



NEW MEXICO
DEPARTMENT OF FINANCE
AND ADMINISTRATION

2017

APPROPRIATION REQUEST

*PRESENTATION TO THE
LEGISLATIVE FINANCE COMMITTEE
Fiscal Year 2017*

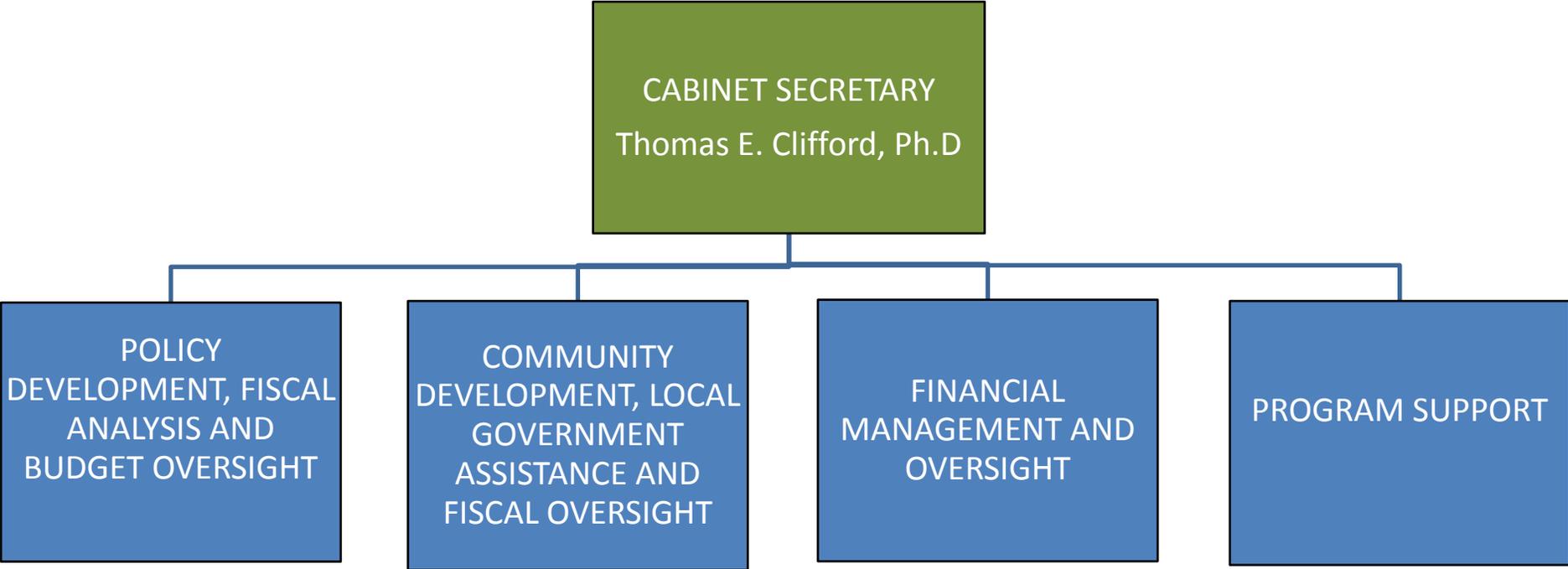
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Agency Mission

- Strengthen New Mexico's financial management practices through leadership, oversight and delivery of training and technical support
- Effectively communicate financial and statutory requirements and best practices for financial management and budget development
- Provide consistent, credible and timely oversight of state and local practices
- Provide sound analysis and reliable fiscal information to decision makers
- Ensure every tax dollar is spent wisely and makes a difference in New Mexico

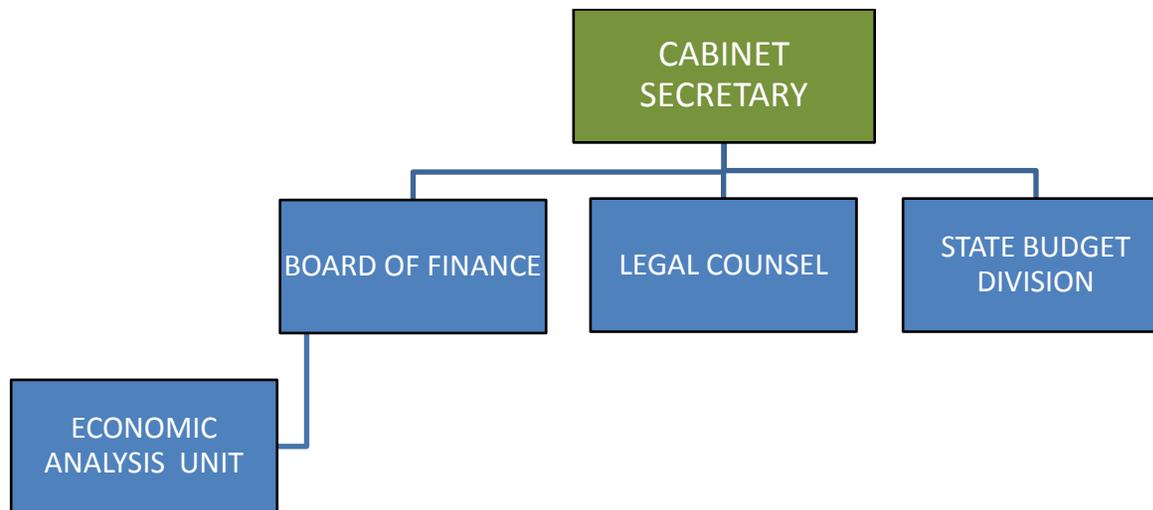
Agency Organizational Chart



CORE SERVICES

Policy Development, Fiscal Analysis and Budget Oversight Program

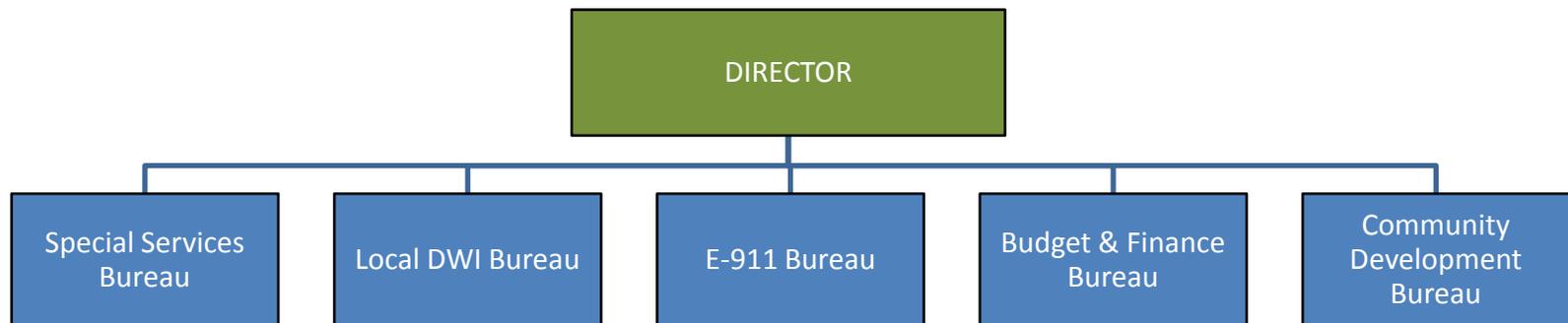
- Manage development of a balanced Executive budget recommendation, implement the Accountability in Government Act and oversee budget implementation and statewide capital budget implementation in compliance with statute, with focus on capital outlay reform
- Manage the consensus revenue process and track reserve balances and funds available for appropriation
- Provide staff support to the Board of Finance, which is responsible for approving state debt issuance, emergency loans and grants, and other financial transactions
- Manage drawdown of bond proceeds and oversee the state's banking contracts
- Provide legal analysis in support of DFA's programs and to other agencies as needed
- Participate in management of the State Investment Council, Public School Capital Outlay Council, New Mexico Finance Authority and other boards and commissions



CORE SERVICES

Community Development, Local Government Assistance and Fiscal Oversight Program

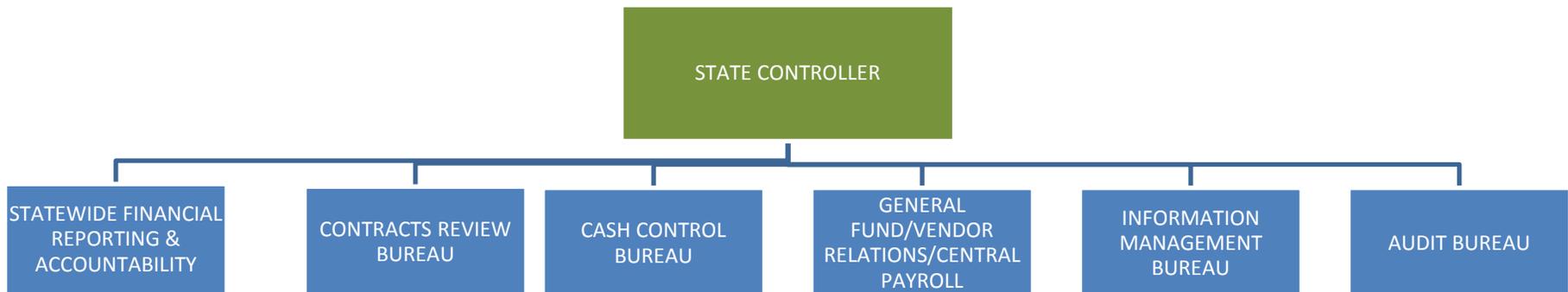
- Approve interim and final budgets from local public bodies including 33 counties, 104 municipalities, and more than 1,000 special districts, and monitor budget modifications
- Calculate certified property tax rates and distribute to county treasurers
- Administer the Community Development Block Grant (CDBG), the Neighborhood Stabilization Program (NSP), HUD Section 108 Program and capital appropriations granted to local entities
- Distribute special program funds to local entities including allocations from the Juvenile Adjudication Fund, the Local DWI Grant program, the E-911 Fund and the Civil Legal Services Fund
- Provide financial management services as needed to communities failing to meet required financial management standards



CORE SERVICES

Fiscal Management and Oversight Program

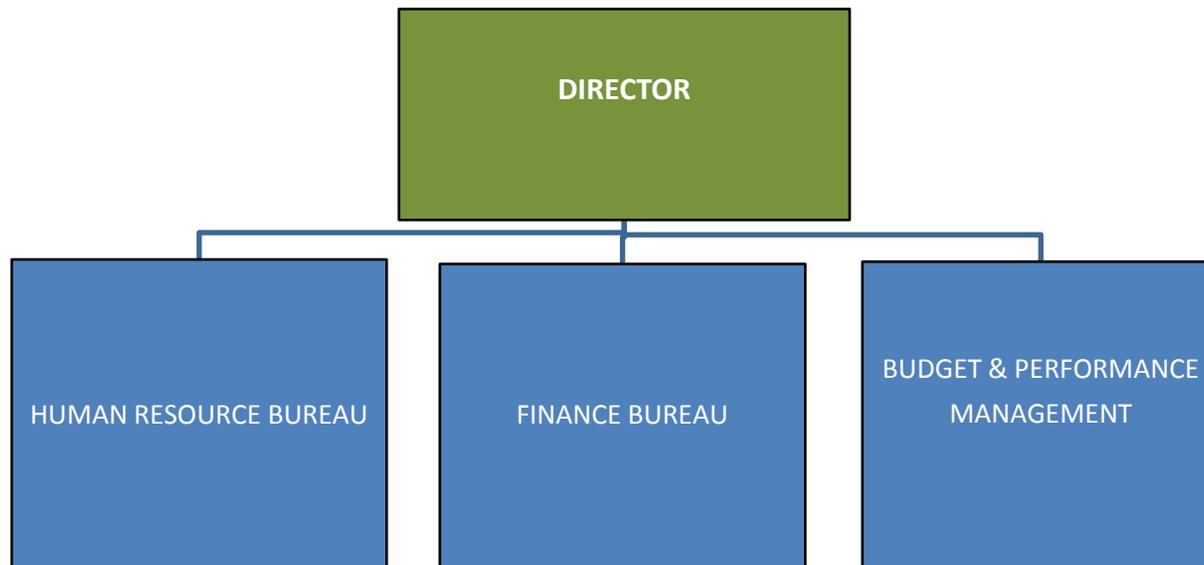
- Account for all General Fund revenue, process payroll and process payments to vendors
- Provide fiscal oversight including pre-auditing, post-auditing, monitoring and controlling state agency financial activities to ensure GAAP compliance and reconciling book to bank balances
- Compile and issue state's Comprehensive Annual Financial Report
- Review and approve professional service contracts for all executive agencies as to form, legal sufficiency and budgetary requirements
- Provide SHARE Financial User Support through the Help Desk



CORE SERVICES (continued)

Program Support:

- Provide other DFA programs with central direction on agency processes to ensure consistency and financial integrity
- Provide Human Resources support for the agency
- Provide Budget oversight for the agency
- Oversee preparation of agency's audit



FY2017 BUDGET REQUEST SUMMARY

- The Department is requesting a total budget of \$139,712.8, the majority of which relates to special programs like E-911, LDWI and Civil Legal Services as well as the 21 special appropriations made to DFA. The General Fund portion of the request is \$27,058.8, a 2.5% increase over FY2016.
- This request includes a General Fund increase of \$325.3 for the New Mexico Land Grant Council and an increase of \$147.6 for the New Mexico Acequia Commission, along with a decrease of \$548.0 due to the transfer of the Food Banks program to HSD.
- Our Department's General Fund operating budget request represents only \$15,849.1 of the total General Fund and is a 2.5% increase over FY16. The increase is \$477.7, the majority of which (\$268.6) is in personal services/employee benefits due to higher salaries for our hard-to-fill positions (e.g. CPAs) and an increase of \$171.8 for our CAFR audit for FY17.

Highlights of Some Initiatives

- **Economic analysis:** Manage the consensus revenue forecast to improve accuracy and accountability. Prepare a monthly General Fund Report to illustrate trends in revenue collections and provide updated information about the state's tax base.

- **State Budget Division:** Reforming the state's capital outlay programs:
 - Work with Local Governments to insure outlays are compliant with State and Federal requirements; including Audit requirements.
 - Reform the capital reporting programs to benefit localities, funding agencies and decision-makers.

- **Cash Control:**
 - Cash remediation project **phase I** enabled a complete, accurate and timely book to bank reconciliation on a point forward basis beginning February 2013.
 - Monitoring cash balance by fund; negative cash balances are addressed with agencies immediately.
 - Initiated reconciliation of agency claims on the SGFIP to fiduciary assets held by STO and able to assess need for loss contingency
 - Cash management remediation project **phase II** initiated in March 2015.
 - Establish standardized and streamlined process applicable to all disbursement activities using the Payment Load and Third Party Warrant processes.
 - Increase controls and automate banking interfaces associated with payment activity, eliminating interaction with bank files once produced from system.
 - Re-engineer SHARE monthly closing process, including development of missing processes, strengthening and streamlining existing processes and improving adequacy of controls.

- **CAFR** – provides the only integrated view of the State’s financial results
 - FY 2014 was only the second year the CAFR has been audited. Improvements:
 - CAFR released 4 months earlier
 - Auditor expressed clean opinion on 40% of fund-level opinion units
 - Major accounting and control initiatives undertaken to improve financial reporting including
 - Procurement and current implementation of software to automate compilation process
 - Implementation of Hyperion ongoing with anticipated February 2016 go-live
 - Enables pre-cycle planning and configuration of consolidation and elimination application
 - Expedites report development, reduces errors and automates audit process
 - Improvements to the state’s model accounting practices
 - Applying funding for additional positions; currently seeking qualified applicants
- **Agency Audits** – The Department is assuming a greater role in the audit process; review of all proposed audit adjustments prior to release of IPA report and subsequent monitoring of corrective action plans and significant input into IPA selection prior to recommendations to the Office of the State Auditor.
- **CFOs** – Implemented stringent procedures within the approval process for CFOs. In addition, oversight throughout the year has increased and issues/deficiencies are now addressed immediately.
- **Training** – The Department has developed and provides numerous training opportunities for agency CFOs and administrative personnel. Many of these programs have been recorded and are available on-line. DFA also supports vendor developed online courses focusing on continuing accounting education needs. Completion and participation in continuing education is a requirement to remain a CFO.
- **ASD:**
 - Review and update Department’s policies and procedures
 - Conduct internal trainings and ensure compliance with the Department’s loss control and prevention plan