

**2013**  
**NM Infrastructure Finance Conference**

**DFA/Local Government Division**  
**Budgeting Requirements**

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[http://www.nmdfa.state.nm.us/Budget\\_Finance\\_Bureau.aspx](http://www.nmdfa.state.nm.us/Budget_Finance_Bureau.aspx)

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# Statutory Definition of Local Public Body

The LGD definition of “local public body” under Section 6-6-1, NMSA 1978, states:

**“Local public body” means every political subdivision of the state that expends public money from whatever source derived, including but not limited to counties, county institutions, boards, bureaus or commissions; incorporated cities, towns or villages; drainage, conservancy, irrigation or other districts; charitable institutions for which an appropriation is made by the legislature; and every office or officer of any of the above.**

# Statutory Definition of Local Public Body (cont'd)

The LGD definition of “local public body” under Section 6-6-1, NMSA 1978, also states the following exception:

*“Local public body” does not include a mutual domestic water consumers association, a land grant, an incorporated municipality or a special district with an annual revenue, exclusive of capital outlay funds, federal or private grants or capital outlay funds disbursed directly by an administering agency, of less than ten thousand dollars (\$10,000)....*

- This means that if an entity falls under the \$10,000 threshold, LGD reporting is not required.
- Send a copy of the Tier Certification Form ([refer to Handout #1](#)) to LGD.



# Fiscal Responsibility

*Every dollar of public funds must be spent wisely*

- An elected official is responsible for ensuring that your local public body:
  - Maximizes opportunities to invest in your community and to build for the future;
  - Maintains a prudent and sustainable budget;
  - Complies with reporting requirements that demonstrate accountability to the citizens served by the local public body; and
  - Follows sound financial management practices.
- Follows State and Federal rules and regulations. This includes:
  - Reporting to Local Government Division 6-6-2 NMSA 1978
  - Reporting to the State Auditor's Office regarding timely audit.

# NMSA 1978 Section 6-6-2

(Refer to Handout #2)

Requires each local public body to furnish and file with the Local Government Division the following:

- **June 1<sup>st</sup>** -Interim Budget Submission –
- **July 31<sup>st</sup>** - Final Budget Submission
- Quarterly Report Submissions –
  - September 30<sup>th</sup> is due October 31<sup>st</sup>
  - December 31<sup>st</sup> due January 31<sup>st</sup>
  - March 31<sup>st</sup> due April 30<sup>th</sup>
  - June 30<sup>th</sup> due July 31<sup>st</sup>

**Local Government Division reviews for the following (not limited to):**

- Expenditures do not to Exceed Approved Budget
- Expenditures do not Exceed Revenues
- Adjustments to the Budget
- LGD Authority to Prescribe Forms *Budget + Q Rpt formats*
- EFFECTIVE JULY 1, 2012 – New Statutory Requirement Concerning Non-Compliance

# NMAC 2.2.3

## Budget Certification Rule

(Refer to Handout #3)

- 2.2.3 requires that timely audits as of the previous fiscal year are submitted to the State Auditor's Office and Local Government Division.
- 2.2.3.8 Untimely Annual Audits & Budget Certification
  - Local public body shall communicate in writing to the local government division and to the State Auditor when it has completed its required audit.
  - Local Government Division shall certify the local public body's interim and final budgets upon confirmation by the state auditor's office that the required audit has been submitted to the State Auditor's Office for review and publication.
- 2.2.3.9 Non-compliance by Local Public Bodies
  - Conditional budget certification may occur in the case that a local public body does not comply with the rule to bring its annual audit(s) into compliance.







# What is a Budget?

- **Monetary Plan**
- **Communication Tool**
- **Legally Binding Contract**

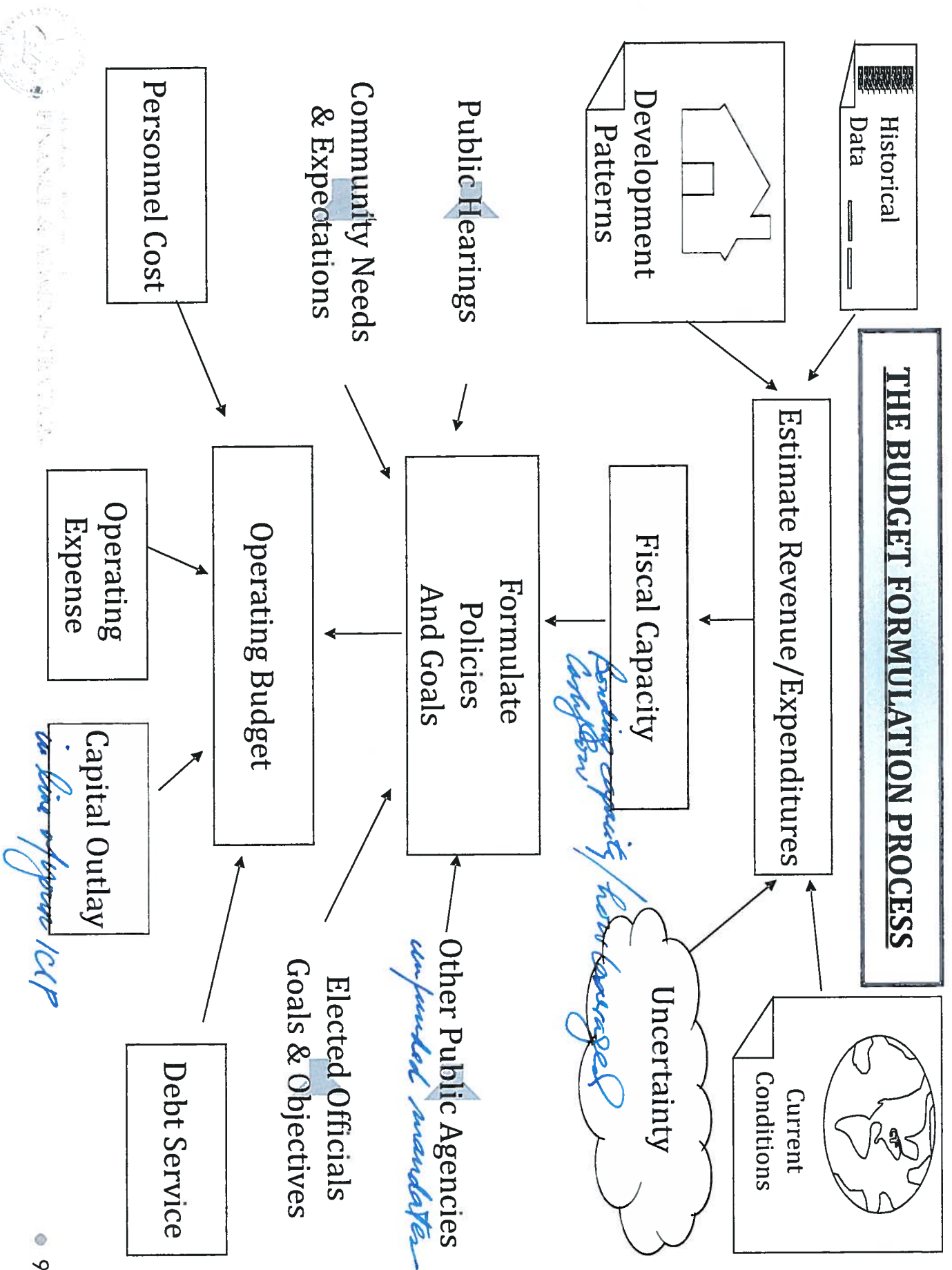


# Budgeting Process

(Refer to Handouts #4 and #5)

- Preparation.....
- Approval.....
- Execution.....
- Review.....





# LGD Key Dates on the Budget Calendar

(Refer to Handout #6)

Due Date	Item Required to LGD by Local Public Body
June 1	Submission of an Interim Budget (proposed budget for next fiscal year)
July 31	Submission of Year End Budget Adjustments
July 31	Submission of Final Budgets. This is to include approved resolutions, June 30 Quarterly Reports and Supporting Schedules.

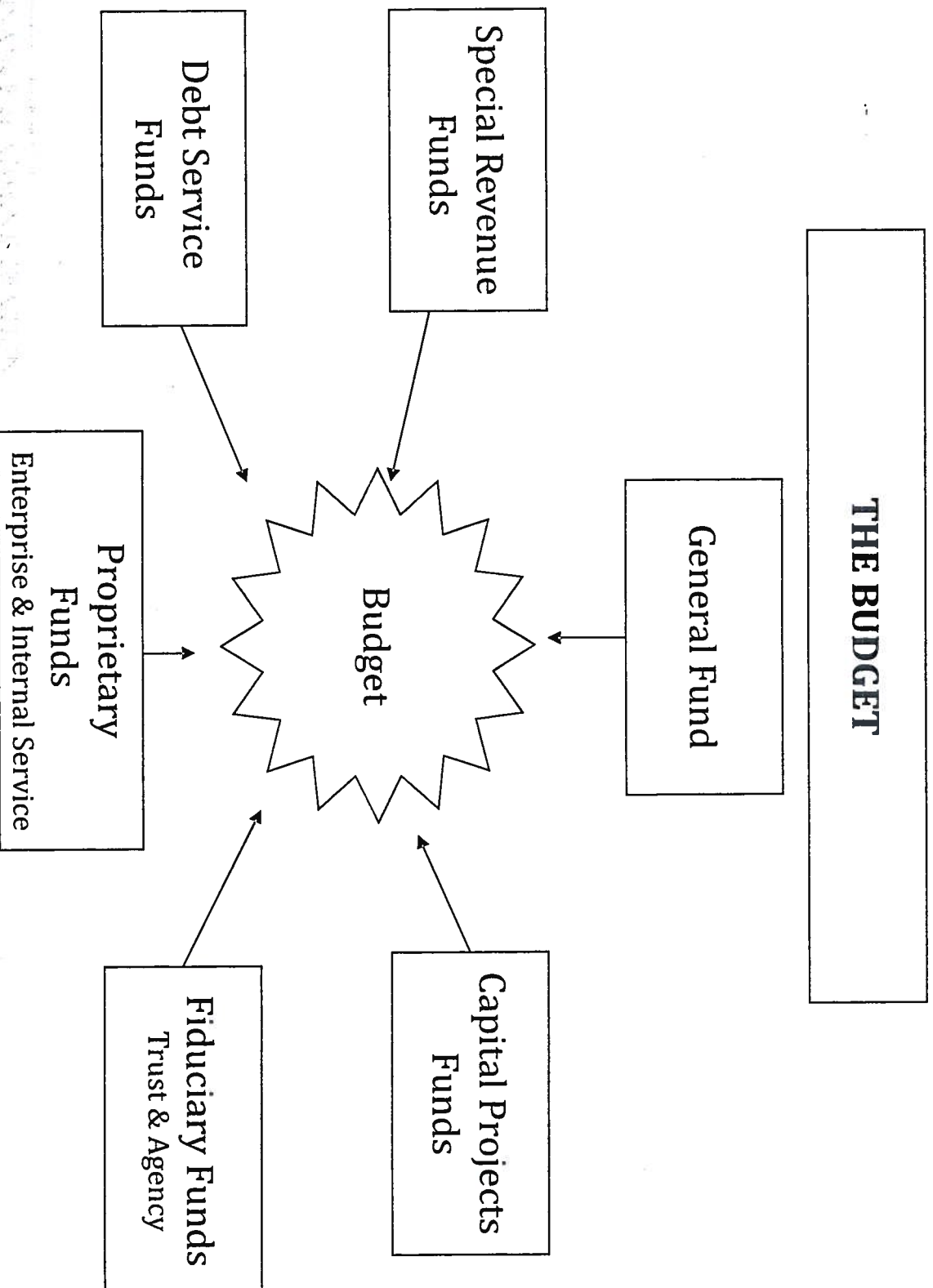


# **LGD Key Dates on the Budget Calendar (Refer to Handout #6)**

<b>LGD Due Date</b>	<b>LGD Deadline to Local Public Body</b>
<b>July 1</b>	LGD to approve Interim Budget to Local Public Body. Approval authorizes Local Public Body to operate until receipt of final budget certification.
<b>First Monday in September</b>	LGD to certify Final Budget to Local Public Body. Approval contingent on NO significant errors submitted during the interim phase. The Local Public Entity has provided all requests for additional information to the LGD.

# Budgeting By Fund

(Refer to Handout #7)



# LGD's Role in Review of Audit Reports

**Pursuant to NMAC 2.2.3 the Local Government Division holds the authority to review audits submitted to the State Auditor's Office.**

- 2.2.3 requires that timely audits as of the previous fiscal year are submitted to the Local Government Division.
- Local Government Division review of the annual audit for the most recently concluded fiscal year occurs when the report is public record. This is pursuant to State Auditor Rule.

**How does my entity qualify for reporting to the State Auditor's Office under the State Audit Act?**

- State Auditor's Office – Natalie Cordova

