



**VENTANA WEST**  
**PUBLIC IMPROVEMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012, 2011 and 2010**

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**

**Official Roster  
As of June 30, 2012**

**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, 2012, 2011 and 2010, 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, 2012, 2011 and 2010, 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, 2012, 2011 and 2010, 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, 2012, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 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 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  
August 8, 2014

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2012, 2011 AND 2010**

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, 2012, 2011 and 2010. 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 2012, 2011 and 2010 as follows:

- In the Statements of Net Assets, the District's total net assets as of June 30, 2012, 2011 and 2010 amounted to negative \$5,084,909, \$5,250,630 and \$5,417,511, respectively.
- In the Statements of Activities, the special levy revenue amounted to:
  - June 30, 2012 - \$ 661,195
  - June 30, 2011 - \$ 661,195
  - June 30, 2010 - \$ 661,195
- 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 2012, 2011 and 2010.

*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, 2012, 2011 AND 2010**

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:

- \$5,084,909 as of June 30, 2012
- \$5,250,630 as of June 30, 2011
- \$5,417,511 as of June 30, 2010



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
JUNE 30, 2012, 2011 AND 2010**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 1,237,534	\$ 1,175,466	\$ 1,112,398
Other Assets	103,155	108,047	112,940
<b>Total Assets</b>	<u>1,340,689</u>	<u>1,283,513</u>	<u>1,225,338</u>
Current Liabilities	385,405	366,160	357,077
Long-term Obligations			
Outstanding	6,040,193	6,167,983	6,285,772
<b>Total Liabilities</b>	<u>6,425,598</u>	<u>6,534,143</u>	<u>6,642,849</u>
<b>Net Assets - Unrestricted (deficit)</b>	<u>\$ (5,084,909)</u>	<u>\$ (5,250,630)</u>	<u>\$ (5,417,511)</u>

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

- Administrative expenditures amounted to \$54,258, \$47,588 and \$78,090 for the years ended June 30, 2012, 2011 and 2010, respectively.
- Interest expense amounted to \$441,274, \$447,792 and \$453,746 for the years ended June 30, 2012, 2011 and 2010, respectively.
- Special levy revenue amounted to \$661,195 each for the years ended June 30, 2012, 2011 and 2010.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Expenses</b>			
Interest	\$ (441,274)	\$ (447,792)	\$ (453,746)
General government	(54,258)	(47,588)	(78,090)
<b>Total Expenses</b>	<u>(495,532)</u>	<u>(495,380)</u>	<u>(531,836)</u>
<b>General Revenues</b>			
Special levy	661,195	661,195	661,195
Interest income	-	-	9,027
Dividend income	58	1,066	364
<b>Total Revenues</b>	<u>661,253</u>	<u>662,261</u>	<u>670,586</u>
<b>Change in net assets</b>	<u>\$ 165,721</u>	<u>\$ 166,881</u>	<u>\$ 138,750</u>

**Financial Analysis of the Government's Funds**

The District's revenues in the governmental funds for the years ended June 30, 2012, 2011 and 2010 amounted to \$663,479; \$661,100 and \$674,057, 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, 2012, 2011 AND 2010**

**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 2012, 2011 and 2010.

**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, 2012, 2011 and 2010. 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, 2012, 2011 and 2010 amounted to \$6,320,000, \$6,445,000 and \$6,565,000, respectively.

**Requests for Information**

This narrative overview and analysis of the financial activities of the District for the fiscal years ending June 30, 2012, 2011 and 2010 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, 2012, 2011, and 2010**

	<u>Governmental Activities</u>		
	2012	2011	2010
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,230,767	1,168,396	1,104,939
Special levy receivable	6,767	7,070	7,459
Bond issuance costs	103,155	108,047	112,940
<b>Total assets</b>	<u>\$ 1,340,689</u>	<u>1,283,513</u>	<u>1,225,338</u>
<b>LIABILITIES</b>			
Accrued expenses - professional services	\$ 79,021	67,042	60,459
Interest payable	178,594	181,328	183,828
Revenue bonds payable			
Due within one year	127,790	117,790	112,790
Due in more than one year	6,040,193	6,167,983	6,285,772
<b>Total liabilities</b>	<u>\$ 6,425,598</u>	<u>6,534,143</u>	<u>6,642,849</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ (5,084,909)</u>	<u>(5,250,630)</u>	<u>(5,417,511)</u>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012**

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 441,274	(441,274)
General government	54,258	(54,258)
<b>Total expenses</b>	<u>\$ 495,532</u>	<u>(495,532)</u>
General Revenues		
Special levy		661,195
Interest income		-
Dividend income		58
<b>Total revenues</b>		<u>661,253</u>
Change in net assets		165,721
Net assets, beginning		<u>(5,250,630)</u>
<b>Net assets, ending</b>		<u><u>(5,084,909)</u></u>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 447,792	(447,792)
General government	47,588	(47,588)
<b>Total expenses</b>	<u>\$ 495,380</u>	<u>(495,380)</u>
General Revenues		
Special levy		661,195
Interest income		-
Dividend income		1,066
<b>Total revenues</b>		<u>662,261</u>
Change in net assets		166,881
Net assets, beginning		<u>(5,417,511)</u>
<b>Net assets, ending</b>		<u>(5,250,630)</u>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010**

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 453,746	(453,746)
General government	78,090	(78,090)
<b>Total expenses</b>	<u>\$ 531,836</u>	<u>(531,836)</u>
General Revenues		
Special levy		661,195
Interest income		9,027
Dividend income		364
<b>Total revenues</b>		<u>670,586</u>
Change in net assets		138,750
Net assets, beginning		<u>(5,556,261)</u>
<b>Net assets, ending</b>		<u>(5,417,511)</u>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
June 30, 2012**

	General Fund	Bond Fund	Reserve Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 576,909	88,695	565,163	1,230,767
Special levy receivable	6,767	-	-	6,767
<b>Total assets</b>	<b>\$ 583,676</b>	<b>88,695</b>	<b>565,163</b>	<b>1,237,534</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accrued expenses	\$ 79,021	-	-	79,021
Deferred revenue	1,729	-	-	1,729
<b>Total liabilities</b>	<b>80,750</b>	<b>-</b>	<b>-</b>	<b>80,750</b>
Fund Balances				
Restricted	-	88,695	565,163	653,858
Unassigned	502,926	-	-	502,926
<b>Total fund balances</b>	<b>502,926</b>	<b>88,695</b>	<b>565,163</b>	<b>1,156,784</b>
<b>Total liabilities and fund balances</b>	<b>\$ 583,676</b>	<b>88,695</b>	<b>565,163</b>	<b>1,237,534</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
June 30, 2011**

	General Fund	Bond Fund	Reserve Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 514,477	88,702	565,217	1,168,396
Special levy receivable	7,070	-	-	7,070
<b>Total assets</b>	<b>\$ 521,547</b>	<b>88,702</b>	<b>565,217</b>	<b>1,175,466</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accrued expenses	\$ 67,042	-	-	67,042
Deferred revenue	3,955	-	-	3,955
<b>Total liabilities</b>	<b>70,997</b>	<b>-</b>	<b>-</b>	<b>70,997</b>
Fund Balances				
Restricted	-	88,702	565,217	653,919
Unassigned	450,550	-	-	450,550
<b>Total fund balances</b>	<b>450,550</b>	<b>88,702</b>	<b>565,217</b>	<b>1,104,469</b>
<b>Total liabilities and fund balances</b>	<b>\$ 521,547</b>	<b>88,702</b>	<b>565,217</b>	<b>1,175,466</b>

*See Notes to Financial Statements.*



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
June 30, 2010**

	General Fund	Bond Fund	Reserve Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 451,777	87,753	565,409	1,104,939
Special levy receivable	7,459	-	-	7,459
<b>Total assets</b>	<b>\$ 459,236</b>	<b>87,753</b>	<b>565,409</b>	<b>1,112,398</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accrued expenses	\$ 60,459	-	-	60,459
Deferred revenue	2,794	-	-	2,794
<b>Total liabilities</b>	<b>63,253</b>	<b>-</b>	<b>-</b>	<b>63,253</b>
Fund Balances				
Restricted	-	87,753	565,409	653,162
Unassigned	395,983	-	-	395,983
<b>Total fund balances</b>	<b>395,983</b>	<b>87,753</b>	<b>565,409</b>	<b>1,049,145</b>
<b>Total liabilities and fund balances</b>	<b>\$ 459,236</b>	<b>87,753</b>	<b>565,409</b>	<b>1,112,398</b>

*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, 2012, 2011 and 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Reconciliation of the Governmental Fund Balances Sheets to the Statements of Net Assets:			
<b>Fund balances - total governmental funds</b>	\$ 1,156,784	1,104,469	1,049,145
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.	103,155	108,047	112,940
Long-term obligations for the revenue bonds are not due and payable in the current period, and therefore, not reported in the governmental funds.	(6,167,983)	(6,285,773)	(6,398,562)
Interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(178,594)	(181,328)	(183,828)
A portion of receivables reported in the Statement of Net Assets is not currently available in the funds.	1,729	3,955	2,794
<b>Net assets of governmental activities</b>	<u>\$ (5,084,909)</u>	<u>(5,250,630)</u>	<u>(5,417,511)</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, 2012**

	General Fund	Bond Fund	Reserve Fund	Total
<b>Revenues</b>				
Special levy	\$ 663,421	-	-	663,421
Dividend income	17	7	34	58
<b>Total revenues</b>	<u>663,438</u>	<u>7</u>	<u>34</u>	<u>663,479</u>
<b>Expenditures</b>				
Current:				
General government	54,258	-	-	54,258
Debt service:				
Interest	-	431,906	-	431,906
Principal	-	125,000	-	125,000
<b>Total expenditures</b>	<u>54,258</u>	<u>556,906</u>	<u>-</u>	<u>611,164</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>609,180</u>	<u>(556,899)</u>	<u>34</u>	<u>52,315</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	556,892	-	556,892
Transfer out	(556,804)	-	(88)	(556,892)
<b>Total</b>	<u>(556,804)</u>	<u>556,892</u>	<u>(88)</u>	<u>-</u>
<b>Net change in fund balances</b>	52,376	(7)	(54)	52,315
Fund balances, beginning	450,550	88,702	565,217	1,104,469
<b>Fund balances, ending</b>	<u>\$ 502,926</u>	<u>88,695</u>	<u>565,163</u>	<u>1,156,784</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, 2011**

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<b>Revenues</b>				
Special levy	\$ 660,034	-	-	660,034
Dividend income	123	374	569	1,066
<b>Total revenues</b>	<u>660,157</u>	<u>374</u>	<u>569</u>	<u>661,100</u>
<b>Expenditures</b>				
Current:				
General government	47,588	-	-	47,588
Debt service:				
Interest	-	438,188	-	438,188
Principal	-	120,000	-	120,000
<b>Total expenditures</b>	<u>47,588</u>	<u>558,188</u>	<u>-</u>	<u>605,776</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>612,569</u>	<u>(557,814)</u>	<u>569</u>	<u>55,324</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	558,763	-	558,763
Transfer out	(558,002)	-	(761)	(558,763)
<b>Total</b>	<u>(558,002)</u>	<u>558,763</u>	<u>(761)</u>	<u>-</u>
<b>Net change in fund balances</b>	54,567	949	(192)	55,324
Fund balances, beginning	<u>395,983</u>	<u>87,753</u>	<u>565,409</u>	<u>1,049,145</u>
<b>Fund balances, ending</b>	<u>\$ 450,550</u>	<u>88,702</u>	<u>565,217</u>	<u>1,104,469</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, 2010**

	General Fund	Bond Fund	Reserve Fund	Total
<b>Revenues</b>				
Special levy	\$ 664,666	-	-	664,666
Interest income	-	-	9,027	9,027
Dividend income	45	45	274	364
<b>Total revenues</b>	<u>664,711</u>	<u>45</u>	<u>9,301</u>	<u>674,057</u>
<b>Expenditures</b>				
Current:				
General government	78,090	-	-	78,090
Debt service:				
Interest	-	443,919	-	443,919
Principal	-	115,000	-	115,000
<b>Total expenditures</b>	<u>78,090</u>	<u>558,919</u>	<u>-</u>	<u>637,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>586,621</u>	<u>(558,874)</u>	<u>9,301</u>	<u>37,048</u>
Other financing sources (uses)				
Transfer in	-	571,307	-	571,307
Transfer out	(558,835)	-	(12,472)	(571,307)
Total	<u>(558,835)</u>	<u>571,307</u>	<u>(12,472)</u>	<u>-</u>
<b>Net change in fund balances</b>	27,786	12,433	(3,171)	37,048
Fund balances, beginning	<u>368,197</u>	<u>75,320</u>	<u>568,580</u>	<u>1,012,097</u>
Fund balances, ending	<u>\$ 395,983</u>	<u>87,753</u>	<u>565,409</u>	<u>1,049,145</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, 2012, 2011, and 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Reconciliation of the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Net Assets:			
<b>Net change in fund balances - total governmental funds</b>	<b>\$ 52,315</b>	<b>55,324</b>	<b>37,048</b>
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.	2,734	2,500	2,276
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.	125,000	120,000	115,000
Special levy is recognized in fund financials when available to the funds, whereas the Statement of Activities reports revenue when assessments are levied.	(2,225)	1,160	(3,471)
<b>Change in net assets of governmental activities</b>	<b><u>\$ 165,721</u></b>	<b><u>166,881</u></b>	<b><u>138,750</u></b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)  
Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special levy	\$ 661,195	661,195	663,421	2,226
Dividend income	-	-	17	17
<b>Total Revenues</b>	<b>661,195</b>	<b>661,195</b>	<b>663,438</b>	<b>2,243</b>
<b>Expenditures</b>				
Current:				
General government	97,570	97,570	54,258	43,312
<b>Total Expenditures</b>	<b>97,570</b>	<b>97,570</b>	<b>54,258</b>	<b>43,312</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	(556,804)	(556,804)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(556,804)</b>	<b>(556,804)</b>
<b>Net Change in Fund Balances</b>	<b>563,625</b>	<b>563,625</b>	<b>52,376</b>	<b>(511,249)</b>
Fund Balances, beginning of year	450,550	450,550	450,550	-
<b>Fund Balances, end of year</b>	<b>\$ 1,014,175</b>	<b>1,014,175</b>	<b>502,926</b>	<b>(511,249)</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special levy	\$ 661,195	661,195	660,034	(1,161)
Dividend income	-	-	123	123
<b>Total Revenues</b>	<u>661,195</u>	<u>661,195</u>	<u>660,157</u>	<u>(1,038)</u>
<b>Expenditures</b>				
Current:				
General government	101,008	101,008	47,588	53,420
<b>Total Expenditures</b>	<u>101,008</u>	<u>101,008</u>	<u>47,588</u>	<u>53,420</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	(558,002)	(558,002)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>(558,002)</u>	<u>(558,002)</u>
<b>Net Change in Fund Balances</b>	560,187	560,187	54,567	(505,620)
Fund Balances, beginning of year	<u>395,983</u>	<u>395,983</u>	<u>395,983</u>	<u>-</u>
<b>Fund Balances, end of year</b>	<u>\$ 956,170</u>	<u>956,170</u>	<u>450,550</u>	<u>(505,620)</u>

*See Notes to Financial Statements.*



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BUDGET TO ACTUAL SCHEDULE (GENERAL FUND)  
Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special levy	\$ 661,195	661,195	664,666	3,471
Interest income	-	-	-	-
Dividend income	-	-	45	45
<b>Total Revenues</b>	<b>661,195</b>	<b>661,195</b>	<b>664,711</b>	<b>3,516</b>
<b>Expenditures</b>				
Current:				
General government	100,008	100,008	78,090	21,918
<b>Total Expenditures</b>	<b>100,008</b>	<b>100,008</b>	<b>78,090</b>	<b>21,918</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	(558,835)	(558,835)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(558,835)</b>	<b>(558,835)</b>
<b>Net Change in Fund Balances</b>	<b>561,187</b>	<b>561,187</b>	<b>27,786</b>	<b>(533,401)</b>
Fund Balances, beginning of year	368,197	368,197	368,197	-
<b>Fund Balances, end of year</b>	<b>\$ 929,384</b>	<b>929,384</b>	<b>395,983</b>	<b>(533,401)</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012, 2011 AND 2010**

**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, 2012, 2011 AND 2010**

**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, 2012, 2011 AND 2010**

**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, 2012, 2011 and 2010 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, 2012, 2011 AND 2010**

**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, 2012, 2011 and 2010, 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, 2012, 2011 AND 2010**

**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:

	2012	2011	2010
Held in trust by Bank of Albuquerque in U.S. Treasury Fund	<u>\$ 1,230,767</u>	<u>1,168,396</u>	<u>1,104,939</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, 2012, 2011 and 2010.

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 \$152,017, \$159,227, and \$166,438 at June 30, 2012, 2011 and 2010, respectively.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012, 2011 AND 2010**

**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>
2013	135,000	424,153	559,153
2014	145,000	414,878	559,878
2015	150,000	405,106	555,106
2016	165,000	394,672	559,672
2017	175,000	383,409	558,409
2018 - 2022	1,055,000	1,722,603	2,777,603
2023 - 2027	1,455,000	1,306,809	2,761,809
2028 - 2032	2,025,000	715,172	2,740,172
2033 - 2034	1,015,000	70,984	1,085,984
	<u>\$ 6,320,000</u>	<u>5,837,786</u>	<u>12,157,786</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:

2012	\$ (5,084,909)
2011	(5,250,630)
2010	(5,417,511)

**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, 2012, 2011 and 2010 does not expect to incur a liability.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012, 2011 AND 2010**

**NOTE 7. INTERFUND TRANSFERS**

For the years ended June 30, 2012, 2011 and 2010 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:

2012:

<u>Transfer Out</u>	<u>Transfer In</u> Bond Fund
General Fund	\$ 556,804
Reserve Fund	88
	<u>\$ 556,892</u>

2011:

<u>Transfer Out</u>	<u>Transfer In</u> Bond Fund
General Fund	\$ 558,002
Reserve Fund	761
	<u>\$ 558,763</u>

2010:

<u>Transfer Out</u>	<u>Transfer In</u> Bond Fund
General Fund	\$ 558,835
Reserve Fund	12,472
	<u>\$ 571,307</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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	-	-
Dividend income	-	-	7	7
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Expenditures</b>				
Debt Service:				
Interest	428,625	428,625	431,906	3,281
Principal	135,000	135,000	125,000	(10,000)
<b>Total Expenditures</b>	<b>563,625</b>	<b>563,625</b>	<b>556,906</b>	<b>6,719</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	556,892	556,892
Transfer out	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>556,892</b>	<b>556,892</b>
<b>Net Change in Fund Balances</b>	<b>(563,625)</b>	<b>(563,625)</b>	<b>(7)</b>	<b>563,618</b>
Fund Balances, beginning of year	88,702	88,702	88,702	-
<b>Fund Balances, end of year</b>	<b>\$ (474,923)</b>	<b>(474,923)</b>	<b>88,695</b>	<b>563,618</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)  
 Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	-	-
Dividend income	-	-	34	34
<b>Total Revenues</b>	-	-	34	34
<b>Other Financing Sources (Uses)</b>				
Transfer out	-	-	(88)	(88)
<b>Total</b>	-	-	(88)	(88)
<b>Net Change in Fund Balances</b>	-	-	(54)	(54)
Fund Balances, beginning of year	565,217	565,217	565,217	-
<b>Fund Balances, end of year</b>	\$ 565,217	565,217	565,163	(54)

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (BOND FUND)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	-	-
Dividend income	-	-	374	374
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>374</b>	<b>374</b>
<b>Expenditures</b>				
Debt Service:				
Interest	435,188	435,188	438,188	(3,000)
Principal	125,000	125,000	120,000	5,000
<b>Total Expenditures</b>	<b>560,188</b>	<b>560,188</b>	<b>558,188</b>	<b>2,000</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	558,763	558,763
Transfer out	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>558,763</b>	<b>558,763</b>
<b>Net Change in Fund Balances</b>	<b>(560,188)</b>	<b>(560,188)</b>	<b>949</b>	<b>561,137</b>
Fund Balances, beginning of year	87,753	87,753	87,753	-
<b>Fund Balances, end of year</b>	<b>\$ (472,435)</b>	<b>(472,435)</b>	<b>88,702</b>	<b>561,137</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	-	-
Dividend income	-	-	569	569
<b>Total Revenues</b>	-	-	569	569
<b>Other Financing Sources (Uses)</b>				
Transfer out	-	-	(761)	(761)
<b>Total</b>	-	-	(761)	(761)
<b>Net Change in Fund Balances</b>	-	-	(192)	(192)
Fund Balances, beginning of year	565,409	565,409	565,409	-
<b>Fund Balances, end of year</b>	\$ 565,409	565,409	565,217	(192)

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (BOND FUND)  
 Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	-	-
Dividend income	-	-	45	45
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>45</b>
<b>Expenditures</b>				
Debt Service:				
Interest	441,188	441,188	443,919	2,732
Principal	120,000	120,000	115,000	(5,000)
<b>Total Expenditures</b>	<b>561,188</b>	<b>561,188</b>	<b>558,919</b>	<b>2,269</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	571,307	571,307
Transfer out	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>571,307</b>	<b>571,307</b>
<b>Net Change in Fund Balances</b>	<b>(561,188)</b>	<b>(561,188)</b>	<b>12,433</b>	<b>573,621</b>
Fund Balances, beginning of year	75,320	75,320	75,320	-
<b>Fund Balances, end of year</b>	<b>\$ (485,868)</b>	<b>(485,868)</b>	<b>87,753</b>	<b>573,621</b>

*See Notes to Financial Statements.*

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (RESERVE FUND)  
 Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	-	9,027	9,027
Dividend income	-	-	274	274
<b>Total Revenues</b>	-	-	9,301	9,301
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	(12,472)	(12,472)
<b>Total</b>	-	-	(12,472)	(12,472)
<b>Net Change in Fund Balances</b>	-	-	(3,171)	(3,171)
Fund Balances, beginning of year	568,580	568,580	568,580	-
<b>Fund Balances, end of year</b>	\$ 568,580	568,580	565,409	(3,171)

*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, 2012, 2011 and 2010 and have issued our report thereon dated August 8, 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, 2012, 2011 and 2010, 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  
August 8, 2014



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

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

CONDITION

The District did not maintain a general ledger for the years ended June 30, 2012, 2011 and 2010.

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, 2012, 2011 AND 2010**

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

CONDITION

The audit reports for the years ending June 30, 2012, 2011 and 2010 were not submitted by the deadline of December 1 for each fiscal year. These reports were submitted to the State Auditor's Office in August 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, 2012, 2011 AND 2010**

06-01 No General Ledger Maintained  
06-02 Late Audit Report

Updated and repeated as 06-01  
Updated and repeated as 06-02

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
EXIT CONFERENCE  
YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

An exit conference was held on July 25, 2014. Attending were the following:

Representing Ventana West Public Improvement District:

Jon Zaman, Chairman  
Cilia Agliadoro, Treasurer  
Michael Riordan, Member  
Gbenoba N. Idah, Modrall, Sperling, Roehl, Harris & Sisk, P.A.  
Dee Brescia, Brescia Consulting

Representing Moss Adams LLP:

Jaime Rumbaoa, CPA, Senior Manager

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