

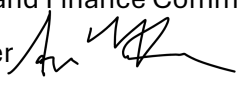


NAVAJO NATION
OFFICE OF THE CONTROLLER

Memorandum

Date: March 31, 2026

To: Honorable Buu Nygren, President Office of the President/Vice President
 Honorable Crystalyne Curley, Speaker Legislative Branch
 Honorable JoAnne Jayne, Chief Justice Judicial Branch
 Members of the 25th Navajo Nation Council Budget and Finance Committee

From: Sean McCabe CPA, Contoller Office of the Contoller 

Subject: Initial Fiscal Year 2027-General Fund Revenue Projection

Ya'at'eeh shi'nata'anii,

Please find attached the Initial Fiscal Year 2027 General Fund Revenue Projection for FY 2027. The Navajo Nation Office of the Controller collaborated with The Navajo Nation Minerals Department, and the Navajo Nation Tax Commission to present the attached revenue projections. In addition, we collaborated with other entities along with the Investment section of the Office of the Controller to consider market factors in relation to our projection.

Based on all factors mentioned above we project the Navajo Nation gross revenue (both recurring and non-recurring) to be \$301.5 million for the fiscal year 2027, (see attached **EXHIBIT A**). After legislative set-asides of \$83.3 million, we project Net Total General Fund Revenues of \$218.2 million to be available for the fiscal year 2027 budget.

	(\$1 = \$100)	
	Recurring	Total
Total Gross Recurring/Non-recurring Revenue:	\$ 301,503	\$ 301,503
	301,503	301,503
:less Total Set-aside	(83,301)	(83,301)
NET TOTAL GENERAL FUND	\$ 218,202	\$ 218,202

EXHIBIT B presents a historical look of audited and unaudited actual revenues recorded by the Navajo Nation. This was used to analyze the reasonableness of the FY 2027 projections. The Controller concluded that based on the analysis the projections for FY 2027 are reasonable.



General Revenues

Based on our collaboration with the Navajo Tax Commission, we estimate \$64.9 million in overall tax revenues for Fiscal Year 2027, which is a \$1.0 million or 1.64% increase from the Fiscal Year 2026 revenue projection of \$63.9 million.

Our oil and gas revenue estimates were based on a combination of sources including U.S. Energy Information Administration (EIA), NYMEX, Federal valuation regulations and oil contract prices. The expected revenue projection for fiscal year 2027 is \$26.0 million which is a decrease of \$709k or - 2.66% from the \$26.7 million for 2026.

Our coal revenue estimate is based on information collected from the Navajo Transitional Energy Company (NTEC), coal production and sales projections by the Minerals Department. The projected Coal revenue for fiscal year 2027 of \$39.6 million is a \$4.5 million or 12.86% increase above the 2026 projection of \$35,0 million.

Our land rental, rights of way and business site lease income is projected at \$81.2 million which represents a \$464k or -.057% percent decrease from the 2026 projection of \$81.7 million.

Investment Income

For projected investment income available for the fiscal year 2027 budget, we considered several market factors and advisement from our investment managers. The General Fund currently holds approximately \$630.8 million in in-house investments and \$306.0 million in long-term investments. Under the existing sub-policy, long-term investments are allocated 90% to domestic fixed income and 10% to bank loans, and the portfolio is currently positioned near its target allocation.

To establish a realistic starting point for FY27, a lagged return framework was applied to the reallocated assets. Expected returns were developed using RVK's FY26 Capital Market Assumptions and refined using manager-level performance and risk characteristics. Based on this approach, the long-term investment portfolio is projected to generate approximately \$27.0 million in investment income, representing an expected return of 4.36%.

The remaining in-house investments are maintained for liquidity purposes and invested in short-duration instruments (one year and under). Given the evolving rate environment, we adjusted assumptions downward, using a 3.25% return for in-house investments and 3.00% for money market exposure for FY27. These revised assumptions reflect expectations for fewer rate cuts alongside continued macroeconomic uncertainty. Under this framework, the in-house portfolio is projected to generate approximately \$12.6 million in investment income representing an expected return of 3.80%.

In total, the General Fund portfolio is projected to generate approximately \$39.7 million in investment income for FY27. In addition, the Grant Fund portfolio currently maintains a principal balance of approximately \$1.38 billion as of February 28, 2026. The portfolio is conservatively managed within the in-house investment program, with allocations limited to U.S. Treasuries,



agency securities, and government money market funds. Applying the same revised rate assumptions, the Grant Fund is expected to generate approximately \$45.0 million in investment income, representing an estimated return of 3.26%.

While the Grant Fund is maintained as a separate portfolio, its investment income is recorded as part of General Fund revenue. As such, incorporating its contribution results in a total projected investment income of approximately \$84.7 million attributable to the General Fund for FY27.

Overall, the investment strategy remains aligned with portfolio objectives. The General Fund balances income generation with prudent risk management through a diversified fixed income allocation, while the Grant Fund maintains a conservative posture focused on liquidity and capital preservation. The combined outlook reflects stable fixed income conditions and a disciplined approach to managing interest rate uncertainty. The types of financial vehicles within our portfolio that contribute to our investment revenue projection are money market accounts, commercial paper and bonds.

Other

The new amount for the Higher Education set aside of \$19,000,000 is utilized for Fiscal Year 2027 which was authorized by CJA-14-26. This is the second year for the 2% Remediation Fund which was authorized by CO-49-24. Also of note is the Forest Carbon Enterprise Fund which received \$5.065 million in March 2026 and is expected to generate \$5.542 million in Fiscal year 2027. Of which the General Fund will receive 70% (\$3.979 million) which is authorized by BFD-48-22.

Our projections are based upon the best available information at the time of this report. Due to the volatile nature of oil and gas prices, coal pricing and production, interest rates and market conditions, this revenue projection is subject to change, and we recommend a quarterly review of actual revenues and amend the budget as needed.

If there are any questions, please reach me at sean.mccabe@navajo-nsn.gov or (928) 871- 6308.

Cc: File



THE NAVAJO NATION
INITIAL GENERAL FUND REVENUE FY 2027 BUDGET

EXHIBIT A

(\$1 = \$1,000)

Revenue Source	ACTUAL				Projection of Recurring Revenues		
	Year Ended 9/30/2022	Year Ended 9/30/2023	Year Ended 9/30/2024	Year Ended 9/30/2025	Year Ended 9/30/2026	Year Ended 9/30/2027	Year Ended 9/30/2028
Oil & Gas	\$ 27,919	\$ 43,667	\$ 39,509	\$ 32,989	\$ 26,688	\$ 25,979	\$ 25,979
Coal	\$ 28,835	\$ 34,303	\$ 37,298	\$ 35,081	\$ 35,081	\$ 39,594	\$ 39,594
Taxes (PIT, BAT, Oil & Gas Sev.)	\$ 55,154	\$ 55,664	\$ 64,086	\$ 67,816	\$ 63,876	\$ 64,925	\$ 63,876
Investment Income	\$ 4,000	\$ 4,200	\$ 92,778	\$ 25,745	\$ 77,000	\$ 84,686	\$ 55,000
Land Rentals, ROW, Bus. Sites	\$ 70,165	\$ 74,818	\$ 75,412	\$ 79,623	\$ 81,694	\$ 81,230	\$ 71,568
Court Fines Fees	\$ 500	\$ 450	\$ 401	\$ 400	\$ 410	\$ 410	\$ 400
Other - Misc. Revenue	\$ 750	\$ 700	\$ 3,211	\$ 800	\$ 800	\$ 4,679	\$ 4,939
TOTAL GROSS REVENUE RECURRING:	\$ 187,323	\$ 213,803	\$ 312,694	\$ 242,455	\$ 285,549	\$ 301,503	\$ 261,356
TOTAL REVENUE -Non RECURRING							
Less 12% Permanent Fund	\$ (22,479)	\$ (25,656)	\$ (37,523)	\$ (29,095)	\$ (34,266)	\$ (36,180)	\$ (31,363)
Less 2% Land Acq. Trust Fund	\$ (3,746)	\$ (4,276)	\$ (6,254)	\$ (4,849)	\$ (5,711)	\$ (6,030)	\$ (5,227)
Less: Higher Ed (2)	\$ (12,400)	\$ (12,400)	\$ (12,400)	\$ (12,400)	\$ -	\$ (19,000)	\$ (19,000)
Less Capital Outlay Match Funding	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)
Less Water Rights Claim Fund	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)
Less 4% Veterans Trust Fund	\$ (7,493)	\$ (8,552)	\$ (12,508)	\$ (9,698)	\$ (11,422)	\$ (12,060)	\$ (10,454)
Less 2% NN Remediation Fund (1)					\$ (5,711)	\$ (6,030)	\$ (5,227)
Set-Aside Subtotal	\$ (50,118)	\$ (54,885)	\$ (72,685)	\$ (60,042)	\$ (61,110)	\$ (83,301)	\$ (75,271)
Set Aside Non-Recurring Budgeting							
Total Set Aside							
Net Revenue for Recurring Budgeting	\$ 137,205	\$ 158,918	\$ 240,009	\$ 182,413	\$ 224,439	\$ 218,202	\$ 186,085
Net Revenue for Non Recurring Budgeting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET TOTAL GENERAL FUND REVENUES	\$ 137,205	\$ 158,918	\$ 240,009	\$ 182,413	\$ 224,439	\$ 218,202	\$ 186,085

(1)- Navajo Nation Remediation Fund 2% set aside was authorized via CO-49-24

Navajo Nation Office of the Controller
 2026 Revenue Projection Adjustment Worksheet
 3/31/26

EXHIBIT B

	4 Year Audited Revenues (Rounded)				Unaudited	
	2021	2022	2023	2024	2025	5 Year Avg.
Oil and Gas	29,361,000	47,662,000	45,205,000	38,699,000	37,540,000	39,693,400
Coal	34,152,000	41,961,000	37,604,000	37,424,000	38,292,000	37,886,600
Taxes (PIT, BAT, Oil & Gas Sev.)	102,206,000	102,967,000	110,305,000	64,086,000	68,513,000	89,615,400
Investment Income (Div/Int Only)	31,074,000	25,727,000	63,538,000	92,778,000	92,589,000	61,141,200
Land Rentals, ROW, Bus. Site	68,201,000	74,722,000	79,281,000	75,125,000	72,486,000	73,963,000
Court Fines & Fees	379,000	333,000	207,000	400,000	387,000	341,200
Other - Misc Revenue	2,226,000	7,883,000	27,802,000	4,183,000	684,000	8,555,600
Totals	267,599,000	301,255,000	363,942,000	312,695,000	310,491,000	311,196,400
		COVID				

	2027 Initial	Controller	Final 2027	
	Adjusted (before	Adjustments	Projections	
	set asides)		(before set	
			asides)	
Oil and Gas	25,979,000	-	25,979,000	Based on current market projections. No adjustment necessary
Coal	39,594,000	-	39,594,000	Based on current market projections. No adjustment necessary
Taxes (PIT, BAT, Oil & Gas Sev.)	64,925,000	-	64,925,000	No need to adjust as this is well below 5 year avg.
Investment Income (Div/Int Only)	84,686,000	-	84,686,000	Based on market analysis/volatility no adjustment necessary
Land Rentals, ROW, Bus. Site	81,230,000	-	81,230,000	Appears reasonable based on analysis above.
Court Fines & Fees	410,000	-	410,000	Appears reasonable based on analysis above.
Other - Misc Revenue	4,679,000	-	4,679,000	Appears reasonable based on analysis above.
Totals	301,503,000	-	301,503,000	

Note: All numbers verified by the Office of the Controller