MEMORANDUM BFB #17-07

TO: New Mexico Special Districts

FROM: Rick Lopez, Director
Local Government Division

DATE: February 17, 2017

SUBJECT: Fiscal Year 2017-18 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.nmdfa.state.nm.us/bfb-forms.aspx

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,
- Re-evaluating all revenues while being cognizant of any legal, statutory or governmental accounting standard restrictions of use.

**INTERIM Budget Deadlines:**

**Special Districts**
- Budget Document: June 1, 2017 [submission extensions cannot be granted]
- Budget Resolution: optional at this date
- Property Tax Resolution: June 1, 2017 (changes to the operating mill levy)

**LGD**
- Interim Approval Letter: July 1, 2017

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

Special Districts

Budget Document: July 31, 2017
Budget Resolution: REQUIRED on July 31, 2017
Budget Supporting Schedules: REQUIRED on July 31, 2017
4th quarter report: REQUIRED on July 31, 2017
4th quarter report Resolution: REQUIRED on July 31, 2017

LGD
Final Approval Letter: September 5, 2017

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

Other Required Items:

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

4th Quarter Report
This report must include the following:
• Recapitulation (recap) page (signed by preparer of quarterly report)
• Resolution (approved by governing body)

OTHER:

Items on the Budget Recapitulation (Recap) Page to be aware of:
• Beginning cash on recap page must tie to the 4th quarter report ending cash (before reserves)
• Investments must be reported in the investments column
• Total Transfers must always equal to zero
• Unaudited Beginning Cash Balances & Adjusted Ending Cash balances of any fund cannot be negative (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 located on our website:
http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx

If you have any further questions contact your assigned analyst or 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