



UNITED STATES GOVERNMENT
OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

Christopher J. Bavasi
Executive Director

November 9, 2023

Office of Management and Budget
725 17th St NW, Rm 8223
Washington DC 20503

Dear OMB,

The mission of the Office of Navajo and Hopi Indian Relocation is to provide quality services to eligible households and other impacted by the Relocation Act, in such a way that our clients have the opportunity to re-establish their lives in a positive and productive manner.

The Office is organized as a separate agency reporting directly to the President of the United States. This makes the Office part of the Executive Branch, with oversight provided by both the Office of Management and Budget and various Congressional committees.

Our goal has always been to assure that all relocation activities that are conducted by the Office are consistent with the intent of Congress and the Executive Branch, as expressed in the Navajo-Hopi Settlement Act (PL93-531) and the Navajo and Hopi Indian Relocation Amendments Acts (PL96-305). Our program includes eligibility determination, necessary family counseling assistance, acquisition of decent, safe, and sanitary replacement housing, disposal of abandoned property, and other activities associated with the relocation of the affected families. As of 10/31/23, out of 7,184 applications, the Office has certified 3,844 families for relocation benefits and denied 3,340 others. Of those certified, we have moved 3,710, closed cases on 127 families that, for various reasons, could not move, and currently have signed housing contracts with 2 families with 5 certified families left to move. At this time, all appeals have been heard by our Hearing Officer.

Over the years, some of the denied applicants have taken their cases to the US District Court for the District of Arizona after completing the administrative appeal process, and some of these have had their denials reversed. When this has happened, the Office has had to determine if the District Court's decision requires changes in our standards or procedures for evaluating Applications. We have not had to make any such changes in FY2023. There are currently 9 pending cases in the District Court for the District of Arizona under the Administrative Procedure Act (APA) challenging ONHIR decisions denying Relocation Benefits. There is one case in the Court of Federal Claims brought by the Navajo Nation against the U.S. Government challenging ONHIR's alleged acts and omissions seeking \$40,000,000 and injunctive relief.

In FY2023, our agency had both qualitative and quantitative goals:

Qualitative Goals:

a) *There will be a constant application of equal opportunity to all staff, and managers or team leaders will be informed of their EEO/AA responsibilities.* During FY2023, there were no complaints filed by staff. The Office has established a Policy on Reasonable Accommodation, to assure full access to equal employment opportunity. All staff members received EEO Anti-Harassment training, No-Fear Training, How to File an EEOC Grievance Training, Computer Security Awareness training, as well as training on Ethics for Federal Employees. In addition, all justifiable requests for employee job training were approved.

b) *There will be no violations of the Anti-Deficiency Act.* There were no such violations during FY2023.

c) *The mission of the agency will be executed using sound business practices, considering the interest of the general public as well as the clients of the agency.* Several examples of managerial efficiency during FY2023 are: there were sufficient resources used in FY2023 to continue the relocation program without delays; management was able to reduce some administrative expenses to be able to reach the goal for client moves; the program staff is required to measure client satisfaction by regular and recurring client contact, and there were no formal complaints received from clients or other outsiders during this period.

Quantitative Goals:

The Office will move 4 families. There were 2 moves in FY2023. The total to be moved during FY2024 is now at 5.

In accordance with the Federal Managers' Financial Integrity Act (FMFIA), the Office has established a system of managerial and financial internal controls. The Office can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2023, was operating effectively. The contents of the reports attached, therefore, may be relied upon by staff as well as external viewers. As the need arises, improvements are made in both managerial and financial controls. Presently, the Interior Business Center has taken over accounting procedures for ONHIR.

Sincerely,



Christopher J. Bavasi
Executive Director

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

ANNUAL PERFORMANCE REPORT

For the Fiscal Year 2023

GOALS:

1.e Performance Goals and Indicators - The specific performance goal to be attained in FY2023e by the Office is to move 4 clients that are already certified, or may be certified by the court processes, consistent with PL93-531 and the Navajo and Hopi Indian Relocation Amendmentse Acts, PL96-305.e

2.e Resources Needed to Meet Goals - To move 4 clients, the Office will use the Relocatione Program staff to counsel clients, secure homesites on the Navajo reservation, dispose ofe abandoned property on the former Joint Use Area, and acquire replacement housing either through new construction or purchase of resale homes, on or off reservation.e

The New Lands staff will provide services, such as fence-building, water-line and windmill maintenance, biological counseling in range and herd management, and other personal services to relocatees in the New Lands area.

The remaining Administrative staff will support these two programs in the areas of Contracting, Information Systems, Policies & Personnel, and Finance.

To accomplish all these various duties, the Office will have an FTE of 18 for FY2023 allocated by OMB. Funds to carry out the required work will come from use of carryover funds from FY2022.

3.e Verification and Validation of the Plan - The means used to verify and validate the actuale performance of the Office will, first and foremost, be a tally of the actual cases closed during thee fiscal year, as well as a scrutiny of the list of clients awaiting relocation.e

RESULTS:

For FY2023, the Office did not receive an appropriation from Congress but had \$15.8M in carryover funds from FY2022 available. The Office signed 2 relocation contracts during FY2023, and there are only 5 clients left to move in FY2024.

AREAS FOR IMPROVEMENT:

Clients who are relocating to the Navajo Reservation must have a homesite lease from the Navajo Nation approved by the Bureau of Indian Affairs (BIA) for the area where they plan to move, move into a Navajo Housing Authority subdivision, or move into an available lot in a subdivision built by the Office. Without a current homesite lease, a client could also move off reservation. These restrictions on where someone may move could be a problem for some

clients. Since, however, there are only 5 left to move, the Office can be creative in finding solutions to individual problems.

To speed up our entire housing process, our housing specialists have been instructed by the Executive Director to help their clients in any way they can to facilitate client moves. This may involve anything from helping the clients obtain necessary documentation to transporting them to appointments with various Navajo Nation departments.

MANAGEMENT DISCUSSION AND ANALYSIS

The mission of the Office of Navajo and Hopi Indian Relocation is to provide quality services to eligible households and others impacted by the Relocation Act, in such a way that our clients have the opportunity to re-establish their lives in a positive and productive manner.

The Office is organized as a separate agency reporting directly to the President of the United States. This makes the Office part of the Executive Branch, with oversight provided by both the Office of Management and Budget and various Congressional committees.

Our goal has always been to ensure that all relocation activities that the Office conducts are consistent with the intent of Congress and the Executive Branch, as expressed in the Navajo-Hopi Settlement Act, PL93-531, and the Navajo and Hopi Indian Relocation Amendments Acts, PL96-305. Our program includes eligibility determination, necessary family counseling assistance, acquisition of decent, safe, and sanitary replacement housing, disposal of abandoned property, and other activities associated with the relocation of the affected families. As of 10/31/23, out of 3,844 families certified for relocation benefits, only 5 clients remain to sign contracts.

Over the years, some denied applicants have taken their cases to the U.S. District Court for the District of Arizona after completing the internal administrative appeal process, and some of these have had their denials reversed. When this has happened, the Office has had to determine if the District Court's decision would require changes in our standards or procedures for evaluating Applications. There have been no decisions by the U.S. District Court in FY2023 that would require changes in our business procedures. There are currently 9 appeals that are at the US District Court for the District of Arizona. There is one case in the Court of Federal Claims brought by the Navajo Nation against the U.S. Government challenging ONHIR's alleged acts and omissions, seeking \$40,000,000 and injunctive relief.

During FY2023, our financial statements show that there have been no major changes in the types or amounts of assets, liabilities, costs, obligations, and outlays. The financial statements have been prepared from the books and records of the Office in accordance with GAAP for Federal entities and formats prescribed by OMB. They are in addition to the financial reports used to monitor and control budgetary resources. There has been no audit of the financial records since FY2017, but DOI (through IBC) has taken over the accounting procedures for ONHIR.

CFO Letter

The Office of Navajo and Hopi Indian Relocation has had a financial audit every year starting in FY1995 through FY2017, per requirements of the Federal Managers' Financial Integrity Act. The Office has always received a clean opinion, with no material weaknesses or significant deficiencies. During FY2021, ONHIR began transitioning financial procedures to DOI via the Interior Business Center (IBC). IBC has been responsible for all payments made since May 2021 and has created a new financial system for ONHIR under Oracle, which is the company IBC uses for all its other financial clients. IBC has taken over all accounting procedures as of 10/1/2022, including preparing financial statements.

One particular area that OMB has asked all agencies for reassurance on is that appropriate policies and controls are in place to mitigate the risk of fraud and inappropriate charge card practices. The Office has only 18 employees currently, so examining all travel and purchase card statements closely is a monthly practice performed by the CFO. There were no improper purchases during F2023, but any improper purchases would be dealt with immediately. The volume of purchases on these cards was about \$151,000 in FY2023, which is well below the \$10 million reporting requirement.

As any other problems arise, the small size of the Office makes it somewhat easy to find solutions that are both efficient and practical while still maintaining sound internal controls.



Nancy L. Thomas

11/09/2023

**Office of Navajo & Hopi Indian Relocation
Balance Sheet
As of September 30, 2023 and 2022
(in dollars)**

	<u>2023</u>	<u>2022</u>
Fund Balance with Treasury (Note 3) (RC 40)		
Fund Balance With Treasury	\$ 10,059,978	\$ 15,866,900
Total Intra-governmental	<u>10,059,978</u>	<u>15,866,900</u>
Total assets	<u>\$ 10,059,978</u>	<u>\$ 15,866,900</u>
This line is calculated. Equals sum of lines 7 and 18.		
Accounts payable	6,264	5,547
Accounts Payable	6,264	5,547
Employer Contributions and Payroll Taxes Payable	12,146	-
Unfunded Leave	601,504	585,414
Accrued Funded Payroll and Leave	35,314	45,201
Total other than intra-governmental/with the public	<u>655,228</u>	<u>636,162</u>
Total liabilities	<u>\$ 655,228</u>	<u>\$ 636,162</u>
Unexpended appropriations - Funds from other than Dedicated Collections	10,006,254	15,816,152
Unexpended Appropriations - Cumulative	15,816,152	25,215,395
Unexpended Appropriations - Used - Accrued	(5,809,898)	(9,399,243)
Cumulative results of operations - Funds from Dedicated Collections (Note 20)	(601,504)	(585,414)
Cumulative results of operations - Funds from other than Dedicated Collections	(601,504)	(585,414)
Cumulative Results of Operations	(585,414)	(4,282,138)

Expended Appropriations - Used - Accrued	5,809,898	9,399,243
Operating Expenses/Program Costs	(5,234,358)	(5,701,961)
Other Interest Expenses	(7)	-
Benefit Expense	(575,533)	(558)
Future Funded Expenses	(16,090)	-
Total net position	\$ 9,404,750	15,230,738
Total liabilities and net position	\$ 10,059,978	\$ 15,866,900

The accompanying notes are an integral part of these statements.

Office of Navajo & Hopi Indian Relocation
Statement of Net Cost
For the Years Ended September 30, 2023 and 2022
(in dollars)

Gross Program Costs (Note 21):

Program A:

	<u>2023</u>	<u>2022</u>
Gross costs	\$ 5,825,988	\$ 5,702,519
Operating Expenses/Program Costs	5,234,358	5,701,961
Other Interest Expenses	7	-
Benefit Expense	575,533	558
Future Funded Expenses	16,090	-
Net cost of operations	<u>\$ 5,825,988</u>	<u>\$ 5,702,519</u>
Net cost of operations	575,533	529,413

The accompanying notes are an integral part of these statements.

Office of Navajo & Hopi Indian Relocation
Statement of Changes in Net Position
For the Years Ended September 30, 2023 and 2022
(in dollars)

	<u>2023</u>	<u>2022</u>
Unexpended Appropriations:		
1 Beginning Balance	\$ 15,816,152	\$ 25,215,395
1 Unexpended Appropriations - Cumulative	\$ 15,816,152	25,215,395
3 Beginning balance, as adjusted	<u>\$ 15,816,152</u>	<u>25,215,395</u>
7 Appropriations used	\$ (5,809,898)	(9,399,243)
7 Unexpended Appropriations - Used - Accrued	\$ (5,809,898)	(9,399,243)
7 Unexpended Appropriations - Used - Disbursed	\$ -	
8 Net Change in Unexpended Appropriations	<u>\$ (5,809,898)</u>	<u>(9,399,243)</u>
9 Total Unexpended Appropriations - Ending	\$ 10,006,254	\$ 15,816,152
Cumulative Results of Operations:		
10 Beginning Balances	\$ (585,414)	\$ (4,282,138)
10 Cumulative Results of Operations	<u>\$ (585,414)</u>	<u>\$ (4,282,138)</u>
12 Beginning balances, as adjusted	\$ (585,414)	\$ (4,282,138)
14 Appropriations used	\$ 5,809,898	\$ 9,399,243
14 Expended Appropriations - Used - Accrued	<u>\$ 5,809,898</u>	<u>\$ 9,399,243</u>
21 Net Cost of Operations	\$ (5,825,988)	\$ (5,702,519)
22 Net Change in Cumulative Results of Operations	<u>\$ (16,090)</u>	<u>\$ 3,696,723.55</u>
23 Cumulative Results of Operations - Ending	\$ (601,504)	\$ (585,414)
24 Net Position	\$ 9,404,750	\$ 15,230,738

The accompanying notes are an integral part of these statements.

Office of Navajo & Hopi Indian Relocation
Statement of Budgetary Resources
For the Years Ended September 30, 2023 and 2022
(in dollars)

		<u>2023</u>	<u>2022</u>
	Budgetary resources:		
1071*	Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 25)	15,626,370	20,724,673
1290*	Appropriations (discretionary and mandatory)	-	-
1490*	Borrowing authority (discretionary and mandatory)	-	-
1690*	Contract authority (discretionary and mandatory)	-	-
1890* ^t	Spending authority from offsetting collections (discretionary and	-	-
1910	Total budgetary resources	<u><u>\$ 15,626,370</u></u>	<u><u>\$ 20,724,673</u></u>
	This line is calculated. Equals sum of SBR lines 1071, 1290, 1490, 1690, and 1890.		
	Status of Budgetary Resources:		
2190	New obligations and upward adjustments (total)	6,251,243	5,225,559
	Unobligated balance, end of year:		
2204*	Apportioned, unexpired account	9,375,127	14,580,943
2304	Exempt from apportionment, unexpired accounts	-	-
2405	Unapportioned, unexpired accounts	-	918,171
2412	Unexpired unobligated balance, end of year	<u>9,375,127</u>	<u>15,499,114</u>
2413	Expired unobligated balance, end of year	<u>-</u>	<u>-</u>
2490	Unobligated balance, end of year (total)	<u>9,375,127</u>	<u>15,499,114</u>
2500	Total budgetary resources	<u><u>\$ 15,626,370</u></u>	<u><u>\$ 20,724,673</u></u>
	This line is calculated. Equals sum of SBR lines 2190 and 2490.		
	Outlays, Net and Disbursements, Net		
4190	Outlays, net (total) (discretionary and mandatory)	<u><u>\$ 5,806,922</u></u>	<u><u>5,456,150</u></u>

FOOTNOTES AND ADDITIONAL INFORMATION:

*Represents a line number that is unique to the SBR. Further information on the description and composition of these lines can be found in OMB Circular A-11, Appendix F. The accompanying notes are an integral part of these statements.

Office of Navajo and Hopi Indian Relocation

NOTES TO FINANCIAL STATEMENTS

Years ended September 30, 2023, and 2022

Note 1 – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The Office of Navajo and Hopi Indian Relocation (ONHIR) was established pursuant to 25 USC640d-11 in 1974 as part of the Executive Branch of the federal government. ONHIR was tasked with developing a relocation plan to relocate members of the Navajo Nation residing within the area partitioned to The Hopi Tribe, and members of The Hopi Tribe residing within the area partitioned to the Navajo Nation, and to carry out the directed relocation as promptly and fairly as possible, with a minimum of hardship and discomfort to the relocatee. In order to accomplish its mission, ONHIR was allowed to acquire 400,000 acres of land to be held in trust for the Navajo Nation.

The financial statements of ONHIR have been prepared in conformity with the U.S. generally accepted accounting principles as applied to federal government departments and agencies. The Federal Accounting Standards Advisory Board (FASAB) is the accepted standard setting body establishing governmental accounting and financial reporting principles. The more significant of ONHIR's accounting policies are described below.

Recognition of Financing Sources

The entire fund balance with Treasury derives from appropriated funds. This balance is reported under entity assets as ONHIR has full access to these funds and has the authority to decide how these funds are used.

Property and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives based upon federal government fixed assets schedules ranging between two and eight years on a straight-line basis. Maintenance and repairs are charged to operations when obligated. Betterments and renewals are capitalized. The capitalization threshold for ONHIR is \$1,000. These assets are available for unrestricted use.

As a branch of the federal government, upon completion of the objectives of ONHIR, all property and equipment will remain the property of the United States government.

Retirement Plans

Employees hired by ONHIR prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS), to which ONHIR makes contributions of seven percent (7%) of employee gross wages. ONHIR not report CSRS assets or accumulated plan benefits, as the reporting requirements are the responsibility of the US Office of Personnel Management.

Note 1 – Summary of Significant Accounting Policies – Continued

Employees hired by ONHIR subsequent to January 1, 1984, participate in the Federal Employees Retirement System (FERS). FERS went into effect on January 1, 1984, pursuant to Public Law 99-335. One feature of FERS is that it offers the TSP savings plan whereby ONHIR automatically contributes one percent (1%) of gross wages and matches any employee's contributions up to an additional four percent (4%).

Note 2 – Accounting Estimates

Preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Funds Balance with Treasury

The Department of the Treasury (Treasury) performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the ONHIR to draw down funds from Treasury for expenses and liabilities.

The status of the fund balance is classified as unobligated available, unobligated unavailable, or obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in the current year of operations. Unavailable unobligated balances are not available to fund new obligations because they are expired, they must be re-apportioned, or their use has been permanently or temporarily restricted. The obligated, but not yet disbursed, balance represents amounts designated for payment of goods and services ordered but not yet received, or goods and services received, but for which payment has not yet been made.

The Status of Fund Balance with Treasury as of September 30, 2023, and September 30, 2022, consists of the following:

<u>Status of Funds</u>	<u>FY 2023</u>	<u>FY 2022</u>
Unobligated balance:		
Available	\$ 9,375,127	\$ 15,499,114
Unavailable	-	-
Obligated balance not yet disbursed	684,851	367,786
Non-budgetary Fund Balance with Treasury	-	-
Totals	\$ 10,059,978	\$ 15,866,900

Note 4 – Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources represent amounts owed in excess of available congressionally appropriated funds or other amounts.

Liabilities not covered by budgetary resources as of September 30, 2023, and September 30, 2022, are shown in the following table:

	FY 2023	FY 2022
A.e Intragovernmentale:		
(1)eAccounts payablee	\$ -	\$ -
Total Intragovernmentale	-	-
B.e Accounts payable (Public)e	6,264	5,547
C.e Employer Contributions and Payroll Taxese Payablee	12,146	-
D.e Unfunded Leavee	601,504	585,414
E.e Accrued Funded Payroll and Leavee	35,314	45,201
Total liabilities not covered by budgetary resources	\$ 601,504	\$ 585,414
Total liabilities covered by budgetary resources	53,724	50,748
Total liabilities not requiring budgetary resources	-	-
Total liabilities	\$ 655,228	\$ 636,162

Note 5: Other Liabilities

ONHIR must disclose intragovernmental and other than intragovernmental Other Liabilities separately and provide other information necessary to understand the nature of Other Liabilities. ONHIR's other liabilities consist of only accrued funded payroll and leave.

	FY 2023	FY 2022
Accrued Funded Payroll and Leave	\$ 35,314	45,201
Total Other Liabilities	\$ 35,314	\$ 45,201

Note 6: Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by ONHIR during Fiscal Year 2023 or Fiscal Year 2022 that have not had delivery of required product or service as of September 30, 2023 or 2022, respectively. It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during Fiscal Year 2023 or Fiscal Year 2022.

	FY 2023	FY 2022
Unpaid:		
Federal	76,035	51,630
Non-Federal	608,816	316,156
Paid:		
Federal	1,075,398	-
Non-Federal	4,731,524	5,456,150
Totals	\$ 6,491,773	\$ 5,823,936

Note 7 - Explanation of Differences between the SBR and The Budget of the US Government

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include FY23 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2024 and can be found at the OMB website: <http://www.whitehouse.gov/omb>. The 2023 Budget of the United States Government, with the actual column completed for 2022, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

Note 8 – Budget and Accrual Reconciliation

The Budget and Accrual Reconciliation (BAR) requires a reconciliation of the new outlays on a budgetary basis and the net cost of operations during the period.

**Office of Navajo & Hopi Indian Relocation
As of September 30, 2023
(in dollars)**

**Budget and Accrual Reconciliation
For the period ended September 30, 2023**

	Intragovernmental	With the Public	Total FY2023
Net Operating Cost (SNC)	\$ 454,726	\$ 5,371,262	\$ 5,825,988
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	-	(717)	(717)
Salaries and benefits	-	(2,259)	(2,259)
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	-	(16,090)	(16,090)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ -	\$ (19,066)	\$ (19,066)
Net Outlays (Calculated Total)	\$ 454,726	\$ 5,352,196	\$ 5,806,922
Agency Outlays, Net (SBR Line 4210)			\$ 5,806,922 (0)

For the period ended September 30, 2022

	Intragovernmental	With the Public	Total FY2022
Net Operating Cost (SNC)	\$ -	\$ 5,702,519	\$ 5,702,519
Other assets	-	(2,558)	(2,558)
(Increase)/Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	-	(5,547)	(5,547)
Salaries and benefits	-	83,934	83,934
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	-	(322,198)	(322,198)
Other financing sources		-	-
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ -	\$ (246,369)	\$ (246,369)
Net Outlays (Calculated Total)	\$ -	\$ 5,456,150	\$ 5,456,150
Agency Outlays, Net (SBR Line 4210)			\$ 5,456,150 \$ -