

**STATE OF NEW MEXICO
VILLAGE OF ENCINO**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures
and
Compilation Report of Independent Accountant and
Compiled Financial Statements**

**For the Year Ended
June 30, 2017**

James L. Hartogenesis, CPA LLC

Certified Public Accountant

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
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JUNE 30, 2017**

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STATE OF NEW MEXICO
VILLAGE OF ENCINO
OFFICIAL ROSTER
JUNE 30, 2017

Name	Title
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Village Council

Boyd Herrington	Mayor
William Murphy	Mayor Pro-Tem
Ernie Garcia	Councilor
Victor Gallegos	Councilor
Michael Alarid	Councilor

Staff

Loretta Chavez	Clerk/Treasurer
Alysha Garcia	Deputy Clerk
Martha Phillips	Maintenance

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Village Council
Village of Encino, New Mexico
and
Honorable Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by State of New Mexico Village of Encino (Village) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, Budget, and Capital Outlay information and its compliance with Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2017. The Village is responsible for its financial reporting as described above. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, my procedures and associated findings are as follows:

1. REVENUE CALCULATION

Procedures

Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Page".

Results of Procedures

The Village's revenues were \$374,520, which requires Tier 6 Agreed-Upon Procedures in accordance with the Audit Rule.

2. CASH

Procedures

a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. For purposes of performing my procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the Village.

b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to canceled checks or deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures

Bank accounts were complete and reconciled timely. 20 of 60 reconciliations were tested for accuracy and traced to the general ledger without exception. Financial reports were submitted to DFA without exception. All 12 months were tested for uninsured bank balances, none were noted.

3. CAPITAL ASSETS

Procedure

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedure

The Village performed and certified their annual capital asset inventory without exception.

4. DEBT

Procedures

If the local public body has any debt, verify that all required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

Results of Procedures

The Village made the required debt payment with no exceptions. The loan did not have a provision requiring reserves, therefore this procedure is not applicable.

5. REVENUE

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedures

Revenue was analytically tested and there were no unexpected variances between actual and budgeted amounts. 54 receipts were tested and were determined to be properly recorded as to amount, classification and period.

6. EXPENDITURES

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures

93 disbursements were tested. Disbursements tested were accurate as to amount, payee, date and description, were properly authorized, and were in compliance with the budget, procurement code, and the Per Diem and Mileage Act, where applicable. No exceptions were noted.

7. JOURNAL ENTRIES

Procedures

Test all non-routine journal entries, adjustments and reclassifications posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures

Journal entries are reviewed and approved in accordance with Village policies. No exceptions were noted.

8. BUDGET

Procedures

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following test work:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Results of Procedures

The budget and budget amendment were reviewed and determined to be properly authorized by the Village Council and certified by DFA-LGD. Expenditures were less than budgeted amounts for all funds at the fund level, which is the legal level of budgetary control. The Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis) for all funds are presented on pages 11 through 14 of this report.

9. CAPITAL OUTLAY APPROPRIATIONS

Procedures

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the Tier 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

Procedure

a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

Results of Procedure

100% of capital outlay disbursements were tested. For all disbursements that were tested, the amount recorded as disbursed agreed to adequate supporting documentation, and the amount, payee, date and description agreed to the purchase order, contract, vendor's invoice and canceled check, where applicable.

Procedure

b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

Results of Procedure

Disbursements were properly authorized in accordance with the budget, legal requirements and established policies and procedures.

Procedure

c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

Results of Procedure

The contractor was selected in compliance with the New Mexico Procurement Code and State Purchasing Regulations.

Procedure

d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.

Results of Procedure

The physical existence of the equipment purchased was verified by observation.

Procedure

e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.

Results of Procedure

Monthly status reports were submitted monthly through the state Capital Project Monitoring System (CPMS), no exceptions were noted.

Procedure

f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

Results of Procedure

The project was not funded in advance, therefore this procedure is not applicable.

Procedure

g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

Results of Procedure

The project was completed and fully expended during the fiscal year, therefore this procedure is not applicable.

Procedure

h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.

Results of Procedure

The agreement did not require a separate bank account. The funds were accounted for in a separate line item on the general ledger. No exceptions were noted.

Procedure

i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Results of Procedure

100% of reimbursement requests submitted during the fiscal year were tested. All requests were properly supported by vendor invoices that were paid by the Village prior to requesting reimbursement.

10. OTHER

Procedure

a) If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section, 12-6-6 NMSA 1978. The findings must include all required content detailed in Section 2.2.2.10 (L) NMAC.

Results of Procedures

Nothing else was noted that is required to be disclosed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's financial reporting and compliance as described above. Accordingly, I do not express such an opinion or

conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of State of New Mexico Village of Encino, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
September 7, 2017

**SCHEDULE OF
CAPITAL PROJECTS**

STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF CAPITAL PROJECTS
Year Ended June 30, 2017

<u>Project Number</u>	<u>Project Name</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Remaining Balance</u>	<u>Legislation/ Effective Dates</u>
15-0563-STB	Encino Water System Improvements	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	Laws of 2015, Ch. 3, Sec. 20 7/1/2015 - 6/30/2019

**SCHEDULES OF REVENUES &
EXPENDITURES - BUDGET AND
ACTUAL (CASH BASIS)**

STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
GENERAL FUND
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Taxes:				
Property tax - current year	\$ 1,940	\$ 2,425	\$ 2,425	\$ -
Property tax - delinquent	-	370	370	-
Gross receipts - Local Option	10,181	27,065	27,065	-
Gross Receipts - Environment	751	1,708	1,708	-
Intergovernmental - State Shared				
Gross receipts	12,783	33,987	33,987	-
Gas tax (2 cent)	8,256	31,587	31,587	-
Motor vehicle	480	633	633	-
Grants - state capital outlay	10,000	10,000	10,000	-
Small Cities Assistance	90,000	90,000	90,000	-
Licenses and permits	45	15	15	-
Charges for services	1,098	704	704	-
Miscellaneous	4,750	2,141	2,141	-
Total Revenues	<u>140,284</u>	<u>200,635</u>	<u>200,635</u>	<u>-</u>
EXPENDITURES:				
Executive - legislative	1,560	1,560	1,360	200
Infrastructure	10,000	10,000	10,000	-
Finance & administration	118,350	118,350	113,118	5,232
Highways & streets	7,921	7,921	7,783	138
Other - miscellaneous	2,100	2,100	1,637	463
Total expenditures	<u>139,931</u>	<u>139,931</u>	<u>133,898</u>	<u>6,033</u>
Net change in fund balance	353	60,704	66,737	6,033
Fund balance, beginning of year	<u>79,436</u>	<u>79,436</u>	<u>79,436</u>	<u>-</u>
Fund balance, end of year	<u>\$ 79,789</u>	<u>\$ 140,140</u>	<u>\$ 146,173</u>	<u>\$ 6,033</u>

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
SPECIAL REVENUE FUNDS
Year Ended June 30, 2017**

<u>EMS FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State EMS grant	\$ 5,250	\$ 5,250	\$ 5,111	\$ (139)
Miscellaneous	-	-	-	-
Total Revenues	<u>5,250</u>	<u>5,250</u>	<u>5,111</u>	<u>(139)</u>
EXPENDITURES:				
EMS expenses	<u>5,250</u>	<u>5,250</u>	<u>4,946</u>	<u>304</u>
Net change in fund balance	-	-	165	165
Fund balance, beginning of year	<u>140</u>	<u>140</u>	<u>140</u>	<u>-</u>
Fund balance, end of year	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ 305</u>	<u>\$ 165</u>

<u>FIRE PROTECTION FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State Fire Marshall allotment	\$ 49,309	\$ 150,448	\$ 150,448	\$ -
Miscellaneous	-	236	236	-
Total Revenues	<u>49,309</u>	<u>150,684</u>	<u>150,684</u>	<u>-</u>
EXPENDITURES:				
Fire protection	<u>62,074</u>	<u>202,051</u>	<u>202,051</u>	<u>-</u>
Net change in fund balance	(12,765)	(51,367)	(51,367)	-
Fund balance, beginning of year	<u>112,933</u>	<u>112,933</u>	<u>112,933</u>	<u>-</u>
Fund balance, end of year	<u>\$ 100,168</u>	<u>\$ 61,566</u>	<u>\$ 61,566</u>	<u>\$ -</u>
Prior year cash available to balance the budget	<u>\$ 12,765</u>	<u>\$ 51,367</u>		

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
ENTERPRISE FUNDS
Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>WATER FUND</u>				
REVENUES:				
Charges for services	\$ 19,970	\$ 20,559	\$ 20,559	\$ -
EXPENDITURES:				
Water fund	17,592	20,520	20,520	-
Net change in fund balance	2,378	39	39	-
Fund balance, beginning of year	3,172	3,172	3,172	-
Fund balance, end of year	<u>\$ 5,550</u>	<u>\$ 3,211</u>	<u>\$ 3,211</u>	<u>\$ -</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<u>SOLID WASTE FUND</u>				
REVENUES:				
Charges for services	\$ 7,570	\$ 7,726	\$ 7,726	\$ -
EXPENDITURES:				
Solid Waste fund	7,560	7,560	6,822	738
Net change in fund balance	10	166	904	738
Fund balance, beginning of year	1,959	1,959	1,959	-
Fund balance, end of year	<u>\$ 1,969</u>	<u>\$ 2,125</u>	<u>\$ 2,863</u>	<u>\$ 738</u>

STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
METER FUND
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original Budget</u>	<u>Final Budget</u>		Favorable (Unfavorable)
REVENUES:				
Miscellaneous	<u>\$ 120</u>	<u>\$ 120</u>	<u>\$ 260</u>	<u>\$ 140</u>
EXPENDITURES:				
Miscellaneous	<u>60</u>	<u>60</u>	<u>20</u>	<u>40</u>
Net change in fund balance	60	60	240	180
Fund balance, beginning of year	<u>2,666</u>	<u>2,666</u>	<u>2,666</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,726</u></u>	<u><u>\$ 2,726</u></u>	<u><u>\$ 2,906</u></u>	<u><u>\$ 180</u></u>

YEAR-END FINANCIAL REPORTS
SUBMITTED TO DFA-LGD

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

<u>MUNICIPALITY: Encino</u>		DEPARTMENT OF FINANCE AND ADMINISTRATION LOCAL GOVERNMENT DIVISION					I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS:				
<u>Period Ending: 06-30-2017</u>		SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS AFTER THE CLOSE OF EACH QUARTER.					<u>Loretta Chavez</u> <u>07-05-17</u>				
<u>Prepared By: Loretta Chavez</u>		YEAR-TO-DATE TRANSACTIONS					Signature Date				
Fund #	FUND NAME	BEGINNING CASH BALANCE CURRENT FY (1)	REVENUES TO DATE (2)	TRANSFERS TO DATE (3)	EXPENDITURES TO DATE (4)	ADJUSTMENTS (5)	QTR ENDING CASH BALANCE (1)+(2)-(3)+(4)+(5) (6)	INVESTMENTS (7)	CASH + INVESTMENTS (8)	REQUIRED RESERVES (9)	AVAILABLE CASH (8) - (9)
101	GENERAL FUND (GF)	\$164,574	190,633	0	123,898	0	\$231,309	0	\$231,309	10,325	\$220,985
201	CORRECTION	\$0	0	0	0	0	\$0	0	\$0		\$0
202	ENVIRONMENTAL GRT	\$0	0	0	0	0	\$0	0	\$0		\$0
206	EMS	\$141	5,111	0	4,946	0	\$306	0	\$306		\$306
207	ENHANCED 911	\$0	0	0	0	0	\$0	0	\$0		\$0
209	FIRE PROTECTION FUND	\$112,933	150,684	0	202,051	0	\$61,566	0	\$61,566		\$61,566
211	LEPF	\$0	0	0	0	0	\$0	0	\$0		\$0
214	LODGERS' TAX	\$0	0	0	0	0	\$0	0	\$0		\$0
216	MUNICIPAL STREET	\$0	0	0	0	0	\$0	0	\$0		\$0
217	RECREATION	\$0	0	0	0	0	\$0	0	\$0		\$0
218	INTERGOVERNMENTAL GRAN	\$0	0	0	0	0	\$0	0	\$0		\$0
219	SENIOR CITIZEN	\$0	0	0	0	0	\$0	0	\$0		\$0
223	DWI PROGRAM	\$0	0	0	0	0	\$0	0	\$0		\$0
299	OTHER	\$0	0	0	0	0	\$0	0	\$0		\$0
300	CAPITAL PROJECT FUNDS	\$0	10,000	0	10,000	0	\$0	0	\$0		\$0
401	G. O. BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
402	REVENUE BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
403	DEBT SERVICE OTHER	\$0	0	0	0	0	\$0	0	\$0		\$0
500	ENTERPRISE FUNDS										
	Water Fund	\$3,172	20,559	0	20,520	0	\$3,211	0	\$3,211		\$3,211
	Solid Waste	\$1,960	7,726	0	6,822	0	\$2,864	0	\$2,864		\$2,864
	Waste Water	\$0	0	0	0	0	\$0	0	\$0		\$0
	Airport	\$0	0	0	0	0	\$0	0	\$0		\$0
	Ambulance	\$0	0	0	0	0	\$0	0	\$0		\$0
	Cemetery	\$0	0	0	0	0	\$0	0	\$0		\$0
	Housing	\$0	0	0	0	0	\$0	0	\$0		\$0
	Parking	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund na	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund na	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund na	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund na	\$0	0	0	0	0	\$0	0	\$0		\$0
600	INTERNAL SERVICE FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
700	TRUST AND AGENCY FUNDS	\$2,666	260	0	20	0	\$2,906	0	\$2,906		\$2,906
GRAND TOTAL		\$285,446	\$384,973	\$0	\$368,257	\$0	\$302,162	\$0	\$302,162	\$10,325	\$291,837

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

MUNICIPALITY: Encino
Period Ending: 06-30-2017

GENERAL FUND - MUNICIPALITY

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
REVENUES							
Taxes:							
Property Tax - Current Year	\$1,940	\$485	\$2,425	\$2,425		\$0	100.00%
Property Tax - Delinquent	\$0	\$370	\$370	\$370		\$0	100.00%
Property Tax - Penalty & Interest	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Equipment	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Production	\$0	\$0	\$0	\$0		\$0	n/a
Franchise Fees	\$0	\$0	\$0	\$0		\$0	n/a
Gross receipts - Local Option	\$10,181	\$16,884	\$27,065	\$27,065		\$0	100.00%
Gross Receipts - Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Environment	\$751	\$957	\$1,708	\$1,708		\$0	100.00%
Gross Receipts - Other Dedication	\$0	\$0	\$0	\$0		\$0	n/a
Intergovernmental -State Shared:							
Gross receipts	\$12,783	\$21,204	\$33,987	\$33,987		\$0	100.00%
Cigarette Tax	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [1 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [2 cent]	\$8,256	\$23,331	\$31,587	\$31,587		\$0	100.00%
Motor Vehicle	\$480	\$153	\$633	\$633		\$0	100.00%
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Local	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Small Counties Assistance	\$90,000	\$0	\$90,000	\$90,000		\$0	100.00%
Licenses and Permits	\$45	(\$30)	\$15	\$15		\$0	100.00%
Charges for Services	\$1,098	(\$394)	\$704	\$704		\$0	100.00%
Fines and Forfeits	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous	\$4,750	(\$2,609)	\$2,141	\$2,141		\$0	100.00%
TOTAL GENERAL FUND REVENUES	\$130,284	\$60,349	\$190,633	\$190,633		\$0	100.00%
EXPENDITURES							
Executive-Legislative	\$1,560	\$0	\$1,560	\$1,360	\$0	\$200	87.18%
Judicial	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Elections	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Finance & Administration	\$118,350	\$0	\$118,350	\$113,118	\$0	\$5,232	95.58%
Public Safety	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Highways & Streets	\$7,921	\$0	\$7,921	\$7,783	\$0	\$138	98.26%
Senior Citizens	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Sanitation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Health and Welfare	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Culture and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Economic Development & Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airport	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other - Miscellaneous	\$2,100	\$0	\$2,100	\$1,637	\$0	\$463	77.98%
TOTAL GENERAL FUND EXPENDITURES	\$129,931	\$0	\$129,931	\$123,898	\$0	\$6,033	95.36%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$66,735			

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

MUNICIPALITY: Encino
Period Ending: 06-30-2017

SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS	Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total			
CORRECTIONS	201							
REVENUES								
Correction Fees	201	0	0	0	0		0	n/a
Miscellaneous	201	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	201	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	201	0	0	0	0		0	n/a
Transfers (Out)	201	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	201				0			
ENVIRONMENTAL	202							
REVENUES								
GRT - Environmental	202	0	0	0	0		0	n/a
Miscellaneous	202	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	202	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	202	0	0	0	0		0	n/a
Transfers (Out)	202	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	202				0			
EMS	206							
REVENUES								
State EMS Grant	206	5,250	0	5,250	5,111		(139)	97.35%
Miscellaneous	206	0	0	0	0		0	n/a
TOTAL Revenues		5,250	0	5,250	5,111		(139)	97.35%
EXPENDITURES	206	5,250	0	5,250	4,946	0	304	94.20%
OTHER FINANCING SOURCES								
Transfers In	206	0	0	0	0		0	n/a
Transfers (Out)	206	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	206				165			
E911	207							
REVENUES								
State-E-911 Enhancement	207	0	0	0	0		0	n/a
Network & Data Base Grant	207	0	0	0	0		0	n/a
Miscellaneous	207	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	207	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	207	0	0	0	0		0	n/a
Transfers (Out)	207	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	207				0			
FIRE PROTECTION	209							
REVENUES								
State - Fire Marshall Allotment	209	49,309	101,139	150,448	150,448		0	100.00%
Miscellaneous	209	0	236	236	236		(0)	99.88%
TOTAL Revenues		49,309	101,375	150,684	150,684		(0)	100.00%
EXPENDITURES	209	62,074	139,977	202,051	202,051	0	0	100.00%
OTHER FINANCING SOURCES								
Transfers In	209	0	0	0	0		0	n/a
Transfers (Out)	209	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	209				(51,367)			

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

MUNICIPALITY: Encino
 Period Ending: 06-30-2017

CAPITAL PROJECTS

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive (Negative)	
						\$	%
REVENUES							
GRT- Dedication	\$0	\$0	\$0	\$0		\$0	n/a
GRT- Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Bond Proceeds	\$0	\$0	\$0	\$0		\$0	n/a
State Grants	\$0	\$0	\$0	\$0		\$0	n/a
CDBG funding	\$0	\$0	\$0	\$0		\$0	n/a
State Grants	\$0	\$0	\$0	\$0		\$0	n/a
Federal Grants (other)	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$10,000	\$0	\$10,000	\$10,000		\$0	100.00%
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL CAPITAL PROJECTS REVENUES	\$10,000	\$0	\$10,000	\$10,000		\$0	100.00%
EXPENDITURES							
Parks/Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Equipment & Buildings	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Facilities	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Transit	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airports	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Infrastructure	\$10,000	\$0	\$10,000	\$10,000	\$0	\$0	100.00%
Debt Service Payments (P&I)-GO Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service Payments (P&I)-Rev. Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL CAPITAL PROJECTS EXPENDITURE	\$10,000	\$0	\$10,000	\$10,000	\$0	\$0	100.00%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$0			

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

MUNICIPALITY: Encino
Period Ending: 06-30-2017

ENTERPRISE FUNDS

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
	REVENUES						
Water Fund							
Charges for Services	\$19,970	\$589	\$20,559	\$20,559		\$0	100.00%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES - Water Fund	\$19,970	\$589	\$20,559	\$20,559		\$0	100.00%
EXPENDITURES							
Water Fund	\$17,592	\$2,928	\$20,520	\$20,520	\$0	\$0	100.00%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL-OTHER FINANCING SOURCE	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$39			
REVENUES							
Solid Waste							
Charges for Services	\$7,570	\$156	\$7,726	\$7,726		\$0	100.00%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES - Solid Waste Fund	\$7,570	\$156	\$7,726	\$7,726		\$0	100.00%
EXPENDITURES							
Solid Waste	\$7,560	\$0	\$7,560	\$6,822	\$0	\$738	90.24%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL-OTHER FINANCING SOURCE	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$904			

STATE OF NEW MEXICO
VILLAGE OF ENCINO
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2017

MUNICIPALITY: Encino
Period Ending: 06-30-2017

INTERNAL SERVICE / TRUST & AGENCY FUNDS

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRANCES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive (Negative)	
						\$	%
INTERNAL SERVICE FUNDS [600]							
REVENUES							
Charges for Services	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous revenues	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES	\$0	\$0	\$0	\$0		\$0	n/a
EXPENDITURES							
Operating Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0	\$0	#REF!
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURC	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$0			
TRUST AND AGENCY FUNDS [700]							
REVENUES							
Investments	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Tax Revenues	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous revenues	\$120	\$0	\$120	\$260		\$140	216.67%
TOTAL REVENUES	\$120	\$0	\$120	\$260		\$140	216.67%
EXPENDITURES							
General Government/Benefits	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Miscellaneous	\$60	\$0	\$60	\$20	\$0	\$40	33.33%
TOTAL EXPENDITURES	\$60	\$0	\$60	\$20	\$0	\$40	33.33%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURC	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$240			

STATE OF NEW MEXICO
VILLAGE OF ENCINO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017

1. Current Year Findings

None.

2. Prior Year Findings

2016-001 - Lack of Pledged Collateral for Uninsured Bank Balances - Resolved

STATE OF NEW MEXICO
VILLAGE OF ENCINO
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2017

The report contents were discussed at an exit conference held on July 27, 2017 with the following in attendance:

Village of Encino

William Murphy	Mayor Pro-tem
Loretta Chavez	Clerk/Treasurer
Alysha Garcia	Deputy Clerk

James L. Hartogenesis, CPA LLC

James Hartogenesis, CPA, CGFM	Principal
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COMPILATION REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

Village Council
Village of Encino, New Mexico
and
Honorable Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

Management is responsible for the accompanying financial statements of the governmental activities and the business-type activities of State of New Mexico Village of Encino (Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the statement of cash flows, government-wide financial statements, and notes related to the statement of cash flows and government-wide financial statements required by accounting principles generally accepted in the United States of America. If the omitted statement of cash flows, government-wide financial statements, and related note disclosures were included in the financial statements, it might influence the user's conclusions about the Village's financial position, respective changes in financial position, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, and are not intended to be a complete presentation of the Village's assets and liabilities.

This report is intended solely for the information and use of the Village of Encino, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico

September 7, 2017

STATE OF NEW MEXICO
VILLAGE OF ENCINO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Fire Protection Fund	EMS Fund	Total Govern- mental Funds
ASSETS:				
Cash and cash equivalents	\$ 231,379	\$ 61,566	\$ 306	\$ 293,251
Municipal taxes receivable	18,325	-	-	18,325
Total assets	\$ 249,704	\$ 61,566	\$ 306	\$ 311,576
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	3,584	-	-	3,584
Total liabilities	3,584	-	-	3,584
FUND BALANCES:				
Restricted	-	61,566	306	61,872
Unassigned	246,120	-	-	246,120
Total fund balances	246,120	61,566	306	307,992
Total liabilities and fund balances	\$ 249,704	\$ 61,566	\$ 306	\$ 311,576

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF ENCINO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2017

REVENUES:	General Fund	Fire Protection Fund	EMS Fund	Total Govern- mental Funds
Taxes	\$ 111,610	\$ -	\$ -	\$ 111,610
Intergovernmental	90,000	150,448	5,111	245,559
Grants	10,000	-	-	10,000
Licenses and permits	15	-	-	15
Charges for services	704	-	-	704
Miscellaneous	2,141	236	-	2,377
Total revenues	<u>214,470</u>	<u>150,684</u>	<u>5,111</u>	<u>370,265</u>
 EXPENDITURES:				
General government:				
Current:				
Executive - legislative	1,360	-	-	1,360
Finance & administration	115,167	-	-	115,167
Public safety	-	26,506	4,946	31,452
Highways & streets	7,783	-	-	7,783
Other - miscellaneous	1,637	-	-	1,637
Capital outlay	10,000	157,781	-	167,781
Debt service	-	17,764	-	17,764
Total expenditures	<u>135,947</u>	<u>202,051</u>	<u>4,946</u>	<u>342,944</u>
Net change in fund balance	78,523	(51,367)	165	27,321
Fund balance, beginning of year	<u>167,597</u>	<u>112,933</u>	<u>141</u>	<u>280,671</u>
Fund balance, end of year	<u>\$ 246,120</u>	<u>\$ 61,566</u>	<u>\$ 306</u>	<u>\$ 307,992</u>

See independent accountant's compilation report and accompanying notes.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2017**

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS:			
Current assets			
Cash and cash equivalents	\$ 6,075	\$ -	\$ 6,075
Restricted cash held for meter deposits	2,906	-	2,906
Accounts receivable	<u>2,180</u>	<u>582</u>	<u>2,762</u>
Total current assets	<u>11,161</u>	<u>582</u>	<u>11,743</u>
Property & equipment			
Buildings	69,000	-	69,000
Vehicles	20,000	-	20,000
Infrastructure	762,455	-	762,455
Accumulated depreciation	<u>(327,898)</u>	<u>-</u>	<u>(327,898)</u>
Property & equipment, net	<u>523,557</u>	<u>-</u>	<u>523,557</u>
Total assets	<u><u>\$ 534,718</u></u>	<u><u>\$ 582</u></u>	<u><u>\$ 535,300</u></u>
LIABILITIES:			
Current liabilities			
Accounts payable	\$ 2,121	\$ 486	\$ 2,607
Meter deposits	<u>2,906</u>	<u>-</u>	<u>2,906</u>
Total liabilities	<u><u>\$ 5,027</u></u>	<u><u>\$ 486</u></u>	<u><u>\$ 5,513</u></u>
NET POSITION:			
Investment in capital assets	523,557	-	523,557
Unrestricted	<u>6,134</u>	<u>96</u>	<u>6,230</u>
Total net position	<u>529,691</u>	<u>96</u>	<u>529,787</u>
Total liabilities and net position	<u><u>\$ 534,718</u></u>	<u><u>\$ 582</u></u>	<u><u>\$ 535,300</u></u>

See independent accountant's compilation report and accompanying notes.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017**

	Water Fund	Solid Waste Fund	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES:			
Charges for services	\$ 20,641	\$ 7,726	\$ 28,367
Total operating revenues	<u>20,641</u>	<u>7,726</u>	<u>28,367</u>
OPERATING EXPENSES:			
Water purchases	15,869	-	15,869
Sanitation expenses	-	6,580	6,580
Utilities	3,022	-	3,022
Supplies	1,186	-	1,186
Other operating expenses	2,242	1,050	3,292
Depreciation	22,195	-	22,195
Total operating expenses	<u>44,514</u>	<u>7,630</u>	<u>52,144</u>
Change in net position	(23,873)	96	(23,777)
Net position, beginning of year	<u>553,564</u>	<u>-</u>	<u>553,564</u>
Net position, end of year	<u>\$ 529,691</u>	<u>\$ 96</u>	<u>\$ 529,787</u>

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Encino (the “Village”) was incorporated as a municipality in the early 1900s under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government, providing fire protection, street and highway maintenance, sanitation, utilities, health and welfare, culture and recreation, public improvements, and general administrative services to the residents of the Village.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

A. Financial Reporting Entity

As required by GAAP, financial statements are presented for the Village and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Village has no component units.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are recorded.

Governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB Statement 33, Accounting and Reporting for Nonexchange Transactions:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

Imposed nonexchange revenues – property taxes are levied and collected by the Torrance County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10th and May 10th. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Financial Reporting Entity – continued

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Village reports the following governmental funds:

General Fund. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. The General Fund is considered a major fund.

Fire Protection Fund. To account for the operations and maintenance of the Encino Fire Department. The operations are financed by an allotment from the annual fire distribution from the State of New Mexico. Authority is NMSA 59-A-53-1 1978. The Fire Protection Fund is considered a major fund.

EMS Fund. To account for emergency medical services that the Village is required to provide. The operations are financed by an annual allotment from the State of New Mexico. Authority is NMSA 24-10A-1 1978. The EMS Fund is considered a non-major fund.

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

The Village reports the following enterprise funds:

Water Fund. To account for the activities of the Village's water system. The Water Fund is considered a major fund.

Solid Waste Fund. To account for the activities of the Villages collection and disposal of solid waste. The Solid Waste Fund is considered a major fund.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

The Village does not have an investment policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

C. Capital Assets

Capital assets, which include buildings, vehicles, and infrastructure assets, are reported in the enterprise funds. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Capital Assets, continued

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Vehicles	5 years
Infrastructure	30-40 years

D. Fund Balance

The Village follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement defines fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance — amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance — amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance — amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned fund balance — amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority.

Unassigned fund balance — amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village does not currently have a policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those classifications could be used.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Fund Balance, continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Councilors have provided otherwise in its commitment or assignment actions.

E. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, and proprietary funds.

The Village follows defined procedures in establishing the budgetary data reflected in the financial statements. Each year the Village determines amounts required for construction, maintenance, operations and debt service expenditures. Budget amounts are as originally adopted and as amended by the Village Council and approved by the Local Government Division of the State of New Mexico Department of Finance and Administration (DFA) and are prepared on a cash basis. The Village submits a proposed budget to DFA for the fiscal year commencing the following July 1. DFA must approve the budget prior to its legal enactment.

To meet legal compliance actual expenditures cannot exceed the total budgeted expenditures for the fund on a cash basis. Adjustments to the budget must be submitted to and approved by DFA in the form of a “budget adjustment request”. The Village does not use encumbrances.

The budget is prepared on the cash basis, which differs from GAAP. Budgetary comparisons presented in these financial statements are on this Non-GAAP budgetary basis. The legal level of budgetary control is at the fund level; the Village’s expenditures did not exceed the budget for any of its funds.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. New Pronouncements

GASBS No. 77 – Tax Abatement Disclosures. The objective of this statement is to assist the users of state and local government financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The statement will not have a material impact on the Village's financial statements.

NOTE 2 – CASH

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2017, the Village's bank balances were covered by FDIC insurance and did not require collateralization. However, the Village's bank pledged \$50,161 in collateral in addition to the FDIC insurance.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution for each type of account.

Credit Risk. The Village has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2017:

	Water Fund	Solid Waste Fund	Total
Water charges receivable	\$ 2,180	\$ -	\$ 2,180
Solid waste charges receivable	-	582	582
	<u>\$ 2,180</u>	<u>\$ 582</u>	<u>\$ 2,762</u>

The Village considers accounts receivable to be fully collectible, therefore no allowance for bad debts has been recorded.

NOTE 4 - CAPITAL ASSETS

The following is a summary of capital assets in the Village's proprietary funds as of June 30, 2017, and the changes in capital assets for the year then ended:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Buildings	\$ 69,000	\$ -	\$ -	\$ 69,000
Vehicles	20,000	-	-	20,000
Infrastructure	762,455	-	-	762,455
Total capital assets	851,455	-	-	851,455
Accumulated depreciation	(305,703)	(22,195)	-	(327,898)
Net capital assets	<u>\$ 545,752</u>	<u>\$(22,195)</u>	<u>\$ -</u>	<u>\$ 523,557</u>

NOTE 5 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The Village carries an insurance policy to limit exposure to these types of risks.

**STATE OF NEW MEXICO
VILLAGE OF ENCINO
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 6 – PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared by James L. Hartogensis, CPA LLC from the books and records of the Village. However, the contents of these financial statements remain the responsibility of the Village's management.