

RESOLUTION OF THE
NAVAJO NATION COUNCIL

22nd NAVAJO NATION COUNCIL -- First Year, 2011

AN ACTION

RELATING TO BUDGET AD FINANCE; LAW AND ORDER; NÁBIK' IYÁTI; AMENDING
NAVAJO NATION CODE TITLE 12, CHAPTER 7, APPROPRIATIONS, SECTION 820(L)
SUPPLEMENTAL APPROPRIATIONS

BE IT ENACTED:

Section One. Findings and Purpose.

The Navajo Nation hereby finds it to be in the best interest of the Navajo Nation and the Navajo People to amend the Navajo Nation Appropriations Act of Navajo Nation Code Title 12, Chapter 7 Appropriations, Section 820(L).

Section Two. Amendment of Navajo Nation Code Title 12, Chapter 7, Appropriation, Section 820

The Navajo Nation Council hereby amends Navajo Nation Code Title 12, Chapter 7, appropriations, Section 820(L), Supplemental Appropriations, as follows:

**TITLE 12, FISCAL MATTERS
CHAPTER 7. APPROPRIATIONS**

§ 820. Overall Budget policies

A. Comprehensive Budget. The Navajo Nation government shall operate pursuant to a Comprehensive Budget.

B. Budget Impact Analysis. All requests for appropriation of Navajo Nation funds shall be subject to budget impact analysis, which shall include, but not be limited to, needs and costs evaluations, based on objective criteria.

C. Long Term Fiscal Viability. The Navajo Nation shall prepare each annual budget to ensure the long-term ability to provide services at levels set by the Navajo Nation government.

D. Balanced Budget. The Navajo Nation budget shall balance revenues and expenditures. Appropriations may not exceed available revenues.

E. Recurring Operating Costs Paid from recurring Revenues. The Nation shall budget all recurring operating expenses including maintenance of capital facilities, from recurring revenues. Long-term debt shall not be used to finance recurring operating expenses.

F. Non-Recurring revenues. The Nation shall restrict non-recurring revenues to budget non-recurring expenditures. In addition, non-recurring revenues will be budgeted only after an examination by the Controller to determine whether or not the revenue are subsidizing an imbalance between recurring revenues and expenditures, and expenditure may be authorized only if a long-term (three-to-five year) forecast shows that the operating deficit will not continue. Otherwise, non-recurring revenues will be added to the Unreserved, Undesignated Fund balance. This provision may be amended or waived only by a two-third (2/3) vote of the full Council.

G. Matching requirements. Funds appropriated to match funds from external sources shall be maintained in separate accounts administered by the Controller. If matching Funds are not obtained from the external sources, the appropriated funds shall revert to the unreserved, undesignated Fund balance.

H. Long-Term Debt. Annual debt service for long-term debt shall not exceed eight percent (8%) of annual recurring revenue and long-term debt shall not be authorized until the impact of annual debt service on the annual operating budget, including sinking fund contributions, has been analyzed and a determination has been made that debt service payments are in compliance with this Section.

I. Capital Budget. Development of the Capital Budget shall be coordinated with development of the Operating Budget. All budget request for capital improvement shall be in compliance with an adopted Capital Improvement Plan and shall not be approved unless in compliance with the plan.

J. Establishment of Reserves. For the General Fund, the Minimum Fund balance of Unreserved, Undesignated Fund balance shall be maintained at not less than ten percent (10%) of the Navajo Nation's General Fund Operating Budget for the prior fiscal year, excluding expenditures for Capital Improvement projects as determined by the Controller. The Minimum Fund balance may be amended only by two-thirds (2/3) vote of the full membership of the Navajo Nation Council. The Controller shall keep the Office of the President, the Office of the Speaker and the Budget and Finance Committee of the Navajo Nation Council advised at least quarterly as to the status of the Minimum Fund balance for Unreserved, Undesignated Fund balance. Further, Unreserved, Undesignated Fund balance shall not be utilized for funding recurring expenditures or operations of the Navajo Nation government.

K. Receipt of Additional revenues. Funds received in excess of the initial or current revenue projection shall be deposited into the General Fund Unreserved, Undesignated Fund balance unless otherwise designed by the Navajo Nation Council.

L. Supplemental Appropriations. The Navajo Nation Council may adopt and approve supplemental appropriations to the Annual Comprehensive Budget during the fiscal year. Supplemental appropriations of General Funds within the current fiscal year are permitted, (1) if and when additional sources of revenues above and beyond the initial or current revenue projections are projected and which are also in excess of the reserve amount set forth at § 820(J) or (2) when the Unreserved, Undesignated Fund balance is in excess of the reserve amount set forth at § 820(J). Upon notification from the Controller of additional projected funds or when the Unreserved, undesignated Fund balance is in excess of the reserve amount set forth at § 820(J), the Budget and Finance Committee may convene budget hearings for the purpose of hearing and considering requests for supplemental appropriations. Supplemental appropriations to programs or activities with approved fiscal year operating budget must be supported by additional recurring revenues for the same fiscal year. The Budget and Finance Committee, at the recommendation of the respective oversight committee(s), may recommend supplemental appropriations to the Navajo Nation Council. Supplemental appropriations made from non-recurring revenues shall only be made for non-recurring operations or purposes, as set forth at § 820(F). The Controller of the Navajo Nation shall be responsible for designating recurring and non-recurring revenues and purposes.

M. Office of Management and Budget. The Office of Management and Budget, as authorized by its Plan of Operation as amended, shall be responsible for consolidation and preparation of all phases of the Navajo Nation budget. The Office shall coordinate the overall preparation, adoption and implementation of both the annual operating and capital budgets of the Navajo Nation. All requests for annual operating funds and supplemental funds shall be submitted to the Office of Management and Budget for budget impact analysis and other appropriate action.

N. Appropriations Lapse. Appropriations approved by the Navajo Nation Council will lapse at the end of the fiscal year unless otherwise designated by the Navajo Nation Council. Appropriations to the chapters of the Navajo Nation shall not lapse at the end of the fiscal year provided that the chapters shall budget those funds in the subsequent fiscal year in accordance with the purposes and conditions originally set forth by the Navajo Nation Council in its appropriations.

O. Distributions to Chapter. Where not otherwise prohibited by existing law, any appropriation intended for distribution to all chapters of the Navajo Nation shall be allocated as follows: fifty percent (50%) of the appropriation shall be divided equally among all chapters and the remaining fifty percent (50%) shall be divided proportionately among the chapters using a percentage equal to that figure which the number of registered votes in each chapter bears to the whole of registered Navajo Nation voters as determined by the most current voter registration figure available as of the date of the appropriation.

P. The Navajo Nation Grants. Any entity of the Navajo Nation requesting a grant from the Navajo Nation through the submission of a budget request shall first meet the following requirements:

1. The program receiving the grant shall have an approved plan of operation;
2. The budget request shall be a part of a recommended division or branch budget.
3. The respective oversight committee for the division or branch shall have made an affirmative recommendation on the request.

Q. Local Government Funds are used to address the improvement needs of the local governments that may consist of, but are not limited to, house wiring and bathroom additions. An amount equal to the actual cost of proposed projects but not to exceed twenty-five (25%) of that year's capital improvement appropriation will be appropriated into the Local Government funds for these projects. Additional amounts may be appropriated from time to time or may be obtained from other sources.

Section Three. Effective Date

The amendments enacted herein shall be effective pursuant to 2 N.N.C. §221(B).

Section Four. Codification

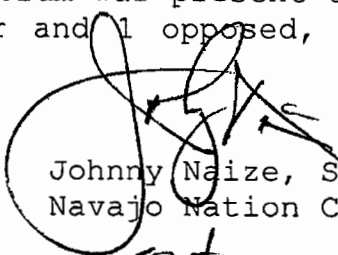
The provisions of the Act which amend or adopt new sections of the Navajo Nation Code shall be codified by the Office of Legislative Counsel. The Office of Legislative Counsel shall incorporate such amended provisions in the next codification of the Navajo Nation Code.

Section Five. Saving Clause

Should any provision of this Act be determined invalid by the Navajo Nation Supreme Court, or the District Courts of the Navajo Nation without appeal to the Navajo Nation Supreme Court, those provisions of the Act which are not determined invalid shall remain the law of the Navajo Nation.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 13 in favor and 1 opposed, this 19th day of October 2011.


Johnny Naize, Speaker
Navajo Nation Council

Oct 26, 11

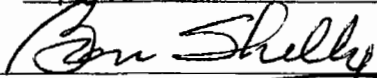
Date

Motion: Edmund Yazzie

Second: Jonathan Nez

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (10), on this 4th day of November 2011.



Ben Shelly, President
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this _____ day of _____ 2011 for the reason(s) expressed in the attached letter to the Speaker.

Ben Shelly, President
Navajo Nation