

**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 #19-03**

TO: New Mexico Counties and Municipalities

FROM: Brenda L. Suazo-Giles, Budget & Finance Bureau Chief  
Local Government Division *Brenda L. Suazo-Giles*

DATE: March 1, 2019

SUBJECT: Fiscal Year 2019-20 Budget Preparation & Submission Guidelines

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Section 6-6-2 NMSA 1978 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 is requiring that the Fiscal Year 2019-20 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 2019-20. If you have personnel who have left your local government, please be sure to submit a SAF to deactivate their user account immediately. In order to safeguard the data submitted on LGBMS, it is the responsibility of each local government to keep LGBMS user accounts current by submitting SAF's on a timely basis when there are changes to personnel.

The 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:**

If your local government is facing fiscal challenges, we recommend the following for your consideration in preparing a balanced interim budget:

- 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, 2019** [submission extensions cannot be granted]

Budget Resolution: optional at this date

Property Tax Resolution: **June 1, 2019** (changes to the operating mill levy)

##### LGD

Interim Approval Letter: July 1, 2019

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

#### FINAL Budget Deadlines:

##### Counties & Municipalities

Budget Revisions on LGBMS: **REQUIRED** on July 31, 2019

Budget Resolution: **REQUIRED** on July 31, 2019

Budget Supporting Schedules: **REQUIRED** on July 31, 2019

4th quarter report: **REQUIRED** on July 31, 2019

4th quarter report Resolution: **REQUIRED** on July 31, 2019

##### LGD

Final Approval Letter: September 3, 2019

*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.*

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#### 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](http://www.nmdfa.state.nm.us/Budget_Memos_1.aspx)
- 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.
- FY20 Co-Muni Budget Work Plan Questionnaire – describes major issues affecting an entity's FY2019-20 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 "FY2019 Q4" reporting period. A governing body approved resolution approving the 4<sup>th</sup> 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 1/12<sup>th</sup> of total budgeted expenditures
- County Reserve is 3/12<sup>ths</sup> of total budgeted expenditures

*County Road Fund Reserve Requirements:*

- County Reserve is 1/12<sup>th</sup> 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](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: Donnie J. Quintana, LGD Director  
BFB Analysts  
Brian Colón, State Auditor  
Bill Fulginiti, NMML Executive Director  
Steve Kopelman, NMC Executive Director