The Appropriations Act

a. 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.

b. 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.

c. Appropriations Act is Title 12, Chapter 7, Fiscal Matters, of the Navajo Nation Code and is included as Reference 1 in the FY‘22 BIM.
FY ’22 Revenue Projections

a. By Resolution BFJN‐21‐21 on June 29, the BFC approved a total revenue projection and allocation for the FY’22 NN budgeting purposes at $177,205,000 which is an increase of $10,205,000 from the FY 2021 allocation of $167,000,000.
b. The $177,205,000 for FY’22 is a result of the combination of $137,205,000 in general fund projected revenue and $40,000,000 in revenue from the Permanent Fund interest.
c. Programs eligible for funding from the Indirect Cost Fund will also have these funds to budget along with their general funds.
d. Programs receiving funds from external sources (primarily Federal and State agencies) will provide information on the anticipated FY’22 funding from these sources and the amounts anticipated are to be included in the Navajo Nation Comprehensive Budget.
e. General Wage Adjustment – a total of $3,019,319 from expected Personnel Lapse Saving funds will be allocated to General Fund programs who incurred FY’21 GWA expenses. This will help cover the FY’22 personnel costs to be absorbed by the programs.

Planning Allocations of General and Permanent Trust Fund

• The Budget and Finance Committee approved the FY’22 General Fund and Permanent Fund income planning allocations for the three branches and others as follows:

<table>
<thead>
<tr>
<th>Title</th>
<th>Allocation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Branch</td>
<td>$111,518,160</td>
<td>62.92%</td>
</tr>
<tr>
<td>Legislative Branch</td>
<td>$15,732,069</td>
<td>8.98%</td>
</tr>
<tr>
<td>Judicial Branch</td>
<td>$15,765,782</td>
<td>8.90%</td>
</tr>
<tr>
<td>Fixed Costs Programs</td>
<td>$18,013,778</td>
<td>10.17%</td>
</tr>
<tr>
<td>Chapters: Non‐Administrative</td>
<td>$12,675,211</td>
<td>7.15%</td>
</tr>
<tr>
<td>External Funds Cash Match</td>
<td>$3,500,000</td>
<td>1.98%</td>
</tr>
<tr>
<td>Total</td>
<td>$177,205,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Allocations of Other NN Funds

• Other Navajo Nation funds which are allocated for budgeting purposes through the Office of the Controller and Office of Management and Budget are as follows:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Cost Funds</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Fiduciary Funds *</td>
<td></td>
</tr>
<tr>
<td>Enterprise Funds</td>
<td>$11,471,000</td>
</tr>
<tr>
<td>Internal Service Funds</td>
<td>$75,326,800</td>
</tr>
<tr>
<td>Proprietary Funds *</td>
<td></td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>$11,797,968</td>
</tr>
<tr>
<td>Total</td>
<td>$129,456,768</td>
</tr>
</tbody>
</table>

Note: * Amounts not set as of 7/2/2021
**Significant Changes in the FY 22 BIM**

a. The fringe rate decreased from 46.56% to 43.38% for Regular Employees. For other types of employees, the rates also have changed. The new rates can be found in the Appendix E in the FY’22 BIM.

b. The general liability insurance rate has changed from $0.41 to 0.25 (decrease) per $100 of payroll (including the fringe benefit amount).

c. The property insurance rate has changed from $0.72 to $0.71 (decrease) per $1,000 value of the property to be insured. Contact the Risk Management program to determine how to insure program property. An Exposure Summary Packet issued by Risk Management will need to be completed and submitted to Risk Management for program property to be insured.

d. Workers Comp insurance will be assessed $0.72 per $100 of payroll (not including fringe benefits) for regular status employees. Chapter employees will be assessed $0.70 per $100 of payroll.

e. Some of the other rates have changed and the revised rates are in the FY’22 BIM. The respective offices who have responsibility for these rates can be contacted for more information, if necessary.

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**Significant Changes in the FY 22 BIM**

f. 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.

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**Budget Calendar – Key Dates**

<table>
<thead>
<tr>
<th>DATES</th>
<th>ACTIVITY</th>
<th>PERFORMED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 29</td>
<td>Approve the FY 2022 BIM, the budget calendar, revenue projections and Branch planning allocations.</td>
<td>BFC</td>
</tr>
<tr>
<td>July 2</td>
<td>Conduct budget orientation for NN Branches, Divisions and Programs.</td>
<td>OMB</td>
</tr>
<tr>
<td>July 3</td>
<td>Issue Division/Program planning allocations for program budget preparation. Branch Chiefs and Division Directors</td>
<td>OMB</td>
</tr>
<tr>
<td>July 13</td>
<td>Deadline to submit completed budget packages to OMB.</td>
<td>NN Programs</td>
</tr>
<tr>
<td>July 19-21</td>
<td>Branch Chiefs’ budget hearings; review and approve proposed Branch/Division/Program budgets.</td>
<td>OMB Programs/Divs</td>
</tr>
</tbody>
</table>
### Budget Calendar – Key Dates

<table>
<thead>
<tr>
<th>DATES</th>
<th>ACTIVITY</th>
<th>PERFORMED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 4-11</td>
<td>Conduct budget hearings and approve legislation recommending budget changes, if any.</td>
<td>NNC Oversight Committees</td>
</tr>
<tr>
<td>August 19-25</td>
<td>Budget hearings for review of Branch/Division budgets and Oversight Committees’ recommendations; BFC approves proposed legislation recommending the budget to the NN Council.</td>
<td>BFC</td>
</tr>
<tr>
<td>September 3</td>
<td>Review of Branch/Division budgets and forward the budget to NNC.</td>
<td>NABI</td>
</tr>
<tr>
<td>September 7-10</td>
<td>Conduct budget deliberations, approve the FY 22 NN Comprehensive Budget and adopt legislation.</td>
<td>NN Council</td>
</tr>
<tr>
<td>September 29</td>
<td>Act on NNC approved NN Comprehensive Budget and legislation.</td>
<td>NN President</td>
</tr>
</tbody>
</table>

### Budget Development Process

a. 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.

b. 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.

c. The prepared budgets goes through several reviews starting with the Branch Chiefs, then the oversight committees, and finally the BFC and Nabikiiyati Committee before it goes to the NNC for final approval.

d. 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 the NN President vetoes certain items in the budget, the NNC cannot override those.
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

a. Sample completed forms are provided by OMB for programs to use as a guide in preparing their budgets.
b. Written instructions are included with each budget form in the BIM for use in completing each form.
c. Use appropriate codes, rates, or schedules which are in the FY’22 BIM.
d. 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.
e. All budget amounts are to be entered in object codes at Level of Detail (LOD) 6, except for fringe benefits, which is at LOD 5. Other amounts are entered at LOD 4 and LOD 7 for other purposes which is shown on the sample budget forms.
f. Budget amounts must be rounded to the nearest whole dollar.
g. Enter consecutive page numbers on each and all budget forms completed in the spaces provided: ___of _____. This helps reviewers to identify which form to look at when it is being reviewed.

Preparing a Budget

a. Before any of the NN programs can start preparing budgets, the Branch Chiefs and the Division Directors will need to provide program planning allocations.
b. In addition, programs will need to pick up Budget Form 3 with their respective Dept. of Personnel Management, which lists the current positions that are funded for FY22. Spaces are provided for corrections, if needed, by the program would need to be resubmitted to their Personnel Office.
c. Branches, Division and Programs must submit completed budgets on July 13 to the OMB this year.
d. OMB instructions in this power point presentation focuses primarily on how to prepare a budget using sample, completed budget forms.
1. This form should be completed after the overall budget is completed on Budget Form 4 (and Budget Form 6) as this form is a summary of what has been budgeted as well as other related information.

2. This form serves as an overview of information about the program, the funding sources, budget summaries by major object codes and to compare the current year’s budget (as approved by the Navajo Nation Council) to the proposed year’s budget, including the number of positions and number of assigned vehicles that are funded.

3. In Part V, appropriate names and titles of the responsible persons are to be entered for the Program Manager and the Division Director or Branch Chief (or an appropriate, official representative). Program Managers are responsible for preparing the budget (without errors and omissions) and the Branch Chief or Division Director should primarily be aware of what is in the budget to evaluate periodically the progress of the programs for performance and spending levels during the fiscal year.

1. Performance budgeting is used as a factor in making budget decisions, including determining the funding level for a program, as well as to monitor program performance periodically.

2. Performance criteria information include goal statements for services provided primarily by NN programs. The results of these goal statements are reported to OMB each quarter to assess program performance and issue an overall performance report to the Branch Chiefs and Division Directors for their information.

3. Program performance scores are arrived at using a rating scale of 0 to 3, to indicate ‘Not Reporting (0), Not Met (1), Met (2) or Exceeding (3)’ established goals.
Budget Form 3
Listing of Positions and Assignments by Business Unit

1. Used for position and salary information for proposed positions to be funded, including new and temporary.
2. 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.
3. Budget Form 3 is used to correct or change any personnel/position data in the blank spaces in red ink. New positions budgeted should be added with the appropriate information for the position using the BIM.
4. Budget Form 3, with corrected information (if any), 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.
5. The revised Budget Form 3 with updated information should be included with the rest of the completed FY'22 budget forms to be submitted to OMB.
1. Budget Form 4 is used for displaying the proposed, detailed budget with justifications, including calculations for certain budgeted items.

2. Each proposed budgeted item at LOD (Level of Detail) 4, LOD 5 (fringe only), LOD 6 and LOD 7 (for justification and expenditure information) will be entered on this form. Use the Chart of Accounts in the BIM to enter budget amounts by object codes in the various columns on the form.

3. Use appropriate rates, codes and schedules to calculate certain costs such as fringe benefits, fleet user rates, personal travel, insurance premiums, etc.

4. To budget for assigned vehicles; list type of vehicle, class and appropriate use rate, including calculating the appropriate tax rate (6% for FY'22).

5. Column (A) is used to enter the LOD 6 object code number for each budgeted item with the object code description entered in Column (B).

Continued...

6. In Column (B), on the first line for each major object code group, enter the appropriate LOD 4 object code with its description and with a brief written justification. On the next line, under each LOD 4 entry, the LOD 6 object code description should be entered that corresponds to the object code number entered in Column (A).

7. On the third line, enter all the appropriate LOD 7 object code(s) and its description(s) which are part of the LOD 6 object code group previously entered. Entries at LOD 7 are amounts that the program will spend for each LOD 6 budget entry amount. For example, LOD 6 object code 3230 Personal Travel will have LOD 7 object codes 3240 for Per Diem, 3250 for Lodging, and 3260 for POM Mileage as well as the calculated expense for each.

8. Column (C) will show the amount only for each LOD 6 object code shown in Column (A). These LOD 6 amounts are entered into the FMIS to set up the account for each business unit or program.

9. Column (D) will show the sum or total of the LOD 6 object codes groups in Column (C) at the LOD 4 major object code series. These amounts will also be entered on Budget Form 1, Part III, Column (B). If these amounts do not agree, something is wrong and needs to be corrected.
<table>
<thead>
<tr>
<th>Object Code Description and Justification</th>
<th>Budget</th>
<th>Estimated Cost (Budget)</th>
<th>Estimated Cost (Actual)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 1</td>
<td>$1000</td>
<td>$990</td>
<td>$10</td>
<td>$990</td>
</tr>
<tr>
<td>Item 2</td>
<td>$2000</td>
<td>$1950</td>
<td>$50</td>
<td>$1950</td>
</tr>
<tr>
<td>Item 3</td>
<td>$3000</td>
<td>$2950</td>
<td>$50</td>
<td>$2950</td>
</tr>
<tr>
<td>Item 4</td>
<td>$4000</td>
<td>$3950</td>
<td>$50</td>
<td>$3950</td>
</tr>
</tbody>
</table>

**Notes:**
- Item 1: Detailed description of the cost and justification.
- Item 2: General description of the cost and justification.
- Item 3: More detailed description of the cost and justification.
- Item 4: Additional cost details and justification.
Budget Form 5

Summary of Changes to Budgeted Positions

1. Used to summarize changes to be made to existing personnel/position information such as Abolish, Layoff, Trans In, Trans Out, Cost Share, New, Prorate, and Reclassification.

2. Parts I: Is for entry of Program Information.

3. Part II: Is for entry of data or information in the columns using the written instructions for this form in the FY'22 BIM.

4. Any position/personnel which is cost shared with another program or business unit must provide information in the spaces on the position/personnel and also indicate which program or business unit the personnel cost is shared with and the amounts or percentage that are shared.
1. Provides information on recurring contracts and grants and, in some cases, on general funds for cash matching funds.

2. Part I – Shows Program information: Program Title, Contract/Grant No., funding period, account # and name of person completing form.

3. Part II – Purpose of Funding: SOW (deliverables); justify match fund request.

4. Part III – Budget information: By major cost items, amounts to compare budget on current and anticipated award(s) and difference.

5. Part IV – Information on FTEs and match fund ($/non$): CGS Contracting Officer must concur on match funding required.

6. Part V – Acknowledgement: preparer and approving official signs indicating information is complete and accurate.
Chapter Budgeting

a. The Administrative Service Centers of the DCD has budgetary responsibilities for assisting Navajo Nation chapters in preparing budgets, including financial monitoring, reporting, and performance.

b. Budget planning allocations 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 follow the same forms and instructions contained in the FY'22 BIM.

c. OMB also receives the allocation amounts from DCD and enters them into the FMIS during budget preparation.

d. Completed Chapter budgets are submitted to the ASCs and then to DCD for compiling the overall Division's budget for review by the Division Director, Branch Chief and the legislative oversight committee(s).

e. Upon processing the Chapter budgets along with the Division's overall budget through the Executive Branch and Legislative Branch reviews, the budgets are first presented to the NABI Committee and then to the NNC for approval.

f. Chapter are required to adhere to the appropriate budget policies, including those in Title 26 and the Five Management Systems.

Navajo Nation Grants

a. Grant funds are allocated to certain non-NN government entities in the form of general funds which are made available for a specific purpose.

b. The grants are subject to availability of funds.

c. The grants must meet requirements of the Appropriations Act at 12 NNC Section 810 (Q), 820 (F), (I), (M), (N), and (P); 850 (A), (B), (C) and (E). A copy of the Appropriations Act is displayed in the FY'22 BIM in the Reference section for information purposes.

d. Prospective grantees must follow the FY'22 BIM, including preparing and submitting budgets on NN budget forms and using the NN Chart of Accounts.

e. 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.
**BIM Appendices Information**

- The appendices to the FY 22 BIM have various useful information for budgeting purposes such as:
  - Chart of Accounts and Level of Detail (LOD) in Appendix A.
  - Listing of Classification Titles/Class Code/Assigned Pay Grade in Appendix C.
  - Salary Schedules in Appendix D.
  - Fringe Benefits Rates in Appendix E.
  - Vehicle Insurance Rates in Appendix F-1.
  - Fleet Management User Rates in Appendix F-2.

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**THE NAVAJO NATION**

**Office of Management and Budget (OMB)**

Temporary Location: Navajo Nation Museum/Library Building

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Window Rock, Arizona 86515

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