

## LEPF Carryover FAQs

**Q: What is changing with the LEPF distributions?**

A: The Department of Finance and Administration (DFA) is updating its administrative rules to align strictly with Section 29-13-9 NMSA 1978. Under this statutory update, unexpended LEPF distributions will no longer be eligible for carryover. All unexpended balances must revert to the state Law Enforcement Protection Fund at the close of the fiscal year.

**Q: Why is this change being implemented now, and has historical NMAC language been removed?**

A: State statute mandates that fund distributions be expended only for the specific purposes for which they were authorized and must not be distributed for accumulation.

**Q: What is the deadline to receive goods or services using FY26 funding?**

A: All goods, services, and equipment must be physically received by June 30, 2026 to utilize FY26 funding.

**Q: What is the final deadline to process payments for FY26 expenditures?**

A: All financial liquidations and payments for valid FY26 expenditures must be completely finalized and processed by July 31.

**Q: Are funds that are already encumbered for an approved purchase eligible for carryover?**

A: No. Encumbered funds are not exempt from the policy. Even if funds are allocated to open purchase orders (POs) for a specific purchase, they cannot be carried over if the items are not received by June 30, 2026.

**Q: What happens if equipment is delayed by a vendor and arrives in July?**

A: If vendor delays outside the agency's control push delivery past the June 30 deadline, the agency cannot use FY26 funding to clear the PO. The local county or municipality will be legally responsible for covering that expense using alternative local funds or the succeeding year's allocation.

**Q: Does the physical cash transfer have to clear before June 30?**

A: No. From an institutional accounting perspective, as long as the equipment or service is fully received and the expenditure is officially booked/expended on or before June 30, the actual transaction can clear after June 30, provided it is completed within DFA guidelines by the July 31 payment deadline.

**Q: Will agencies have access to both their returned FY26 balance and their new FY27 allocation?**

A: No. Agencies will only have access to their standard FY27 LEPF allocation. Returned or reverted FY26 balances will not be added to next year's budget. Recipients will access distributions through the normal distribution process.

**Q: What are the FY26 close out procedures for LEPF funding?**

A: The LEPF Closeout Form must be submitted to DFA – Local Government Division (LGD) at [LEPF@dfa.nm.gov](mailto:LEPF@dfa.nm.gov) by August 14, 2026. The reversion amount is due to DFA no later than September 30, 2026.

**Q: Where do agencies send the reversion check?**

A: Submit a check payable to:

LEPF REVERSION  
DFA/Local Government Division  
Attention: Pamela Espinoza  
Bataan Memorial Building, Suite 201  
407 Galisteo Street  
Santa Fe, NM 87501

For additional information about LEPF please email [LEPF@dfa.nm.gov](mailto:LEPF@dfa.nm.gov)