

**VENTANA WEST  
PUBLIC IMPROVEMENT  
DISTRICT  
FINANCIAL  
STATEMENTS  
JUNE 30, 2017**

**VENTANA WEST PUBLIC IMPROVEMENTS DISTRICT  
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
Official Roster	1

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5

FINANCIAL STATEMENTS

Statement of Net Position – Governmental Activities	9
Statement of Activities - Governmental Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheets – Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Budget to Actual Schedule - General Fund	15
Notes to Financial Statements	16

SUPPLEMENTARY INFORMATION

Budget to Actual Schedule Bond Fund	23
--	----

OTHER INFORMATION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	24
Schedule of Findings	26
Exit Conference	27

## **INTRODUCTORY SECTION**

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**

**Official Roster  
As of June 30, 2017**

**Board of Directors**

Howard DeBoi	Chairman
Robert Eslinger	Clerk/Secretary
Stephanie Yara	Treasurer
Wilfred Gallegos	Member
Jon Zaman	Member

**FINANCIAL SECTION**

## **Independent Auditor's Report**

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Ventana West Public Improvement District

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and budgetary comparison for the general fund of Ventana West Public Improvement District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, 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, as defined by Government Accounting Standards Board, in the accompanying individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Ventana West Public Improvement District

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, and the respective budgetary comparison for the general fund of Ventana West Public Improvement District as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the respective budgetary comparison for the debt service fund for the year ended June 30, 2017 is in accordance with accounting principles generally accepted in the United State of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 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.

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Ventana West Public Improvement District

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 2017, 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 grant agreements 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 the 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 in considering the District's internal control over financial reporting and compliance.

*Ricci & Company LLC*

Albuquerque, New Mexico  
September 25, 2017



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

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 year ended June 30, 2017. 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. 0-2003-012 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 year 2017 as follows:

- In the Statement of Net Position, the District's total net position amounted to negative \$4,528,086.
- In the Statement of Activities, the special levy revenue amounted to \$491,900.
- In the Statement of Activities, the District incurred \$214,691 for interest payments and general government expenses.

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

**VENTANA WEST PUBLIC IMPROVEMNET DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2017**

The statement of activities presents information showing how the District's net position changed during the fiscal years reported. All changes in net position 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 12 and 14, 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 16 of these financial statements.

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a district's financial position. The District's liabilities exceeded assets by \$4,528,086 as of June 30, 2017.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2017**

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

	2017	2016
Current assets	\$ 809,084	769,240
Total assets	<u>809,084</u>	<u>769,240</u>
Current liabilities	90,563	95,516
Long-term obligations outstanding	<u>5,246,608</u>	<u>5,480,102</u>
Total liabilities	<u>5,337,170</u>	<u>5,575,618</u>
Net-position – unrestricted (deficit)	<u>\$ (4,528,086)</u>	<u>(4,806,378)</u>

The following are significant transactions that have had an impact on the Statement of Net Position:

- Administrative expenditures were \$34,078 for the year ended June 30, 2017.
- Interest expense was \$180,613 for the year ended June 30, 2017.
- Special levy revenue was \$491,900 for the year ended June 30, 2017.

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

	2017	2016
<b>Expenses</b>		
Bond issuance costs	-	(281,544)
Interest expense	(180,613)	(398,662)
General government	<u>(34,078)</u>	<u>(60,173)</u>
<b>Total expenses</b>	<u>\$ (214,691)</u>	<u>(740,379)</u>
<b>General Revenues</b>		
Special levy	491,900	638,144
Interest income	<u>1,083</u>	<u>57</u>
	<u>492,983</u>	<u>638,201</u>
Changes in net position	<u>\$ 278,292</u>	<u>(102,178)</u>

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

The District's revenues in the governmental funds for the year ended June 30, 2017 was \$493,299. 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 administration expenses.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2017**

**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 year ending 2017.

**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, 2017. 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. 2015-03 adopted on August 20, 2015, the District issued its \$5,335,000 Special Levy Refunding Revenue Bonds, Series 2015 (Series 2015 Bonds) on November 24, 2015. The Series 2015 Bonds were issued to refund the District's Series 2004 Bonds for debt service savings. Under the Indenture dated November 24, 2015, 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, 2017 was \$5,110,000. The next principal payment of \$225,000 was made in August 2017.

**Requests for Information**

This narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2017 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, Stephanie Yara, P.O. Box 1293, Albuquerque, NM 87103.

**FINANCIAL STATEMENTS**

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 804,512
Special levy receivable	3,712
Prepaid expense	860
<b>Total assets</b>	<u>\$ 809,084</u>
<b>LIABILITIES</b>	
Accrued expenses - professional services	\$ 12,002
Interest payable	78,560
Revenue bonds payable, net	
Due within one year	233,494
Due in more than one year	5,013,114
<b>Total liabilities</b>	<u>5,337,170</u>
<b>NET POSITION</b>	
Unrestricted (deficit)	<u>(4,528,086)</u>
<b>Total net position</b>	<u>\$ (4,528,086)</u>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2017**

	<u>Expenses</u>	<u>Governmental Activities</u>
Expenses		
Interest expense	\$ 180,613	(180,613)
General government	34,078	(34,078)
<b>Total expenses</b>	<u>\$ 214,691</u>	<u>(214,691)</u>
General Revenues		
Special Levy		\$ 491,900
Interest income		1,083
<b>Total revenues</b>		<u>492,983</u>
Change in net position		278,292
Net position, beginning of year		<u>(4,806,378)</u>
<b>Net position, end of year</b>		<u>\$ (4,528,086)</u>

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	General Fund	Bond Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 804,502	10	804,512
Special levy receivable	3,712	-	3,712
Prepaid expenses	860	-	860
<b>Total assets</b>	<b>\$ 809,074</b>	<b>10</b>	<b>809,084</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accrued expenses	\$ 12,002	-	12,002
<b>Total liabilities</b>	<b>12,002</b>	<b>-</b>	<b>12,002</b>
Deferred inflows of resources			
Special levy receivable not yet available	1,532	-	1,532
<b>Total deferred inflows of resources</b>	<b>1,532</b>	<b>-</b>	<b>1,532</b>
<b>FUND BALANCES</b>			
Restricted	-	10	10
Unassigned	795,540	-	795,540
<b>Total fund balances</b>	<b>795,540</b>	<b>10</b>	<b>795,550</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 809,074</b>	<b>10</b>	<b>809,084</b>

See Notes to Financial Statements.



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITON  
June 30, 2017**

Reconciliation of the Governmental Fund Balance  
Sheet to the Statement of Net Position:

---

<b>Fund balances - total governmental funds</b>	\$ 795,550
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Long-term obligations for the revenue bonds are not due and payable in the current period, and therefore, not reported in the governmental funds.	(5,246,608)
Interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(78,560)
A portion of receivables reported in the Statement of Net Position is not currently available in the funds	<u>1,532</u>
<b>Net position of governmental activities</b>	<u><u>\$ (4,528,086)</u></u>

See Notes to Financial Statements.

VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2017

	General Fund	Bond Fund	Total
<b>REVENUES</b>			
Special levy	\$ 492,216	-	492,216
Interest income	1,055	28	1,083
<b>Total revenues</b>	<b>493,271</b>	<b>28</b>	<b>493,299</b>
<b>EXPENDITURES</b>			
Current:			
General government	34,078	-	34,078
Debt service:			
Principal	-	225,000	225,000
Interest	-	191,919	191,919
<b>Total expenditures</b>	<b>34,078</b>	<b>416,919</b>	<b>450,997</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>			
Expenditures	459,193	(416,891)	42,302
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	302,565	302,565
Transfers out	(302,365)	-	(302,365)
<b>Total</b>	<b>(302,365)</b>	<b>302,565</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>156,828</b>	<b>(114,326)</b>	<b>42,302</b>
Fund balances, beginning of year	638,912	114,336	753,248
<b>Fund balances, end of year</b>	<b>\$ 795,740</b>	<b>10</b>	<b>795,550</b>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2017**

Reconciliation of the Governmental Fund Statement of  
Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities:

---

**Net change in fund balances - total governmental funds** \$ 42,302

Amounts reported for governmental activities in  
the Statement of Activities are different because:

Governmental funds report interest expense when the amount is  
paid, whereas the Statement of Activities reports interest on  
an accrual basis. 11,306

The repayment of long-term debt consumes current financial  
resources of the governmental funds. This has no effect on  
the net position in the Statement of Activities. 225,000

Special levy is recognized in fund financials when available to  
the funds, whereas the Statement of Activities reports  
revenue when assessments are levied. (316)

**Change in net position of governmental activities** \$ 278,292

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE - GENERAL FUND  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special levy	\$ 491,148	491,148	492,216	1,068
Interest income	-	-	1,055	1,055
<b>Total revenues</b>	<b>491,148</b>	<b>491,148</b>	<b>493,271</b>	<b>2,123</b>
<b>EXPENDITURES</b>				
Current				
General government	95,153	95,153	34,078	61,075
<b>Total expenditures</b>	<b>95,153</b>	<b>95,153</b>	<b>34,078</b>	<b>61,075</b>
Other financing sources (uses)				
Transfers out	-	-	(302,565)	(302,565)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(302,565)</b>	<b>(302,565)</b>
<b>Net Change in Fund Balances</b>	<b>395,995</b>	<b>395,995</b>	<b>156,628</b>	<b>(239,367)</b>
Fund Balance, beginning of year	638,912	638,912	638,912	-
<b>Fund Balance, end of year</b>	<b>\$ 1,034,907</b>	<b>1,034,907</b>	<b>795,540</b>	<b>(239,367)</b>

See Notes to Financial Statements.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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. 0-2003-012 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 five directors. The District Board has control over and management supervision of all affairs of the District. Each of the Directors was elected by eligible voters of the District at an election held March 17, 2015. Each director is serving a six year term.

**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 Position 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.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

Government-Wide Statements

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.

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.

Debt Service Fund:

- b) Bond Fund – used to account for the payment of principal and interest related to the bonds obligation.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Amount collected after the sixty-day period is recognized as deferred inflows of resources. 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.

**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, 2017, 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.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Transfers**

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

**Fund Balance**

As of June 30, 2017, the fund balances of governmental 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.



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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. The District is in compliance as of June 30, 2017.

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2017**

**NOTE 3. DEPOSITS (CONTINUED)**

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, 2017 consist of the following:

Held in trust by Bank of Albuquerque		
In U.S. Treasury Fund	\$	804,512

**NOTE 4. REVENUE BONDS**

On November 24, 2015, the District issued Special Levy Refunding Revenue Bonds, Series 2015 with total par value of \$5,335,000 for \$5,485,056, or a net premium of \$150,056. The proceeds from issuance were used to refund the District’s Series 2004 Special Levy Revenue Bonds. The bonds are generally callable with interest payable semiannually, every February 1 and August 1. The obligations are secured by the pledge of net revenues from the District's Special Levy.

The net present value savings achieved by the refunding of the Series 2004 Bonds was \$1,599,558 or 27.940% of the refunded principal amount of the Series 2004 Bonds.

The Indenture contains special mandatory and optional redemption, at 100% principal amount. The special mandatory redemption which begins on September 1, 2017, 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, 2025. No events occurred that triggered special mandatory redemption.

The Revenue Bonds bear annual interest rates ranging from 3.00% to 4.00%, with final maturity on August 1, 2033. The following are the changes for Revenue Bonds during the year:

	June 30			June 30
	<u>2016</u>	<u>Increases</u>	<u>Decrease</u>	<u>2017</u>
Special Levy Revenue Bonds	\$ 5,335,000	-	(225,000)	5,110,000
Unamortized bond (discount) premium	<u>145,101</u>	<u>-</u>	<u>(8,493)</u>	<u>136,608</u>
	<u>\$ 5,480,101</u>	<u>-</u>	<u>(233,493)</u>	<u>5,246,608</u>

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017**

**NOTE 4. REVENUE BONDS (CONTINUED)**

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 225,000	185,169	410,169
2019	230,000	178,344	408,344
2020	240,000	171,294	411,294
2021	250,000	163,943	413,943
2022	255,000	155,094	410,094
2023 – 2027	1,435,000	611,069	2,046,069
2028 – 2032	1,710,000	312,259	2,022,259
2033 - 2033	765,000	123,100	888,100
	<u>\$ 5,110,000</u>	<u>1,900,272</u>	<u>7,010,272</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 POSITION**

The total net position balance is a deficit of \$4,528,086. 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 longterm debt will be repaid with future special levy taxes.

**NOTE 6. INTERFUND TRANSFERS**

For the year ended June 30, 2017, the District transfers were made to fund debt service payments, and administrative expenses. The following transfers were made during the year:

<u>Transfer Out General Fund</u>	<u>Transfer In Bond Fund</u>
\$302,565	\$302,565

**NOTE 7. 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 at least every 5 years. During the current year, the District performed calculations of excess investment earnings on the revenue bonds and at June 30, 2017 does not expect to incur a liability.

**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 officer liability.

**SUPPLEMENTARY INFORMATION**

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
 BUDGET TO ACTUAL SCHEDULE (BOND FUND)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	-	28	28
<b>Total revenues</b>	-	-	28	28
<b>EXPENDITURES</b>				
Debt service:				
Principal	225,000	225,000	225,000	-
Interest	191,919	191,919	191,919	-
<b>Total expenditures</b>	416,919	416,919	416,919	-
Other financing sources (uses)				
Transfers in	-	-	302,565	302,565
<b>Total</b>	-	-	302,565	302,565
<b>Net Change in Fund Balances</b>	(416,919)	(416,919)	(114,326)	302,593
Fund Balance, beginning of year	114,336	114,336	114,336	-
<b>Fund Balance, end of year</b>	<u>\$ (302,583)</u>	<u>(302,583)</u>	<u>10</u>	<u>302,593</u>

See Notes to Financial Statements.

**OTHER INFORMATION**



Service plus value, it all adds up.

6200 Uptown Blvd., NE Suite 400  
Albuquerque, NM 87110  
505 338 0800 office www.riccicpa.com

**Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Governmental Auditing Standards***

**Independent Auditor's Report**

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Ventana West Public Improvement District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the budgetary comparison of the general fund of the Ventana West Public Improvement District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the related budgetary comparison of the debt service fund presented as supplemental information, and have issued our report thereon dated September 25, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*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 a 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. 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.

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Ventana West Public Improvement District

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 no instances of noncompliance or other matters which are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ricci & Company LLC*

Albuquerque, New Mexico  
September 25, 2017



**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS  
June 30, 2017**

A. Prior Year Findings  
None

B. Current Year Findings  
None

**VENTANA WEST PUBLIC IMPROVEMENT DISTRICT  
EXIT CONFERENCE  
June 30, 2017**

An exit conference was held on November 14, 2017, to discuss the annual financial report. Attending were the following:

Representing the Ventana West Public Improvement District:

Stephanie Yara, Treasurer  
Dee Brescia, Accountant

Representing Ricci & Company LLC:  
Wayne Brown, Partner

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements were prepared with the assistance of Ricci & Company LLC from the books and records of the Ventana West Public Improvement District. The financial statements and related footnotes remain the responsibility of management.