MEMORANDUM #BFB-15-02

TO: Municipal and County Finance Officers

FROM: Rick Lopez
Director

DATE: February 23, 2015

SUBJECT: Fiscal Year 2015-16 Budget Preparation & Submission Guidelines

STATUTORY AUTHORITY:
Section 6-6-2 NMSA 1978 requires each local public body to furnish and file with the Local Government Division (LGD) a proposed (interim) budget for the next fiscal year and also requires LGD to approve the interim budget and then the final budget. Furthermore, this statute authorizes LGD to prescribe the form for all budgets, books, records and accounts for local public bodies.

LGD Budget Forms:
LGD prescribed budget forms are required to be used. Submission of these forms should be done electronically ONLY- no need to submit a hard copy. Also, submission of final bound budget should also be done electronically – DO NOT provide a hard copy to LGD.

ALL BUDGET FORMS CAN BE LOCATED ON THE LGD WEBSITE:
http://www.nmdfa.state.nm.us/Forms_and_Pilot_Project_Forms_1.aspx

INTERIM (Proposed) Budget [This budget is NOT an option. Statutorily required to submit by June 1st.]
- Submission Deadline: June 1, 2015
- Resolution (approved by governing body) is optional at this date.
- Projected Beginning Cash Balances as of July 1, 2015 (current fiscal year will not be completed at submission time)
- LGD approval deadline: July 1, 2015
LGD approval letter will indicate if more information is needed and/or corrections need to be made for final budget review and certification.

LGD approval of interim budget makes the budget a legal binding document to be used for operations until the final budget is certified. Therefore, the interim budget should be as complete and accurate as possible.

FINAL Budget
- Submission Deadline: July 31, 2015
- Resolution (approved by governing body) is REQUIRED
- ALL Supporting Schedules are REQUIRED
- Beginning Cash Balances as of July 1, 2015 should be true balances and need to tie to the ending 6/30th ending cash balances
- LGD approval deadline: September 8, 2015
Certification of final budget supersedes the interim budget and becomes the official legal binding document for the fiscal year.

**SUPPORTING SCHEDULES:**
These schedules support and must tie to the budgeted numbers in the Final Budget. All schedules must be submitted with FINAL budget *(even if not applicable).*
- **Property Tax Calculation Worksheet** – use to forecast property tax revenue for the new fiscal year when the imposed mill levy rate will not change
- **Debt Schedule** – list all outstanding debt (revenue, general obligation bonds, and loans [i.e. NMFA, NMED, RUS])
- **Form S-5 (DETAIL OF NON BUDGETED RESERVE REQUIREMENTS)** – use for other reserves set forth by the governing body *(DOES NOT include LGD required reserves)*
- **Revenue Checklist** – list all GRT increments to be received, including the amounts and applicable DFA Fund numbers. *Intercepted GRT amounts should be reported separately in the last column of the checklist.*
- **Form S-2 (SCHEDULE OF INSURANCE)** – use to describe all insurance premiums that are budgeted
- **Salary Schedule** – list salaries and benefits detail. [*Internal personnel schedules can be submitted in lieu of this schedule WITH THE EXCEPTION OF the “County Elected Official Salary Schedule” for counties elected officials.*]

**June 30th Quarterly Report Requirements:**
This report must include the following:
- A signed copy of the recapitulation (recap) page
- A resolution approving this report. *(NOTE: If approval by resolution is not possible by the July 31st deadline, please contact your assigned analyst.)*

**OTHER:**

**BUDGET RECAPITULATION (RECAP) PAGE**-
- FY 14-15, 4th qtr report ending cash (before reserves) must tie to beginning cash on recap page.
- All investments are to be shown in the **INVESTMENTS** column.
- The **Budgeted Transfers** grand total must **always** be equal to zero.
- The General Fund Reserve Requirements for municipalities must be **1/12** of total budgeted expenditures and for **counties 3/12** of total budgeted expenditures.
- The County Road Fund Reserve Requirement for **counties** must be **1/12** of Road Fund total budgeted expenditures.
- **Adjusted Ending Cash balances** of any fund **cannot** be a negative number.

**HOLD-HARMLESS GRT**-
This new increment should be isolated within the budget forms. The LGD budget forms have been updated to reflect this line item within the revenue sources of the applicable funds. If you choose to use older versions of the LGD forms, you will need to create an additional line item within the forms and ensure all formulas are correct.

**SALARY INCREASES** –
One-time temporary salary increases (known as bonuses) are NOT allowed. See the “July 2, 2008 Memo Performance Bonuses, Retroactive Pay Increases and Bonuses In Lieu of Pay Increases” [http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx](http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx).
LAW ENFORCEMENT PROTECTION FUND –
Budget the distributions from the Law Enforcement Protection Fund (LEPF) under “State-Law Enforcement Protection”. LEPF funds should be expended to zero each year and should not be planned for use the next year. However, approval from LGD for previous fiscal year’s carry forward is required. Use the “LEPF Carryover Request Form” [http://www.nmdfa.state.nm.us/Forms_and_Pilot_Project_Forms_1.aspx](http://www.nmdfa.state.nm.us/Forms_and_Pilot_Project_Forms_1.aspx).

Note, the requested carryover balance must be equal to FY 14-15, 4th qtr report ending cash balance.

Please share this memorandum with every member of your governing body, i.e. commissioners, mayors, councilors, trustees, board members, etc.

Contact your assigned budget analyst for any questions or call the main number at (505)827-4975.

xc: BFB Analysts
Sanjay Bhakta, Deputy State Auditor
Bill Fulginiti, NMML Executive Director
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