




Governor Michelle Lujan Grisham
Cabinet Secretary Wayne Propst

Local Government Division

MEMORANDUM BFB #23-02

TO: New Mexico Counties and Municipalities

FROM: Renee Ward, Deputy Cabinet Secretary and Acting Director, Local Government Division 

DATE: February 20, 2023

SUBJECT: Fiscal Year 2023-24 Budget Preparation & Submission Guidelines

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 2023-24 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 must also be submitted electronically as attached files via LGBMS.

Please note, submission of a *NEW* Security Access Form (SAF) for each individual within your local government who requires access to the system for Fiscal Year 2023-24 is required. To safeguard the data submitted on LGBMS, be sure to submit a SAF to deactivate the account of anyone that no longer in need of access to the system or has left your organization.

The Security Access Form (SAF), LGBMS User Guide, LGBMS FAQ document, and other information are available [HERE](#).

Guidance and Tips

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 a formal policy that strictly disallows recurring expenditures from cash balances and non-recurring revenues,



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- 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, 2023 (Submission extensions cannot be granted)
	Budget Resolution	June 1, 2023 (Optional at this date)
	Property Tax Resolution	June 1, 2023 (Changes to the operating mill levy)
LGD	Interim Approval Letter	July 1, 2023

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	July 31, 2023
	Budget Resolution	
	Budget Supporting Schedules	
	4th quarter report	
	4th quarter report Resolution	
LGD	Final Approval Letter	September 6, 2023

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.

Additional Required Items

Resolutions

Sample resolutions for budget and 4th quarter report adoptions are located [HERE](#).

Supporting Schedules

Required schedules that support the budget are listed below and can be found [HERE](#).



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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” 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; refer to Memorandum #BFB-21-05 “Guidelines on Revised GRT Reporting Codes”] located on our website: https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-memos/ .
Form S-2 (SCHEDULE OF INSURANCE)	Lists all insurance costs.
Salary Schedule	Lists salaries and benefits associated with each budgeted 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.
FY24 Co-Muni Budget Work Plan Questionnaire	Describes major issues affecting an entity’s FY2023-24 budget and how those factors are being addressed in the budget.

4th Quarter Report

This report must be submitted on the LGBMS Reporting Module, under the “FY2023 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 investment’s 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)



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- 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.

Local Governing Body Procedures for Credit Card and Electronic Transfer Payments

Pursuant to 6-10-1.2, NMSA 1978, the Department of Finance and Administration (DFA), Local Government (LGD), Budget and Finance Bureau (BFB), is streamlining the process on how the Local Governing Bodies submit their internal policies and procedures dealing with the acceptance of payments by credit card or electronic transfers at the local level.

As noted in 6-10-1.2:

“The local governing body shall adopt procedures, subject to the approval of the department, on the terms and conditions of accepting payments by credit card or electronic transfer.”

“Department” is the Department of Finance and Administration (DFA).

“Checklist for Acceptance of Credit Cards and Electronic Transfers” and supporting documentation required with the **“Checklist”** to be submitted with the **Interim Budget, on or before June 1, 2023**, located [HERE](#).

STATE REQUIRED RESERVES (LGBMS will automatically calculate)

<i>General Fund Reserve Requirements</i>	Muni Reserve is 1/12 th of total budgeted expenditures
	County Reserve is 3/12 ^{ths} of total budgeted expenditures
<i>County Road Fund Reserve Requirements</i>	County Reserve is 1/12 th of total budgeted expenditures
<i>General Fund Reserve Requirements</i>	Muni Reserve is 1/12 th of total budgeted expenditures
	County Reserve is 3/12 ^{ths} of total budgeted expenditures
<i>County Road Fund Reserve Requirements</i>	County Reserve is 1/12 th 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 [HERE](#).

Law Enforcement Protection Fund (LEPF)

Budget 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.



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- If a balance remains at the end of the previous fiscal year, approval from LGD is required prior to spending. After June 30th but on or before July 31st, please fill out the LEPF Carryover Request Form. Please check the DFA website closer to July 31st to find the newest form.

Local Assistance Tribal Consistency Fund (LATCF)

Budget LATCF distributions in LGBMS as follows:

- Fund 11000 General Fund,
- Revenue line item "0001"
- Object Code "47600 Federal – Local Assistance Tribal Consistency Fund (LATCF)"

New Mexico’s Cannabis Regulation Act

Cannabis revenue does not have any expenditure restrictions, therefore, for reporting purposes, and to not lose its identity, LGD is requiring all Cannabis revenue and related expenditures be reported in **“Fund 28000”**.

New Mexico Opioid Allocation Agreement (NMOAA)

Budget NMOAA opioid settlement funds awarded to eligible counties and municipalities under **Fund “27000 LG Abatement Opioid Fund”** using available line items that best fit settlement agreement requirements.

Pursuant to NMOAA requirements, every participating local government shall create a separate fund, called the “LG Abatement Fund”. Abatement funds shall not be commingled with any other money or funds of the local government.

Law Enforcement Retention Fund

Statute: NMSA 1978, § 9-19-14

Administering Agency: DPS

DPS The department shall administer the fund to provide:

- retention differential disbursements for law enforcement officers meeting certain levels of tenure; and
- support for disbursement administration processes and reporting compliance.

DPS appropriation encompass **restrictions**, therefore, for reporting purposes, LGD is requiring all DPS revenue and related expenditures be reported in **Fund “21300 DPS- Law Enforcement Retention”**.

Law Enforcement Recruitment and Retention Stipends

Statute: NMSA 1978, § 9-6-5.3

Administering Agency: DFA

The department of finance and administration shall establish a program to distribute funds for local law enforcement agencies to provide recruitment and retention stipends to law enforcement officers. The program shall establish criteria for distribution of funds appropriated for that purpose, prioritizing recruitment and retention of personnel to increase investigative capacity. The program shall also



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establish appropriate guidelines on the use of those funds, including recruitment and retention stipends that may be distributed to:

- A person who is not certified as a law enforcement officer pursuant to the Law Enforcement Training Act upon employment with a law enforcement agency, provided that the recipient successfully obtains such certification.
- A person who is certified as a law enforcement officer pursuant to the Law Enforcement Training Act upon employment with a law enforcement agency; provided that the recipient remains employed with that agency for three months; and
- A person who is certified as a law enforcement officer pursuant to the Law Enforcement Training Act currently employed by a law enforcement agency; provided that the law enforcement officer remains employed with that law enforcement officer's current agency for one additional year

DFA grant agreements encompass **restrictions**, therefore, for reporting purposes, LGD is requiring all DFA revenue and related expenditures be reported in **“Fund 21200 Law Enforcement Recruitment/Retention”**.

Budget Training

- DFA Local Government Division, Budget, and Finance Bureau (BFB) will be providing a virtual training on March 16, 2022, from 9:00 am to 11:30 am on **“Introduction to Local Government Budget Management System (LGBMS)-Budgeting 101 training for new users”** presented by BFB Analysts. A virtual “Teams Meeting” invitation will be sent out by your analyst in the next couple of days. Please “accept” this meeting invitation to add to your calendar.
- **TARGETED AUDIENCE: Newly hired local government finance staff and anyone with new job duties that include LGBMS Budget reporting.**

If you have any further questions, please contact your assigned analyst. Staff contact information is located [HERE](#).

xc: BFB Analysts
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