Financial Reporting

NMSA 1978 6-6-2 mandates Department of Finance and Administration's Local Government Division (LGD) to require periodic financial reports of local public bodies and to prescribe their form. LGD currently requires quarterly reports from counties, municipalities and special districts (not including school districts).

LGD accepts these reports on a cash or accrual basis of accounting.

- cash system- revenues are recorded when received and expenditures when disbursed.
- accrual system- revenues are recorded when earned and expenditures when the liability is incurred.

A modified accrual basis is used for the governmental fund types, i.e., the revenue is recorded when available and measurable and expenditures are recorded when incurred. (The governmental fund types are the general fund, special revenue, debt service, and capital project funds.)

NMSA 1978 Chapter 12, Article 6 requires the local governments to be audited annually. The Office of the New Mexico State Auditor is assigned this responsibility which he or his designee may perform. Thus, a local government should submit annual financial statements prepared in accordance with generally accepted accounting principles for audit, in addition to the monthly reporting to LGD.

Quarterly Financial Reports

In order to reduce the vast amount of paper flow to the LGD, standardized financial quarterly report forms and instructions have been developed in Excel and are available on the LGD website. The submission of financial reports to LGS is required on a quarterly basis. Do not submit monthly recaps or monthly detailed reports unless requested by your assigned budget analyst.

Quarterly reports must be submitted on the prescribed LGD format using Excel or the same data may be submitted in a comparable format programmed from your current software program. The June 30<sup>th</sup> year end report should be submitted in paper format or via e-mail. The report must include the signature(s) and title(s) of the individuals who prepared the reports.