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MEMORANDUM BFB #20-03

TO: New Mexico Special Districts

FROM: Donnie J. Quintana, Director *Donnie J. Quintana*
Local Government Division

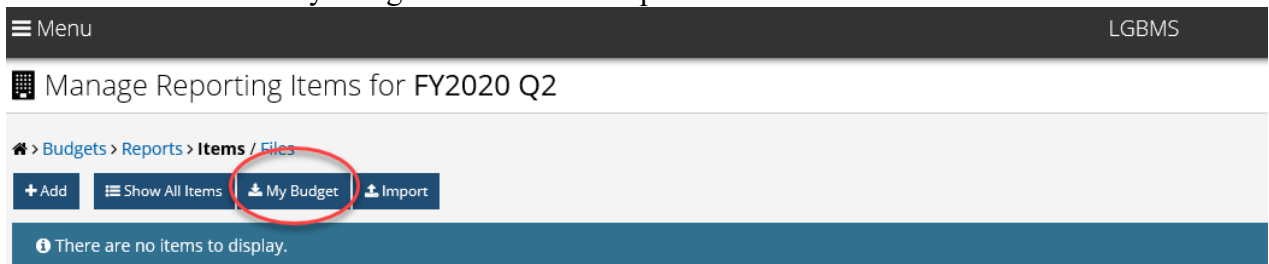
DATE: March 18, 2020

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

In light of current economic uncertainties due to the impact of the COVID-19 public health emergency, we are temporarily adjusting our budget approval guidelines.

In the event that your local entity has inadequate data to make revenue projections, we offer the following recommendations in preparing and submitting an interim budget by the June 1, 2020 statutory deadline:

- Utilizing our Excel forms, you can use your local entity's FY2019-2020 approved budget and any applicable supporting schedules to create the FY2020-2021 interim budget and schedules to submit to your assigned LGD Budget Analyst (analyst).
- If you are a pilot special district currently using the Local Government Budget Management System (LGBMS), please follow these steps:
 1. Navigate to the LGBMS Reporting Module and open any of the completed quarters for FY2019-2020 (for example you can go into period "FY2020 Q2" or FY2020 Q3").
 2. Click on the "My Budget" button at the top of the screen.



3. An Excel file with your entity's FY2019-2020 budget line items will appear on the screen and you can make changes to any of the amounts if you wish.

4. Using the “Save As” option in Excel, save the file with a new file name denoting it as the FY2020-2021 budget and select “CSV (Comma delimited)” as the file type.
 5. Navigate to the LGBMS Budget Module for FY2020-2021 and follow the instructions beginning on page 22 of the *LGMBS Entity User Guide* to upload the CSV file.
- A governing body resolution approving the annual budget is not required until July 31, 2020; therefore, it is based on your local entity’s internal policy as to whether the interim budget will be presented to the governing body.
 - After the current fiscal year closes on June 30, 2020, reconcile all Funds so that you can complete the FY2020 4th Quarter report (either on Excel forms or LGBMS if applicable) and have beginning balances as of July 1, 2020 to report on the final budget.
 - Use the year-to-date actuals on the FY2020 4th Quarter report to make revisions (either on Excel forms or LGBMS if applicable) for the final budget.
 - For questions that come up that are not specifically addressed in this guidance memo, be sure to contact your assigned analyst via email to get direction specific to your local entity’s needs.
 - Because the impact of the current health emergency is evolving each day, be sure to read all email correspondence coming from your assigned analyst.

Additionally, 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.

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>

We offer the following recommendations in preparing a balanced interim budget, in the event your special district is facing financial/budgetary challenges:

- 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 Operating on State Fiscal Year

<u>Budget Document:</u>	June 1, 2020 <i>[submission extensions cannot be granted]</i>
<u>Budget Resolution:</u>	optional at this date
<u>Property Tax Resolution:</u>	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:

Special Districts Operating on State Fiscal Year

Budget Document

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 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 and an implementation schedule will be developed as soon as a contract to continue system development is executed. If your special district currently participates in the pilot group, you will continue to submit on LGBMS and a new Security Access Form (SAF) for each individual within your local government who requires access to the system for Fiscal Year 2020-21 is required. 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>

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

xc: Local Government Division, Budget & Finance Bureau Analysts
Brian Colón, State Auditor