



**NAVAJO NATION
FISCAL YEAR 2020
Budget Preparation Orientation**

June 6, 2019
Office of Management and Budget

Presentation Overview

- Introductory Remarks and Presentation Overview
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- FY 20 Revenue Projections
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The Appropriations Act

- The basis for the annual preparation of the NN Comprehensive Budget and provides for the following:
 - Budget planning and preparation.
 - Budget approval, adoption and certification.
 - Budget implementation, monitoring and control.
- The Act also states that the NN government has a fiduciary responsibility:
 - To account for public funds.
 - To manage finances wisely.
 - To plan for the adequate funding of services desired by the Navajo people, including the provision and maintenance of public facilities.

FY 20 Revenue Projections

- The BFC approved a total revenue projection and allocation for the FY 20 NN budgeting purposes at \$167,000,000 which is a decrease of \$5,159,000 from the FY 2019 allocation of \$172,159,000.
- The \$167,000,000 for FY 20 is a result of the combination of \$143,394,000 in general fund projected recurring revenue, \$3,910,417 from projected non-recurring funds, \$525,583 from the Permanent Fund Five-Year Contingency Fund and \$19,170,000 in projected revenue from the Permanent Trust Fund income.
- Programs eligible for funding from the Indirect Cost Fund will also have these funds to budget along with their general funds.
- Programs receiving funds from external sources (primarily Federal and State agencies) will provide information on the anticipated FY 20 funding from these sources and the amounts anticipated are to be included in the Navajo Nation Comprehensive Budget.

Planning Allocations of General and Permanent Trust Fund

- The Budget and Finance Committee approved the FY 2020 General Fund and Permanent Trust Fund planning allocations for the three branches and others as follows:

• Executive Branch	\$105,568,495	63.20%
• Legislative Branch	\$ 14,892,739	8.92%
• Judicial Branch	\$ 14,924,653	8.94%
• Fixed Costs Programs	\$ 15,815,144	9.47%
• Chapters: Non-Administrative	\$ 11,998,969	7.19%
• External Fund Cash Match	<u>\$ 3,800,000</u>	<u>2.28%</u>
Total:	\$ 167,000,000	100.00%

Allocations of Other NN Funds

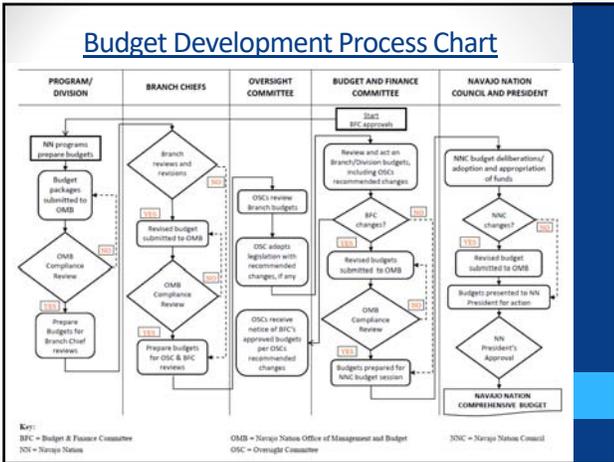
- Other Navajo Nation funds which are allocated for budgeting purposes through the Office of the Controller are as follows:

• Indirect Cost Funds	\$ 22,500,000
• Chapter Capital Outlay Match	\$ 3,000,000
• Fiduciary Funds	\$ 74,994,625
• Enterprise Funds	\$ 13,937,000
• Internal Service Funds	\$ 43,888,243
• Proprietary Funds	\$ 4,938,598
• Special Revenue Funds	<u>\$ 39,625,443</u>
Total:	\$202,883,909

Budget Development Process

- The development of the NN comprehensive budget goes through several steps before it becomes an official budget of the Navajo Nation. These steps are shown on the next slide.
- The official starting point is with the BFC approving the revenue projection, determining the Branch general fund allocations, approving a budget calendar and approving the Budget Instructions Manual.
- The prepared budgets goes through several reviews starting with the Branch Chiefs, then the oversight committees, and finally the BFC and Nabikiyati Committee before it goes to the NNC for final review and approval.
- The NNC approved budget is subject to final action by the NN President where he can veto all or some of the budget items. If he vetoes the whole budget, it goes back to the NNC for an override. If the Council overrides the veto of the overall budget, the budget becomes law.
- If the President vetoes only certain items in the budget, the NNC cannot override those.

Budget Development Process Chart



Budget Calendar – Key Dates

DATES	ACTIVITY	PERFORMED BY
June 3	Approve the FY 2020 BIM, the budget calendar, revenue projections and Branch planning allocation amounts.	BFC
June 5	Issue Division/Program planning allocations for program budget preparation.	NN - OMB
June 6	Conduct budget orientation for NN Branches, Divisions and Programs.	Branch Chiefs and Division Directors
June 7	Begin budget preparation.	NN Programs
June 14	Deadline to submit completed budget packages to OMB.	NN Programs
June 24 – July 3	Branch Chiefs' budget hearings; review and approve proposed Branch/Division/Program budgets.	NNOMB Programs, Divisions

Budget Calendar – Key Dates

DATES	ACTIVITY	PERFORMED BY
July 22 – 30	Conduct budget hearings and approve legislation recommending budget changes.	NNC Oversight Committees
August 8 – 16	Review Branch/Division budgets and Oversight Committees' recommendations; approve proposed legislation recommending the budget to the NN Council.	BFC
August 29 - 30	Review Branch/Division budgets and forward the budget to NNC.	Naabik'iyati' Committee
September 3 - 6	Conduct budget deliberations, approve the FY 20 NN Comprehensive Budget and legislation.	NN Council
September 17	Act on NNC approved NN Comprehensive Budget and legislation.	NN President

Significant Changes in the FY 20 BIM

- The fringe rate increased from 43.85% to 47.88% for Regular Status Employees. For other types of employees, the rates also have changed. The new rates can be found in the Employee Fringe Benefit Rates table in the FY 20 BIM.
- The General Liability insurance rate decreased from \$0.34 to \$0.30 per \$100 of total payroll (including the fringe benefit amount).
- The Property insurance rate decreased from \$0.79 to \$0.60 per \$1,000 value of the property to be insured. An Exposure Summary Packet issued by Risk Management will need to be completed and submitted to Risk Management for property to be insured. Contact the Risk Management program to determine how to insure program property.
- Workers Comp insurance will be assessed \$0.89 per \$100 of payroll (not including fringe benefits) for regular status employees. Chapter employees will be assessed \$0.92 per \$100 of payroll
- Some of the other rates have changed and the revised rates are in the FY 20 BIM. The respective offices who have responsibility for these rates can be contacted for more information, if necessary.

Significant Changes in the FY 20 BIM

- Individuals paid stipends for serving on Navajo Nation boards, commissions and committees are now required by the Internal Revenue Service to pay income taxes on their compensation and, as such, these stipends will be budgeted in the 2001 series of object codes rather than in the 3000 series of object codes. If you are not sure how to budget the stipends, contact the OMB assigned budget analyst for more information.
- The sample budget shows how to budget stipends to meet this new Internal Revenue Service requirement later in the presentation.
- Minor changes have been made to the written instructions for some of the budget forms as well as other forms and the changes are primarily for clarification.

Significant Changes in the FY 20 BIM

- The following provision will continue for FY 20: Unused balances in object codes 2110 and 2900 for individual positions are eligible for transfer to other positions or object codes within only the personnel 2001 major object code series up to the end of third quarter or June 30th. Starting the fourth quarter or July 1st, unused balances in 2110 for positions and 2900 for fringe benefits cannot be transferred to other object codes in the 2001 personnel major series.

Significant Changes in the FY 20 BIM

- The appendices to the FY 20 BIM has various useful information for budgeting purposes such as:
 - Chart of Accounts and Level of Detail (LOD) in Appendix A.
 - Fringe Benefits Rates in Appendix E.
 - Listing of Classification Titles/Class Code/Assigned Pay Grade in Appendix C.
 - Salary Schedules in Appendix D.
 - Vehicle Insurance Rates in Appendix F-2.
 - Fleet Management User Rates in Appendix F-3.
 - And others.

Budget Forms

- The following budget forms are used to prepare and submit program budgets:
 - Budget Form 1 – Program Budget Summary.
 - Budget Form 2 – Program Performance Criteria.
 - Budget Form 3 – Listing of Positions and Assignments by Business Units.
 - Budget Form 4 – Detailed Budget and Justification.
 - Budget Form 5 - Summary of Changes to Budgeted Positions.
 - Budget Form 6 – External Contract and Grant Funding Information.

Budget Forms – General Rules

- Sample completed forms are provided by OMB for programs to use as a guide in preparing their budgets.
- Written instructions are included with each budget form in the BIM for use in completing each form.
- Use appropriate codes, rates, or schedules which are in the FY 20 BIM.
- If no budget data or information is on a budget form, do not include it with the budget package that will be submitted to OMB.
- All budget amounts are to be entered in object codes at Level of Detail (LOD) 6, except for fringe benefits, which is entered at LOD 5. Other amounts are entered at LOD 4 and LOD 7 for other purposes.
- Budget amounts must be rounded to the nearest whole dollar.
- Enter consecutive page numbers on each and all budget forms completed in the spaces provided: Page ___ of _____. This helps reviewers to identify which form to look at when it is being reviewed.

Preparing a Budget

- OMB instructions in this powerpoint presentation focuses primarily on how to prepare a budget using sample, completed budget forms.
- Before any of the NN programs can start preparing budgets, the Branch Chiefs and the Division Directors will need to provide program planning allocation amounts which will used to prepare the budget.
- In addition, programs will need to pick up from the Personnel Office Budget Form 3 which lists the current positions that are funded and with spaces provided to revise information on the form for FY 20.
- Branches, Division and Programs must submit completed budgets on June 14 to the OMB. From there, assigned OMB budget analysts will work with the assigned Branch or Division budget liaisons and the programs to make sure all data and information provided in the budget are correct. If not, the budget will be returned to the program/office to be revised.

Budget Form 3

Listing of Positions and Assignments by Business Unit

- Used for position and salary information for positions to be funded, including new and temporary.
- The respective Personnel Office will provide a draft Budget Form 3 showing the current position listing with data taken from the HRIS and with blank spaces below each entry.
- Budget Form 3 issued by the Personnel is be used to correct or change any personnel/position data in the blank spaces in **red ink**. New positions to be funded should have the information in the spaces provided using the appropriate personnel data.
- Budget Form 3, with corrected information, is to be returned to the Personnel Office for updating in the HRIS and issuance of a revised Budget Form 3 which will not have blank spaces. This form should be submitted as part of the program's budget package.
- Following are samples of completed forms.

Chapter Budgeting

- The Administrative Service Centers of DCD and the Chapter staff have budgetary responsibilities for assisting Navajo Nation Chapters in preparing budgets, as well as financial monitoring, reporting, and performance during the fiscal year.
- Planning allocations for each chapter is issued by DCD and Chapters prepare detailed budgets using the WIND application system which is in conformance with the Navajo Nation budget preparation instructions. All Chapters use the same forms and instructions contained in the FY 20 BIM.
- OMB also receives the individual Chapter allocations from DCD and enters them into the FMIS during budget preparation after checking the budgeted amounts.
- Completed Chapter budgets are submitted through ASCs to DCD for compiling the overall Division's budget for review by the Division Director, Branch Chief and the legislative oversight committee(s).

Chapter Budgeting

- Upon processing the Chapter budgets along with the Division's overall budget through the Executive Branch and Legislative Branch reviews, the budgets, along with the overall NN budget, are presented to the oversight committee, the Budget and Finance Committee, the Nabi Committee and then the NNC for approval.
- Upon approval of the overall NN comprehensive budget which includes the DCD overall budget and the Chapter budgets, the Chapters submit a finalized, detailed Chapter approved budget with a Chapter resolution to DCD.
- Chapter are required to adhere to the appropriate budget policies, including those in Title 26 and the Five Management Systems.

Navajo Nation Grants

- Grant funds are allocated to certain non-NN government entities in the form of general funds which are made available for a specific purpose.
- The grants are subject to availability of funds.
- The grants must meet requirements of the Appropriations Act at 12 NNC Section 810 (Q), 820 (F), (L), (M), (N), and (P); 850 (A), (B), (C) and (E). A copy of the Appropriations Act is displayed in the FY 20 BIM in the Reference section for information purposes.
- Prospective grantees must follow the FY 20 BIM, including preparing and submitting budgets on NN budget forms and using the NN Chart of Accounts.
- Upon approval of the budget by the Navajo Nation Council, a grant agreement is executed by the Nation before funds are released to the non-NN entity.

OMB Staff Budget Assignments

- Emmett Francis, Budget Officer: Executive Offices (including NN Veterans), Navajo Tax Commission, Fixed Cost Programs.
- Lisa Jymm, Principal Budget Analyst: Department of Health, Division of Public Safety, Division of Economic Development, Navajo Gaming Regulatory, Division of Human Resources, Chinle Agency Chapters.
- Nanette Francisco, Senior Budget Analyst: Department of Dine' Education, Legislative Branch, Judicial Branch, Navajo Environmental Protection Agency, Northern Agency Chapters.
- Darlene Sam, Senior Budget Analyst: Division of General Services, Navajo Division of Transportation, Division of Natural Resources, Department of Justice, Fort Defiance Agency Chapters.
- Selena Begay, Senior Budget Analyst: Division of Social Services, Division of Community Development, Office of the Controller, Western Navajo Agency Chapters, Eastern Navajo Agency Chapters.

Navajo Nation Office of Management and Budget

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