

**Heather Ridge Metropolitan District
Financial Statements**

November 30, 2010

Board of Directors
Heather Ridge Metropolitan District

We have compiled the accompanying Balance Sheet - Governmental Funds and Enterprise Funds and Account Groups of Heather Ridge Metropolitan District as of November 30, 2010 and the related statements of Revenues, Expenditures and Changes in Fund Balance - Governmental and Enterprise Funds, Budget and Actual (Budget Basis) for the eleven months then ended, in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Since the Board of Directors does not require complete financial statements to manage the affairs of the District on a monthly basis, determination has been made not to include the Statement of Net Assets, the Statement of Activities, Cash Flow where applicable, the Management Discussion and Analysis and the disclosure footnotes to the statements, which are required by generally accepted accounting principles. 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.

Simmons & Wheeler, P.C.

December 10, 2010

Heather Ridge Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
November 30, 2010

See Accountant's Compilation Report

	General Fund	Capital Fund	Debt Service Fund	Enterprise Fund	Account Groups	Total All Funds
Assets						
Current assets						
Cash in checking	\$ 13,699	\$ -	\$ -	\$ -	\$ -	\$ 13,699
Cash in US Bank	-	-	-	12,123	-	12,123
Cash in COLOTRUST	38,583	-	-	20,938	-	59,521
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	1,571	-	3,910	-	-	5,481
Cash - Trustee	-	517,281	278,937	179,394	-	975,612
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	4,380	-	4,380
Deposit to INC	-	-	-	-	-	-
Receivable - Members	-	-	-	13,460	-	13,460
Receivable - Trade Accts	-	-	-	3,733	-	3,733
	<u>53,853</u>	<u>520,881</u>	<u>282,847</u>	<u>236,478</u>	<u>-</u>	<u>1,094,059</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fund	-	-	-	-	282,847	282,847
Amount to be provided for retirement of debt	-	-	-	-	4,822,153	4,822,153
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,251,317</u>	<u>8,251,317</u>
	<u>\$ 53,853</u>	<u>\$ 520,881</u>	<u>\$ 282,847</u>	<u>\$ 236,478</u>	<u>\$ 8,251,317</u>	<u>\$ 9,345,376</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 6,965	\$ 1,000	\$ -	\$ 10,425	\$ -	\$ 18,390
Retainage Payable	-	-	-	-	-	-
Payable to HRCC	-	-	-	5,697	-	5,697
Payable to Clubs	-	-	-	(3,262)	-	(3,262)
Payable to INC	-	-	-	34,283	-	34,283
	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,283</u>	<u>-</u>	<u>34,283</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>6,965</u>	<u>1,000</u>	<u>-</u>	<u>47,143</u>	<u>5,105,000</u>	<u>5,160,108</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	46,888	519,881	282,847	189,335	-	1,038,951
	<u>46,888</u>	<u>519,881</u>	<u>282,847</u>	<u>189,335</u>	<u>3,146,317</u>	<u>4,185,268</u>
	<u>\$ 53,853</u>	<u>\$ 520,881</u>	<u>\$ 282,847</u>	<u>\$ 236,478</u>	<u>\$ 8,251,317</u>	<u>\$ 9,345,376</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 11 Months Ended November 30, 2010
General Fund

See Accountant's Compilation Report

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Property taxes	\$ 119,542	\$ 134,148	\$ 14,606
Specific ownership taxes	9,563	7,194	(2,369)
Misc Income	-	731	731
Interest income	150	646	496
	<u>129,255</u>	<u>142,719</u>	<u>13,464</u>
Expenditures			
Audit/Accounting	15,000	33,479	(18,479)
Miscellaneous	100	6,852	(6,752)
Insurance	2,000	2,141	(141)
Legal	35,000	52,464	(17,464)
Treasurer's Fees	1,793	2,020	(227)
Election	1,000	-	1,000
Water Consultant Fee	-	-	-
Contingency	72,715	-	72,715
Emergency reserve	1,647	-	1,647
	<u>129,255</u>	<u>96,956</u>	<u>32,299</u>
Excess (deficiency) of revenues over expenditures	-	45,763	45,763
Fund balance - beginning	<u>-</u>	<u>1,125</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 46,888</u>	<u>\$ 46,888</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 11 Months Ended November 30, 2010
Capital Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Miscellaneous Income	-	7,710	7,710
Interest income	\$ -	\$ 1,949	\$ 1,949
	<u>-</u>	<u>9,659</u>	<u>9,659</u>
Expenditures			
Capital Improvements	1,443,612	22,241	1,421,371
Planning & Engineering	-	39,666	(39,666)
Permits	-	100	(100)
Wells	-	519,824	(519,824)
Maintenance Building Roof	-	5,841	(5,841)
Clubhouse Outside Lighting	-	1,414	(1,414)
Software System	-	3,643	(3,643)
Golf Equipment	-	27,165	(27,165)
Perimeter Fence	-	12,252	(12,252)
Website Development	-	2,291	(2,291)
Irrigation	-	5,077	(5,077)
Security	-	450	(450)
Logo Design	-	-	-
Golf Course Upgrades	-	778	(778)
Heating & Air	-	165,873	(165,873)
Computer Equipment	-	7,942	(7,942)
Golf Landscape Maintenance	-	23,714	(23,714)
Clubhouse Improvements	-	38,850	(38,850)
Parking Lot Improvements	-	20,212	(20,212)
Legal	-	427	(427)
Miscellaneous	-	432	(432)
	<u>1,443,612</u>	<u>898,192</u>	<u>545,420</u>
Excess (deficiency) of revenues over expenditures	(1,443,612)	(888,533)	555,079
Fund balance - beginning	<u>1,443,612</u>	<u>1,408,414</u>	<u>(35,198)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 519,881</u>	<u>\$ 519,881</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 11 Months Ended November 30, 2010
Debt Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 322,243	\$ 356,827	\$ 34,584
Specific ownership taxes	12,890	19,393	6,503
Interest income	975	795	(180)
	<u>336,108</u>	<u>377,015</u>	<u>40,907</u>
Expenditures			
Bond Principal	90,000	90,000	-
Bond Interest	229,619	186,154	43,465
Trustee Fees	2,500	-	2,500
Treasurer Fees	4,834	5,357	(523)
Contingency	-	-	-
	<u>326,953</u>	<u>281,511</u>	<u>45,442</u>
Excess (deficiency) of revenues over expenditures	9,155	95,504	86,349
Fund balance - beginning	<u>190,638</u>	<u>187,343</u>	<u>(3,295)</u>
Fund balance - ending	<u>\$ 199,793</u>	<u>\$ 282,847</u>	<u>\$ 83,054</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds
Budget and Actual
For the 11 Months Ended November 30, 2010
Enterprise Fund
See Accountant's Compilation Report

	Annual <u>Budget</u>	Current <u>Month</u>	Year to Date <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues				
Golf Course Revenue	\$ 951,000	\$ -	\$ -	\$ (951,000)
Golf Packages	-	8,505	110,434	110,434
Cart Packages	-	2,700	17,409	17,409
Junior Golf Packages	-	-	1,050	1,050
Golf Cards	-	6,300	7,800	7,800
Tournaments	-	-	90,892	90,892
Cart Fees	-	10,824	155,594	155,594
Green Fees	-	18,296	348,698	348,698
Range ball fees	-	993	22,936	22,936
Merchandise	-	767	3,880	3,880
Rent - Restaurant	-	7,500	73,250	73,250
Miscellaneous Income	-	273	6,504	6,504
Interest income	-	31	364	364
	<u>951,000</u>	<u>56,189</u>	<u>838,811</u>	<u>(112,189)</u>
Expenditures				
Golf Course Expenses	859,000	-	-	859,000
Golf Cart Lease	-	4,380	51,191	(51,191)
Golf Pro	-	-	17,617	(17,617)
Golf Pro-Merchandise	-	-	-	-
Landscape Maintenance	-	118	19,121	(19,121)
Repairs/Maintenance	-	1,327	19,045	(19,045)
Building Maintenance	-	188	8,490	(8,490)
Golf Supplies	-	447	9,522	(9,522)
Pool Expenses	-	-	928	(928)
Fuel Charges	-	-	12,123	(12,123)
Safety	-	50	4,245	(4,245)
Golf Cart Repairs	-	47	2,686	(2,686)
Security	-	350	3,377	(3,377)
Credit Card Fees	-	1,022	15,468	(15,468)
Tournament Expense	-	74	11,031	(11,031)
Accounting	-	1,832	14,341	(14,341)
Golf Operations	-	150	16,725	(16,725)
Golf Course operations	-	14,123	209,946	(209,946)
Golf shop operations	-	16,530	188,474	(188,474)
Office operations	-	8,279	101,067	(101,067)
Golf Mgmt Training	-	-	20	(20)
District management	-	5,000	55,000	(55,000)
District Consultants	-	1,000	22,000	(22,000)
Insurance	-	-	8,795	(8,795)
Legal	-	232	15,476	(15,476)
Office Supplies/Expenses	-	1,122	14,419	(14,419)
Advertising	-	299	15,909	(15,909)
Custodial Supplies	-	556	7,298	(7,298)
Utilities-Clubhouse	-	6,590	102,023	(102,023)
Utilities-Grounds	-	10,967	72,555	(72,555)
Software Maintenance	-	385	3,080	(3,080)
Miscellaneous	41,000	715	23,121	17,879
	<u>900,000</u>	<u>75,783</u>	<u>1,045,093</u>	<u>(145,093)</u>
Excess (deficiency) of revenues over expenditure:	51,000	(19,594)	(206,282)	(257,282)
Fund balance - beginning	259,750	208,929	395,617	135,867
Fund balance - ending	<u>\$ 310,750</u>	<u>\$ 189,335</u>	<u>\$ 189,335</u>	<u>\$ (121,415)</u>

Income / Expense Statement Summary

January - November 2010

Description	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Golf Rounds / Starts		91	1,247	3,000	3,548	4,100	4,600	5,100	4,151	3,171	1,525		30,533
Revenue						YTD Average Revenue \$ per Round / Start ==>							\$27.47
No Play Days - Weather	31	28	25	15	10		0	0	0	0	7		116
Golf Packages	20,690	10,334	18,095	14,880	7,650	8,665	2,985	9,115	2,675	6,840	8,505		110,434
Cart Packages		2,000	2,400	4,750	700	(141)	2,200			2,800	2,700		17,409
Jr Golf Packages									1,050				1,050
Golf Cards										1,500	6,300		7,800
Tournaments			400	1,400	9,488	32,675	17,180	13,108	11,826	4,815			90,892
Cart Fees			4,754	8,472	19,097	21,081	23,377	28,457	23,330	16,202	10,824		155,594
Green Fees	373	3,262	21,267	29,421	41,399	48,652	56,821	58,038	42,985	28,184	18,296		348,698
Range Fees	37	26		2,451	3,254	3,594	3,469	4,044	3,200	1,931	993		22,999
Merchandise			1,716	2,326	3,917	5,564	4,734	4,829	(19,827)	(209)	767		3,817
Rent - Restaurant	5,750	5,750	5,750	6,750	6,750	6,750	6,750	7,250	6,750	7,500	7,500		73,250
Misc Income			667	202	3,323	(1,140)	2,189	592	144	254	273		6,504
Interest Income	40	39	35	35	33	31	30	30	31	29	31		364
Total Revenue	26,890	21,411	55,084	70,687	95,611	125,731	119,735	125,463	72,164	69,846	56,189	0	838,811
Expenses													
Golf Cart Lease	3,720	3,720	7,440		4,380	6,172	6,424	6,130	4,445	4,380	4,380		51,191
P/R Golf Pro	3,500	3,500	3,500	3,500	3,500	117							17,617
Golf Pro - Merchandise		(2,460)	1,748	2,408		2,250	13,245	7,553	(27,204)				(2,460)
Landscape Maintenance				2,250	5,750	2,963	2,135	2,788	3,052	65	118		19,121
Repairs / Maintenance	5,967		16	104	4,798	1,622	2,975	2,374	893	1,429	1,327		21,505
Building Maintenance						6,248	(4,053)	6,655	696	(1,244)	188		8,490
Golf Supplies		276	779	5,737	702	210	1,152		219		447		9,522
Pool Expense									49	879			928
Fuel Charges	1,736	24	1,280		1,769	1,780	1,744	1,800	567	1,423			12,123
Safety										4,195	50		4,245
Golf Cart Repairs	329		31		44	297	(2,819)	3,894	669	194	47		2,686
Security	444	222	317		222	344	222	222	222	812	350		3,377
Credit Card Fees	1,821	2,523	301	1,248	870	1,012	1,521	1,545	2,122	1,483	1,022		15,468
Tournament Expense						2,044	2,912	2,142	2,773	1,086	74		11,031
Accounting S&W	1,606	1,489	1,399	1,971	840	1,585	873	795	931	1,020	1,832		14,341
Golf Operations / P/R OH Overhe	1,812	1,270	2,415		6,709	4,829	643	1,795	368	2,231	150		22,222
P/R Golf Grnds Course Operator	9,378	12,270	12,705	23,540	12,730	23,832	23,204	23,642	31,015	18,010	14,123		204,449
P/R Golf Shop Operations	1,586	4,033	7,686	18,741	18,002	20,057	21,068	24,334	37,247	19,190	16,530		188,474
P/R Office Operations	4,093	7,396	7,796	13,834	8,472	9,085	9,834	10,502	12,891	8,885	8,279		101,067
Golf Mgt Training										20			20
District Mgt (INC)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		55,000
District Consultanats	3,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000		22,000
Insurance	7,697				337	761							8,795
Legal	2,417	2,088	1,913	1,168	990	3,277	1,638	261	1,260	232	232		15,476
Office Supplies	535	4,396	1,062	1,104	2,447	463	1,650	983	221	828	1,122		14,811
Advertising	950	1,813	544	4,442	1,641	877	782	1,600	730	1,839	299		15,517
Custodial Supplies		952	1,062	305	260	1,301	803	1,013	1,046		556		7,298
Utilities - Clubhouse	10,385	3,138	22,461	7,548	8,690	10,529	10,246	13,726	10,396	8,933	6,590		112,642
Utilities - Grounds					2,633	7,052	9,730	9,813	10,398	11,343	10,967		61,936
Software Maintenance				385	385	385	385	385	385	385	385		3,080
Miscellaneous	1,579	3,282	5,912	2,126	4,107	2,064	3,274	1,354	2,552	(3,844)	715		23,121
Total Expenses	67,555	56,932	87,367	97,411	97,278	118,156	116,588	132,306	104,943	90,774	75,783	0	1,045,093
Excess / (Deficiency)	(40,665)	(35,521)	(32,283)	(26,724)	(1,667)	7,575	3,147	(6,843)	(32,779)	(20,928)	(19,594)	0	(206,282)

Enterprise Fund Balance - Page 7 - The 12/2009 bond agreement states if this number is reduced to ZERO - the golf course must close													
Balance 12/2009 \$259.75 (k)	No Data	299	274	260	274	266	264	263	230	209	189		
General Fund 12/2009 \$1.1 (k)	No Data	16	26	32	49	74	70	67	58	52	47		
Total Entrpr + Gen		314	300	292	323	340	333	329	287	261	236	0	0
P/R Payroll & PR OH Overhead		28,469	34,102	59,615	49,413	57,920	54,749	60,273	81,521	48,316	39,082	0	533,829
% Revenue	0%	133%	62%	84%	52%	46%	46%	48%	113%	69%	70%		64%
% Expenses	0%	50%	39%	61%	51%	49%	47%	46%	78%	53%	52%		51%

Notes: This report is a summary prepared from Simmons & Wheeler (S&W) monthly HRMD approved financials
 Prior to 9/2010, this report had estimated data. Simmons & Wheeler prepared this corrected report.
 Amortization & Rev & Exp from 12/2009 are not considered
 Payroll = P/R Categories + adding P/R Overhead