PRESENTED BY:

Cordelia Chavez, Budget & Finance Supervisor

Sherri Green, Budget & Finance Analyst

Host, Stephanie Ortiz, Budget & Finance Analyst

DFA LOCAL GOVERNMENT DIVISION
BUDGET & FINANCE BUREAU

BUDGETING REQUIREMENTS FOR COUNTIES & MUNICIPALITIES

WHO ARE WE?

We, the Budget & Finance Bureau (BFB), are public stewards hired to ensure and implement New Mexico statues, rules and regulations related to budgets, records, reports and the disbursement of public monies, including transfers between funds, to maintain budget and fiscal integrity for the benefit of the citizens of New Mexico.

Likewise, the Local Governments **(MUNICIPALITIES AND COUNTIES)** are required to keep all books, compile reports and conform to all rules and regulations adopted by the Local Government Division/BFB and your governing body (Council or Commission).

WHY?

Chapter 6, Article 6 of the New Mexico Statues Annotated (NMSA) 1978 requires the Local Government Division, Budget & 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 DO WE DO?

- BFB reviews and approves operating budgets
  - to assure compliance with state statues
  - properly account for revenues and expenditures
  - to ensure local governments do not exceed available resources

  and to ensure sufficient funds are budgeted to cover required Expenditures

The FINAL APPROVED Budget on file with BFB is the official budget to the tax officials of the state.

- REVIEW AND APPROVE BUDGET ADJUSTMENTS RESOLUTIONS
  - Budget Adjustment Requests (State BARs)

- REVIEW QUARTERLY FINANCIAL REPORTS
  - To analyze current financial condition to detect financial difficulties early; and to ensure that each entity maintains financial stability
- PROVIDE ASSISTANCE & TRAINING:
  - On state statutes, rules and regulations;
  - BFB prescribed forms, policies and procedures;
  - Government accounting, budgeting and analysis

- UNDERSTAND OPERATION & PROGRAMMATIC CONTENT OF LOCAL GOVERNMENT
  - To advise local governments about efficient and effective ways of dealing with organizational issues

- LOCAL GOVERNMENTS RESPONSIBILITIES
  - Provide for public safety, fire, police and other emergencies
  - Provide public health: water, wastewater, solid waste and indigent care
  - Fulfill objectives and goals of all stakeholders
    - Submit operating budget to BFB for approval;
    - Operate within BFB approved budget [final budget + adjustments (BARs)];
    - Ensure that BARs are prepared timely and submitted for BFB approval when required
  - Submit Quarterly Financial Reports
  - Conform to rules and regulations as required by BFB
  - Comply with reporting requirements that demonstrate accountability to the citizens served by the local public body; and
  - Ongoing communication, teaching and presenting the governing body with relevant financial reports showing the revenues, expenditures, budget adjustments, and balances for each fund

HOW?

- It is the online system that local governments use in order to submit their budget and financial data to DFA/LGD to meet reporting requirements per Section 6-6-2 NMSA 1978.
- ***Counties and Municipalities*** transitioned on June 1, 2018 for Fiscal Year 2018-2019. ***Special Districts*** will be phased-in starting January 2022.
- Expanded standard chart of accounts; 24/7 online access; ability to enter or upload data; better data validation and accuracy; and submission, communication and action tracked within the system.
- **3 Modules: Budget, Adjustments, and Reporting.**

What is a Budget?

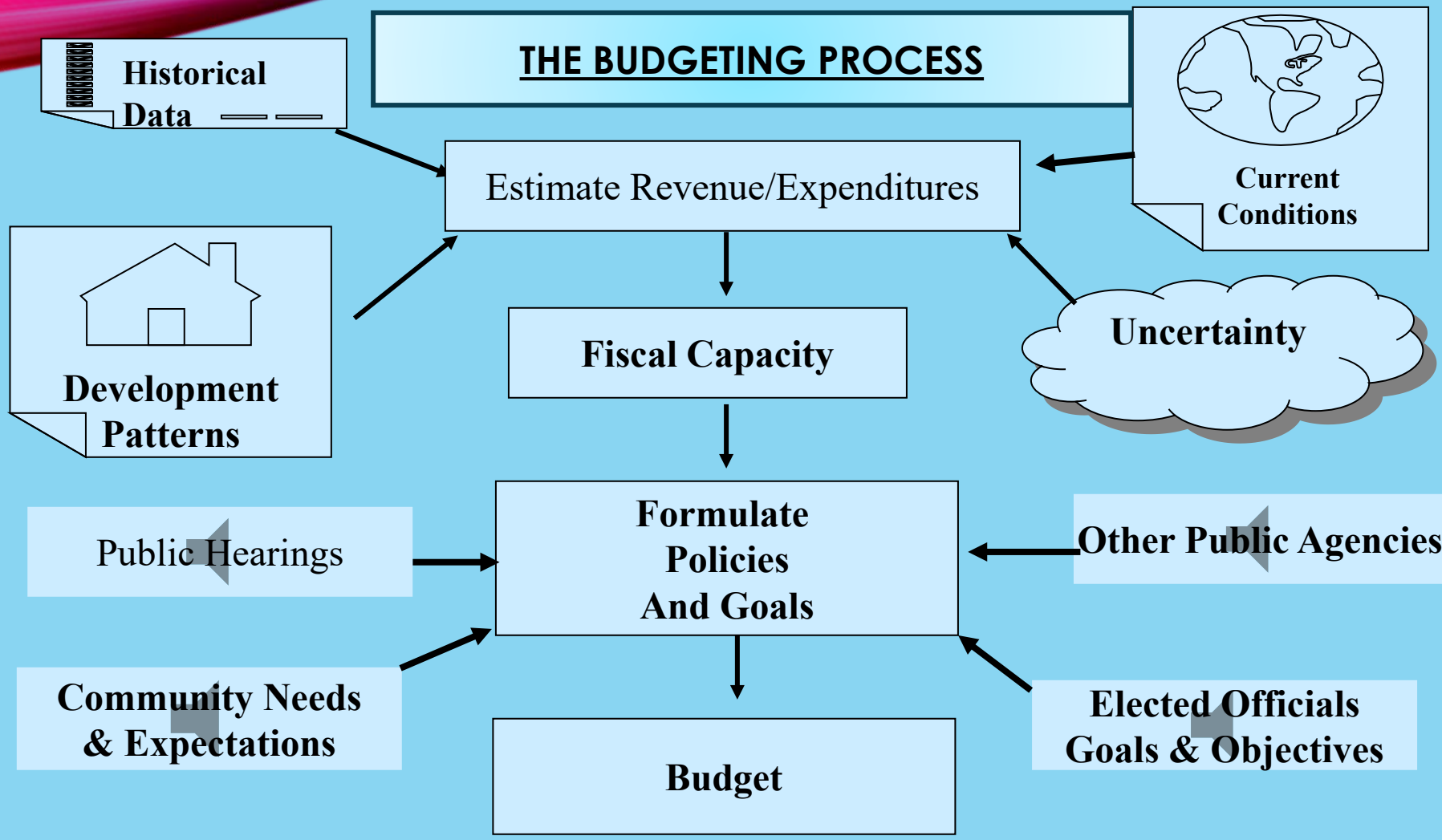
A Financial plan and/or FORECAST of expenditures and revenues, over a period of time. In this case it is from July 1st to June 30th.

- Monetary Plan
- Communication Tool
- Legally Binding Contract

ONE BUDGET
TWO STAGES

INTERIM BUDGET DEADLINE JUNE 1ST
FINAL BUDGET DEADLINE JULY 31ST

Interim Budget should be your **"FINAL"** Budget.
The only changes from the Interim to Final Budget should be the reconciled June 30th ending cash balances, which become the FINAL Budget Unrestricted Cash


THE BUDGETING PROCESS
Historical Data
Estimate Revenue/Expenditures
Current Conditions
Development Patterns
Fiscal Capacity
Uncertainty
Formulate Policies And Goals
Public Hearings
Other Public Agencies
Community Needs & Expectations
Elected Officials Goals & Objectives
Budget

https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-memos/

MICHELLE LUJAN GRISHAM
GOVERNOR

OLIVIA PADILLA-JACKSON
CABINET SECRETARY

DONNIE J. QUINTANA
DIRECTOR

STATE OF NEW MEXICO
DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
Bataan Memorial Building • 407 Galisteo St. • Suite 202 • Santa Fe, NM 87501
PHONE: (505) 827-4950 • FAX (505) 827-4948

MEMORANDUM BFB #20-02

TO: New Mexico Counties and Municipalities

FROM: Donnie J. Quintana, Director
Local Government Division

DATE: March 2, 2020

SUBJECT: Fiscal Year 2020-21 Budget Preparation & Submission Guidelines

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

Pursuant to Section 6-6-2.K. NMSA 1978, DFA/LGD requires that Fiscal Year 2020-21 interim budgets for counties and municipalities be submitted on the Local Government Budget Management System (LGBMS). Additionally, budget supporting schedules in the prescribed Excel format will be submitted electronically as attached files via LGBMS.

Also required is the submission of a new Security Access Form (SAF) for each individual within your local government who requires access to the system for Fiscal Year 2020-21. In order to safeguard the data submitted on LGBMS, please be sure to submit a SAF to deactivate the account of anyone that has left your respective agencies.

The Security Access Form (SAF), LGBMS User Guide, LGBMS FAQ document, and other information are available on our website: http://www.nmdfa.state.nm.us/lgbms.aspx

PLEASE NOTE:
We offer the following recommendations in preparing a balanced interim budget, in the event your local government is facing financial/budgetary challenges:

- 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) as well as increases to 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

INTERIM Budget Deadlines:

Counties & Municipalities
Budget Submittal on LGBMS: June 1, 2020 *[submission extensions cannot be granted]*
Budget Resolution: optional at this date
Property Tax Resolution: June 1, 2020 (changes to the operating mill levy)

LGD
Interim Approval Letter: July 1, 2020

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

FINAL Budget Deadlines
For the below identified REQUIREMENTS is July 31, 2020:

Counties & Municipalities
Budget Revisions on LGBMS
Budget Resolution
Budget Supporting Schedules
4th quarter report
4th quarter report Resolution

LGD
Final Approval Letter: ~~September~~ 1, 2020

NOTE: Approval of the final budget designates it as a legal binding document. The final budget as approved on LGBMS is the official budget of record for your local government.

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

Supporting Schedules
Required schedules that support the budget are listed below and can be found on our website:
http://www.nmdfa.state.nm.us/bfb-forms.aspx

- Property Tax Calculation Worksheet - calculates projected property tax revenue.
- Debt Schedule -lists all outstanding debt {loans, revenue & general obligation bonds}.
- S-5 (DETAIL OF NON-BUDGETED RESERVE REQUIREMENTS form) - lists additional reserves (not LGD required reserves which are automatically calculated by LGBMS) and must tie to amounts reported in LGBMS under Object Code 10105 Locally Imposed Reserve.
- Revenue Checklist -lists all GRT imposed increments including intercepted GRT amounts [refer to Memorandum #BFB-19-02 *"Guidelines for Reporting Gross Receipts Tax and Various Intercepts"* located on our website: http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx; however, due to de-earmarking of GRT revenue (enactment of 2019 House Bill 479), local governments have more discretion in budgeting revenue so long as "GRT" LGBMS line items are used for tracking purposes].
- Form S-2 (SCHEDULE OF INSURANCE) - lists all insurance costs.
- Salary Schedule - lists salaries and benefits associated with each budget position [Personnel schedules generated from your systems will be accepted].
- County Elected Official Salary Schedule - lists salaries of all ~~county~~ elected officials to review compliance with NM Statutory caps.
- FY21 Co-Muni Budget Work Plan Questionnaire – describes major issues affecting an entity's FY2020-21 budget and how those factors are being addressed in the budget.

4th Quarter Report
This report will be submitted on the LGBMS Reporting Module, under the "FY2020 Q4" reporting period. A governing body approved resolution approving the 4th Quarter Report is also required and must be attached in the "files" menu of the LGBMS Reporting Module.

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 (LGBMS will flag this as an error)
- Adjusted Ending Cash balances of any Fund cannot be negative, including Funds that are awaiting grant reimbursements (LGBMS will flag this as an error)
- County Expenditure Limitations: Pursuant to Section 6-6-7 NMSA 1978, county officials may not expend in excess of 50% of the approved budget for the fiscal year during which the terms of office of any official will expire.

LGD RESERVES (LGBMS will automatically calculate):
General Fund Reserve Requirements:
- Muni Reserve is 1/12th of total budgeted expenditures
- County Reserve is 3/12ths of total budgeted expenditures

County Road Fund Reserve Requirements:
- County Reserve is 1/12th of total budgeted expenditures

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

Law Enforcement Protection Fund:
- Budget the Law Enforcement Protection Fund (LEPF) distributions in LGBMS under Fund 21100 Law Enforcement Protection, Department 1005 County Sheriff –or- Department 3001 Law Enforcement, Object Code 47110 Law Enforcement Protection (DFA)
- LEPF funds should be expended to zero each fiscal year.
- If a balance remains at the end of the previous fiscal year, approval from LGD is required prior to spending. Please fill out the LEPF Carryover Request Form which is located on our website: http://www.nmdfa.state.nm.us/bfb-forms.aspx

If you have any further questions, please contact your assigned analyst or the main number at (505)827-4975.

xc: BFB Analysts
Brian Colón, State Auditor
Regina Romero, NMML Intergovernmental Relations Director
Steve Kopelman, NMC Executive Director

HOW DO YOU DEVELOP A BUDGET?

- Preparation…….

- Approval……..

- Execution……..

- Review ……..

	Techniques/Areas
	Forecasting revenues and expenditures, cost analysis, capital budgeting, debt administration and other personnel issues, assessing financial conditions, and economic development
	Review of information developed in preparation stages
	Accounting, revenue administration, expenditure administration, purchasing, cash management, and investments
	Reviewing with Governing Body, Auditing

PREPARATION STAGE

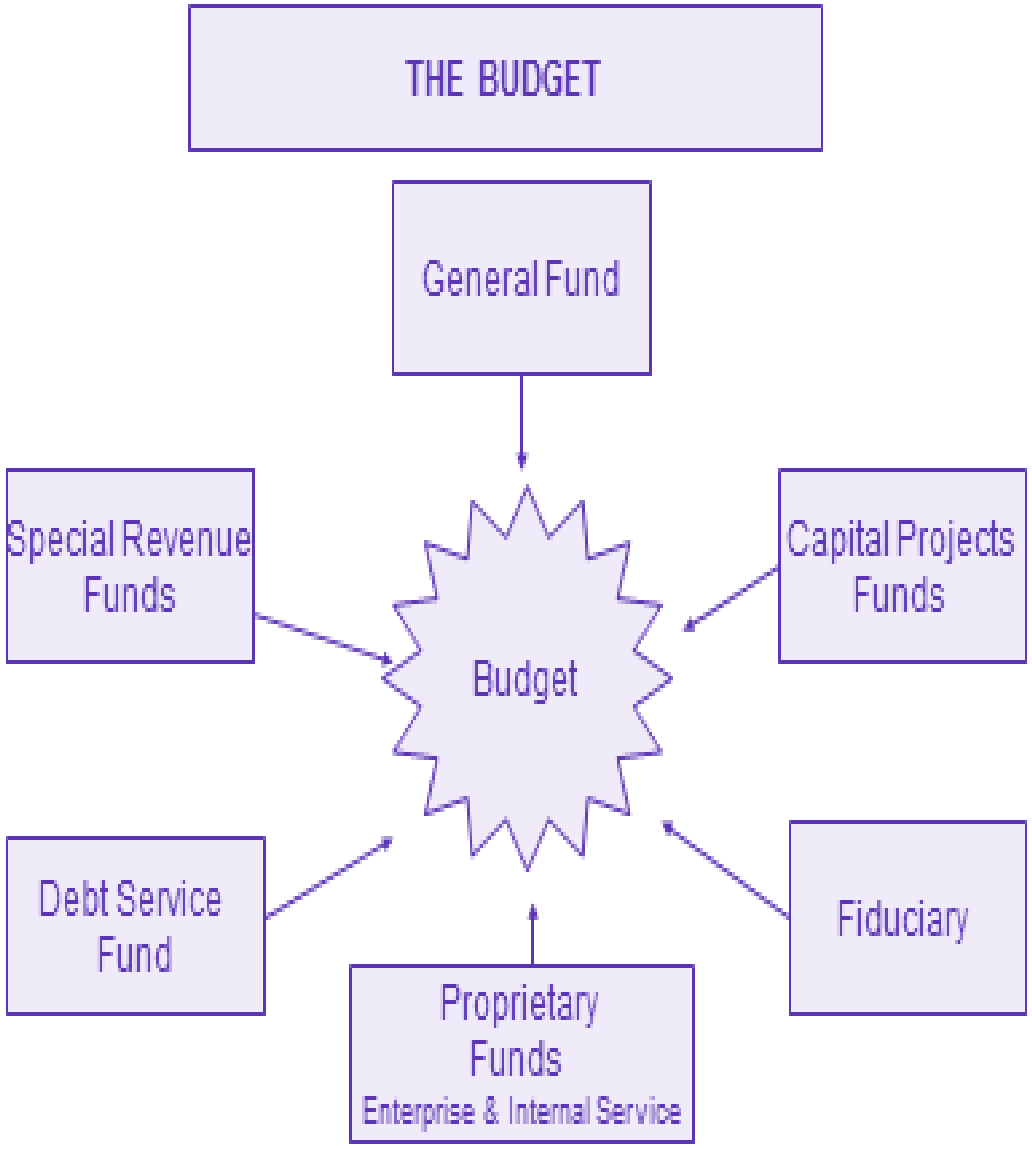
- ***January***- Should begin 6 months prior to fiscal year:
  - *Set-up budget formatted spreadsheet for each fund department, division and account*

- **February**- Forecast revenues and expenditures, cost analysis, capital budgeting, debt administration and other personnel issues, assessing financial conditions, and economic development:
  - *Compare total actual expenditures from previous fiscal year to establish total expenditures and revenue for current fiscal year*
  - *Should involve elected officials and department heads to help ensure budgeted expenditures cover department needs & requirement, estimated gasoline increases, utilities, postage, etc.*

BUDGETS MUST ALWAYS COMPLY WITH SATUTORY REQUIREMENTS, BFB RULES RELATED TO BUDGETS AND LOCAL ORDINANCES.

- **March**- Send instructions and local budget request forms with the appropriate budget analysis based on previous year actuals to elected officials and department heads:
  - *Elected officials and department heads return proposed budget request and justifications to their Finance Department*
- **April-** Review elected officials and departmental requests and update revenue estimates and proposed adjustments:
  - *Hold workshops with elected officials, department heads, and have hearings for **public input***
  - *Send budget preparation worksheet proposal with attached justifications to elected offices or department heads for final review and comments*
- **May-** Estimate ending cash balance as of June 30th:
  - Finalize budget and submit to governing body for review
  - Recommend approval of budget
  - Prepare budget to submit on the Local Government Budget Management System (LGBMS)
- **June**- Submit Interim Budget in LGBMS by June 1st

Budgeting By Fund



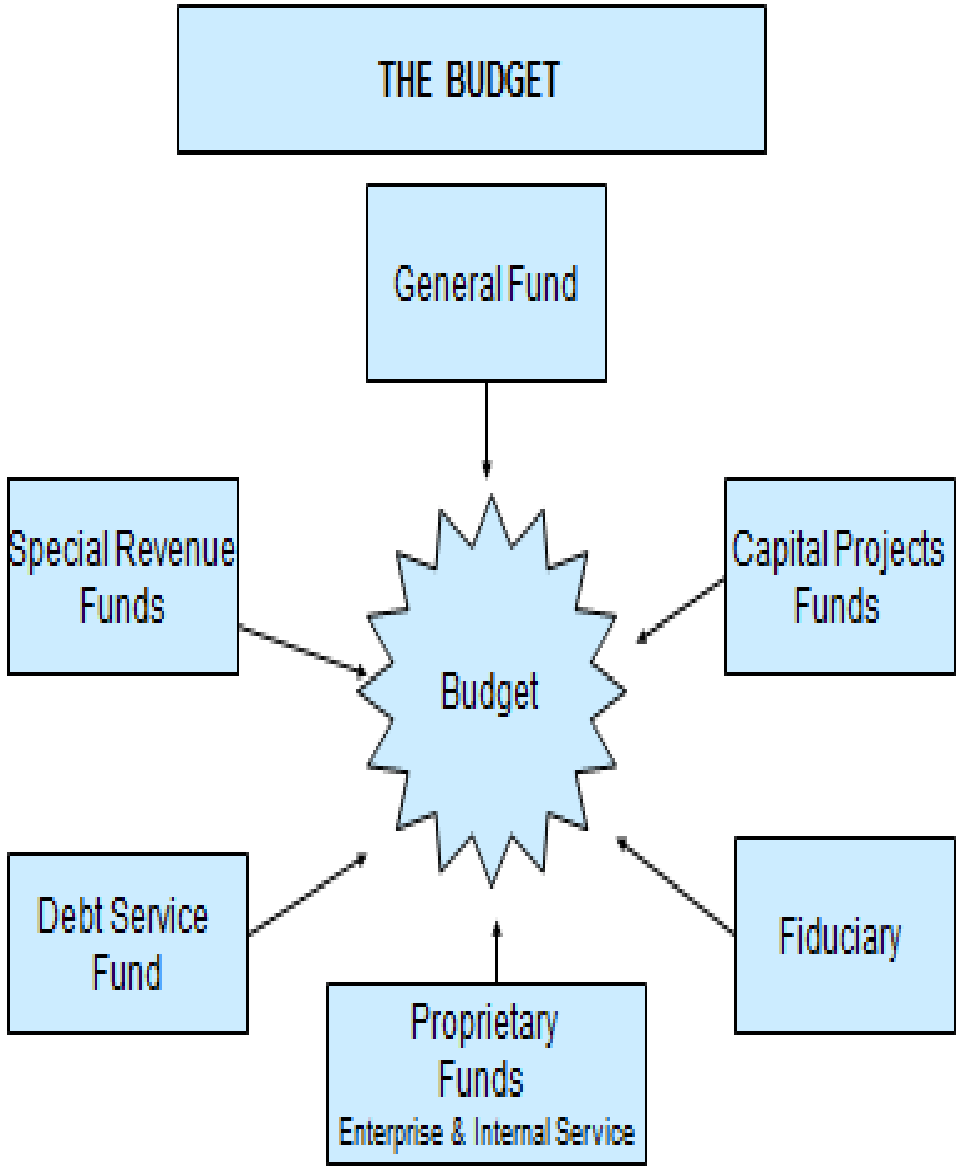
Fund 11000 General Fund – non-restrictive, used for operating purposes

Fund 20000 Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes

Fund 30000 Capital Projects Funds - account for financial resources to be used for the acquisition or construction of major capital projects

Fund 40000 Debt Service Funds - account for the accumulation of resources for the payment of general obligation and long-term debt principal and interest.

Budgeting By Fund



Fund 50000 Proprietary Funds

Enterprise Funds - account for operations of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, i.e. Electric, Water, Gas, Sewer, Solid Waste Utility-**These funds should be self-sustaining.**

Fund 60000 Internal Service Funds - account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. i.e. Risk management, motor pool, etc.

Fund 70000 Fiduciary Funds

Trust and Agency Funds - account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. They include: (a) expendable trust funds, (b) nonexpendable trust (b) funds, (c) pension trust funds and (d) agency funds. (c) i.e. motor vehicle, meter deposits, etc.

REVENUE FORECASTING TIPS

- Property Tax
  - *Verify the September 1st Tax Certificate for accuracy*
  - *Utilize the "Property Tax Revenue Estimate Form" on BFB's website:* **https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-forms/**
  - *Submit mill levy resolutions no later than final budget deadline of July 31st*
- *Gross Receipts Tax (GRT) - historical data, look at your trends*
  - *New Businesses*
  - *New enactment tax increase*
  - *New CMP 41259 and ITG 41260 revenue object codes*
  - *Construction one-time revenue should be used to build or maintain reserves*
- *Small Cities Assistance Fund 7-1-6.2 NMSA 1978,-or- Small County Assistance-Assistance Section 4-61-1 through 4-61-3, NMSA 1978 if applicable*
- *Debt Service*
  - *GO Bond- Property Tax revenues -Voter approval required*
  - *Revenue Bond - GRT, Gas Tax- pledged for re-payment of Debt*

Grants- DO NOT budget grant amount until the grant is secured with a grant award letter and DO NOT comingle them with your operations fund

Revenue Timing & Cash Flow Management

- Property Taxes- Typically received in December and May

- **Gross Receipt Tax (GRT)-** Typically received monthly
  - New GRT enactments will not be received until the third month
  - ***HB 479-De-Earmark Local Options Gross Receipts-Please seek LEGAL consultation and TRD for clarification***
    - Deadline to submit to TRD March 31st for an effective date of July1st and September 30th for an effective date of January 1st
      Reference FYI-M121 @
      http://www.tax.newmexico.gov/Government/local-options-taxes.aspx

- **Special appropriations-** Determined by statute or grant agreement signoff
- **Grant- Reimbursement based *(make sure you understand the grant and the applicable expenditures)***

Special Revenues

CANNOT BE USED FOR GENERAL OPERATIONS

Special revenues distributed by LGD/Budget & Finance Bureau:

- *County Detention Facility Reimbursement Act, NMSA 1978, 33-38-3B-1 thru 33-3B-4*
- *Forest Reserve, Secure Rural Schools Act reauthorized 4/16/15 (Sect 524 of P.L.114-10)*
- *Taylor Grazing Act distributions 43 CFR Pat 4100 and NMSA 1978, 6-11-5 & 6-11-6*
- Law Enforcement Protection Fund (LEPF), NMSA 1978, 29-13 and Rule 2.110.3 NMAC

Other Special Revenues

- Capital Projects Funds
  - General Obligation (GO) Bond proceeds to be used for purposes approved by the voters
  - Revenue Bond Proceeds
  - Loan Proceeds

Other Special Revenues Cont'd

- GRT enacted or earmarked via local ordinance for a specific purpose
- Federal and State Grants
- Corrections Fees, NMSA 1978 33-3-25 and 35-14-11
- Emergency Medical Services (EMS)
- Fire Marshall Allotment
- E-911
- Road/Street
- Senior Citizens
- DWI
- Lodgers Tax, NMSA 1978, 3-38-13 thru 3-38-24 and Rule 2.105.2 NMAC
  - Submit to your Analyst
- Legislative Appropriations
- Community Development Block Grant (CDBG)
- Small Cities Assistance / Small Counties Assistance (based on eligibility criteria)

EXPENDITURES

- What goes into an operating budget:
  - Personnel Cost (largest cost)
  - Daily operating expenses
  - Capital Outlay
  - Debt Service
    - Intercepts
    - GRT Administration fees
    - Other loans

- Must follow the Procurement Code Process:
  - Per 13-1-95.2-need Chief Procurement Officer (CPO) registered with New Mexico State Purchasing Division **https://www.generalservices.state.nm.us/statepurchasing/onlineprocurement.aspx**

- Must follow the Special Revenue guidelines/regulations
  - Lodgers Tax Act
  - Law Enforcement Protection Fund (LEPF)
  - Other Special Revenues & Grants
    - Grants-The purpose of federal and state grants are restricted to approved activities and not related to the "general fund" use

- Monitor expenditures frequently throughout the year; Quarterly report should mirror your internal
- Financial Statements and be reconciled with the Bank Statements.
- Utilize Budget Adjustment Requests (BARs) and DO NOT OPERATE IN THE NEGATIVE
  - BFB interprets Section 6-6-6 to apply to fund balance

- **What does 6.6.6. mean?**

- **6-6-6. Approved budgets; claims or warrants in excess of budget; liability.**
  When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the **bondsmen of those officials.**
  History: 1953 Comp., § 11-2-61, enacted by Laws 1957, ch. 250, § 6; 2001, ch. 147, § 3.

EXPENDITURE TIMING & MANAGEMENT

Expenditure Timing & Management

- Coverage of all debt service payments
- Communication with internal departments and/or other agencies
- Conservative planning with new tax enactment and new expenditures associated with the enactment

Expenditure Disruptors

- GRT base-closing of major store, oil & gas industry
- Claw backs-monies that need to be paid back (overpayments by federal government, state government, grant unallowable expense or late submission after grant has expired)
- Utility Rate Increases- Electric, gas, insurances, etc.
- 90% of large maintenance emergencies are unforeseen & can be very costly
- Small Cities Assistance reduction amount

What is the difference between Budget and Actuals?

- **Budget** is a forecasted financial plan for a period of time, such as a fiscal year.
  - Revenues, expenditures, and transfers budget authority
- **Actuals** represent year-to-date activity that has occurred rather than something planned
  - If actuals exceed the FINAL budget approval amount a BAR is required at a FUND level this is a STATE BAR requiring BFB approval.
  - Transfers within a fund is a LOCAL BAR that requires your local governing board's approval
  - Quarterly reports are submitted based on Year-to-date Actual expenditures, revenues and transfers between Funds.
  - Submit all BARs for the applicable quarter prior to submitting your quarterly report so that adjustments will reflect on LGBMS reports.

What is a Balanced Budget?

- Best Practice-Expenditures should not exceed revenues (Section 6-6-11 expenditures are limited to revenues)
- Fund Level ending cash balance should be zero or a positive

(NO NEGATIVE CASH BALANCES refer to Section 6-6-6)

Budgeting DO's and DON'T'S

- Never budget recurring costs, such as salary increases, full-time equivalent (FTE)- new position from NON-Recurring (one-time) revenues.
- Start a capital equipment reserve; use sales of equipment proceeds towards a "Capital Improvement Program" fund.
- Put one-time revenue windfalls in a reserve Fund in the event of emergency or for future Capital Improvements.
- Review insurance premium vs. coverage.
- Establish a loss prevention program and avoid actions by the governing body and other public officials which may lead to lawsuits.
- Routinely review the need for programs, projects, departments; consider zero growth budgets.
- Try to minimize the number of funds and bank accounts established.

COMMON BUDGETING ERRORS

- **Beginning Cash Balances:**
  - June 30th cash balances of FY ended becomes the July 1st beginning cash balances for new FY final budget – NO exceptions
  - "Cash" amounts are unaudited; however, they should be reconciled

June 30th Cash Balance

July 1st Cash Balance

- **Law Enforcement Protection Fund (LEPF) Carryovers:**
  - Email LEPF Carryover Forms to Jolene Gonzales, Special Projects Analyst Jolene.Gonzales1@state.nm.us
  - Make sure to budget the carry-over amount plus the new distribution amount under expenditures; submit the form with the final 4th Qtr. Report ending cash balance.

Reporting Q4 Cash as Beginning Cash

Q4 RECAP

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Fund	Cash	Investments	Revenues	Transfers	Expenditures	Adjustments	Balance	Reserves	Adjusted Balance
11000 General Operating Fund	1,906,762.00	380,225.65	1,556,394.73	-280,000.00	1,350,794.80	0.00	2,212,587.58	112,566.23	2,100,021.35
20100 Corrections	22,900.00	0.00	19,751.48	0.00	14,535.50	0.00	28,115.98	0.00	28,115.98
20200 Environmental	37,750.00	0.00	14,865.10	0.00	11,438.88	0.00	41,176.22	0.00	41,176.22
20600 Emergency Medical Services	87,159.00	0.00	44,909.49	28,700.00	49,835.63	0.00	110,932.86	0.00	110,932.86
20900 Fire Protection	118,386.00	0.00	93,863.00	0.00	52,081.48	0.00	160,167.52	0.00	160,167.52
21100 Law Enforcement Protection	0.00	0.00	20,000.00	0.00	20,000.00	0.00	0.00	0.00	0.00
21600 Municipal Street	146,671.00	247,694.00	403,357.89	251,300.00	730,385.88	0.00	318,637.01	0.00	318,637.01
30500 Gross Receipts Tax Proceeds Project	139,165.00	0.00	0.00	0.00	0.00	0.00	139,165.00	0.00	139,165.00
50300 Wastewater/Sewer Enterprise	592,564.00	627,000.00	1,251,796.99	0.00	923,035.18	0.00	1,548,325.81	0.00	1,548,325.81
Totals	**3,051,357.00**	**1,254,919.65**	**3,404,938.68**	**0.00**	**3,152,107.35**	**0.00**	**4,559,107.98**	**112,566.23**	**4,446,541.75**

FINAL BUDGET RECAP

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Fund	Cash	Investments	Revenues	Transfers	Expenditures	Balance	Reserves	Adjusted Balance
11000 General Operating Fund	1,832,362.00	380,226.00	1,932,111.00	-89,535.00	2,054,303.00	2,000,861.00	171,191.92	1,829,669.08
20100 Corrections	28,116.00	0.00	20,500.00	0.00	18,000.00	30,616.00	0.00	30,616.00
20200 Environmental	41,176.00	0.00	12,500.00	0.00	31,500.00	22,176.00	0.00	22,176.00
20600 Emergency Medical Services	110,933.00	0.00	38,000.00	28,700.00	60,800.00	116,833.00	0.00	116,833.00
20900 Fire Protection	160,168.00	0.00	97,862.00	0.00	87,200.00	170,830.00	0.00	170,830.00
21100 Law Enforcement Protection	0.00	0.00	20,000.00	0.00	20,000.00	0.00	0.00	0.00
21600 Municipal Street	70,943.00	247,694.00	1,719,215.00	200,000.00	1,891,698.00	346,254.00	0.00	346,254.00
30500 Gross Receipts Tax Proceeds Project	139,165.00	0.00	0.00	-139,165.00	0.00	0.00	0.00	0.00
50300 Wastewater/Sewer Enterprise	921,326.00	627,000.00	1,493,353.00	0.00	1,516,652.00	1,525,027.00	0.00	1,525,027.00
Totals	**3,304,189.00**	**1,254,920.00**	**5,333,641.00**	**0.00**	**5,680,153.00**	**4,212,597.00**	**171,191.92**	**4,041,405.08**

3,304,189 +1253,920=4,559,109

Ending "BALANCE" in Q4 will tie to "CASH" + "INVESTMENTS"

SUPPORTING SCHEDULES REVIEW

- **Supporting Schedules consist of:**
  - Property Tax Calculation for Budget
  - Debt Schedule
  - S-5 (optional)Reserved revenues for a specific project
  - Revenue Checklist
  - S-2 Insurance
  - Salary & Personnel
  - County Elected Officials (Counties Only)
  - Investments-If applicable

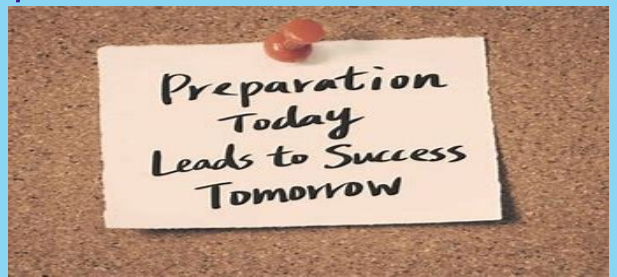
  All forms can be found on the DFA website at:

  https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-forms/

APPROVAL STAGE

- **Interim Budget** is due June 1st and must be entered in LGBMS
  On or before July 1st budget approval granted by BFB
  - *By July 31st A minimum of 1 public final budget hearing should have occurred:*
    - *Final budget must reconcile with the 4th Qtr.- June 30th, ending cash balance should be the beginning (Unrestricted) cash and the Final Budget should have been approved by the governing body via Resolution*
  - *By July 31st the budget should be submitted to BFB on LGBMS, to included all supporting documents as required by BFB*
- **August -** Local finance staff must be available to respond to BFB questions and make requested revisions to the budget
- **September-** First Monday of September the Final Budget must be Reviewed and certified by BFB
  - *Budget Certification Rule (NMAC 2.2.3)*
    - *Full Certification- Audits current*
    - *Conditional Certification-untimely audits and/or incomplete reports*

Reminder: 1 Budget 2 Stages



REQUIREMENTS

- **BUDGET RESOLUTION:** governing body must adopt a budget by resolution and submit to BFB for approval on or before July 31st.
- **4th Quarter Financial Report** must be approved by resolution and submitted to BFB for approval on or before July 31st.
- **End of Year State BARS** must be approved by resolution and submitted on or before July 31st.
- **Budget Discussions** Subject to "OPEN MEETINGS ACT; NMSA, 1978, Chapter 10, Article 15
- **Budget Hearings-must** hold a minimum of one (1) budget hearing
- **BFB Cash Balance Reserve Requirements*:**
  - County General Fund 3/12th
  - County Road Fund 1/12th
  - Municipal General Fund 1/12th

(*Special exception made for FY2021 and FY2022 due to COVID-19)

- **Supporting Schedules** that **RECONCILE** with the Budget

EXECUTION STAGE

- *Load BFB certified/approved final budget to your accounting system*
- *Manage the budget:*
  - *Accounting, purchasing, debt management, etc.*
- Adjust the budget:
  - Any budget increases to revenue & expenditures at the Fund level (STATE BAR) requires BFB approval and BFB Analyst will receive notification email from LGBMS.
  - Audit adjustments, transfers of cash, both permanent and temporary, between funds
  - Any transfers of budget within a Fund (LOCAL BAR) does not need BFB's approval and will be automatically approved once submitted on LGBMS.

REVIEW STAGE

- The final stage is **the audit** which is a basic review of all the processes in the budget cycle. The audit stage provides the entity a tool that measures its compliance with state and local statues and measures operations effectiveness.
- Share, educate staff how to read and monitor their budget regularly.
- Budget status reports should be shared with the governing body at least quarterly, but preferably on a monthly basis as an informational item.
- Audit corrective action response plans should be aggressively implemented and monitored as soon as possible to resolve the audit finding.

QUESTIONS?