues				<u>8,845</u>
Change in net position				92,160
Net position, beginning of year				<u>1,231,587</u>
Net position, end of year				<u>\$ 1,323,747</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**KAYENTA CHAPTER
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>General Funds</u>	<u>15 - PEP Fund</u>	<u>25 - Navajo Tax Fund</u>	<u>51-Peabody Fund</u>
ASSETS				
Cash and cash equivalents	\$ <u>65,220</u>	\$ <u>13,633</u>	\$ <u>113,175</u>	\$ <u>179,893</u>
Total assets	<u>65,220</u>	<u>13,633</u>	<u>113,175</u>	<u>179,893</u>
LIABILITIES				
Payroll tax payable	1,694	568	367	724
Navajo Nation sales tax payable	249	-	-	-
Other liabilities	<u>225</u>	<u>92</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,168</u>	<u>660</u>	<u>367</u>	<u>724</u>
FUND BALANCES				
Restricted for				
Grant Activities	-	12,973	112,808	179,169
Unassigned	<u>63,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>63,052</u>	<u>12,973</u>	<u>112,808</u>	<u>179,169</u>
Total liabilities and fund balance	<u>\$ <u>65,220</u></u>	<u>\$ <u>13,633</u></u>	<u>\$ <u>113,175</u></u>	<u>\$ <u>179,893</u></u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ <u>196,329</u>	\$ <u>568,250</u>
Total assets	<u>196,329</u>	<u>568,250</u>
LIABILITIES		
Payroll tax payable	328	3,681
Navajo Nation sales tax payable	-	249
Other liabilities	<u>-</u>	<u>317</u>
Total liabilities	<u>328</u>	<u>4,247</u>
FUND BALANCES		
Restricted for		
Grant Activities	196,001	500,951
Unassigned	<u>-</u>	<u>63,052</u>
Total fund balance	<u>196,001</u>	<u>564,003</u>
Total liabilities and fund balance	<u><u>\$ 196,329</u></u>	<u><u>\$ 568,250</u></u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances - Total governmental funds		\$ 564,003
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	759,744	
Less: accumulated depreciation	<u> -</u>	<u>759,744</u>
Net position of governmental activities		<u>\$ 1,323,747</u>

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General Funds</u>	<u>15 - PEP Fund</u>	<u>25 - Navajo Tax Fund</u>	<u>51-Peabody Fund</u>
<i>REVENUES</i>				
Navajo Nation	\$ 165,378	\$ 46,988	\$ 102,326	\$ -
County Grants/Contracts	-	-	-	-
Rental income	16,922	-	-	-
Charges for goods and services	53	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,845</u>
Total revenues	<u>182,353</u>	<u>46,988</u>	<u>102,326</u>	<u>8,845</u>
<i>EXPENDITURES</i>				
Personnel, wages & taxes	134,868	39,242	19,046	24,854
Lease, communication & utilities	5,820	-	-	-
Operational supplies	15,824	-	50	-
Repair & maintenance	1,000	-	5,998	-
Professional and contractual services	13,000	-	2,488	-
Financial & emergency assistance	12,809	-	-	-
Travel expenditures	850	-	44,443	-
Capitalized expenditures	-	-	57,688	4,059
Miscellaneous expenditures	<u>550</u>	<u>1,800</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>184,721</u>	<u>41,042</u>	<u>129,713</u>	<u>28,913</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,368)</u>	<u>5,946</u>	<u>(27,387)</u>	<u>(20,068)</u>
Net change in fund balance	(2,368)	5,946	(27,387)	(20,068)
Fund balance - beginning of year	<u>65,420</u>	<u>7,027</u>	<u>140,195</u>	<u>199,237</u>
Fund balance - end of year	<u>\$ 63,052</u>	<u>\$ 12,973</u>	<u>\$ 112,808</u>	<u>\$ 179,169</u>

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
<i>REVENUES</i>		
Navajo Nation	\$ 222,514	\$ 537,206
County Grants/Contracts	2,000	2,000
Rental income	-	16,922
Charges for goods and services	-	53
Miscellaneous	<u>-</u>	<u>8,845</u>
Total revenues	<u>224,514</u>	<u>565,026</u>
<i>EXPENDITURES</i>		
Personnel, wages & taxes	37,799	255,809
Lease, communication & utilities	18,260	24,080
Operational supplies	20,021	35,895
Repair & maintenance	84	7,082
Professional and contractual services	50,075	65,563
Financial & emergency assistance	1,650	14,459
Travel expenditures	4,816	50,109
Capitalized expenditures	29,216	90,963
Miscellaneous expenditures	<u>975</u>	<u>3,325</u>
Total expenditures	<u>162,896</u>	<u>547,285</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>61,618</u>	<u>17,741</u>
Net change in fund balance	61,618	17,741
Fund balance - beginning of year	<u>134,383</u>	<u>546,262</u>
Fund balance - end of year	<u>\$ 196,001</u>	<u>\$ 564,003</u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

		Governmental Funds
Amounts reported for governmental activities are different because:		
Net changes in fund balances - Total governmental funds	\$	17,741
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital Outlays	74,419	
Less: current year depreciation	-	74,419
Change in net position in governmental activities	\$	92,160

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Kayenta Chapter (the "Chapter") is a local government operating under the provision of the Navajo Nation Local Governance Act. The Chapter holds meetings monthly in order to keep the chapter residents informed and have a forum in which to express their opinions to their Navajo Council delegates or decide on matters concerning their chapter.

The Chapter is governed by Chapter officials elected by the Chapter membership to facilitate the conduct of Chapter meetings and guide policy making within the Chapter. The Chapter is responsible for the development of its community to improve the living conditions, economic infrastructure, conserve and protect its natural resources, including the respect for culture and tradition of its people and continue to grow toward self-sufficiency through self-governance. The Chapter operates under the rules and regulations of its Five Management System, (Personnel, Records, Property, Financial and Procurement) and the laws of the Local Empowerment Act, Title 26 of the Navajo Nation Code. The government, according to the organizational structure is under the Division of Community Development with a legislative oversight of the Resources Committee of the Navajo Nation Council. The mission of the Chapter is to provide a better future in the community by preserving and enhancing the cultural and traditional values to benefit the health, safety and welfare of its people to become self-sufficient through education and self-determination. The Chapter does not have any business-type activities.

Accounting Standards

This summary of significant accounting policies of the Chapter is presented to assist in the understanding of the Chapter's financial statements. The financial statements and notes are the representation of Chapter's management who is responsible for their integrity and objectivity. The financial statements of the Chapter have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures that do not conflict with or contradict GASB pronouncements. GASB statements and interpretations constitute GAAP for governments, including the Chapter. The more significant of the government's accounting policies are described below.

B. Basis of Presentation

Basic Financial Statements

The basic financial statements of the Chapter include the Chapter-wide and the fund financial statements. The focus is on the Chapter as a whole in the Chapter-wide financial statements, while reporting additional and detailed information in the Chapter's major governmental funds financial statements. The financial statements do not include the financial position and the results of operations of individual members of the Chapter and entities which are independent of the Chapter and over which the Chapter does not exercise significant operating control. The Chapter, for financial purposes, includes all of the funds relevant to the operation of Kayenta Chapter.

KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D

B. Basis of Presentation - Cont'd

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities present governmental activities on a full accrual basis using the "economic resources" measurement focus and display information about the reporting government as a whole. The government-wide statement of activities reflect the cost of programs and functions (general government, public works, education and economic development) reduced by directly associated revenues (charges for services and operating and capital grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expenses for governmental activities are then adjusted for general revenues to determine the change in net position for the year. The types of transactions reported as program revenues for the Chapter are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations are made as prescribed by GASB 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated. The statement of activities presents a comparison between direct expenses and program revenues for each function of the Chapter's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues, including all taxes and interest income, are presented as general revenues. Indirect expenses are allocated to programs/functions that they benefit. When both restricted and unrestricted resources are available for use, it is the Chapter's policy to use restricted resources first, and then unrestricted resources as needed.

Fund Financial Statements

The fund financial statements provide information about the Chapter's funds. Separate financial statements are presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in their respective fund financial statements. All remaining governmental funds are aggregated and reported on a combined basis. The Chapter does not have fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Chapter-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Chapter gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Governmental fund financial statements are reported using *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Chapter considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources (uses).

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

B. Basis of Presentation - Cont'd

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont'd

In determining when to recognize intergovernmental grant and contract revenues, the legal and contractual requirements of the individual programs are used as guidance. Most grants and contracts require that monies be expended for a specific purpose before any amounts will be paid to the Chapter; therefore, revenues are recognized based on the expenditures recorded. All other governmental revenues are recorded when received, because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable.

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Chapter has legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met or when the Chapter has a legal claim to the resources, the deferred revenue is recognized.

The government reports the following major governmental funds:

Major Governmental Funds

General Fund - The general funds are the Chapter's primary operating funds, accounting for activities within the Chapter that are involved with the administration of grants and contracts. The Chapter's policy is to transfer sufficient resources to the Chapter's general funds to cover their expenditures annually. The following represents the Navajo Nation General Fund:

Chapter Activities General Fund - Unrestricted fund that allows the chapter to utilize revenue funds for Chapter operation and other activities needed for the chapter.

Navajo Nation General Fund -

Scholarship General Fund - This fund is allocated from the Navajo Nation General Funds to provide a scholarship for students.

Supplemental General Funds \$100,000 - These funds are used for the Chapter renovation and landscaping.

PEP Fund - The PEP fund is to provide temporary employment and on-the-job training as defined in title N.N.C. section 2(10) and consistent with Transportation and Community Development Committee.

NN Tax Fund - The Sales Tax Revenue is for infrastructure and economic development, and other governmental purposes as set forth in the Navajo Nation Sales Tax Revenue Fund Plan of Operation and the respective Chapter's approved Sales Tax ordinance, pursuant to Resolution BFD-191-02.

Peabody Fund - The Peabody Funds have been used for several purposes, including covering fees for a waterline project, hiring temporary employees providing financial assistance to community members for heating and funeral expenses, fulfilling donation requests, and supporting other community services.

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities, and Net Position or Equity

Cash

The Chapter's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Chapter are recorded at fair value and consist of overnight repurchase agreements with the Chapter's financial institution. Interest income, realized gains and losses on investment transactions, and amortization of premiums and discounts on investment purchases are included in investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment. As of September, 2017, the chapter has no investments.

Receivables & Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Governmental activities receivables include amounts due for travel advances and short-term advances to Chapter members.

Capital Assets and Depreciation

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental column in the Chapter-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs for repairs and maintenance are expensed as incurred. Reservation lands and related resources are not capitalized because there is no historical cost associated with these assets.

Depreciation is computed using the straight-line method. The estimated useful lives used to depreciate assets, by asset class, are as follows:

Assets	Years
Infrastructures	15-25 years
Buildings and improvements	35-45 years
Vehicle and equipment	3-10 years

Compensated Absences

The annual and sick leave with pay policy is only applicable for regular status employees. Employees serving the introductory period can accrue annual and sick leave, but cannot use accrued annual and sick leave until after they have been converted to regular status employees. Unused annual leave may be accumulated to a total of not more than 320 hours. At the end of each leave year, all hours in excess of 320 hours shall be forfeited. Regular status employees may carry over an unlimited number of unused sick leave hours from leave year to leave year. However, no employee shall be paid for unused sick leave hours upon termination.

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities, and Net Position or Equity - Cont'd

Compensated Absences - Cont'd

The Chapter recognition and measurement criteria for compensated absences is as follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Nonspendable: includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. Commitments will only be used for specific purposes pursuant to a formal action of the decision makers.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balances of the general fund that is not constrained for any particular purpose.

When both restricted and unrestricted resources are available for use, it is the Chapter's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities and Net Position or Equity - Cont'd

Equity Classifications

Government-wide statements

Equity is classified as net position and displayed in three components:

A. Net investment in capital assets:

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted Net Position:

Consist of net position with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "other purposes" are described in the Notes to the Financial Statements (if any).

C. Unrestricted Net Position:

All other net position that does not meet the definition of "restricted" or "Net investment in capital assets."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates. Significant estimates included in the Chapter's financial statements are the estimated useful lives of capital assets.

Budgetary Information

Annual governmental funds budget are prepared and adopted by Chapter resolution. The Chapter adopts its budget for these governmental fund types on the modified accrual basis of accounting, which is consistent with the method of accounting used to record actual revenues and expenditures of the governmental fund types on the fund financial statements; therefore, no basis of accounting adjustments are necessary for the budgetary presentation. For the applicable level of control, the budget can be amended only by Chapter action. Unspent appropriations lapse at the end of each fiscal year.

Federal and State Income Taxes

The Chapter is exempt from Federal and State income taxes.

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS

As of September 30, 2017, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 568,250	\$ 601,285
Total	<u>\$ 568,250</u>	<u>\$ 601,285</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure the Chapter's deposits may not be returned to the Chapter. The Chapter does not have a deposit policy for custodial credit risk. At September 30, 2017, the carrying amount of the Chapter's deposits was \$568,250 and the bank balance was \$601,285. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining bank balance, \$351,285 of the Chapter's deposits were subject to custodial credit risk as uninsured and uncollateralized.

NOTE 3 - ACCRUED PAYROLL LIABILITIES

The Chapter had the following accrued payroll liabilities for the year ended September 30, 2017:

Accrued payroll and related taxes	\$ 3,681
Total	<u>\$ 3,681</u>

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended September 30, 2017 is summarized as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Capital assets being depreciated:			
Buildings and improvements	\$ 429,683	\$ 23,602	\$ 453,285
Furniture, fixtures and equipment	225,192	50,817	276,009
Vehicles	<u>30,450</u>	<u>-</u>	<u>30,450</u>
Total capital assets being depreciated	<u>\$ 685,325</u>	<u>\$ 74,419</u>	<u>\$ 759,744</u>

The Chapter does not record depreciation expenses on capital assets.

NOTE 5 - ECONOMIC DEPENDENCE

A substantial portion of the Chapter's revenue is from grants and contracts from the Navajo Nation. In the event these grants and contracts are discontinued or severely restricted, the activities of the Chapter will be curtailed significantly.

**KAYENTA CHAPTER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6 - RISK MANAGEMENT

The Chapter is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; automobile liability; injuries to employees; and natural disasters for which the Chapter carries general liability insurance through the Navajo Nation Risk Management Department.

NOTE 7 - SUBSEQUENT EVENT

Management has evaluated subsequent events through July 10, 2025, the date at which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

To the Honorable Chapter Officials
Kayenta Chapter
Kayenta, AZ

We were engaged to audit, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kayenta Chapter (the "Chapter"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Chapter's basic financial statements and have issued our report thereon dated **July 10, 2025**, which was adverse because we were unable to obtain sufficient evidential matter to satisfy ourselves that capital assets are complete and the Chapter was unable to provide sufficient evidences for beginning balances for cash and cash equivalents, capital assets, taxes and other payable as presented in the Chapter's financial statements as of and for the year ended September 30, 2017.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the Chapter, we considered the Chapter'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chapter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chapter's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency described in the accompanying schedule of findings and responses as item 2017-001, 2017-002 to be material weakness.

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.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Chapter, 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Chapter's Responses to Findings

The Chapter's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Chapter's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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.

Harshmal & Company LLP

Albuquerque, New Mexico
July 10, 2025

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Adverse

Internal control over financial reporting:

- | | | |
|---|---|--|
| • Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Significant deficiency(ies) identified that are not considered to be material weakness? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Noncompliance material to financial statements noted? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

SECTION II - FINANCIAL STATEMENTS FINDINGS

2017-001 Board Certification of Capital Asset Inventory - (Material Weakness)

Condition

The Chapter does not maintain a complete capital asset listing with historical cost and acquisition dates, does not have a depreciation schedule, and does not perform regular physical inventories of its capital assets.

Criteria

According to Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements, entities must maintain accurate records of capital assets, including historical cost, useful life, and accumulated depreciation. Additionally, sound internal control practices recommend periodic physical inventories to safeguard assets.

Cause

The Chapter has not established formal policies and procedures for tracking, recording, and safeguarding capital assets.

Effect

The Chapter is at risk that capital assets, capital expenditures and depreciation expense could be materially misstated on the financial statements.

Recommendation

We recommend the Chapter implement a system to accurately track, maintain and update changes in inventory on an annual basis.

Management Response

See Management Response.

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

SECTION II - FINANCIAL STATEMENTS FINDINGS - CONT'D

2017 - 002 Internal Control Over Financial Close Over Reporting - (Material Weakness)

Condition

The following deficiencies were noted during the review of the financial close process:

1. Chapter did not provide any documents for capital asset & depreciation schedule.
2. Chapter did not provide any documents for budget.
3. Chapter did not provide any documents for compensated absence.
4. Chapter did not provide documents for 941 Quarter 1 return.
5. Chapter did not provide any documents for beginning balances.

Criteria

The Chapter is responsible for maintaining adequate internal controls over its accounting records and financial statement disclosures. Accounting records should include a complete, balanced general ledger that records all transactions that is supported by appropriate subsidiary records so that accurate financial statements can be prepared. Procedures should be in place to ensure that balance sheet accounts are independently reviewed and reconciled to the subsidiary records in a timely and effective manner.

Cause

There was a lack of established internal controls and processes over the financial reporting process to ensure timely and accurate financial reporting.

Effect

Without established and adequate internal controls and reconciliation procedures, the Chapter's balances lack certainty about the accuracy of the balances. Also, the probability that fraud or material errors will occur and go undetected generally increases.

Recommendation

We recommend management evaluate all aspects of the financial close and reporting process as well as the account reconciliation process and establish adequate internal controls and procedures to ensure timely and accurate financial statements and supporting schedules and to ensure timely compliance requirements are met.

Management's Response

See Management Response.

**KAYENTA CHAPTER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

There are no prior year audit findings since this is the first year of audit for the Chapter.

**KAYENTA CHAPTER
MANAGEMENT RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**



Albert Bailey
President
Stanley Clitso
Vice-President
Dalton Singer
Secretary/Treasurer

KAYENTA CHAPTER
"Gate Way to Monument Valley"
District 8 Navajo Nation

Clairice Begay
Chapter Manager
Pearl J. Begay
Administrative Assistant



Shaandiin Parrish
Council Delegate

RESPONSE TO AUDIT FINDING FOR FY 2017

Introduction:

As requested by Harshwal & Company LLP, this document contains the Kayenta Chapter's response to the financial audit report received from Harshwal & Company LLP. In line with the Kayenta Chapter's Five Management System, (FMS), the Kayenta Chapter has to submit a written management response to the external auditor and submit a copy of the report and Management response to the Navajo Nation Office of the Auditor General.

The Kayenta Chapter wishes to express its appreciation to the Harshwal & Company LLP, the audit firm for its independent audit report.

The Kayenta Chapter welcomed the current Administrative Assistant in August 2021 and the new Chapter Manager who came on board in April 2025. The Chapter Manager took the initiative to complete the FY2017 audit which was long overdue. The Kayenta Chapter Management wants to reiterate its commitment to strengthening internal controls and recognizing the importance and value of audit recommendations.

The report also contains an overview of corrective actions taken by the Kayenta Chapter Administration to further strengthen internal controls, accountability, and ensure the effective use of resources.

Management Letter and Findings:

Kayenta Chapter is in agreement with the auditor's comments, and the following actions will and already taken to improve the internal controls with the Kayenta Chapter. We will have the Chapter Manager closely monitor the transactions and ensure the Five Management Policy and Procedures are implemented. The Kayenta Chapter Manager will meet with the Administrative Assistant every two weeks to ensure the internal controls are in place and will meet with the Kayenta Chapter Officials monthly to go over the Five Management System to ensure all policies are being implemented.

Conclusion:

With two full time staff on board, changes have already been implemented to ensure internal controls are in place. The staff reviews the Five Management Policies and Procedures and ensures that internal controls are in place and being able to pull the reports needed from the MIP software and ensuring the internal audits are being performed as well.

**KAYENTA CHAPTER
MANAGEMENT RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

FINDING ONE: Board Certification of Capital Asset Inventory

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter does not maintain a complete capital asset listing with historical cost and acquisition dates, does not have a depreciation schedule, and does not perform regular physical inventories of its capital assets.	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets to show the acquisition date and the historical cost and useful life. This will be reviewed every six months and monitor the location of the assets.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	08/31/2025

FINDING TWO: Internal Controls over Financial Close Over Reporting

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter did not provide any documents for capital asset depreciation schedule	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets with the historical cost. The accumulated depreciation has been set at five year and will be depreciated.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/31/2025
The Chapter did not provide any documents for budget	Kayenta Chapter receives the funds from the Navajo Nation and Navajo Nation budget forms are being utilized to submit the Kayenta Chapter's budget. The forms are being signed by the DCD-ASC Program Manager and the NN-DCD Division Director. Once the budget forms are submitted to the Navajo Nation, the budget forms are signed. None of the signed budget forms were never received or returned back to the Kayenta Chapter. Chapter Manager has submitted an email to the DCD-ASC office if all approved/signed budget forms are being returned back to Kayenta Chapter.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/6/2025
The Chapter did not provide any documents for compensated absence	Kayenta Chapter utilizes the MIP software and it is able to provide provide show the compensated absence. The Administrative Assistant will ensure that proper leave slip forms are attached and recorded when compensated absence is being utilized.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025
The Chapter did not provide documents for 941 Quarter 1 return	Kayenta Chapter utilizes the MIP software and will show the balance that needs to be paid for each quarter. A copy of the report and form, along with the payment transactions are kept on file. The Chapter Manager and Administrative Assistant will do quarterly internal audits to ensure that all forms are available and filed	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025
The Chapter did not provide any documents for beginning balance	Kayenta Chapter utilizes the MIP software and will show the beginning balance. The Chapter Manager and Administrative Assistant will ensure that beginning balance are made available for each fiscal year and for the beginning of each once the Administrative Assistant complete the monthly reconciliation	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025

FINDING ONE: Board Certification of Capital Asset Inventory

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter does not maintain a complete capital asset listing with historical cost and acquisition dates, does not have a depreciation schedule, and does not perform regular physical inventories of its capital assets.	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets to show the acquisition date and the historical cost and useful life. This will be reviewed every six months and monitor the location of the assets.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	09/31/2025

FINDING TWO: Internal Controls over Financial Close Over Reporting

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter did not provide any documents for capital asset an depreciation schedule	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets with the historical cost. The accumulated depreciation has been set at five year and will be depreciated.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/31/2025
The Chapter did not provide any documents for budget	Kayenta Chapter receives the funds from the Navajo Nation and Navajo Nation budget forms are being utilized to submit the Kayenta Chapter's budget. The forms are being signed by the DCD-ASC Program Manager and the NN-DCD Division Director. Once the budget forms are submitted to the Navajo Nation, the budget forms are signed. None of the signed budget forms were never received or returned back to the Kayenta Chapter. Chapter Manger has submitted an email to the DCD-ASC office if all approved/signed budget forms are being returned back to Kayenta Chapter.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025
The Chapter did not provide any documents for compensated absence	Kayenta Chapter utilizes the MIP software and it is able to provide provide show the compensated absence. The Administrative Assistant will ensure that proper leave slip forms are attached and recorded when compensated absence is being utilized.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025
The Chapter did not provide documents for 941 Quarter 1 return	Kayenta Chapter utilizes the MIP software and will show the balance that needs to be paid for each quarter. A copy of the report and form, along with the payment transactions are kept on file. The Chapter Manager and Administrative Assistant will do quarterly internal audits to ensure that all forms are available and filed	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025
The Chapter did not provide any documents for beginning balance	Kayenta Chapter utilizes the MIP software and will show the beginning balance. The Chapter Manager and Administrative Assistant will ensure that beginning balance are made available for each fiscal year and for the beginning of each once the Adminstrative Assistant complete the monthly reconciliation	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	7/9/2025



KAYENTA CHAPTER

PO Box 1088 Kayenta, AZ 86033
Ph: (928) 697-5520 Fax: (928) 697-5524
Email: kayenta@navajochapters.org
Website: kayenta.navajochapters.org



Resolution No: KY26-01-031

ACCEPTING THE FINANCIAL AUDIT REPORT FROM HARSHWAL AND COMPANY, LLP, FOR FISCAL YEAR 2018.

WHEREAS,

1. Pursuant to 26 N.N.C., Section 3(A), the Kayenta Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at 11 N.N.C., Section 10; and
2. Pursuant to 26 N.N.C., Section 1(B), the Kayenta Chapter is vested with the authority to review all matters affecting the community and to make appropriate correction(s) when necessary and make recommendation(s) to the Navajo Nation and other local agencies for appropriate action(s); and
3. Pursuant to the Kayenta Chapter Five Management System- Fiscal Policies and Procedures, the Kayenta Chapter shall obtain an audit of its financial operations at least every two years, which shall include funds received from all Navajo Nation, State, County, Federal sources, and other fund sources; and
4. The last completed audit prior to FY2018 was conducted in 2012; and
5. The Kayenta Chapter responded to the Audit report for FY2018 with a response letter and corrective action plan submitted, addressing the audit findings; and
6. The Kayenta Chapter has assumed the responsibilities to implement a corrective action plan to address the findings in the audit report; and
7. The Kayenta Chapter Administration has two new full-time staff that were not employed in 2018, but committed to completing the FY2018 financial audit.

NOW THEREFORE BE IT RESOLVED THAT:

The Kayenta Chapter accepts the financial audit report from Harshwal and Company LLP, for Fiscal Year 2018, hereto attached as Exhibit "A", the audit report; hereto attached as Exhibit "B", the Corrective Action Plan.

The Kayenta Chapter Official and Chapter Administration shall take any necessary actions to address the findings.

CERTIFICATION

I certify that the foregoing resolution was duly considered by the Kayenta Chapter, at a duly called meeting, in Kayenta (Navajo Nation), Arizona, at which a quorum was present and that same was passed by a vote of: XX in favor, XX opposed, XX abstained, this 21st day of **January 2026**.

Motioned by:

Seconded by:

X

Albert Bailey
Kayenta Chapter President

X

Stanley Clitso
Kayenta Chapter Vice President

X

Dalton Singer
Kayenta Chapter Secretary/Treasurer

KAYENTA CHAPTER
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018



**KAYENTA CHAPTER
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SEPTEMBER 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chapter Officials
Kayenta Chapter
Kayenta, AZ

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kayenta Chapter (the "Chapter"), as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the Chapter's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

As of and during the year ended September 30, 2018, the Chapter lacks internal controls over its capital asset inventory. The Chapter could not provide the auditors with Board Certification of capital assets inventory, for the governmental activities. As a result of the material weaknesses over the internal control structure of the Chapter, the Chapter's accounting records are inadequate to substantiate the account balances for capital assets and compensated absence presented in the financial statements. We were unable to express an opinion on capital assets as of September 30, 2018, for the year then ended. The effect on assets, net position, and expenses of the governmental activities is not readily determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to in the first paragraph do not present fairly the financial position of the Chapter, as of September 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) and budgetary comparison information which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government auditing standards*, we have also issued our report dated December 22, 2025, on our consideration of the Chapter'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 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 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 Chapter's internal control over financial reporting and compliance.

Harshmal & Company LLP

San Diego, California
January 06 , 2026

BASIC FINANCIAL STATEMENTS

CHAPTER-WIDE FINANCIAL STATEMENTS

**KAYENTA CHAPTER
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 691,925
Total current assets	<u>691,925</u>
Noncurrent assets:	
Capital assets, net	<u>759,744</u>
Total noncurrent assets	<u>759,744</u>
Total assets	<u>1,451,669</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accrued payroll	1,582
Payroll tax payable	3,383
Other liabilities	317
Navajo Nation sales tax payable	<u>159</u>
Total current liabilities	<u>5,441</u>
Total liabilities	<u>5,441</u>
NET POSITION	
Net investment in capital assets	759,744
Restricted	619,356
Unrestricted	<u>67,128</u>
Total net position	<u>1,446,228</u>
Total liabilities and net position	<u>\$ 1,451,669</u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

		Program Revenues		Net (Expenses) Revenues, and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 263,030	\$ 15,290	\$ 319,475	\$ 71,735
Public works	105,003	-	158,374	53,371
Education	96,101	-	78,229	(17,872)
Economic development	<u>19,175</u>	<u>-</u>	<u>25,931</u>	<u>6,756</u>
Total governmental activities	<u>\$ 483,309</u>	<u>\$ 15,290</u>	<u>\$ 582,009</u>	<u>113,990</u>
 General revenues:				
Miscellaneous income				<u>8,491</u>
Total general revenues				<u>8,491</u>
Change in net position				122,481
Net position, beginning of year				<u>1,323,747</u>
Net position, end of year				<u>\$ 1,446,228</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**KAYENTA CHAPTER
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>General Funds</u>	<u>15 - PEP Fund</u>	<u>25 - Navajo Tax Fund</u>	<u>51-Peabody Fund</u>
ASSETS				
Cash and cash equivalents	\$ <u>69,870</u>	\$ <u>64,129</u>	\$ <u>122,157</u>	\$ <u>154,182</u>
Total assets	<u>69,870</u>	<u>64,129</u>	<u>122,157</u>	<u>154,182</u>
LIABILITIES				
Accrued payroll	1,582	-	-	-
Payroll tax payable	776	2,568	-	(14)
Navajo Nation sales tax payable	159	-	-	-
Other liabilities	<u>225</u>	<u>92</u>	-	-
Total liabilities	<u>2,742</u>	<u>2,660</u>	-	<u>(14)</u>
FUND BALANCES				
Restricted for:				
Grant Activities	-	61,469	122,157	154,196
Unassigned	<u>67,128</u>	-	-	-
Total fund balance	<u>67,128</u>	<u>61,469</u>	<u>122,157</u>	<u>154,196</u>
Total liabilities and fund balance	<u>\$ <u>69,870</u></u>	<u>\$ <u>64,129</u></u>	<u>\$ <u>122,157</u></u>	<u>\$ <u>154,182</u></u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ <u>281,587</u>	\$ <u>691,925</u>
Total assets	<u>281,587</u>	<u>691,925</u>
LIABILITIES		
Accrued payroll	-	1,582
Payroll tax payable	53	3,383
Navajo Nation sales tax payable	-	159
Other liabilities	<u>-</u>	<u>317</u>
Total liabilities	<u>53</u>	<u>5,441</u>
FUND BALANCES		
Restricted for:		
Grant Activities	281,534	619,356
Unassigned	<u>-</u>	<u>67,128</u>
Total fund balance	<u>281,534</u>	<u>686,484</u>
Total liabilities and fund balance	<u>\$ 281,587</u>	<u>\$ 691,925</u>

The accompanying notes are an integral part of these financial statements.

**KAYENTA CHAPTER
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

		Governmental Funds
Fund balances - Total governmental funds	\$	686,484
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental capital assets	759,744	
Less: accumulated depreciation	-	759,744
Net position - governmental activities	\$	1,446,228

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General Funds</u>	<u>15 - PEP Fund</u>	<u>25 - Navajo Tax Fund</u>	<u>51-Peabody Fund</u>
<i>REVENUES:</i>				
Navajo Nation	\$ 128,785	\$ 149,374	\$ 93,676	\$ -
County Grants/Contracts	-	-	-	-
Rental income	14,997	-	244	-
Charges for goods and services	49	-	-	-
Miscellaneous	<u>6,250</u>	<u>-</u>	<u>2,241</u>	<u>-</u>
Total revenues	<u>150,081</u>	<u>149,374</u>	<u>96,161</u>	<u>-</u>
<i>EXPENDITURES:</i>				
Personnel, wages & taxes	107,447	100,878	5,819	8,239
Lease, communication & utilities	337	-	-	-
Operational supplies	14,630	-	-	-
Repair & maintenance	1,252	-	11,151	-
Professional and contractual services	11,025	-	15,050	-
Financial & emergency assistance	7,175	-	-	12,517
Travel expenditures	4,139	-	44,792	-
Capitalized expenditures	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>4,217</u>
Total expenditures	<u>146,005</u>	<u>100,878</u>	<u>86,812</u>	<u>24,973</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,076</u>	<u>48,496</u>	<u>9,349</u>	<u>(24,973)</u>
Net change in fund balance	4,076	48,496	9,349	(24,973)
Fund balance, beginning of year	<u>63,052</u>	<u>12,973</u>	<u>112,808</u>	<u>179,169</u>
Fund balance, end of year	<u>\$ 67,128</u>	<u>\$ 61,469</u>	<u>\$ 122,157</u>	<u>\$ 154,196</u>

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Nonmajor Government al Funds	Total Governmental Funds
<i>REVENUES:</i>		
Navajo Nation	\$ 208,174	\$ 580,009
County Grants/Contracts	2,000	2,000
Rental income	-	15,241
Charges for goods and services	-	49
Miscellaneous	-	8,491
Total revenues	210,174	605,790
<i>EXPENDITURES:</i>		
Personnel, wages & taxes	28,842	251,225
Lease, communication & utilities	20,336	20,673
Operational supplies	19,457	34,087
Repair & maintenance	-	12,403
Professional and contractual services	47,363	73,438
Financial & emergency assistance	1,838	21,530
Travel expenditures	200	49,131
Capitalized expenditures	6,605	20,822
Total expenditures	124,641	483,309
<i>Excess (deficiency) of revenues over expenditures</i>	85,533	122,481
Net change in fund balance	85,533	122,481
Fund balance, beginning of year	196,001	564,003
Fund balance, end of year	\$ 281,534	\$ 686,484

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Governmental Funds</u>
Net changes in fund balances - Total governmental funds	\$ 122,481
Amounts reported for governmental activities are different because:	
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	
Capital Outlays	-
Less: current year depreciation	-
	<hr style="width: 100%;"/>
Change in net position - governmental activities	\$ <u>122,481</u>

The accompanying notes are an integral part of these financial statements.

KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Kayenta Chapter (the "Chapter") is a local government operating under the provision of the Navajo Nation Local Governance Act. The Chapter holds meetings monthly in order to keep the chapter residents informed and have a forum in which to express their opinions to their Navajo Council delegates or decide on matters concerning their chapter.

The Chapter is governed by Chapter officials elected by the Chapter membership to facilitate the conduct of Chapter meetings and guide policy making within the Chapter. The Chapter is responsible for the development of its community to improve the living conditions, economic infrastructure, conserve and protect its natural resources, including the respect for culture and tradition of its people and continue to grow toward self-sufficiency through self-governance. The Chapter operates under the rules and regulations of its Five Management System, (Personnel, Records, Property, Financial and Procurement) and the laws of the Local Empowerment Act, Title 26 of the Navajo Nation Code. The government, according to the organizational structure is under the Division of Community Development with a legislative oversight of the Resources Committee of the Navajo Nation Council. The mission of the Chapter is to provide a better future in the community by preserving and enhancing the cultural and traditional values to benefit the health, safety and welfare of its people to become self-sufficient through education and self-determination. The Chapter does not have any business-type activities.

Accounting Standards

This summary of significant accounting policies of the Chapter is presented to assist in the understanding of the Chapter's financial statements. The financial statements and notes are the representation of the Chapter's management who is responsible for their integrity and objectivity. The financial statements of the Chapter have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures that do not conflict with or contradict GASB pronouncements. GASB statements and interpretations constitute GAAP for governments, including the Chapter. The more significant of the government's accounting policies are described below.

B. Basis of Presentation

Basic Financial Statements

The basic financial statements of the Chapter include the Chapter-wide and the fund financial statements. The focus is on the Chapter as a whole in the Chapter-wide financial statements, while reporting additional and detailed information in the Chapter's major governmental funds financial statements. The financial statements do not include the financial position and the results of operations of individual members of the Chapter and entities which are independent of the Chapter and over which the Chapter does not exercise significant operating control. The Chapter, for financial purposes, includes all of the funds relevant to the operation of the Kayenta Chapter.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

B. Basis of Presentation - Cont'd

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities present governmental activities on a full accrual basis using the "economic resources" measurement focus and display information about the reporting government as a whole. The government-wide statement of activities reflects the cost of programs and functions (general government, public works, education and economic development) reduced by directly associated revenues to arrive at the net revenue or expense for each program and function. Net program revenue or expenses for governmental activities are then adjusted for general revenues to determine the change in net position for the year. The types of transactions reported as program revenues for the Chapter are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations are made as prescribed by GASB 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated. The statement of activities presents a comparison between direct expenses and program revenues for each function of the Chapter's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues, including all taxes and interest income, are presented as general revenues. Indirect expenses are allocated to programs/functions that they benefit. When both restricted and unrestricted resources are available for use, it is the Chapter's policy to use restricted resources first, and then unrestricted resources as needed.

Fund Financial Statements

The fund financial statements provide information about the Chapter's funds. Separate financial statements are presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in their respective fund financial statements. All remaining governmental funds are aggregated and reported on a combined basis. The Chapter does not have fiduciary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Chapter-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Chapter gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Governmental fund financial statements are reported using *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Chapter considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources (uses).

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

B. Basis of Presentation - Cont'd

Measurement Focus, Basis of Accounting and Financial Statement Presentation - Cont'd

In determining when to recognize intergovernmental grant and contract revenues, the legal and contractual requirements of the individual programs are used as guidance. Most grants and contracts require that monies be expended for a specific purpose before any amounts will be paid to the Chapter; therefore, revenues are recognized based on the expenditures recorded. All other governmental revenues are recorded when received, because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable.

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Chapter has legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met or when the Chapter has a legal claim to the resources, the deferred revenue is recognized.

The government reports the following major governmental funds:

Major Governmental Funds

General Fund - The general funds are the Chapter's primary operating funds, accounting for activities within the Chapter that are involved with the administration of grants and contracts. The Chapter's policy is to transfer sufficient resources to the Chapter's general funds to cover their expenditures annually. The following represents the Navajo Nation General Fund:

The Chapter Activities General Fund - Unrestricted fund that allows the Chapter to utilize revenue funds for the Chapter operation and other activities needed for the Chapter.

Navajo Nation General Fund - This fund is dedicated to employee-related expenditures, including salaries and wages, pension contributions, health and insurance benefits, and other payroll-related costs.

Scholarship General Fund - This fund is allocated from the Navajo Nation General Funds to provide a scholarship for students.

Supplemental General Funds \$100,000 - These funds are used for the Chapter renovation and landscaping.

PEP Fund - The PEP fund is to provide temporary employment and on-the-job training as defined in title N.N.C. section 2(10) and consistent with Transportation and Community Development Committee.

NN Tax Fund - The Sales Tax Revenue is for infrastructure and economic development, and other governmental purposes as set forth in the Navajo Nation Sales Tax Revenue Fund Plan of Operation and the respective Chapter's approved Sales Tax ordinance, pursuant to Resolution BFD-191-02.

Peabody Fund - The Peabody Funds have been used for several purposes, including covering fees for a waterline project, hiring temporary employees providing financial assistance to community members for heating and funeral expenses, fulfilling donation requests, and supporting other community services.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities, and Net Position or Equity

Cash

The Chapter's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Chapter are recorded at fair value and consist of overnight repurchase agreements with the Chapter's financial institution. Interest income, realized gains and losses on investment transactions, and amortization of premiums and discounts on investment purchases are included in investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment. As of September 30, 2018, the Chapter had no investments.

Receivables & Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Governmental activities receivables include amounts due for travel advances and short-term advances to Chapter members.

Capital Assets and Depreciation

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental column in the Chapter-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs for repairs and maintenance are expensed as incurred. Reservation lands and related resources are not capitalized because there is no historical cost associated with these assets.

Depreciation is computed using the straight-line method. The estimated useful lives used to depreciate assets, by asset class, are as follows:

Assets	Years
Infrastructures	15-25 years
Buildings and improvements	35-45 years
Vehicle and equipment	3-10 years

Compensated Absences

The annual and sick leave with pay policy is only applicable for regular status employees. Employees serving the introductory period can accrue annual and sick leave, but cannot use accrued annual and sick leave until after they have been converted to regular status employees. Unused annual leave may be accumulated to a total of not more than 320 hours. At the end of each leave year, all hours in excess of 320 hours shall be forfeited. Regular status employees may carry over an unlimited number of unused sick leave hours from leave year to leave year. However, no employee shall be paid for unused sick leave hours upon termination.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities, and Net Position or Equity - Cont'd

Compensated Absences - Cont'd

The Chapter recognition and measurement criteria for compensated absences is as follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Nonspendable: includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. Commitments will only be used for specific purposes pursuant to a formal action of the decision makers.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balances of the general fund that is not constrained for any particular purpose.

When both restricted and unrestricted resources are available for use, it is the Chapter's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONT'D**

C. Assets, Liabilities, and Net Position or Equity - Cont'd

Equity Classifications

Government-wide statements

Equity is classified as net position and displayed in three components:

A. Net investment in capital assets:

Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted Net Position:

Consist of net position with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "other purposes" are described in the Notes to the Financial Statements (if any).

C. Unrestricted Net Position:

All other net position that does not meet the definition of "restricted" or "Net investment in capital assets."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates. Significant estimates included in the Chapter's financial statements are the estimated useful lives of capital assets.

Budgetary Information

Annual governmental funds budget is prepared and adopted by Chapter resolution. The Chapter adopts its budget for these governmental fund types on the modified accrual basis of accounting, which is consistent with the method of accounting used to record actual revenues and expenditures of the governmental fund types on the fund financial statements; therefore, no basis of accounting adjustments are necessary for the budgetary presentation. For the applicable level of control, the budget can be amended only by Chapter action. Unspent appropriations lapse at the end of each fiscal year.

Federal and State Income Taxes

The Chapter is exempt from Federal and State income taxes.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 - CASH AND CASH EQUIVALENTS

As of September 30, 2018, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ <u>691,925</u>	\$ <u>693,732</u>
Total	\$ <u><u>691,925</u></u>	\$ <u><u>693,732</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure the Chapter's deposits may not be returned to the Chapter. The Chapter does not have a deposit policy for custodial credit risk. As of September 30, 2018, the carrying amount of the Chapter's deposits was \$691,925 and the bank balance was \$693,732. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining bank balance, \$443,732 of the Chapter's deposits were subject to custodial credit risk as uninsured and uncollateralized.

NOTE 3 - ACCRUED PAYROLL LIABILITIES

The Chapter had the following accrued payroll liabilities for the year ended September 30, 2018:

Accrued payroll	\$ <u>1,582</u>
Total	\$ <u><u>1,582</u></u>

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended September 30, 2018 is summarized as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Capital assets being depreciated:			
Buildings and improvements	\$ 453,285	\$ -	\$ 453,285
Furniture, fixtures, and equipment	276,009	-	276,009
Vehicles	<u>30,450</u>	-	<u>30,450</u>
Total capital assets being depreciated	<u>\$ 759,744</u>	<u>\$ -</u>	<u>\$ 759,744</u>

The Chapter does not record depreciation expenses on capital assets.

NOTE 5 - ECONOMIC DEPENDENCE

A substantial portion of the Chapter's revenue is from grants and contracts from the Navajo Nation. In the event these grants and contracts are discontinued or severely restricted, the activities of the Chapter will be curtailed significantly.

NOTE 6 - RISK MANAGEMENT

The Chapter is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; automobile liability; injuries to employees; and natural disasters for which the Chapter carries general liability insurance through the Navajo Nation Risk Management Department.

**KAYENTA CHAPTER
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 - SUBSEQUENT EVENT

Management has evaluated subsequent events through January 06, 2026, the date at which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

To the Honorable Chapter Officials
Kayenta Chapter
Kayenta, AZ

We were engaged to audit, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kayenta Chapter (the "Chapter"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Chapter's basic financial statements and have issued our report thereon dated December 22, 2025, which was adverse because we were unable to obtain sufficient evidential matter to satisfy ourselves that capital assets are complete and the Chapter was unable to provide sufficient evidences for beginning balances for cash and cash equivalents, capital assets, taxes and other payable as presented in the Chapter's financial statements as of and for the year ended September 30, 2018.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of the Chapter, we considered the Chapter'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chapter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chapter's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 to be material weaknesses.

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.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Chapter, 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Chapter's Responses to Findings

The Chapter's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Chapter's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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.

Harshmal & Company LLP

San Diego, California
January 06 , 2026

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Adverse

Internal control over financial reporting:

- | | | |
|---|---|--|
| • Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Significant deficiency(ies) identified that are not considered to be material weakness? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECTION II- FINANCIAL STATEMENTS FINDINGS

2018-001 Board Certification of Capital Asset Inventory - (Material Weakness)- Repeated and Modified (Prior Year Finding 2017-001)

Condition

The Chapter does not maintain a complete capital asset listing with historical cost and acquisition dates, does not have a depreciation schedule, and does not perform regular physical inventories of its capital assets. This finding was also noted in the FY 2017 audit. Although management indicated that corrective action would be implemented by September, 2025, the capital assets listing has not yet been maintained, and therefore the condition continues to exist in FY 2018.

Criteria

According to Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements, entities must maintain accurate records of capital assets, including historical cost, useful life, and accumulated depreciation. Additionally, sound internal control practices recommend periodic physical inventories to safeguard assets.

Cause

The Chapter has not established formal policies and procedures for tracking, recording, and safeguarding capital assets.

Effect

The Chapter is at risk that capital assets, capital expenditures and depreciation expense could be materially misstated on the financial statements.

Recommendation

We recommend the Chapter implement a system to accurately track, maintain and update changes in inventory on an annual basis.

Management Response

See Management Response.

**KAYENTA CHAPTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECTION II- FINANCIAL STATEMENTS FINDINGS - CONT'D

2018 - 002 Internal Control Over Financial Close Over Reporting - (Material Weakness)- Repeated and Modified (Prior Year Finding 2017-002)

Condition

The following deficiencies were noted during the review of the financial close process:

1. Chapter did not provide any documents for capital asset and depreciation schedule.
2. Chapter did not provide any documents for compensated absence.
3. Chapter did not post adjustments to correct the beginning balances.

Criteria

The Chapter is responsible for maintaining adequate internal controls over its accounting records and financial statement disclosures. Accounting records should include a complete, balanced general ledger that records all transactions that is supported by appropriate subsidiary records so that accurate financial statements can be prepared. Procedures should be in place to ensure that balance sheet accounts are independently reviewed and reconciled to the subsidiary records in a timely and effective manner.

Cause

There was a lack of established internal controls and processes over the financial reporting process to ensure timely and accurate financial reporting.

Effect

Without established and adequate internal controls and reconciliation procedures, the Chapter's balances lack certainty about the accuracy of the balances. Also, the probability that fraud or material errors will occur and go undetected generally increases.

Recommendation

We recommend management evaluate all aspects of the financial close and reporting process as well as the account reconciliation process and establish adequate internal controls and procedures to ensure timely and accurate financial statements and supporting schedules and to ensure timely compliance requirements are met.

Management's Response

See Management Response.

**KAYENTA CHAPTER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Prior Year Audit Findings</u>	<u>Status</u>
2017-001 Board Certification of Capital Asset Inventory - (Material Weakness)	Repeated and Modified
2017 - 002 Internal Control Over Financial Close Over Reporting - (Material Weakness)	Repeated and Modified

**KAYENTA CHAPTER
MANAGEMENT RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Kayenta Chapter
P O Box 1088
Kayenta, AZ 86033
928-697-5520**

<https://kayenta.navajochapters.org>

RESPONSE TO AUDIT FINDING FOR FY 2018

Introduction:

As requested by Harshwal & Company LLP, this document contains the Kayenta Chapter's response to the financial audit report received from Harshwal & Company LLP. In line with the Kayenta Chapter's Five Management System, (FMS), the Kayenta Chapter has to submit a written management response to the external auditor and submit a copy of the report and Management response to the Navajo Nation Office of the Auditor General.

The Kayenta Chapter wishes to express its appreciation to the Harshwal & Company LLP, the audit firm for its independent audit report.

The Kayenta Chapter welcomed the current Administrative Assistant in August 2021 and the new Chapter Manager who came on board in April 2025. The Chapter Manager took the initiative to complete the FY2017 and FY2018 audit, which was long overdue. The Kayenta Chapter Management wants to reiterate its commitment to strengthening internal controls and recognizing the importance and value of audit recommendations.

The report also contains an overview of corrective actions taken by the Kayenta Chapter Administration to further strengthen internal controls, accountability, and ensure the effective use of resources.

Management Letter and Findings:

Kayenta Chapter is in agreement with the auditor's comments, and the following actions will and already taken to improve the internal controls with the Kayenta Chapter. We will have the Chapter Manager closely monitor the transactions and ensure the Five Management Policy and Procedures are implemented. The Kayenta Chapter Manager will meet with the Administrative Assistant every two weeks to ensure the internal controls are in place and will meet with the Kayenta Chapter Officials monthly to go over the Five Management System to ensure all policies are being implemented.

**KAYENTA CHAPTER
MANAGEMENT RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Conclusion:

With two full time staff on board, changes have already been implemented to ensure internal controls are place. The staff reviews the Five Management Policies and Procedures and ensures that internal controls are in place and being able to pull the reports needed from the MIP software and ensuring the internal audits are being performed as well.

**KAYENTA CHAPTER
MANAGEMENT RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FINDING ONE: Board Certification of Capital Asset Inventory

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter does not maintain a complete capital asset listing with historical cost and acquisition dates, does not have a depreciation schedule, and does not perform regular physical inventories of its capital assets.	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets to show the acquisition date and the historical cost and useful life. This will be reviewed every six months and monitor the location of the assets.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025

FINDING TWO: Internal Controls over Financial Close Over Reporting

RESPONSE	CORRECTIVE ACTIONS	NAME AND TITLE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter did not provide any documents for capital asset an depreciation schedule	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets with the historical cost. The accumulated depreciation has been set at five year and will be depreciated.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025
The Chapter did not provide any documents for compensated absence	Kayenta Chapter utilizes the MIP software and it is able to provide provide show the compensated absence. The Administrative Assistant will ensure that proper leave slip forms are attached and recorded when compensated absence is being utilized.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025
The Chapter did not post adjustments to correct the beginning balances.	Kayenta Chapter will develop a checklist at the end of each month and provide proper training for journal entries. Any adjustments will need approval from the Chapter Manager.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025

FINDING ONE: Board Certification of Capital Asset Inventory

RESPONSE	CORRECTIVE ACTIONS	NAME AND TILE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
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FINDING TWO: Internal Controls over Financial Close Over Reporting

RESPONSE	CORRECTIVE ACTIONS	NAME AND TILE RESPONSIBLE FOR IMPLEMENTING PLAN OF CORRECTION	DATE PLANNED COMPLETION OF CORRECTIVE ACTION
The Chapter did not provide any documents for capital asset an depreciation schedule	Kayenta Chapter submits an Underwriting Exposure Summary to the Navajo Nation prior to the beginning of each fiscal year. Kayenta Chapter will keep track of all the capital assets with the historical cost. The accumulated depreciation has been set at five year and will be depreciated.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025
The Chapter did not provide any documents for compensated absence	Kayenta Chapter utilizes the MIP software and it is able to provide provide show the compensated absence. The Administrative Assistant will ensure that proper leave slip forms are attached and recorded when compensated absence is being utilized.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025
The Chapter did not post adjustments to correct the beginning balances.	Kayenta Chapter will develop a checklist at the end of each month and provide proper training for journal entries. Any adjustments will need approval from the Chapter Manager.	Clairice Begay, Chapter Manager and Pearl Begay, Administrative Assistant	12/31/2025



KAYENTA CHAPTER

PO Box 1088 Kayenta, AZ 86033
Ph: (928) 697-5520 Fax: (928) 697-5524
Email: kayenta@navajochapters.org
Website: kayenta.navajochapters.org



Resolution No: KY26-01-032

ACCEPTING AND APPROVING THE FREEPORT MCMORAN GRANT FUNDING OF \$5,000.00 TO THE KAYENTA CHAPTER TO BE USED FOR THE LOCAL ELDERLY COMMUNITY MEMBERS.

WHEREAS,

1. Pursuant to 26 N.N.C., Section 3(A), the Kayenta Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at 11 N.N.C., Section 10; and
2. Pursuant to 26 N.N.C., Section 1(B), the Kayenta Chapter is vested with the authority to review all matters affecting the community and to make appropriate correction(s) when necessary and make recommendation(s) to the Navajo Nation and other local agencies for appropriate action(s); and
3. Pursuant to Kayenta Chapter Resolution No. KY25-08-046, the Kayenta Chapter approved the Freeport McMoran grant application to be used for the local elderly community members during the Holiday season; and
4. Funds from the Freeport McMoran were received until December 22, 2025; and
5. Funds received will still be used to purchase items as an Elderly Appreciation gift program, as notated in the grant application; and
6. The appreciation gift exchange allows the elderly community of the Kayenta Chapter to feel appreciated and brings a positive impact on their well-being.

NOW THEREFORE BE IT RESOLVED THAT:

The Kayenta Chapter accepts and approves the Freeport McMoran Grant funding of \$5,000.00 to the Kayenta Chapter

CERTIFICATION

I certify that the foregoing resolution was duly considered by the Kayenta Chapter, at a duly called meeting, in Kayenta (Navajo Nation), Arizona, at which a quorum was present and that same was passed by a vote of: XX in favor, XX opposed, XX abstained, this 21st day of **January 2026**.

Motioned by:

Seconded by:

X

Albert Bailey
Kayenta Chapter President

X

Stanley Clitso
Kayenta Chapter Vice President

X

Dalton Singer
Kayenta Chapter Secretary/Treasurer