MEMORANDUM #BFB-16-05

TO: New Mexico Special Districts

FROM: Rick Lopez, Director
       Local Government Division

DATE: February 29, 2016

SUBJECT: Fiscal Year 2016-17 Budget Preparation & Submission Guidelines

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

To meet these requirements, LGD has developed budget forms which should be submitted electronically. These budget forms are located on our website:

http://www.rmdfa.state.nm.us/bfb-forms.aspx

PLEASE NOTE:

In light of the challenges presented by the state of New Mexico's economic downturn, we recommend the following for your consideration:

- Adopting and applying formal policy that strictly disallows recurring expenditures from cash balances and non-recurring revenues,
- Implementing an immediate freeze on all current vacant employee positions (excluding health and public safety services positions),
- Implementing an immediate freeze on all employee salaries (excluding union contractual obligations),
- Implementing an immediate freeze on any new non-essential contracts that affect the general fund,
- Discontinue the practice of providing funds to any non-profit organizations that are not tied to a legislative appropriation, and
- Re-evaluating all revenues while being cognizant of any legal, statutory or governmental accounting standard restrictions of use.
INTERIM Budget

- **Submission Deadline:** June 1, 2016 [submission extensions cannot be granted]
- **Resolution** (approved by governing body) is optional at this date
- **(IF APPLICABLE: Property Tax Resolution Deadline:** June 1, 2016
  (changes to the operating mill levy approved by the governing body)
- **Projected Beginning Cash Balances** as of July 1, 2016
  (current fiscal year will not be completed at submission time)
- **LGD approval deadline:** July 1, 2016
  (LGD approval letter will indicate if more information is needed and/or corrections needed)

*NOTE:* Approval of the interim budget designates it a legal binding document **until** the final budget is approved.

FINAL Budget

- **Submission Deadline:** July 31, 2016
- **Resolution** (approved by governing body) is **REQUIRED** on July 31, 2016
- **Beginning Cash Balances** as of July 1, 2016
  (balances that tie to the ending cash balances on 4th quarter report [ending June 30, 2016])
- **4th quarter report** as of June 30, 2016 is **REQUIRED** on July 31, 2016
- **4th quarter report Resolution** (approved by governing body) is **REQUIRED** on July 31, 2016
- **LGD approval deadline:** September 6, 2016

*NOTE:* Approval of the final budget designates it as a legal binding document.

The following provides further directions on required items:

**Resolutions**
Sample resolutions for budget and 4th quarter report adoptions are located on our website: http://www.nm DFA.state.nm.us/bfb-forms.aspx

If utilization of LGD forms, please note the following:

**4th Quarter Report (June 30, 2016)**
This report must include the following:
- **Recapitulation (recap) page** (signed by preparer of quarterly report)
- **Resolution** (approved by governing body)

**Budget Recapitulation (RECAP) PAGE**
- **Beginning cash** on recap page must tie to the 4th quarter report as of June 30, 2016 ending cash
  (before reserves)
- Report all **investments** in the investments column
- **Total Transfers** must always equal to zero (if applicable)
- **Unaudited Beginning Cash Balances & Adjusted Ending Cash balances** of any fund cannot be a
  negative number (including funds that are awaiting grant reimbursements)
**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” memo:*

[http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx](http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx).

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  
Steve Kopelman, NMAC Executive Director