



**New Mexico**  
**Department of Finance**  
**and Administration**

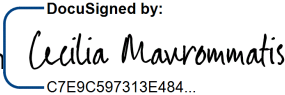
**407 Galisteo St,**  
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**(505) 827-4985**

**Governor Michelle Lujan Grisham**  
**Cabinet Secretary Wayne Propst**

**Local Government Division**  
**Cecilia Mavrommatis, Division Director**

**MEMORANDUM BFB #25-01**

TO: New Mexico Counties and Municipalities

FROM: Cecilia Mavrommatis, Director, Local Government Division   
DocuSigned by:  
Cecilia Mavrommatis  
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DATE: February 11, 2025

SUBJECT: Fiscal Year 2025-26 Budget Preparation & Submission Guidelines for Counties and Municipalities

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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 2025-26 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, entities must update submission of a *NEW* Security Access Form (SAF) in LGBMS for each individual within your local government who requires access to the system for Fiscal Year 2025-26. To safeguard the data submitted on LGBMS, be sure to deactivate the account in LGBMS of anyone that no longer needs access to the system or has left your organization.

The Security Access Form (SAF), LGBMS User Guide, LGBMS FAQ document, and other information can be found going to the following link:  
<https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/lgbms/>

**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**

<b>Counties &amp; Municipalities</b>	Budget Submittal on LGBMS	June 1, 2025 ( <b>Submission extensions cannot be granted</b> )
	Budget Resolution	June 1, 2025 (Optional at this date)
	Property Tax Resolution	June 1, 2025 ( <b>Changes to the operating or GO Bonds mill levy</b> )
<b>LGD</b>	Interim Approval Letter	July 1, 2025

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

**FINAL Budget Deadlines**

<b>Counties &amp; Municipalities</b>	Budget Revisions on LGBMS	July 31, 2025
	Budget Resolution	
	Budget Supporting Schedules	
	4th quarter report	
	4th quarter report Resolution	
<b>LGD</b>	Final Approval Letter	September 6, 2025

*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 can be found at the following link:

<https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-forms/>



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## Supporting Schedules

Required schedules that support the budget are listed below and can be found at the following link:

<https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-forms/>

Property Tax Calculation Worksheet	Calculates projected property tax revenue.
Debt Schedule	Lists all outstanding debt {loans, revenue & general obligation bonds}. <i>Electronically in LGBMS; make sure it ties to your Amortization Schedules.</i>
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: <a href="https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-memos/">https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-memos/</a> .
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].
FY24 Co-Muni Budget Work Plan Questionnaire	Describes major issues affecting an entity’s FY2025-26 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 “FY2025 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.



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**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)
- 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, 2025**, located at the following link: <https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-forms/>

**STATE REQUIRED 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 at the following link: <https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/budget-memos/>



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## **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.
- If a balance remains at the end of the previous fiscal year, approval from LGD is required prior to spending. After June 30<sup>th</sup> but on or before July 31<sup>st</sup>, please fill out the LEPF Carryover Request Form.

**For additional information, please contact:** Contact: Julie Krupcale, [julie.krupcale@dfa.nm.gov](mailto:julie.krupcale@dfa.nm.gov), or 505-629-2845.

## **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.*

## **FY24 Law Enforcement Recruitment Fund –(LERF)**

**Administering Agency: DFA Grant Agreement**

The department of finance and administration shall establish a program to distribute funds for local law enforcement agencies to provide recruitment to law enforcement officers and support positions. The program shall establish criteria for distribution of funds appropriated for that purpose, prioritizing recruitment of personnel to increase investigative capacity. The program shall also establish appropriate guidelines on the use of the Law Enforcement Recruitment Fund. LERF funds should be expended to zero to avoid reversions.

The following are examples on how the funds can be used:

- To fill Law Enforcement officer or support Positions.
- To create new Law Enforcement officer or support positions.

Type of allowable Positions:



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- Commissioned Law Enforcement
- Dispatchers
- Police Administrative Personnel
- Civilian Crime Scene Technicians
- Evidence Custodians
- Records custodians
- Forensic Laboratory Personnel
- Public Service Aides
- Criminal Investigators
- Investigate Analyst
- Intelligence Analysts
- Unmanned Aerial Vehicle Operators
- Information Technology/Professional Positions

Budget LERF distributions in LGBMS as follows:

- FY26 Fund 21222
- Revenue line item "0001"
- Object Code "3001"- Law Enforcement

## **FY25 Firefighter/EMS and Corrections Recruitment Funds**

### **Administering Agency: DFA Grant Agreement**

The department of finance and administration shall establish a program to distribute funds for Firefighter and EMS agencies to provide recruitment. The program shall establish criteria for distribution of funds appropriated for that purpose, prioritizing recruitment of personnel to improve response times, improve IOS ratings and supplement existing paid and/or volunteer organizations with additional trained responders. The program shall also establish appropriate guidelines on the use of the Firefighter/EMS Recruitment Fund.

Type of allowable recruitment position are as follows:

- Uncertified Fire Fighters
- Certified Fire Fighters
- Uncertified EMT's
- Certified EMT's

Budget Firefighter/EMS Recruitment Fund distributions in LGBMS as follows:

- FY26 Fund 20920 **Firefighter/EMS Recruitment Fund (Merged)**
- Revenue line item "0001"
- Object Code "3002"-Fire Protection



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## **FY25 Corrections Recruitment Fund**

### **Administering Agency: DFA Grant Agreement**

The department of finance and administration shall establish a program to distribute funds for NM correctional, detention, probation, and parole agencies for salary funding to recruit certified and non-certified personnel. The program shall establish criteria for distribution of funds appropriated for that purpose, prioritizing recruitment of personnel to improve capacity within correctional facilities. The program shall also establish appropriate guidelines on the use of the Corrections Recruitment Fund.

Budget Corrections Recruitment Fund distributions in LGBMS as follows:

- FY26 Fund 20120 Corrections Recruitment Fund
- Revenue line item "0001"
- Object Code "8004"- Correction Recruitment

DFA grant agreements encompass **restrictions**, therefore, for reporting purposes, LGD requires **allocation for FY26 (year 2) must be budgeted in the following funds 20920 and 20120. All FY25 appropriations must be expended on or before June 30, 2025; any cash balances not expended will require reversion to DFA. The Final Report data submitted to LGD must reconcile with the LGBMS fourth Quarter Financial Report. For information or questions, contact: Contact: Bianca Quintana, [Bianca.Quintana@dfa.nm.gov](mailto:Bianca.Quintana@dfa.nm.gov), 505-231-3052.**

## **Budget Training**

- DFA Local Government Division, Budget, and Finance Bureau (BFB) will be providing a virtual training on **March 21, 2025, 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 can be located at the following link: <https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/>

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