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MEMORANDUM BFB #19-04

TO: New Mexico Special Districts

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

DATE: March 4, 2019

SUBJECT: Fiscal Year 2019-20 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>

If your special district is facing fiscal challenges, 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, 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:

Special Districts

Budget Document: **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 by LGD is the official budget of record for your special district.

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 locally required reserves)
- Investments **must be** reported in the investments column
- Total Transfers **must always** equal to zero
- 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

Local Government Budget Management System (LGBMS) Update:

LGBMS implementation of special districts will be phased-in. An implementation schedule will be developed as soon as additional funding to continue system development is secured. If your special district participates in the pilot group, you will continue to submit on LGBMS and can obtain the LGBMS User Guide and other resources on our website: <http://www.nmdfa.state.nm.us/lgbms.aspx>

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

xc: Donnie J. Quintana, LGD Director
BFB Analysts
Brian Colón, State Auditor