

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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BFB

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 operation and programmatic content of local government
- Bond Refunding & General Obligation Bond Capacity Certificates
- Issue Property Tax Certificates
- Federal Forest Reserve Distribution
- Federal Taylor Grazing Act Distribution
- Law Enforcement Protection Fund Distribution
- Small Counties Assistance Distribution
- County Detention Facility Reimbursement Distribution
- Lodgers' Tax Act Reporting



New Mexico Department of Finance & Administration

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Santa Fe Aspen Trees in Fall

Questions?



Gracias!
Buenos Dias!