

**Heather Ridge Metropolitan District
Financial Statements**

February 28, 2011

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Heather Ridge Metropolitan District

We have compiled the accompanying Combined Balance Sheet – Governmental Funds, Enterprise Funds and Account Groups of the Heather Ridge Metropolitan District as of February 28, 2011 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the 2 months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, we 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 the 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 Statements of Net Assets, Statement of Activities, Statement of Cash Flow, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statements are not intended to be used by readers who are not familiar with the District's financial affairs or informed about such matters that would be disclosed in complete financial statements.

We are not independent with respect to Heather Ridge Metropolitan District because we performed certain accounting services that impaired our independence.

Simmons & Wheeler, P.C.

March 14, 2011

Heather Ridge Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
February 28, 2011

See Accountant's Compilation Report

Assets	General Fund	Capital Fund	Debt Service Fund	Enterprise Fund	Account Groups	Total All Funds
Current assets						
Cash in checking	\$ -	\$ -	\$ -	\$ 157,158	\$ -	\$ 157,158
Cash in US Bank	-	-	-	14,456	-	14,456
Cash in COLOTRUST	3,407	-	-	10,996	-	14,403
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	36,527	-	98,412	-	-	134,939
Cash - Trustee	-	442,613	234,010	807	-	677,430
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	4,602	-	4,602
Receivable - Members	-	-	-	17,820	-	17,820
Receivable - Trade Accts	-	-	-	(3,035)	-	(3,035)
Due from other funds	-	-	-	-	-	-
	<u>39,934</u>	<u>446,213</u>	<u>332,422</u>	<u>205,254</u>	<u>-</u>	<u>1,023,823</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	332,422	332,422
Amount to be provided for retirement of debt	-	-	-	-	4,772,578	4,772,578
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,251,317</u>	<u>8,251,317</u>
	<u>\$ 39,934</u>	<u>\$ 446,213</u>	<u>\$ 332,422</u>	<u>\$ 205,254</u>	<u>\$ 8,251,317</u>	<u>\$ 9,275,140</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 8,840	\$ 21,778	\$ -	\$ 12,411	\$ -	\$ 43,029
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	4,293	-	4,293
Payable to INC	-	-	-	15,302	-	15,302
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long Term Liabilities						
General obligation Bonds	-	-	-	-	5,105,000	5,105,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,105,000</u>	<u>5,105,000</u>
Total Liabilities	<u>8,840</u>	<u>21,778</u>	<u>-</u>	<u>35,134</u>	<u>5,105,000</u>	<u>5,170,752</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	31,094	424,435	332,422	170,120	-	958,071
	<u>31,094</u>	<u>424,435</u>	<u>332,422</u>	<u>170,120</u>	<u>3,146,317</u>	<u>4,104,388</u>
	<u>\$ 39,934</u>	<u>\$ 446,213</u>	<u>\$ 332,422</u>	<u>\$ 205,254</u>	<u>\$ 8,251,317</u>	<u>\$ 9,275,140</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 2 Months Ended February 28, 2011
General Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Revenues						
Property taxes	\$ 136,817	\$ 36,440	\$ 37,588	\$ (99,229)	\$ 35,205	\$ 37,804
Specific ownership taxes	8,209	630	1,448	(6,761)	516	1,353
Misc Income	-	48	48	48	-	-
Interest income	150	5	12	(138)	2	3
	<u>145,176</u>	<u>37,123</u>	<u>39,096</u>	<u>(106,080)</u>	<u>35,723</u>	<u>39,160</u>
Expenditures						
Accounting	20,000	3,598	8,119	11,881	464	2,232
Audit	9,500	-	-	9,500	-	-
Legal	40,000	3,348	8,574	31,426	8,558	19,485
Insurance	2,500	-	13,627	(11,127)	(574)	2,141
Community Affairs	-	5,892	10,124	(10,124)	-	-
Miscellaneous	1,000	50	90	910	40	311
Treasurer's Fees	2,052	547	564	1,488	528	567
Election	-	-	-	-	-	-
Contingency	123,114	-	-	123,114	-	-
Emergency reserve	2,252	-	-	2,252	-	-
	<u>200,418</u>	<u>13,435</u>	<u>41,098</u>	<u>159,320</u>	<u>9,016</u>	<u>24,736</u>
Excess (deficiency) of revenues over expenditures	(55,242)	23,688	(2,002)	53,240	44,739	63,896
Fund balance - beginning	<u>55,242</u>	<u>7,406</u>	<u>33,096</u>	<u>(47,836)</u>	<u>20,282</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 31,094</u>	<u>\$ 31,094</u>	<u>\$ 5,404</u>	<u>\$ 65,021</u>	<u>\$ 65,021</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 2 Months Ended February 28, 2011
Capital Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Revenues						
Interest income	\$ -	\$ 83	\$ 169	\$ 169	\$ 244	\$ 495
	<u>-</u>	<u>83</u>	<u>169</u>	<u>169</u>	<u>244</u>	<u>495</u>
Expenditures						
Capital Improvements	646,778	-	-	646,778	-	-
Planning & Engineering	-	-	-	-	5,507	10,403
Permits	-	-	-	-	-	-
Wells	-	-	-	-	-	-
Maintenance Building Roof	-	-	-	-	-	-
Clubhouse Outside Lighting	-	-	-	-	1,414	1,414
Software System	-	-	-	-	2,737	2,737
Golf Equipment	-	-	-	-	4,500	4,500
Perimeter Fence	-	-	-	-	3,250	11,252
Range Netting	-	20,700	20,700	(20,700)	-	-
Website Development	-	-	-	-	-	-
Irrigation	-	-	6,533	(6,533)	-	-
Cart Path Improvements	-	-	2,500	(2,500)	-	-
Safety	-	-	-	-	-	-
Security	-	-	159	(159)	-	-
Golf Course Upgrades	-	-	-	-	-	-
Heating & Air	-	-	-	-	2,139	5,713
Computer Equipment	-	-	-	-	186	4,609
Golf Landscape Maintenance	-	-	-	-	4,650	4,650
Clubhouse Improvements	-	4,747	15,347	(15,347)	3,026	3,026
Legal	-	17,030	17,030	(17,030)	116	116
Miscellaneous	-	-	-	-	-	432
	<u>646,778</u>	<u>42,477</u>	<u>62,269</u>	<u>584,509</u>	<u>27,525</u>	<u>48,852</u>
Excess (deficiency) of revenues over expenditures	(646,778)	(42,394)	(62,100)	584,678	27,769	49,347
Fund balance - beginning	<u>1,443,612</u>	<u>466,829</u>	<u>486,535</u>	<u>(976,783)</u>	<u>1,433,906</u>	<u>1,412,328</u>
Fund balance - ending	<u>\$ 796,834</u>	<u>\$ 424,435</u>	<u>\$ 424,435</u>	<u>\$ (392,105)</u>	<u>\$ 1,461,675</u>	<u>\$ 1,461,675</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 2 Months Ended February 28, 2011
Debt Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Revenues						
Property taxes	\$ 368,811	\$ 98,180	\$ 101,253	\$ (267,558)	\$ 94,895	\$ 101,900
Specific ownership taxes	22,129	1,697	3,903	(18,226)	1,389	3,646
Interest income	975	47	100	(875)	32	32
	<u>391,915</u>	<u>99,924</u>	<u>105,256</u>	<u>(286,659)</u>	<u>96,316</u>	<u>105,578</u>
Expenditures						
Bond Principal	145,000	-	-	145,000	-	-
Bond Interest	219,515	-	54,879	164,636	-	-
Trustee Fees	5,000	-	-	5,000	-	-
Treasurer Fees	5,532	1,473	1,519	4,013	1,424	1,529
Contingency	-	-	-	-	-	-
	<u>375,047</u>	<u>1,473</u>	<u>56,398</u>	<u>318,649</u>	<u>1,424</u>	<u>1,529</u>
Excess (deficiency) of revenues over expenditures	16,868	98,451	48,858	31,990	97,740	107,107
Fund balance - beginning	<u>227,006</u>	<u>233,971</u>	<u>283,564</u>	<u>6,965</u>	<u>196,710</u>	<u>187,343</u>
Fund balance - ending	<u>\$ 243,874</u>	<u>\$ 332,422</u>	<u>\$ 332,422</u>	<u>\$ 38,955</u>	<u>\$ 294,450</u>	<u>\$ 294,450</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds
Budget and Actual
For the 2 Months Ended February 28, 2011
Enterprise Fund

See Accountant's Compilation Report

	Annual Budget	Current Month	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Revenues						
Golf Course Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Packages	-	2,880	3,120	3,120	10,334	31,024
Cart Packages	-	1,200	2,000	2,000	2,000	2,000
Social Memberships	-	(150)	-	-	-	-
Junior Golf Packages	-	-	-	-	-	-
Prepaid Golf Income	350,000	-	-	(350,000)	-	-
Golf Cards	-	4,250	6,750	6,750	-	-
Tournaments	-	-	-	-	-	-
Cart Fees	220,337	2,139	3,998	(216,339)	-	-
Green Fees	483,545	14,913	19,396	(464,149)	3,252	3,625
Range ball fees	24,925	237	498	(24,427)	26	63
Club Rentals	1,745	-	-	(1,745)	-	-
Merchandise	51,844	(524)	90	(51,754)	-	-
Rent - Restaurant	75,000	-	-	(75,000)	5,750	11,500
Miscellaneous Income	2,000	164	164	(1,836)	-	-
Interest income	-	32	58	58	39	79
	<u>1,209,396</u>	<u>25,141</u>	<u>36,074</u>	<u>(1,173,322)</u>	<u>21,401</u>	<u>48,291</u>
Expenditures						
Golf Course operations	549,241	32,725	75,882	(473,359)	68,974	131,662
Administration Expenses	103,752	11,736	33,714	(70,038)	4,529	8,552
Grounds expense	355,447	13,740	29,379	(326,068)	24	1,760
	<u>1,008,440</u>	<u>58,201</u>	<u>138,975</u>	<u>(869,465)</u>	<u>73,527</u>	<u>141,974</u>
Excess (deficiency) of revenues over expenditures	200,956	(33,060)	(102,901)	(303,857)	(52,126)	(93,683)
Fund balance - beginning	<u>218,685</u>	<u>203,180</u>	<u>273,021</u>	<u>395,617</u>	<u>345,527</u>	<u>387,084</u>
Fund balance - ending	<u>\$ 419,641</u>	<u>\$ 170,120</u>	<u>\$ 170,120</u>	<u>\$ 91,760</u>	<u>\$ 293,401</u>	<u>\$ 293,401</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds - Detail
Budget and Actual
For the 2 Months Ended February 28, 2011
Enterprise Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	Current <u>Month</u>	Year to <u>Date</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Prior Year</u>	
					Current <u>Month</u>	Year to <u>Date</u>
Golf Course operations						
Merchandise	\$ 39,880	\$ (665)	\$ -	\$ 39,880	\$ -	\$ -
Equipment lease	500	-	-	500	-	-
District Consultants	12,000	1,000	2,000	10,000	2,000	5,000
F&B Expenses promo	2,991	-	-	2,991	-	-
Tournament commissions	4,985	-	-	4,985	-	-
Tournament Expense	-	-	-	-	-	-
Wages and benefits	234,283	9,357	18,764	215,519	45,000	65,000
Golf Pro	-	-	-	-	3,500	7,000
Business licenses and permits	300	-	-	300	-	-
Advertising	10,000	4,143	4,775	5,225	1,213	1,213
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	258	2,458	15,042	2,523	4,344
Meals and entertainment	500	(3,665)	-	500	-	-
Charitable community relations	500	-	-	500	-	-
Computer and internet expenses	5,000	385	770	4,230	-	-
Driving range supplies	7,000	-	1,691	5,309	-	-
Dues and subscriptions	1,100	-	310	790	-	-
Employee clothing expenses	1,000	-	-	1,000	-	-
Employee relations	500	-	-	500	-	-
Equipment facility rental	300	-	-	300	-	-
GHIN expense	1,000	-	-	1,000	-	-
Golf Cart Lease	57,000	-	8,760	48,240	3,720	7,440
Golf Cart Repairs	3,000	761	761	2,239	-	329
Janitorial expense	1,000	-	-	1,000	-	-
Laundry expense	200	-	-	200	-	-
Licenses/Permits/Fees	-	100	100	(100)	-	-
Insurance	10,000	-	-	10,000	-	7,697
Office Supplies/Expenses	500	-	-	500	4,396	4,821
Golf Supplies	10,000	-	-	10,000	-	-
Pest control	750	-	65	685	-	-
Postage and Delivery	200	44	44	156	-	-
Printing Stationary	1,500	-	-	1,500	-	-
Repairs/Maintenance	12,000	-	349	11,651	(2,460)	3,507
Training education	2,000	-	-	2,000	-	-
Trash removal	6,800	952	1,545	5,255	-	-
Travel/mileage/lodging	1,500	-	-	1,500	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	41,800	2,877	5,544	36,256	3,138	13,523
Utilities -gas	20,852	3,677	6,625	14,227	-	-
Utilities - water	31,300	788	1,766	29,534	-	-
Utilities telephone	6,600	886	1,440	5,160	-	-
Clubhouse Improvements	-	6,000	6,000	(6,000)	-	-
Golf Course Management	-	5,000	10,000	(10,000)	5,000	10,000
Security	-	334	1,622	(1,622)	222	666
Pool expenses	-	-	-	-	-	-
Miscellaneous expense	-	250	250	(250)	722	1,122
Building Maintenance	-	243	243	(243)	-	-
Total Golf Course Operations	\$ 549,241	\$ 32,725	\$ 75,882	\$ 473,359	\$ 68,974	\$ 131,662

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds - Detail
Budget and Actual
For the 2 Months Ended February 28, 2011
Enterprise Fund

See Accountant's Compilation Report

	Annual Budget	Current Month	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Administration Expenses						
Accounting	\$ -	\$ 1,258	\$ 2,243	\$ (2,243)	\$ 1,489	\$ 3,095
Legal	-	1,560	13,480	(13,480)	2,088	4,505
Consulting fees	750	-	-	750	-	-
Wages and Benefits	99,852	8,704	16,963	82,889	-	-
Office operations	-	-	17	(17)	-	-
Computer and internet expenses	500	77	175	325	-	-
Software Maintenance	-	-	-	-	-	-
Office supplies	500	-	68	432	-	-
Janitorial	-	137	205	(205)	952	952
Postage and delivery	100	-	-	100	-	-
Printing/Stationery	300	-	246	54	-	-
Professional fees	250	-	-	250	-	-
Security	-	-	27	(27)	-	-
Training/education	500	-	-	500	-	-
Travel/mileage/lodging	500	-	-	500	-	-
Utilities - Satellite/cable	-	-	277	(277)	-	-
Miscellaneous	500	-	13	487	-	-
Total Administrative expenses	\$ 103,752	\$ 11,736	\$ 33,714	\$ 70,038	\$ 4,529	\$ 8,552
Grounds						
Golf course amenities	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Equipment lease	2,200	-	-	2,200	-	-
Wages and benefits	220,635	9,481	20,056	200,579	-	-
Gas oil lube	13,290	-	-	13,290	-	-
Fuel Charges	-	-	-	-	24	1,760
Dues and subscriptions	450	160	160	290	-	-
Employee relations	460	-	-	460	-	-
Utility - electric	62,300	2,061	6,411	55,889	-	-
Utility - gas	-	313	566	(566)	-	-
Utility - water/sewer	1,100	74	164	936	-	-
Utility - telephone	1,200	123	240	960	-	-
Utilities-Grounds	-	-	-	-	-	-
Trash Removal	-	640	640	(640)	-	-
Education/seminars	200	-	-	200	-	-
Chemicals	3,343	-	-	3,343	-	-
Equipment repairs/maintenance	10,800	382	441	10,359	-	-
Equipment rental	650	-	-	650	-	-
Fertilizer	13,624	-	-	13,624	-	-
Golf course supplies	4,200	94	94	4,106	-	-
Ground improvements	1,445	-	-	1,445	-	-
Irrigation repairs	5,500	2	2	5,498	-	-
Sand, soil, gravel	3,400	-	-	3,400	-	-
Sanitation rental	6,300	195	390	5,910	-	-
Small tools and equipment	1,150	215	215	935	-	-
Tires/batteries	1,200	-	-	1,200	-	-
Landscape Maintenance	-	-	-	-	-	-
Total Grounds expense	\$ 355,447	\$ 13,740	\$ 29,379	\$ 326,068	\$ 24	\$ 1,760

Income / Expense Statement Summary

Actual \$ (000)

2011

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Golf Rounds / Starts	452	536											988
No Play Days - Weather	22	17											39
Play Days	9	11											20
Avg \$ per Round / Start	24.19	46.90											\$36.51
Revenue													
Golf	11	25											36
Food & Beverage (F&B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	11	25											36
Expenses													
Golf Course Operations	43	33											76
Administration	22	12											34
Grounds Operations	16	14											29
Total Expenses	81	58											139
P&L Excess / (Deficiency)	(70)	(33)											(103)

Key Expense Areas:

Payroll

Golf Course Operations	9	9											19
Administration	8	9											17
Grounds Operations	11	9											20
Total Payroll	28	28											56
% Payroll to Revenue	258%	110%											155%
% Payroll to Expenses	35%	47%											40%

Utilities

Golf Ops & Clubhouse	7	8.228											7
Grounds	5	2.571											5

District Fund Accounts

General Fund	7	31											
Capital Fund	467	424											
Debit Service Fund	234	332											
Enterprise Fund	203	170											

TOTAL ALL FUNDS 911 958

Total Entpr + Gen => 211 201

General Fund - Page 4 + Enterprise - Pg 7-9 -- The 12/2009 bond agreement states if this number is reduced to ZERO - the golf course must close

Description Jan Feb Mar April May June July Aug Sept Oct Nov Dec YTD

Notes: This report is a summary prepared from Simmons & Wheeler (S&W) monthly

HRMD approved financials

Amortization of PrePaid Revenue from December Last Year are not considered

2011 Budget \$1.2m Revenue / Expense