

**Heather Ridge Metropolitan District  
Financial Statements**

**August 31, 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 August 31, 2011 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the eight 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.*

September 14, 2011

Heather Ridge Metropolitan District  
Balance Sheet - Governmental Funds and Account Groups  
Governmental Funds

For the 8 Months Ended August 31, 2011

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
<b>Assets</b>						
<b>Current assets</b>						
Cash in checking	\$ -	\$ -	\$ -	\$ 93,420		\$ 93,420
Cash in US Bank	-	-	-	32,711		32,711
Cash in COLOTRUST	75,923	20,635	236,642	9,974	-	343,174
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	1,675	-	4,438	-	-	6,113
Cash - Trustee	-	113,265	244,239	64	-	357,568
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	5,602	-	5,602
Inventory	-	-	-	14,126	-	14,126
Receivable - Members	-	-	-	11,115	-	11,115
Receivable - GCAT	-	-	-	-	-	-
Receivable - rent	-	-	-	5,967	-	5,967
	<u>77,598</u>	<u>137,500</u>	<u>485,319</u>	<u>175,429</u>	<u>-</u>	<u>875,846</u>
<b>Other assets</b>						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	485,319	485,319
Amount to be provided for retirement of debt	-	-	-	-	5,369,681	5,369,681
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,001,317</u>	<u>9,001,317</u>
	<u>\$ 77,598</u>	<u>\$ 137,500</u>	<u>\$ 485,319</u>	<u>\$ 175,429</u>	<u>\$ 9,001,317</u>	<u>\$ 9,877,163</u>
<b>Liabilities and Equity</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 10,352	\$ -	\$ -	\$ 9,469	\$ -	\$ 19,821
Payable to Tournaments	-	-	-	400	-	400
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	18,997	-	18,997
Sales Tax Payable	-	-	-	(60)	-	(60)
Retainage Payable	-	19,931	-	-	-	19,931
Payable to GCatHR	-	-	-	3,673	-	3,673
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,855,000</u>	<u>5,855,000</u>
<b>Long Term Liabilities</b>						
General obligation Bonds	-	-	-	-	5,855,000	5,855,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,855,000</u>	<u>5,855,000</u>
<b>Total Liabilities</b>	<u>10,352</u>	<u>19,931</u>	<u>-</u>	<u>35,607</u>	<u>5,855,000</u>	<u>5,920,890</u>
<b>Fund Equity</b>						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	67,246	117,569	485,319	139,822	-	809,956
	<u>67,246</u>	<u>117,569</u>	<u>485,319</u>	<u>139,822</u>	<u>3,146,317</u>	<u>3,956,273</u>
	<u>\$ 77,598</u>	<u>\$ 137,500</u>	<u>\$ 485,319</u>	<u>\$ 175,429</u>	<u>\$ 9,001,317</u>	<u>\$ 9,877,163</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 8 Months Ended August 31, 2011  
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Year to <u>Date</u>	Variance Favorable (Unfavorable)	<u>Prior Year</u>	
					<u>Current Month</u>	<u>Year to Date</u>
<b>Revenues</b>						
Property taxes	\$ 136,817	\$ 884	\$ 135,815	\$ (1,002)	\$ 4,288	\$ 124,687
Specific ownership taxes	8,209	750	5,594	(2,615)	687	5,214
Misc Income	-	-	239	239	-	561
Interest income	150	77	255	105	31	515
	<u>145,176</u>	<u>1,711</u>	<u>141,903</u>	<u>(3,273)</u>	<u>5,006</u>	<u>130,977</u>
<b>Expenditures</b>						
Accounting	20,000	3,220	26,498	(6,498)	2,501	20,372
Audit	9,500	-	-	9,500	-	-
Legal	40,000	7,132	36,431	3,569	5,069	40,267
Insurance	2,500	-	13,804	(11,304)	-	2,141
Community Communication	34,500	2,552	24,772	9,728	-	-
Social function	4,500	-	1,607	2,893	-	-
District Management	-	1,000	2,000	(2,000)	-	-
Special programs	4,700	-	-	4,700	-	-
Miscellaneous	1,000	50	602	398	50	611
Treasurer's Fees	2,052	14	2,039	13	65	1,877
Election	-	-	-	-	-	-
Contingency	79,414	-	-	79,414	-	-
Emergency reserve	2,252	-	-	2,252	-	-
	<u>200,418</u>	<u>13,968</u>	<u>107,753</u>	<u>92,665</u>	<u>7,685</u>	<u>65,268</u>
Excess (deficiency) of revenues over expenditures	(55,242)	(12,257)	34,150	89,392	(2,679)	65,709
Fund balance - beginning	<u>55,242</u>	<u>79,503</u>	<u>33,096</u>	<u>(22,146)</u>	<u>69,513</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 67,246</u>	<u>\$ 67,246</u>	<u>\$ 67,246</u>	<u>\$ 66,834</u>	<u>\$ 66,834</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 8 Months Ended August 31, 2011  
Capital Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Year to <u>Date</u>	Variance Favorable (Unfavorable)	Prior Year	
					<u>Current Month</u>	<u>Year to Date</u>
<b>Revenues</b>						
Bond Proceeds	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ -
Interest income	-	7	529	529	142	1,618
	<u>-</u>	<u>7</u>	<u>750,529</u>	<u>750,529</u>	<u>142</u>	<u>1,618</u>
<b>Expenditures</b>						
Cost of Issuance	-	-	46,232	(46,232)	-	-
Capital Improvements	646,778	-	-	646,778	-	11,624
Planning & Engineering	-	-	-	-	1,500	35,833
Permits	-	-	-	-	-	100
Wells	-	-	-	-	1,226	483,226
Maintenance Building Roof	-	-	790	(790)	-	5,841
Clubhouse Outside Lighting	-	-	-	-	-	1,414
Software System	-	-	-	-	495	3,643
Golf Equipment	-	-	1,520	(1,520)	450	13,160
Perimeter Fence	-	-	-	-	-	12,252
Range Netting	-	-	48,300	(48,300)	-	-
Website Development	-	-	-	-	-	2,291
Improvements	-	-	960	(960)	-	-
Irrigation	-	359	155,176	(155,176)	-	-
Irrigation Contract 2011 Bond	-	-	712,288	(712,288)	-	-
Cart Path Improvements	-	-	2,500	(2,500)	-	-
Safety	-	-	-	-	-	-
Security	-	-	159	(159)	-	-
Signs/Monuments	-	17,278	17,611	(17,611)	-	-
Golf Course Upgrades	-	-	-	-	-	778
Heating & Air	-	-	-	-	21,120	126,079
Computer Equipment	-	-	775	(775)	-	7,047
Golf Landscape Maintenance	-	-	1,488	(1,488)	5,395	23,249
Clubhouse Improvements	-	15,418	41,208	(41,208)	5,843	37,050
Legal	-	-	20,101	(20,101)	-	116
Smoking Patio	-	-	29,190	(29,190)	-	-
Restaurant Improvements	-	684	39,932	(39,932)	-	-
Parking Lot Improvements	-	-	1,265	(1,265)	-	-
Miscellaneous	-	-	-	-	-	432
	<u>646,778</u>	<u>33,739</u>	<u>1,119,495</u>	<u>(472,717)</u>	<u>36,029</u>	<u>764,135</u>
Excess (deficiency) of revenues over expenditures	(646,778)	(33,732)	(368,966)	277,812	(35,887)	(762,517)
Fund balance - beginning	<u>646,778</u>	<u>151,301</u>	<u>486,535</u>	<u>(160,243)</u>	<u>681,784</u>	<u>1,408,414</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 117,569</u>	<u>\$ 117,569</u>	<u>\$ 117,569</u>	<u>\$ 645,897</u>	<u>\$ 645,897</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 8 Months Ended August 31, 2011  
Debt Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
<b>Revenues</b>						
Property taxes	\$ 368,811	\$ 2,322	\$ 365,863	\$ (2,948)	\$ 9,990	\$ 334,438
Specific ownership taxes	22,129	2,022	15,080	(7,049)	1,850	14,054
Interest income	975	142	631	(344)	102	417
	<u>391,915</u>	<u>4,486</u>	<u>381,574</u>	<u>(10,341)</u>	<u>11,942</u>	<u>348,909</u>
<b>Expenditures</b>						
Bond Principal	145,000	-	-	145,000	-	-
Bond Interest '09	219,515	-	164,636	54,879	-	130,308
Bond Interest '11	-	-	9,689	(9,689)	-	-
Trustee Fees	5,000	-	-	5,000	-	-
Treasurer Fees	5,532	37	5,494	38	150	5,018
Contingency	-	-	-	-	-	-
	<u>375,047</u>	<u>37</u>	<u>179,819</u>	<u>195,228</u>	<u>150</u>	<u>135,326</u>
Excess (deficiency) of revenues over expenditures	16,868	4,449	201,755	184,887	11,792	213,583
Fund balance - beginning	<u>227,006</u>	<u>480,870</u>	<u>283,564</u>	<u>56,558</u>	<u>389,134</u>	<u>187,343</u>
Fund balance - ending	<u>\$ 243,874</u>	<u>\$ 485,319</u>	<u>\$ 485,319</u>	<u>\$ 241,445</u>	<u>\$ 400,926</u>	<u>\$ 400,926</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis  
Enterprise Funds  
Budget and Actual  
For the 8 Months Ended August 31, 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
<b>Revenues</b>						
Golf Course Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Packages	-	5,004	17,136	17,136	9,115	92,414
Golf Packages - trade acct	-	-	2,880	2,880	-	-
Cart Packages	-	1,100	4,500	4,500	-	11,909
Cart Packages -trade acct	-	-	1,200	1,200	-	-
Social Memberships	-	-	-	-	-	-
Junior Golf Packages	-	-	1,100	1,100	-	-
Prepaid Golf Income	350,000	-	-	(350,000)	-	-
Golf Cards	-	4,175	31,900	31,900	-	-
Tournaments	-	-	-	-	13,108	74,251
Cart Fees	220,337	23,132	96,327	(124,010)	28,457	105,238
Green Fees	483,545	62,621	287,719	(195,826)	58,038	259,233
Range ball fees	24,925	3,236	16,247	(8,678)	4,044	16,812
Club Rentals	1,745	-	-	(1,745)	-	-
Merchandise	51,844	4,435	24,744	(27,100)	4,829	23,149
Rent - Restaurant	75,000	5,967	22,555	(52,445)	7,250	51,500
Miscellaneous Income	2,000	366	2,280	280	592	5,833
Interest income	-	-	64	64	30	273
	<u>1,209,396</u>	<u>110,036</u>	<u>508,652</u>	<u>(700,744)</u>	<u>125,463</u>	<u>640,612</u>
<b>Expenditures</b>						
Golf Course operations	549,241	57,209	351,415	197,826	125,264	715,643
Administration Expenses	103,752	11,695	97,429	6,323	2,454	31,931
Grounds expense	355,447	49,545	222,955	132,492	4,588	26,019
	<u>1,008,440</u>	<u>118,449</u>	<u>671,799</u>	<u>336,641</u>	<u>132,306</u>	<u>773,593</u>
Excess (deficiency) of revenues over expenditures	200,956	(8,413)	(163,147)	(364,103)	(6,843)	(132,981)
Donations - GCatHR	-	-	34,159	34,159	-	-
Excess of revenues and Donations over expenditures	<u>200,956</u>	<u>(8,413)</u>	<u>(128,988)</u>	<u>(329,944)</u>	<u>(6,843)</u>	<u>(132,981)</u>
Fund balance - beginning	<u>218,685</u>	<u>148,235</u>	<u>268,810</u>	<u>50,125</u>	<u>269,479</u>	<u>395,617</u>
Fund balance - ending	<u>\$ 419,641</u>	<u>\$ 139,822</u>	<u>\$ 139,822</u>	<u>\$ (279,819)</u>	<u>\$ 262,636</u>	<u>\$ 262,636</u>

**Heather Ridge Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis**  
**Governmental Funds**  
**Budget and Actual**  
**For the 8 Months Ended August 31, 2011**  
**Enterprise Fund**

See Accountant's Compilation Report

	Annual <u>Budget</u>	Current <u>Month</u>	Year to <u>Date</u>	Variance Favorable (Unfavorable)	<u>Prior Year</u>	
					Current <u>Month</u>	Year to <u>Date</u>
Golf Course operations						
Merchandise	\$ 39,880	\$ 2,654	\$ 16,980	\$ 22,900	\$ 7,553	\$ 27,204
Equipment lease	500	-	-	500	-	-
District Consultants	12,000	564	5,956	6,044	2,000	17,000
F&B Expenses promo	2,991	-	-	2,991	-	-
Tournament commissions	4,985	-	-	4,985	-	-
Tournament Expense	-	-	-	-	2,142	7,098
Wages and benefits	234,283	31,056	143,685	90,598	60,273	347,293
Golf Pro	-	-	-	-	-	17,617
Business licenses and permits	300	-	58	242	-	-
Advertising	10,000	1,573	7,643	2,357	1,600	13,041
Advertising - trade acct	-	-	4,080	(4,080)	-	-
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	1,158	8,051	9,449	1,545	10,841
Meals and entertainment	500	-	118	382	-	-
Charitable community relations	500	-	-	500	-	-
Computer and internet expenses	5,000	385	3,482	1,518	-	-
Driving range supplies	7,000	-	2,756	4,244	-	-
Dues and subscriptions	1,100	-	879	221	-	-
Employee clothing expenses	1,000	-	-	1,000	-	-
Employee relations	500	-	-	500	-	-
Equipment facility rental	300	-	-	300	-	-
GHIN expense	1,000	-	510	490	-	-
Golf Club Repairs	-	-	444	(444)	-	-
Golf Cart Lease	57,000	4,380	38,585	18,415	6,130	37,986
Golf Lessons	-	65	600	(600)	-	-
Golf Cart Repairs	3,000	116	1,988	1,012	3,894	1,776
Janitorial expense	1,000	484	3,560	(2,560)	-	-
Laundry/Cleaning expense	200	-	115	85	-	-
Licenses/Permits/Fees	-	-	6,490	(6,490)	-	-
Insurance	10,000	-	-	10,000	-	8,795
Office Supplies/Expenses	500	142	885	(385)	983	12,248
Operating Supplies	-	-	549	(549)	-	-
Golf Supplies	10,000	-	-	10,000	-	8,856
Pest control	750	-	195	555	-	-
Postage and Delivery	200	-	265	(65)	-	-
Printing Stationary	1,500	-	926	574	-	-
Repairs/Maintenance	12,000	45	5,281	6,719	2,374	15,396
Training education	2,000	-	-	2,000	-	-
Trash removal	6,800	440	3,692	3,108	-	-
Travel/mileage/lodging	1,500	-	705	795	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	41,800	5,645	27,473	14,327	23,539	115,951
Utilities -gas	20,852	1,090	16,242	4,610	-	-
Utilities - water	31,300	4,104	18,782	12,518	-	-
Utilities - Satellite/Cable	-	-	349	(349)	-	-
Utilities telephone	6,600	557	4,924	1,676	-	-
Golf Course Management	-	2,500	20,000	(20,000)	5,000	40,000
Security	-	251	3,234	(3,234)	222	1,993
Miscellaneous expense	-	-	288	(288)	1,354	23,698
Building Maintenance	-	-	1,645	(1,645)	6,655	8,850
<b>Total Golf Course Operations</b>	<b>\$ 549,241</b>	<b>\$ 57,209</b>	<b>\$ 351,415</b>	<b>\$ 197,826</b>	<b>\$ 125,264</b>	<b>\$ 715,643</b>



**Heather Ridge Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis**  
**Governmental Funds**  
**Budget and Actual**  
**For the 8 Months Ended August 31, 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
<b>Administration Expenses</b>						
Accounting	\$ -	\$ 1,005	\$ 9,695	\$ (9,695)	\$ 795	\$ 10,558
Legal	-	3,315	23,652	(23,652)	261	13,752
Consulting fees	750	-	-	750	-	-
Wages and Benefits	99,852	7,350	61,120	38,732	-	-
Office operations	-	-	17	(17)	-	-
Computer and internet expenses	500	-	803	(303)	-	-
Software Maintenance	-	-	-	-	385	1,925
Office supplies	500	-	68	432	-	-
Janitorial	-	-	573	(573)	1,013	5,696
Postage and delivery	100	-	-	100	-	-
Printing/Stationery	300	-	884	(584)	-	-
Professional fees	250	-	123	127	-	-
Security	-	-	54	(54)	-	-
Training/education	500	-	-	500	-	-
Travel/mileage/lodging	500	-	-	500	-	-
Utilities - Satellite/cable	-	-	277	(277)	-	-
Miscellaneous	500	25	163	337	-	-
<b>Total Administrative expenses</b>	<b>\$ 103,752</b>	<b>\$ 11,695</b>	<b>\$ 97,429</b>	<b>\$ 6,323</b>	<b>\$ 2,454</b>	<b>\$ 31,931</b>
<b>Grounds</b>						
Golf course amenities	\$ 2,000	\$ -	\$ 1,239	\$ 761	\$ -	\$ -
Equipment lease	2,200	-	-	2,200	-	-
Wages and benefits	220,635	31,676	143,957	76,678	-	-
Gas oil lube	13,290	-	-	13,290	-	-
Fuel Charges	-	2,359	9,287	(9,287)	1,800	10,133
Dues and subscriptions	450	-	160	290	-	-
Employee relations	460	-	-	460	-	-
Utility - electric	62,300	12,626	36,725	25,575	-	-
Utility - gas	-	56	4,247	(4,247)	-	-
Utility - water/sewer	1,100	145	1,057	43	-	-
Utility - telephone	1,200	117	813	387	-	-
Utilities-Grounds	-	-	-	-	-	-
Trash Removal	-	-	2,936	(2,936)	-	-
Education/seminars	200	-	-	200	-	-
Chemicals	3,343	-	1,678	1,665	-	-
Equipment repairs/maintenance	10,800	306	1,606	9,194	-	-
Equipment rental	650	-	-	650	-	-
Fertilizer	13,624	-	8,604	5,020	-	-
Golf course supplies	4,200	451	1,812	2,388	-	-
Ground improvements	1,445	200	2,152	(707)	-	-
Landscaping	-	1,199	1,613	(1,613)	-	-
Irrigation repairs	5,500	155	2,463	3,037	-	-
Sand, soil, gravel	3,400	-	557	2,843	-	-
Sanitation rental	6,300	255	1,774	4,526	-	-
Small tools and equipment	1,150	-	215	935	-	-
Tires/batteries	1,200	-	-	1,200	-	-
Training/Education	-	-	60	(60)	-	-
Landscape Maintenance	-	-	-	-	2,788	15,886
<b>Total Grounds expense</b>	<b>\$ 355,447</b>	<b>\$ 49,545</b>	<b>\$ 222,955</b>	<b>\$ 132,492</b>	<b>\$ 4,588</b>	<b>\$ 26,019</b>

