



**WINROCK TOWN CENTER TAX INCREMENT
DEVELOPMENT DISTRICT 2**

**REPORT OF INDEPENDENT ACCOUNTANTS
ON THE APPLICATION OF
AGREED-UPON PROCEDURES**

JUNE 30, 2014

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2

**Official Roster
As of June 30, 2014**

Board of Directors

Diane Gibson	Chairman
Debbie Bonsignore	Treasurer
Mayling Armijo	Member
Andrew Jacobson	Member
Gilbert Montaña	Member

Report of Independent Accountants on the Application of Agreed-Upon Procedures

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Winrock Town Center Tax Increment Development District 2 (District) and New Mexico State Auditor (the specified parties), solely to users in evaluating the District's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries, Budget and Capital Outlay Appropriations information and its compliance with Section 12-6-3B (6) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2014. The District is responsible for its financial reporting to the State Auditor as described above.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

1. Cash

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

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor

- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division. For purposes of performing our procedures “accuracy” means that reconciling items agree to deposit slips and subsequent bank or investment statements.
- c) Determine whether the local public body’s financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures 1(a) – 1(c)

A list from management of all bank and investment accounts, and the corresponding statements for the fiscal year ended June 30, 2014 as described below:

<u>Account No.</u>	<u>Description</u>	<u>GL Balance</u>
6428920448	Wells Fargo	\$ 331,484

The bank reconciliations for December 2013 and June 2014 were compared to supporting documentation, noting no reconciling items. As such, the bank balances agreed with the general ledger.

Inquiries of management were made to determine whether the District’s financial institution provided it with 50% of pledged collateral on uninsured deposit balances. The District did not have pledged collateral for uninsured deposits of \$81,484 at June 30, 2014. See Schedule of Findings and Reponses on page 13.

2. Capital Assets

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

Results of Procedure 2

The District has no capital assets and, accordingly, Section 12-6-10 NMSA 1978 is not applicable.

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor

3. Debt

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements. To verify whether required payments on debt were made we will compare the payment amount and date (interest and principal) per amortization schedule to the trust statements. To determine compliance with reserve requirement we will perform the following: (a) read the bond indenture to determine the reserve requirement, (b) obtain District management's calculation and recalculate the reserve requirement, and compare the recalculated amount to the balance of reserve fund to determine compliance.

Results of Procedures 3(a) - 3(b)

The District has no debt outstanding during the year. As such, the above procedures are not applicable.

4. Revenues

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

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. For purposes of performing our analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10% for each revenue type.

Test 50% of the total amount of revenues for the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement. For purposes of our procedures, we selected a random sample of recorded revenue transactions to achieve a minimum of 50% coverage.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

To the Board of Directors
 Winrock Town Center Tax Increment Development District 2
 and
 Mr. Hector Balderas
 New Mexico State Auditor

Results of Procedures 4(a) - 4(c)

As a result of performing the analytical review procedures in 4(a), we noted no variances of more than 10%.

See Schedule of Revenues and Expenditures - Budget to Actual in page 10.

The procedures 4(b) - 4(c) were performed on the following revenues resulting in 100% coverage of the total revenues as follows:

<u>Month</u>	<u>Description</u>	<u>Amount</u>
October 2013	Gross receipts tax increment	\$ 112
November 2013	Gross receipts tax increment	62,901
December 2013	Gross receipts tax increment	237,721
March 2014	Gross receipts tax increment	11,925
April 2014	Gross receipts tax increment	20,278
May 2014	Gross receipts tax increment	38,035
June 2014	Gross receipts tax increment	67,134
Total		<u>\$ 438,106</u>

No instances of noncompliance were noted as a result of performing the procedures described in 4(b) - 4(c).

5. Expenditures

Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.

To the Board of Directors
 Winrock Town Center Tax Increment Development District 2
 and
 Mr. Hector Balderas
 New Mexico State Auditor

- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures 5(a) – 5(c)

The procedures described in 5(a) – 5(c) above were performed on the following cash disbursements (representing 100% of the total expenditures):

<u>Month</u>	<u>Description</u>	<u>Amount</u>
9/10/2013	Organization costs	\$30,549.83
9/12/2013	Legal fees	5,516.17
6/30/2014	Professional fees for the AUP (accrual)	<u>10,700.00</u>
Total		<u><u>\$46,766.00</u></u>

The District is not required to follow the Procurement Code in accordance with NMSA 5-11-10 D. or the Per Diem and Mileage Act as the District has no employees. No instances of noncompliance were noted as a result of performing the procedures described in 5(a) – 5(c).

6. Journal Entries

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation. A journal entry is considered reasonable if: i. explanation is consistent with the nature of the adjustment, and the general ledger accounts affected, ii. Supporting documentation (invoices, contracts, correspondences, calculations, etc.) agrees with the journal entry details.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor

Results of Procedures 6(a) – 6(b)

The only journal entries noted relate to (a) accrual of gross receipt taxes receivable of \$104,705 (relating to May and June 2014) and (b) the receivable of \$853,161 from Winrock Town Center Tax Increment Development District 1 as a result of Taxation and Revenue Department's error in the calculations of the gross receipts tax increment. Documentation and approval of the journal entries was compared to supporting documentation noting no instances of noncompliance.

7. Budget

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

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget to actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

Results of Procedures 7(a) – 7(c)

The District overspent its budget \$9,266 during the year ended June 30, 2014 (see Schedule of Findings and Responses in page 11). No other instances of noncompliance were noted as a result of performing the procedures described in 7(a) – 7(c). See Schedule of Revenues and Expenditures – Budget to Actual (Cash Basis) in page 10 of this report.

Capital Outlay Appropriations

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient.

Results of Procedures on Capital Outlay Appropriations

The District did not expend any capital outlay for the year ended June 30, 2014. Hence, procedures for Capital Outlay Appropriations are not applicable.

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector Balderas
New Mexico State Auditor

Other

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(1)(3)(C) NMAC.

Results of Procedures - Other

Schedule of Findings and Responses are included in pages 11 through 13 of this report.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the District's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District, Office of the State Auditor and New Mexico 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
December 31, 2014

WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
BUDGET TO ACTUAL SCHEDULE (CASH BASIS)
GENERAL FUND
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipt tax increment	\$ 406,344	406,344	438,106	31,762
Interest income	-	-	43	43
Total revenues	<u>406,344</u>	<u>406,344</u>	<u>438,149</u>	<u>31,805</u>
Expenditures				
General government	37,500	37,500	46,766	(9,266)
Total expenditures	<u>37,500</u>	<u>37,500</u>	<u>46,766</u>	<u>(9,266)</u>
Net change in fund balance	368,844	368,844	391,383	22,539
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 368,844</u>	<u>368,844</u>	<u>391,383</u>	<u>22,539</u>

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-001: Budget, Compliance and Other Matters

CONDITION

The District overspent the budget for the General Fund for the year ended June 30, 2014 by \$9,266.

CRITERIA

According to NMSA 6-3-1 to 6-3-25, expenditures are to be within the budgeted amounts.

CAUSE

The District did not include all expenditures in its budget.

EFFECT

The District is not in compliance with the requirements of NMSA 6-3-1 to 6-3-25 and there is increased risk that unauthorized transactions could occur.

RECOMMENDATION

Overspending of the budget should not occur. We recommend that all budget adjustments be approved prior to spending and budget to actual reviews be made on a timely basis.

MANAGEMENT'S RESPONSE

The Board agrees with the recommendation. There were some reimbursements of legal expenses that were not included in the budget information that was submitted to the Department of Finance and Administration. Going forward, we will ensure that our budget information reflects expected expenditures for a given fiscal year.

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-002: Late Audit Report, Compliance and Other Matters

CONDITION

The AUP report for the year ending June 30, 2014 was not submitted by the deadline of December 1, 2014. The report was submitted to the State Auditor's Office in December 2014.

CRITERIA

2.2.2 NMAC, Audit Rule 2014, 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

Additional procedures and documentations are needed due to the error in the calculations of the gross receipt tax increment.

EFFECT

The District is not in compliance with Section 2.2.2.9 A (1)(e) of the NMAC, Audit Rule 2014.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

The delay was due to the additional procedures for the required refunds made to other governmental agencies as a result of error in the calculations of the gross receipts tax increment. The Board agrees with the recommendation and has instructed the Treasurer to work together with the external auditor to ensure that reports are submitted to the State's Auditor on a timely manner.

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-003: Uncollateralized Bank Deposits, Compliance and Other Matters

CONDITION

The District's cash balances on deposit at Wells Fargo exceeded the FDIC limit by \$81,484 and were not collateralized by the bank.

CRITERIA

The Public Money statutes, 6-10-16 and 6-10-17 NMSA 1978 require the bank to collateralize the District's bank account in an amount equal to one half of the public monies in excess of the FDIC insured amount. The Public Money statutes do not differentiate between "collected" and "uncollected" funds.

CAUSE

The District was unaware that it is required to collateralize its bank balances.

EFFECT

The District has cash on deposit at the bank that is at risk of loss in case of bank failure.

RECOMMENDATION

We recommend that the District coordinate with its bank to collateralize the District's accounts pursuant to the Public Money Statutes. If the bank fails to comply with the Public Money Statutes within the ten days provided by 6-10-17.1 NMSA 1978, the District should withdraw its fund from the bank within the next ten days.

MANAGEMENT'S RESPONSE

At June 30, 2014, the Board decided to freeze activities in the account due to the expected refund to other governmental agencies resulting from the error in the calculation of gross receipts tax increment. Going forward, we will ensure that balance in the account does not exceed the FDIC insurance limit.

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

An exit conference was held on December 19, 2014. Attending were the following:

Representing Winrock Town Center Tax Increment Development District 2:

Diane Gibson, Chairman
Debbie Bonsignore, Treasurer

Representing Moss Adams LLP:

Jaime Rumbaoa, CPA, Senior Manager

The Schedules of Revenues and Expenditures - Budget to Actual were prepared with the assistance of Moss Adams LLP.



**WINROCK TOWN CENTER TAX
INCREMENT DEVELOPMENT DISTRICT 2**

**COMPILATION REPORT OF INDEPENDENT
ACCOUNTANTS AND FINANCIAL STATEMENTS**

JUNE 30, 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2

**Official Roster
As of June 30, 2014**

Board of Directors

Diane Gibson	Chairman
Debbie Bonsignore	Treasurer
Mayling Armijo	Member
Andrew Jacobson	Member
Gilbert Montaña	Member

Compilation Report of Independent Accountants

To the Board of Directors
Winrock Town Center Tax Increment Development District 2
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have compiled the accompanying balance sheet of Winrock Town Center Tax Increment Development District 2 (the "District") as of June 30, 2014 and the related Statement of Revenues, Expenses and Changes in Fund Balance - Governmental Fund for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit the Statement of Net Assets, Statement of Activities and related disclosures that are required by accounting principles generally accepted in the United States. If the omitted statements and disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has also omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Moss Adams LLP

Albuquerque, New Mexico
December 31, 2014

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 331,484
Gross receipts tax increment receivable	104,705
Receivable from Winrock Town Center TIDD 1	<u>853,161</u>
	<u>\$ 1,289,350</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accrued expenses	\$ 44,806
Total liabilities	<u>44,806</u>
Fund balance	
Unassigned	<u>1,244,544</u>
Total fund balance	<u>1,244,544</u>
Total liabilities and fund balance	<u>\$ 1,289,350</u>

See Compilation Report of Independent Accountants.

**WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
Year ended June 30, 2014**

	<u>General Fund</u>
Revenues	
Gross receipts tax increment	\$ 438,106
Dividend income	43
	<u>438,149</u>
Expenditures	
Current:	
General government	46,766
Total expenditures	<u>46,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>391,383</u>
Other financing sources (uses)	
Transfer in	-
Transfer out	-
Total	<u>-</u>
Net change in fund balance	391,383
Fund balance, beginning	<u>853,161</u>
Fund balance, ending	<u><u>\$ 1,244,544</u></u>

See Compilation Report of Independent Accountants.

WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
Selected Information – Substantially All Disclosures Required
by Accounting Principles Generally Accepted in the United States
of America Are Not Included
June 30, 2014
See Compilation Report of Independent Accountants.

NOTE 1. REPORTING ENTITY

Winrock Town Center Tax Increment Development District 2 ("District") is a political subdivision of the State of New Mexico duly created and existing pursuant to Tax Increment for Development Act ("Act"), Sections 5-15-1 through 5-15-28 NMSA 1978, as amended, City of Albuquerque ("City") Council Ordinance Bill No. F/S O-06-44, and City Council Resolution Enactment No. R-2008-120 adopted on October 6, 2008 (the "Formation Resolution").

The purpose of the District, pursuant to the Formation Resolution, is to provide financing of the public improvements set forth in the Tax Increment Development Plan that was approved by the City and as required pursuant to the Act and Master Development Agreement among the District, the City and the developer, Winrock Partners 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. Directors serve six-year terms.

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 Standard 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

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% 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% of the corresponding total for all governmental funds combined.

WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
Selected Information – Substantially All Disclosures Required
by Accounting Principles Generally Accepted in the United States
of America Are Not Included
June 30, 2014
See Compilation Report of Independent Accountants.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund

The District's General Fund is the only major fund for the fiscal year 2014. The 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.

There were no other funds created during fiscal year 2014.

Measurement Focus and Basis of Accounting

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.

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, 2014, an allowance for uncollectible accounts was not considered necessary as all accounts are considered collectible.

Gross Receipts Tax Increment

The District's main source of revenue for the fiscal year ended June 30, 2014 has been gross receipts tax increment. Various public entities have pledged gross receipts tax increment to the District. The City of Albuquerque dedicated 70% of its gross receipts tax increment. Bernalillo County dedicated 67% of its gross receipts tax increment. The New Mexico State Board of Finance, on behalf of the State of New Mexico, dedicated 57% of the state's portion of gross receipts tax increment. The gross receipts tax increment is assessed on a monthly basis and distributed to the District in the same manner as distributions are made under the provisions of the State Tax Administration Act. In addition to gross receipts tax increment, the city has dedicated property tax increment. During the fiscal year ended June 30, 2014, the District received no property tax increment revenues. Property tax increment for that period has not yet been paid to the District and the District is in the process of working with the relevant parties, including the Bernalillo County Treasurer and Assessor to quantify the amount payable in relation to property tax increment.

WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
Selected Information – Substantially All Disclosures Required
by Accounting Principles Generally Accepted in the United States
of America Are Not Included
June 30, 2014
See Compilation Report of Independent Accountants.

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, 2014, the fund balance of governmental fund is classified as unassigned (all other spendable amounts). The District has no fund balances that are classified as restricted, 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.

NOTE 3. DEPOSITS AND INVESTMENTS

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 and investments held by the District include cash on deposit with financial institutions. 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.

WINROCK TOWN CENTER TAX INCREMENT DEVELOPMENT DISTRICT 2
Selected Information – Substantially All Disclosures Required
by Accounting Principles Generally Accepted in the United States
of America Are Not Included
June 30, 2014
See Compilation Report of Independent Accountants.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2014 consist of the following:

Cash in Bank in Wells Fargo	<u>\$ 331,484</u>
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NOTE 4. 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.

NOTE 5. RECEIVABLE FROM WINROCK TOWN CENTER TIDD 2

The amount represents underpayment of gross receipts tax increment in the prior years that was remitted to Winrock Town Center TIDD 1. This underpayment was the result of error by Taxation and Revenue Department in the base year amounts that were used in the calculation of gross receipts tax increment.