LOCAL GOVERNANCE

Budget Conference
November 13th to 15th, 2019

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Local Government Division

“We must consult our means rather than our wishes”
- George Washington
AGENDA

• Partnership(s) that foster success
• Fiduciary Responsibility
• Duty of Accountability
• Duty to Maintain Public Trust
• Why Budget & Finance Bureau oversees local government budgets {Chapter 6, Article 6 NMSA 1978}
• What is a Budget
• Budgeting –vs- Financial Planning
• Technical Assistance
Partnerships That Foster Success

• Local Partners:
  – Counties
  – Municipalities
  – Special Districts
  – New Mexico Municipal League
  – New Mexico Counties

• State Partners:
  – DFA Local Government Division
  – New Mexico Finance Authority
  – Office of the State Auditor
  – Office of the Attorney General
  – State Treasurers’ Office
  – Taxation and Revenue Department
Fiduciary Responsibility

• What is a Fiduciary?
  Person who holds a legal or ethical relationship of trust with one or more other parties (persons or groups of persons)

• What is a Fiduciary’s Responsibility?
  Typically a fiduciary is responsible for prudently taking care of money or other asset for another person.
Duty of Accountability

• Without a duty of accountability, the public’s ability to monitor the behavior of public fiduciaries would be severely limited.

• From the duty of accountability flow the duty of transparency and the concepts of disclosure, open meetings, and accessibility of public records.
Why Oversight?

Chapter 6, Article 6 of the New Mexico Statutes Annotated (NMSA) 1978 requires the Local Government Division, Budget and Finance Bureau (BFB) to oversee all money received or spent by a local government which must be budgeted and accounted for in accordance with New Mexico laws.
What is a Budget?

- Forward-looking document to report a local public body’s planned revenue and the cost of public services of an annual or multi-year period.

- Financial Plan and/or forecast of expenditures and revenues, over a period of time.

- Planning considers long-term horizon, paying special attention to financing priorities such as funding of capital outlay, competing projects, maintenance, replacement and renewal.
Budget vs Financial Planning

• Most local public bodies are very adept at accounting, which is largely historical in nature.

• The challenge, then, for many local public bodies is to leverage the accuracy of past reports and identify financial trends to create a clear picture of the future.

• The advantages of financial planning are plentiful and extend far beyond promoting responsible fiscal practices.
  – A good financial plan considers how global, national and state economic conditions impact the local economy.
  – Planning for local economic growth to improve and enhance public services and facilities.
Why Have a Financial Plan?

Here are four reasons why all governments – regardless of their size – should have a long-term financial plan in place:

1. Provides a road map for economic growth to support public services and future projects.
2. Identifies areas of opportunity and risk.
3. Gives direction to governing body members which helps with prioritizing community needs.
4. Positively affects bond ratings and the ability to finance projects.
Technical Assistance

• Budget and Finance Bureau
  – Your assigned Budget Analyst should be your first point of contact.
  – Michael Steininger, Special Director – for long-term assistance in partnership with your assigned Budget Analyst.

• NM Edge [Education Designed to Generate Excellence in the public sector]

• Municipal Officer Leadership Institute (MOLI)

• Office of the State Auditor (OSA)
Questions?

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