



Governor Michelle Lujan Grisham
Cabinet Secretary Wayne Propst

Local Government Division
Wesley Billingsley, Acting Division Director

MEMORANDUM BFB #23-03

TO: New Mexico Counties and Municipalities

FROM: Wesley Billingsley, Acting Director, Local Government Division *WB*

DATE: April 14, 2023

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

As you are aware the Department of Finance and Administration (DFA), Local Government Division (LGD) has waived the state required reserves for three fiscal years due to the economic uncertainties caused by the COVID-19 pandemic. However, as the state of New Mexico’s COVID-19 public health orders have been lifted and the economy has started to show improvement, the LGD will be rescinding the waiver on the required state reserves which began on March 18, 2020.

With successful partnerships between federal, state, and local governments, much needed assistance has been provided to small businesses and individuals which has stimulated the economy and strengthened local revenues. Therefore, effective with the FY23-24 Interim budget submission that has a statutory deadline of June 1, 2023, LGD is reinstating the following state required reserves.

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

If there is a negative adjusted cash balance at the general fund level and or at the county road fund level, you will not be able to submit your budget in LGBMS until the issue is resolved and you will see the notification below.

Error: Negative Cash Balance before Reserves (see the Budget Recap report).
 This must be corrected before submitting to your analyst.



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Below is an example of the LGBMS recap showing the County Road fund in the negative after reserves.

State of New Mexico
Local Government Budget Management System (LGBMS)

Budget Recap - Fiscal Year 2021-2022
Final - Approved

Printed from LGBMS on 2023-04-12 08:41:56

Example of County Road Fund in the negative after reserves. LGBMS will not allow budget submission until resolved.

Fund	Cash	Investments	Revenues	Transfers	Expenditures	Balance	Reserves	Adjusted Balance
11000 General Operating Fund	2,550,968.00	1,328,431.00	3,139,011.00	-420,248.00	3,629,405.00	2,968,757.00	907,351.25	2,061,405.75
20100 Corrections	258,091.00	0.00	210,000.00	31,909.00	500,000.00	0.00	0.00	0.00
20200 Environmental	63,342.00	0.00	128,200.00	82,468.00	274,010.00	0.00	0.00	0.00
20300 County Property Valuation	65,675.00	0.00	34,000.00	0.00	89,557.00	10,118.00	0.00	10,118.00
20400 County Road	222,927.00	0.00	777,513.00	0.00	999,326.00	1,114.00	83,277.17	-82,163.17
20600 Emergency Medical Services	10,392.00	0.00	5,000.00	0.00	13,000.00	2,392.00	0.00	2,392.00
20700 E-911 Fund	0.00	0.00	591,101.00	0.00	591,101.00	0.00	0.00	0.00
20800 Farm & Range	1.00	0.00	7,000.00	33,249.00	40,250.00	0.00	0.00	0.00

The reinstatement of the state required reserves will help counties and municipalities grow their cash balances and become more fiscally sound.

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

- xc: BFB Analysts
- Shanna Sasser, Rural & Frontier Equity Ombudsman
- Joseph M Maestas, State Auditor
- AJ Forte, NMML Executive Director
- Joy Esparsen, NMC Executive Director
- File