



VENTANA WEST
PUBLIC IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 and 2007

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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VENTANA WEST PUBLIC IMPROVEMENT DISTRICT

**Official Roster
As of June 30, 2009**

Board of Directors

Jon Zaman

Chairman

Cilia Aglialoro

Secretary - Treasurer

Michael Riordan

Member

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Ventana West Public Improvement District
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities and each major fund and the budgetary comparison for the general fund of Ventana West Public Improvement District (the "District") as of and for the years ended June 30, 2009, 2008 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons for the major debt service funds presented as supplementary information in the fund statements for the years ended June 30, 2009, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the respective budgetary comparisons for the general fund of Ventana West Public Improvement District as of June 30, 2009, 2008 and 2007, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the respective budgetary comparisons for the debt service funds for the years ended June 30, 2009, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

To the Board of Directors
Ventana West Public Improvement District
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mess Adams LLP

Albuquerque, New Mexico
June 13, 2014

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2009, 2008 AND 2007**

As management of the Ventana West Public Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2009, 2008 and 2007. We encourage readers to consider the financial information presented here in conjunction with the financial statements and accompanying notes which follow this section.

The District is a political subdivision of the state of New Mexico duly created and existing pursuant to Sections 5-11-1 through 5-11-27 NMSA 1978, as amended, and City of Albuquerque (the "City") Council ordinance enactment No. O-2003-012 on December 8, 2003.

The purpose of the District, pursuant to the resolution of the City that formed the District, is to provide financing of the infrastructure improvements set forth in the Master Plan that was approved by the City and as required pursuant to the Act and the Development Agreement among the District, the City and the developer, Ventana West, LLC.

Financial Highlights

The financial statements, which follow the Management's Discussion and Analysis, provide those significant key financial highlights for fiscal years 2009, 2008 and 2007 as follows:

- In the Statements of Net Assets, the District's total net assets as of June 30, 2009, 2008 and 2007 amounted to negative \$5,556,261, \$5,657,671 and \$5,798,808, respectively.
- In the Statements of Activities, the special levy revenue amounted to:
 - June 30, 2009 - \$ 612,656
 - June 30, 2008 - \$ 612,910
 - June 30, 2007 - \$ 628,118
- In the Statements of Activities, the District incurred \$0.5 million in debt service payments and general government expenses for each of the fiscal years ended 2009, 2008 and 2007.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
JUNE 30, 2009, 2008 AND 2007**

The statement of activities presents information showing how the District's net assets changed during the fiscal years reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are presented in the following category:

Governmental activities - Governmental activities include the District's basic activities to reimburse the developer for the construction of certain public infrastructure improvements as provided in the Act and the governing documents of the District, including the Development Agreement among the District, the developer and the City.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations are on pages 15 and 19, respectively.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of these financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a district's financial position. The District's liabilities exceeded assets as follows:

- \$5,556,261 as of June 30, 2009
- \$5,657,671 as of June 30, 2008
- \$5,798,808 as of June 30, 2007

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
JUNE 30, 2009, 2008 AND 2007**

The following table presents the condensed net assets for the fiscal years ended June 30:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$ 1,108,364	\$ 1,077,040	\$ 1,012,073
Other Assets	117,833	122,725	127,618
Total Assets	<u>1,226,197</u>	<u>1,199,765</u>	<u>1,139,691</u>
Current Liabilities	383,896	351,085	329,358
Long-term Obligations			
Outstanding	6,398,562	6,506,351	6,609,141
Total Liabilities	<u>6,782,458</u>	<u>6,857,436</u>	<u>6,938,499</u>
Net Assets - Unrestricted (deficit)	<u>(5,556,261)</u>	<u>(5,657,671)</u>	<u>(5,798,808)</u>

The following are significant transactions that have had an impact on the Statements of Net Assets:

- Administrative expenditures amounted to \$66,933, \$56,357 and \$79,165 for the years ended June 30, 2009, 2008 and 2007, respectively.
- Interest expense amounted to \$459,156, \$463,943 and \$468,099 for the years ended June 30, 2009, 2008 and 2007, respectively.
- Special levy revenue amounted to \$612,656, \$612,910 and \$628,118 for the years ended June 30, 2009, 2008 and 2007, respectively.

Changes in net assets. The following table presents a summary of the changes in net assets for fiscal years ended June 30:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses			
Interest	\$ (459,156)	\$ (463,943)	\$ (468,099)
General government	(66,933)	(56,357)	(79,165)
Total Expenses	<u>(526,089)</u>	<u>(520,300)</u>	<u>(547,264)</u>
General Revenues			
Special levy	612,656	612,910	628,118
Interest income	13,159	19,756	19,756
Dividend income	1,684	8,121	11,474
Unrealized gain on investments	-	20,650	9,388
Total Revenues	<u>627,499</u>	<u>661,437</u>	<u>668,736</u>
Change in net assets	<u>\$ 101,410</u>	<u>\$ 141,137</u>	<u>\$ 121,472</u>

Financial Analysis of the Government's Funds

The District's revenues in the governmental funds for the years ended June 30, 2009, 2008 and 2007 amounted to \$621,234; \$661,437 and \$668,736, respectively. The District's main source of revenue is the special levy assessed to properties within the District. The major expenditures of the District are debt service payments and administrative expenses.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
JUNE 30, 2009, 2008 AND 2007**

General Fund Budgetary Highlights

The District adopts an annual budget, which projects the expected expenditures (based on administrative expenses, debt service requirements and estimated delinquency) and the interest income from funds, to determine the special levy each year. There were no significant changes between original and final budgets for fiscal years ending 2009, 2008 and 2007.

Capital Assets and Debt Administration

The District improvements include the construction of streets within the District, major earthwork and grading improvements, storm drainage channels and other storm water improvements, sidewalks, landscaping improvements and neighborhood parks, and related engineering costs.

The District owns no significant capital assets at June 30, 2009, 2008 and 2007. It is anticipated that the District will not, in the future, own any capital assets. The capital improvements that are to be financed by the District are all to be dedicated to the City.

Pursuant to Resolution No. 2004-4 adopted on February 18, 2004, the District issued its \$7,000,000 Special Levy Revenue Bonds, Series 2004 (Bonds) on June 15, 2004. Under the Indenture dated June 1, 2004, the Bonds are payable from revenues received by the District in each fiscal year from the payment of the Special Levy, authorized pursuant to the Act to be levied against parcels of land within the District in accordance with the Rate and Method of Apportionment of the Special Levy for the District approved by the City in the Formation Resolution.

The outstanding debt at June 30, 2009, 2008 and 2007 amounted to \$6,680,000, \$6,790,000 and \$6,895,000, respectively.

Requests for Information

This narrative overview and analysis of the financial activities of the District for the fiscal years ending June 30, 2009, 2008 and 2007 is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the Treasurer of the Ventana West Public Improvement District, Cilia Agliadoro, P.O. Box 17, Albuquerque, NM 87103.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF NET ASSETS
June 30, 2009, 2008, and 2007

	Governmental Activities		
	2009	2008	2007
ASSETS			
Cash and cash equivalents	\$ 1,098,245	1,070,101	1,004,791
Special levy receivable	10,119	6,939	7,282
Bond issuance costs	117,833	122,725	127,618
Total assets	\$ 1,226,197	1,199,765	1,139,691
LIABILITIES			
Accrued expenses - professional services	\$ 90,002	60,174	41,697
Interest payable	186,104	188,121	189,871
Revenue bonds payable			
Due within one year	107,790	102,790	97,790
Due in more than one year	6,398,562	6,506,351	6,609,141
Total liabilities	\$ 6,782,458	6,857,436	6,938,499
NET ASSETS			
Unrestricted	\$ (5,556,261)	(5,657,671)	(5,798,808)

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 459,156	(459,156)
General government	66,933	(66,933)
Total expenses	<u>\$ 526,089</u>	<u>(526,089)</u>
General Revenues		
Special levy		612,656
Interest income		13,159
Dividend income		1,684
Total revenues		<u>627,499</u>
Change in net assets		101,410
Net assets, beginning		<u>(5,657,671)</u>
Net assets, ending		<u>(5,556,261)</u>

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 463,943	(463,943)
General government	56,357	(56,357)
Total expenses	<u>\$ 520,300</u>	<u>(520,300)</u>
General Revenues		
Special levy		612,910
Interest income		19,756
Dividend income		8,121
Unrealized gain on investments		20,650
Total revenues		<u>661,437</u>
Change in net assets		141,137
Net assets, beginning		<u>(5,798,808)</u>
Net assets, ending		<u>(5,657,671)</u>

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 468,099	(468,099)
General government	79,165	(79,165)
Total expenses	<u>\$ 547,264</u>	<u>(547,264)</u>
General Revenues		
Special levy		628,118
Interest income		19,756
Dividend income		11,474
Unrealized gain on investments		9,388
Total revenues		<u>668,736</u>
Change in net assets		121,472
Net assets, beginning		<u>(5,920,280)</u>
Net assets, ending		<u>(5,798,808)</u>

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Bond Fund	Reserve Fund	Total
ASSETS				
Cash and cash equivalents	\$ 454,345	75,320	568,580	1,098,245
Special levy receivable	10,119	-	-	10,119
Total assets	\$ 464,464	75,320	568,580	1,108,364
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued expenses	\$ 90,002	-	-	90,002
Deferred revenue	6,265	-	-	6,265
Total liabilities	96,267	-	-	96,267
Fund Balances				
Restricted	-	75,320	568,580	643,900
Unassigned	368,197	-	-	368,197
Total fund balances	368,197	75,320	568,580	1,012,097
Total liabilities and fund balances	\$ 464,464	75,320	568,580	1,108,364

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Bond Fund	Reserve Fund	Total
ASSETS				
Cash and cash equivalents	\$ 439,522	38,726	591,853	1,070,101
Special levy receivable	6,939	-	-	6,939
Total assets	\$ 446,461	38,726	591,853	1,077,040
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued expenses	\$ 60,174	-	-	60,174
Deferred revenue	-	-	-	-
Total liabilities	60,174	-	-	60,174
Fund Balances				
Restricted	-	38,726	591,853	630,579
Unassigned	386,287	-	-	386,287
Total fund balances	386,287	38,726	591,853	1,016,866
Total liabilities and fund balances	\$ 446,461	38,726	591,853	1,077,040

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Bond Fund	Reserve Fund	Total
ASSETS				
Cash and cash equivalents	\$ 416,740	5,425	582,626	1,004,791
Special levy receivable	7,282	-	-	7,282
Total assets	\$ 424,022	5,425	582,626	1,012,073
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued expenses	\$ 41,697	-	-	41,697
Deferred revenue	-	-	-	-
Total liabilities	41,697	-	-	41,697
Fund Balances				
Restricted	-	5,425	582,626	588,051
Unassigned	382,325	-	-	382,325
Total fund balances	382,325	5,425	582,626	970,376
Total liabilities and fund balances	\$ 424,022	5,425	582,626	1,012,073

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEETS -
GOVERNMENTAL FUNDS TO THE
STATEMENTS OF NET ASSETS
Years Ended June 30, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Reconciliation of the Governmental Fund Balances Sheets to the Statements of Net Assets:			
Fund balances - total governmental funds	\$ 1,012,097	1,016,866	970,376
Amounts reported for governmental activities in the Statements of Net Assets are different because:			
Bond issuance costs in the governmental activities are not financial resources and therefore, not reported in the governmental funds.	117,833	122,725	127,618
Long-term obligations for the revenue bonds are not due and payable in the current period, and therefore, not reported in the governmental funds.	(6,506,352)	(6,609,141)	(6,706,931)
Interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(186,104)	(188,121)	(189,871)
A portion of receivables reported in the Statement of Net Assets is not currently available in the funds.	6,265	-	-
Net assets of governmental activities	<u>\$ (5,556,261)</u>	<u>(5,657,671)</u>	<u>(5,798,808)</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2009**

	General Fund	Bond Fund	Reserve Fund	Total
Revenues				
Special levy	\$ 606,391	-	-	606,391
Interest income	-	-	13,159	13,159
Dividend income	985	583	116	1,684
Unrealized gain on investments	-	-	-	-
Total revenues	<u>607,376</u>	<u>583</u>	<u>13,275</u>	<u>621,234</u>
Expenditures				
Current:				
General government	66,933	-	-	66,933
Debt service:				
Interest	-	449,070	-	449,070
Principal	-	110,000	-	110,000
Total expenditures	<u>66,933</u>	<u>559,070</u>	<u>-</u>	<u>626,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>540,443</u>	<u>(558,487)</u>	<u>13,275</u>	<u>(4,769)</u>
Other financing sources (uses)				
Transfer in	-	595,081	-	595,081
Transfer out	(558,533)	-	(36,548)	(595,081)
Total	<u>(558,533)</u>	<u>595,081</u>	<u>(36,548)</u>	<u>-</u>
Net change in fund balances	(18,090)	36,594	(23,273)	(4,769)
Fund balances, beginning	<u>386,287</u>	<u>38,726</u>	<u>591,853</u>	<u>1,016,866</u>
Fund balances, ending	<u>\$ 368,197</u>	<u>75,320</u>	<u>568,580</u>	<u>1,012,097</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2008**

	General Fund	Bond Fund	Reserve Fund	Total
Revenues				
Special levy	\$ 612,910	-	-	612,910
Interest income	-	-	19,756	19,756
Dividend income	4,960	1,905	1,256	8,121
Unrealized gain on investments	-	-	20,650	20,650
Total revenues	<u>617,870</u>	<u>1,905</u>	<u>41,662</u>	<u>661,437</u>
Expenditures				
Current:				
General government	56,357	-	-	56,357
Debt service:				
Interest	-	453,590	-	453,590
Principal	-	105,000	-	105,000
Total expenditures	<u>56,357</u>	<u>558,590</u>	<u>-</u>	<u>614,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>561,513</u>	<u>(556,685)</u>	<u>41,662</u>	<u>46,490</u>
Other financing sources (uses)				
Transfer in	-	589,986	-	589,986
Transfer out	(557,551)	-	(32,435)	(589,986)
Total	<u>(557,551)</u>	<u>589,986</u>	<u>(32,435)</u>	<u>-</u>
Net change in fund balances	3,962	33,301	9,227	46,490
Fund balances, beginning	<u>382,325</u>	<u>5,425</u>	<u>582,626</u>	<u>970,376</u>
Fund balances, ending	<u>\$ 386,287</u>	<u>38,726</u>	<u>591,853</u>	<u>1,016,866</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2007**

	General Fund	Bond Fund	Reserve Fund	Total
Revenues				
Special levy	\$ 628,118	-	-	628,118
Interest income	-	-	19,756	19,756
Dividend income	8,107	1,219	2,148	11,474
Unrealized gain on investments	-	-	9,388	9,388
Total revenues	<u>636,225</u>	<u>1,219</u>	<u>31,292</u>	<u>668,736</u>
Expenditures				
Current:				
General government	79,165	-	-	79,165
Debt service:				
Interest	-	457,527	-	457,527
Principal	-	105,000	-	105,000
Total expenditures	<u>79,165</u>	<u>562,527</u>	<u>-</u>	<u>641,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>557,060</u>	<u>(561,308)</u>	<u>31,292</u>	<u>27,044</u>
Other financing sources (uses)				
Transfer in	-	565,187	235	565,422
Transfer out	(561,497)	-	(3,925)	(565,422)
Total	<u>(561,497)</u>	<u>565,187</u>	<u>(3,690)</u>	<u>-</u>
Net change in fund balances	(4,437)	3,879	27,602	27,044
Fund balances, beginning	<u>386,762</u>	<u>1,546</u>	<u>555,024</u>	<u>943,332</u>
Fund balances, ending	<u>\$ 382,325</u>	<u>5,425</u>	<u>582,626</u>	<u>970,376</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009, 2008, and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Reconciliation of the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Net Assets:			
Net change in fund balances - total governmental funds	\$ (4,769)	46,490	27,044
Amounts reported for governmental activities in the Statements of Activities are different because:			
Governmental funds report the effect of issuance costs and discounts when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(12,103)	(12,103)	(12,103)
Governmental funds report interest expense when the amount is paid, whereas the Statement of Activities reports interest on an accrual basis.	2,017	1,750	1,531
The repayment of long-term debt consumes current financial resources of the governmental funds. This has no effect on the net assets in the Statement of Activities.	110,000	105,000	105,000
Special levy is recognized in fund financials when available to the funds, whereas the Statement of Activities reports revenue when assessments are levied.	6,265	-	-
Change in net assets of governmental activities	<u>\$ 101,410</u>	<u>141,137</u>	<u>121,472</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)
Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special levy	\$ 612,656	612,656	606,391	(6,265)
Interest income	-	-	-	-
Dividend income	-	-	985	985
Total Revenues	<u>612,656</u>	<u>612,656</u>	<u>607,376</u>	<u>(5,280)</u>
Expenditures				
Current:				
General government	82,886	82,886	66,933	15,953
Total Expenditures	<u>82,886</u>	<u>82,886</u>	<u>66,933</u>	<u>15,953</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(558,533)	(558,533)
Total	<u>-</u>	<u>-</u>	<u>(558,533)</u>	<u>(558,533)</u>
Net Change in Fund Balances	529,770	529,770	(18,090)	(547,860)
Fund Balances, beginning of year	<u>386,287</u>	<u>386,287</u>	<u>386,287</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 916,057</u>	<u>916,057</u>	<u>368,197</u>	<u>(547,860)</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)
Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special levy	\$ 612,910	612,910	612,910	-
Interest income	-	-	-	-
Dividend income	-	-	4,960	4,960
Total Revenues	612,910	612,910	617,870	4,960
Expenditures				
Current:				
General government	82,903	82,903	56,357	26,546
Total Expenditures	82,903	82,903	56,357	26,546
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(557,551)	(557,551)
Total	-	-	(557,551)	(557,551)
Net Change in Fund Balances	530,007	530,007	3,962	(526,045)
Fund Balances, beginning of year	382,325	382,325	382,325	-
Fund Balances, end of year	\$ 912,332	912,332	386,287	(526,045)

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)
Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special levy	\$ 628,118	628,118	628,118	-
Interest income	-	-	-	-
Dividend income	-	-	8,107	8,107
Total Revenues	<u>628,118</u>	<u>628,118</u>	<u>636,225</u>	<u>8,107</u>
Expenditures				
Current:				
General government	85,268	85,268	79,165	6,103
Total Expenditures	<u>85,268</u>	<u>85,268</u>	<u>79,165</u>	<u>6,103</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	(561,497)	(561,497)
Total	<u>-</u>	<u>-</u>	<u>(561,497)</u>	<u>(561,497)</u>
Net Change in Fund Balances	542,850	542,850	(4,437)	(547,287)
Fund Balances, beginning of year	<u>386,762</u>	<u>386,762</u>	<u>386,762</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 929,612</u>	<u>929,612</u>	<u>382,325</u>	<u>(547,287)</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 1. REPORTING ENTITY

The District is a political subdivision of the state of New Mexico duly created and existing pursuant to Sections 5-11-1 through 5-11-27 NMSA 1978, as amended, and City of Albuquerque (the "City") Council ordinance enactment No. O-2003-012 on December 8, 2003.

The purpose of the District, pursuant to the resolution of the City that formed the District, is to provide financing of the infrastructure improvements set forth in the Master Plan that was approved by the City and as required pursuant to the Act and the Development Agreement among the District, the City and the developer, Ventana West, LLC.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The District is not a component of any other governmental entity and the District has no subordinate component units.

The District is governed by the District Board, consisting of six directors. The District Board has control over and management supervision of all affairs of the District. Two of the initially appointed directors of the District served four-year terms, two of the other directors served six-year terms. Upon the expiration of the initial terms of these directors, these four directors serve six-year terms. The remaining director is the Secretary of the Department of Finance and Administration, or her designee. Officers not appointed pursuant to the Formation Resolution may be elected by the Directors.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

Basis of Presentation

Government-Wide Statements

The Statement of Net Assets and Statement of Activities present financial information about reporting government as a whole. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. District activities generally are financed through special levy.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the District governmental activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Direct revenues include special levy on property covered by the District, interest income and dividend income from the investment of funds.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category.
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental Fund

The District reports the following major governmental funds:

- a. General Fund – is the District’s primary operating fund. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.
- b. Bond Fund - used to account for the payment of principal and interest related to the bonds obligation.
- c. Reserve Fund – used to account for funds to be used in accordance with the bond indenture in situations whereby the bond fund does not have sufficient funds to pay for debt service payments.

Measurement Focus and Basis of Accounting

The Government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. On an accrual basis, revenue from special levy is recognized in the fiscal year during which the taxes are earned.

The governmental fund statements are reported using the current resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on the bond obligations, which are recognized as expenditures when paid. Proceeds from the issuance of bond obligations are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the District policy to use restricted first, then unrestricted as they are needed.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

The District considers all highly liquid debt instruments with original maturity of three months or less when purchased to be cash equivalents.

Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2009, 2008 and 2007 an allowance for uncollectible accounts was not considered necessary as all accounts are considered collectible.

Capital Assets

As capital assets are constructed, the ownership will be transferred to the City. As a result, the District does not capitalize any capital assets on its financial statements.

Long-Term Obligations

In the Government-wide financial statements, long-term debts are reported as liabilities. Long-term obligations of the governmental funds payable from the general revenues of the District are reported in the District-wide financial statements. Payments of principal and interest are reported as expenditures in the fund financial statements.

Bond discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the bonds.

In the governmental fund financial statements, bond discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Special Levy

The District imposes a Special Levy, which secures the payment of the debt service on the District's Revenue Bonds Obligation.

The Special Levy is to be billed and collected by Bernalillo County in the same manner and at the same time as general ad valorem property taxes. Assessments are made as of January 1 of each year, with one-half of the taxes on that assessment due the following November 10 and one-half due April 10 of the next calendar year. The Special Levy installment due November 10 becomes delinquent on December 11, while the April 10 installment becomes delinquent on May 11. The Special Levy shall be subject to foreclosure by the District at any time after six months following written notice of delinquency to the owner of the real property to which the delinquency applies. The lien shall include delinquencies, penalties and interest thereon at a rate not to exceed the maximum legal rate of interest per year and penalties otherwise applicable.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers

Transfers in from (out to) other governmental funds are recorded as other financing sources (uses).

Fund Balance

As of June 30, 2009, 2008 and 2007, the fund balances of governmental funds are classified as follows:

Restricted – amounts to be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned – all other spendable amounts.

The District has no fund balances that are classified as nonspendable, committed or assigned.

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 disclosures 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.

Budgets

The budget is adopted on a modified accrual basis of accounting. The legal compliance for the budget is total expenditures.

NOTE 3. DEPOSITS

The District is authorized under the provision of Chapter 6, Article 10, paragraph 10, NMSA 1978, annotated, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

All money not immediately necessary for the public uses of the District may be invested in bonds or negotiable securities of the United States, the state or any county, municipality or town, securities that are issued by the United States government or by its agencies or instrumentalities or in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities. If the District is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance from financial institutions within the geographic boundaries of the governmental unit, the District may invest its money as provided under Section 6-10-10.1 NMSA 1978 with the New Mexico State Treasurer's investment pool for a period greater than 181 days. The State Treasurer's investment pool shall be invested as provided for State funds under Section 60-10-10 NMSA 1978. The District has not formally adopted a deposit and investment policy that limits the government's allowable deposits or investments and addresses the specific types of risk to which the government is exposed.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 3. DEPOSITS (CONTINUED)

Cash held by the District include cash on deposit with a financial institution. Deposits are secured by Federal depository insurance and U.S. Treasuries. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% (102% for overnight deposits) of the uninsured balance. Market values of all cash and deposits approximate the cost of those assets.

Cash equivalents represent investments in mutual funds, consisting of treasury bonds with maturities of less than 30 days. Cash and cash equivalents at June 30 consist of the following:

	2009	2008	2007
Held in trust by Bank of Albuquerque in U.S. Treasury Fund	<u>\$ 1,098,245</u>	<u>1,070,101</u>	<u>1,004,791</u>

NOTE 4. REVENUE BONDS

On June 15, 2004, the District issued Special Levy Revenue Bonds, Series 2004 with total par value of \$7,000,000 for \$6,790,000, or a discount of \$210,000. The proceeds from issuance were primarily used to finance infrastructure projects. The bonds are generally callable with interest payable semi-annually, every February 1 and August 1. The obligations are secured by the pledge of net revenues from the District's Special Levy.

The Indenture contains special mandatory and optional redemption, ranging from 100% to 102% of the principal amount. The optional redemption, which started on September 1, 2009, triggers when: (a) on or after the completion of the project, moneys are transferred from the Construction Fund to the Prepayment Account of the Bond Fund, and (b) the prepayment in whole or in part of any Special Levy by the owner of the Property and the deposit of such prepayment amounts to the Prepayment Account of the Bond Fund. The optional redemption is available starting August 1, 2014. No events occurred that triggered special mandatory redemption.

The Indenture also contains maintenance of Reserve Fund Requirements equal to the least of (i) the maximum annual debt service requirements on all outstanding bonds; (ii) 125% of the average annual debt service requirements of the bonds; or (iii) 10% of the aggregate principal amount of the Bonds. The District is in compliance with this requirement at June 30, 2009, 2008 and 2007.

The Revenue Bonds bear annual interest rates ranging from 3.5% to 6.875%, with final maturity on August 1, 2033. The amounts outstanding in the Statements of Net Assets are net of unamortized bond discount of \$173,648, \$180,859, and \$188,069 at June 30, 2009, 2008 and 2007, respectively.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 4. REVENUE BONDS (CONTINUED)

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	\$ 115,000	443,919	558,919
2011	120,000	438,188	558,188
2012	125,000	431,906	556,906
2013	135,000	424,153	559,153
2014	145,000	414,878	559,878
2015 - 2019	870,000	1,913,570	2,783,570
2020 - 2024	1,200,000	1,573,375	2,773,375
2025 - 2029	1,660,000	1,094,156	2,754,156
2030 - 2033	2,310,000	417,656	2,727,656
	<u>\$ 6,680,000</u>	<u>7,151,801</u>	<u>13,831,801</u>

Interest payment and principal payments of the revenue bonds are serviced by revenues generated from the Special Levy and are paid from the Bond Fund.

NOTE 5. DEFICIT NET ASSETS

The total net assets balance is in a deficit position. This is due to the fact that the capital assets acquired with bond proceeds were transferred to another governmental agency. This resulted in the recognition of long-term debt with no related asset on the District's financial statement. The long-term debt will be repaid with future special levy taxes. The resulting deficit net assets as of June 30 are as follows:

2009	\$ (5,556,261)
2008	(5,657,671)
2007	(5,798,808)

NOTE 6. ARBITRAGE

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on the revenue bonds and at June 30, 2009, 2008 and 2007 does not expect to incur a liability.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009, 2008 AND 2007**

NOTE 7. INTERFUND TRANSFERS

For the years ended June 30, 2009, 2008 and 2007 the District transfers were made to fund debt service payments, construction costs and administrative expenses. The following transfers were made for the years ended June 30:

2009:

<u>Transfer Out</u>	<u>Transfer In</u> Bond Fund
General Fund	\$ 558,533
Reserve Fund	36,548
	<u>\$ 595,081</u>

2008:

<u>Transfer Out</u>	<u>Transfer In</u> Bond Fund
General Fund	\$ 557,551
Reserve Fund	32,435
	<u>\$ 589,986</u>

2007:

<u>Transfer Out</u>	<u>Transfer In</u> Reserve Fund	<u>Transfer In</u> Bond Fund	
General Fund	\$ 235	561,262	561,497
Reserve Fund	-	3,925	3,925
	<u>\$ 235</u>	<u>565,187</u>	<u>565,422</u>

NOTE 8. INSURANCE COVERAGE

The District is exposed to various risk of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omission and natural disasters. The District is not insured through private carriers for liability, casualty and director and office liability.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
BUDGET TO ACTUAL SCHEDULE (BOND FUND)
Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	-	-
Dividend income	-	-	583	583
Total Revenues	-	-	583	583
Expenditures				
Debt Service:				
Interest	446,650	446,650	449,070	2,420
Principal	115,000	115,000	110,000	(5,000)
Total Expenditures	561,650	561,650	559,070	2,580
Other Financing Sources (Uses)				
Transfer in	-	-	595,081	595,081
Transfer out	-	-	-	-
Total	-	-	595,081	595,081
Net Change in Fund Balances	(561,650)	(561,650)	36,594	598,244
Fund Balances, beginning of year	38,726	38,726	38,726	-
Fund Balances, end of year	\$ (522,924)	(522,924)	75,320	598,244

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)
 Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	13,159	13,159
Dividend income	-	-	116	116
Unrealized gain on investments	-	-	-	-
Total Revenues	-	-	13,275	13,275
Other Financing Sources (Uses)				
Transfer out	-	-	(36,548)	(36,548)
Total	-	-	(36,548)	(36,548)
Net Change in Fund Balances	-	-	(23,273)	(23,273)
Fund Balances, beginning of year	591,853	591,853	591,853	-
Fund Balances, end of year	\$ 591,853	591,853	568,580	(23,273)

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
 BUDGET TO ACTUAL SCHEDULE (BOND FUND)
 Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	-	-
Dividend income	-	-	1,905	1,905
Total Revenues	-	-	1,905	1,905
Expenditures				
Debt Service:				
Interest	451,490	451,490	453,590	(2,100)
Principal	110,000	110,000	105,000	5,000
Total Expenditures	561,490	561,490	558,590	2,900
Other Financing Sources (Uses)				
Transfer in	-	-	589,986	589,986
Transfer out	-	-	-	-
Total	-	-	589,986	589,986
Net Change in Fund Balances	(561,490)	(561,490)	33,301	594,791
Fund Balances, beginning of year	5,425	5,425	5,425	-
Fund Balances, end of year	\$ (556,065)	(556,065)	38,726	594,791

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)
 Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	19,756	19,756
Dividend income	-	-	1,256	1,256
Unrealized gain on investments	-	-	20,650	20,650
Total Revenues	-	-	41,662	41,662
Other Financing Sources (Uses)				
Transfer out	-	-	(32,435)	(32,435)
Total	-	-	(32,435)	(32,435)
Net Change in Fund Balances	-	-	9,227	9,227
Fund Balances, beginning of year	582,626	582,626	582,626	-
Fund Balances, end of year	\$ 582,626	582,626	591,853	9,227

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
 BUDGET TO ACTUAL SCHEDULE (BOND FUND)
 Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	-	-
Dividend income	-	-	1,219	1,219
Total Revenues	-	-	1,219	1,219
Expenditures				
Debt Service:				
Interest	457,527	457,527	457,527	-
Principal	105,000	105,000	105,000	-
Total Expenditures	562,527	562,527	562,527	-
Other Financing Sources (Uses)				
Transfer in	-	-	565,187	565,187
Transfer out	-	-	-	-
Total	-	-	565,187	565,187
Net Change in Fund Balances	(562,527)	(562,527)	3,879	566,406
Fund Balances, beginning of year	1,546	1,546	1,546	-
Fund Balances, end of year	\$ (560,981)	(560,981)	5,425	566,406

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)
 Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	-	19,756	19,756
Dividend income	-	-	2,148	2,148
Unrealized gain on investments	-	-	9,388	9,388
Total Revenues	-	-	31,292	31,292
Other Financing Sources (Uses)				
Transfer in	-	-	235	235
Transfer out	-	-	(3,925)	(3,925)
Total	-	-	(3,690)	(3,690)
Net Change in Fund Balances	-	-	27,602	27,602
Fund Balances, beginning of year	555,024	555,024	555,024	-
Fund Balances, end of year	\$ 555,024	555,024	582,626	27,602

See Notes to Financial Statements.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Ventana West Public Improvement District
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities and each major fund and the budgetary comparison of the general fund of Ventana West Public Improvement District (the "District") as of and for the years ended June 30, 2009, 2008 and 2007 and have issued our report thereon dated June 13, 2014. We have also audited the budgetary comparisons for the major debt service funds presented as supplementary information in the fund statements for the years ended June 30, 2009, 2008 and 2007, as listed in the table of contents.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we

To the Board of Directors
Ventana West Public Improvement District
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

identified certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting as item 06-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 06-02.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the District, the Commissioners, the State Auditor, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Mess Adams LLP

Albuquerque, New Mexico
June 13, 2014

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

06-01: No General Ledger Maintained (Significant Deficiency)

CONDITION

The District did not maintain a general ledger for the years ended June 30, 2009, 2008 and 2007.

CRITERIA

State Audit Rule 2.2.2.10 I, Section 12-6-5, NMSA 1978 states that any violation of good accounting practices be included in the annual audit report.

EFFECT

There is an increased risk of misstatements and/or budget overages occurring and not being detected and corrected in a timely manner.

CAUSE

The District has minimal transaction activity and uses the monthly trust statements from the Trustee to track transactions.

RECOMMENDATION

We recommend that the District implement a basic general ledger software package as soon as it is practical.

MANAGEMENT'S RESPONSE

The Board agrees with the recommendation. The Board has hired a financial consultant in 2014 to prepare general ledger as well as to monitor budget every quarter.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

06-02: Late Audit Report, Compliance and Other Matters

CONDITION

The audit reports for the years ending June 30, 2009, 2008 and 2007 were not submitted by the deadline of December 1 for each fiscal year. These reports were submitted to the State Auditor's Office in June 2014.

CRITERIA

2.2.2 NMAC, Audit Rule 2012, specifies the deadline for submission of audit reports. Section 2.2.2.9 A (1)(e) stipulates that District reports are due no later than December 1. Further, Section 2.2.2.9 A (2) requires that submission of a late audit report shall be reported as current year audit finding in the audit report.

CAUSE

There were delays in issuing the prior year's audit report. As such, submission for the years under audit was also affected.

EFFECT

The District is not in compliance with Section 2.2.2.9 A (1)(e) of the NMAC, Audit Rule 2012.

RECOMMENDATION

Management should continue to work towards providing the timely completion of the audit report.

MANAGEMENT'S RESPONSE

The Board agrees with the recommendation and has instructed the Treasurer to work together with the external auditor and trustee to ensure that audits are submitted to the State's Auditor by the due date or in a timely manner.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
SCHEDULE OF PRIOR YEAR'S FINDINGS
YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

06-01	No General Ledger Maintained	Updated and repeated as 06-01
06-02	Late Audit Report	Updated and repeated as 06-02
06-03	Budget compliance	Resolved

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT
EXIT CONFERENCE
YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

An exit conference was held on May 27, 2014. Attending were the following:

Representing Ventana West Public Improvement District:

Jon Zaman, Chairman
Cilia Agliodoro, Treasurer
Michael Riordan, Member
Daniel Alsup, Modrall, Sperling, Roehl, Harris & Sisk, P.A.

Representing Moss Adams LLP:

Jaime Rumbaoa, CPA, Senior Manager

The financial statements were prepared with the assistance of Moss Adams LLP.