New Mexico’s Budget & Finance Oversight: Partnering for Local Government Success

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WHAT is Budget & Finance Oversight?

**WHO:** Local public bodies with annual revenue of $50,000 or more, exclusive of grants and capital outlay. This includes: 33 counties, 106 municipalities and 200+ special districts.

**WHAT:** Statutory requirement to file annual budget and quarterly financial reports.

- **Annual Budgets** certified by the Local Government Division are legally binding on all local officials.
- **Budget Adjustment Requests (BARs)** that increase or decrease the budget at a Fund level or transfers between Funds require Local Government Division approval.
- **Quarterly financial reports** with year-to-date actuals must be filed with the Local Government Division.
WHY Budget & Finance Oversight?

State monitoring of local public bodies' budgets and finances to ensure compliance with statutory requirements such as:

- **Balanced budget** (no Fund level deficits allowed)
- **State required reserves are met** (3/12th of expenditures for counties & 1/12th for municipalities)
- **Reasonable revenue projections** (especially for gross receipts taxes and property taxes)
- **Outstanding debt is within statutory limitations** (especially for general obligation bonds)

Identify early signs of financial distress such as:

- **Depletion of cash balances** at the Fund level
- **Dependence on General Fund** to support Enterprise Funds that should be self sufficient
- **Pledged revenue for debt** service not reliable

Improve the quality of annual financial audits by:

- **Identifying the need for Budget Adjustment Requests** prior to exceeding budget authority
- **Identifying revenue and expenditure reporting errors** to allow for correction before year end

HOW is Budget & Finance Oversight Provided?

Collection of budget and financial data on the **Local Government Budget Management System (LGBMS)**.

Three (3) Modules:

- **Budget Module**
  - 1 annual budget
  - 2 phases: Interim (due June 1st) and Final (due July 31st)
- **Adjustment Module**
  - Local BAR’s (budget adjustments that DON’T require state approval)
  - State BAR’s (budget adjustments that DO require state approval)
- **Reporting Module**
  - Year-to-date actuals reported quarterly
  - Due the end of the month after the close of the quarter (i.e. Quarter 1 covers July 1 to September 30 and is due October 31st)

Standard Reports:

- **RECAP** (shows the “Big Picture”: cash, revenues, expenditures, etc., by Fund)
- **Detail Report** (detail by Fund, Department, Line Item)
- **Summary Report** (summary by Fund, Department, Category)
- **Transfers Report** (“Transfers In” and “Transfers Out” by Fund)
HOW is Budget & Finance Oversight Provided? (continued)

Data sharing with state decision makers who:
- Determine state appropriations to fund local government capital outlay needs
- Determine state grants awarded to local governments
- Determine low interest loans for local governments
- Enact tax and other finance policies that affect local governments

Training of local finance professionals:
- Host Annual Budget Conference and give presentations at other conferences/meetings
- Partner with NM Edge Program to develop curriculum and teach budget & finance courses
- Provide on-site training to new local finance staff on budget and reporting requirements

On-Site short-term and long-term technical assistance by dedicated field analyst:
- Help to correct audit findings and to improve internal processes to avoid future audit findings
- Help to implement or convert to new accounting and financial software programs
- Help to prepare the annual budget, BARs, and quarterly financial reports
- Hands-on training on LGBMS
- Help on improving overall business practices
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Questions?

Gracias!

Buenos Dias!

Santa Fe Aspen Trees in Fall

Budget & Finance Bureau

- Review and approve operating budgets, budget adjustments, and financial reports
- Provide technical assistance and training in government budget & finances
- Prepare financial and statistical analyses
- Advise local governments in preparation and programmatic content of local government
- Bond Refunding & General Obligation Bond Capacity Certificates
- Issue Property Tax Certificates
- Federal Reserve Revenue Distribution
- Federal Taylor Grazing Act Distribution
- Law Enforcement Protection Fund Distribution
- Small-Courts Assistance Distribution
- County Detention Facility Reimbursement Distribution
- Lodges' Tax Act Reporting