

**Heather Ridge Metropolitan District  
Financial Statements**

**January 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 January 31, 2011 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the 1 month 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.*

February 14, 2011

Heather Ridge Metropolitan District  
Balance Sheet - Governmental Funds and Account Groups  
January 31, 2011

See Accountant's Compilation Report

Assets	General <u>Fund</u>	Capital <u>Fund</u>	Debt Service <u>Fund</u>	Enterprise <u>Fund</u>	Account <u>Groups</u>	Total <u>All Funds</u>
<b>Current assets</b>						
Cash in checking	\$ -	\$ -	\$ -	\$ 22,377	\$ -	\$ 22,377
Cash in US Bank	-	-	-	7,078	-	7,078
Cash in COLOTRUST	18,129	-	673	8,079	-	26,881
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	1,951	-	5,238	-	-	7,189
Cash - Trustee	-	469,556	228,060	187,099	-	884,715
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	1,222	-	1,222
Receivable - Members	-	-	-	18,849	-	18,849
Receivable - Trade Accts	-	-	-	(3,035)	-	(3,035)
	<u>20,080</u>	<u>473,156</u>	<u>233,971</u>	<u>244,119</u>	<u>-</u>	<u>971,326</u>
<b>Other assets</b>						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	233,971	233,971
Amount to be provided for retirement of debt	-	-	-	-	4,871,029	4,871,029
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,251,317</u>	<u>8,251,317</u>
	<u>\$ 20,080</u>	<u>\$ 473,156</u>	<u>\$ 233,971</u>	<u>\$ 244,119</u>	<u>\$ 8,251,317</u>	<u>\$ 9,222,643</u>
<b>Liabilities and Equity</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 12,674	\$ 6,327	\$ -	\$ 15,811	\$ -	\$ 34,812
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	4,595	-	4,595
Payable to INC	-	-	-	17,405	-	17,405
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,405</u>	<u>-</u>	<u>17,405</u>
<b>Long Term Liabilities</b>						
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>
<b>Total Liabilities</b>	<u>12,674</u>	<u>6,327</u>	<u>-</u>	<u>40,939</u>	<u>5,105,000</u>	<u>5,164,940</u>
<b>Fund Equity</b>						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	7,406	466,829	233,971	203,180	-	911,386
	<u>7,406</u>	<u>466,829</u>	<u>233,971</u>	<u>203,180</u>	<u>3,146,317</u>	<u>4,057,703</u>
	<u>\$ 20,080</u>	<u>\$ 473,156</u>	<u>\$ 233,971</u>	<u>\$ 244,119</u>	<u>\$ 8,251,317</u>	<u>\$ 9,222,643</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 1 Month Ended January 31, 2011  
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Year to <u>Date</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Prior Year</u>	
					<u>Current Month</u>	<u>Year to Date</u>
<b>Revenues</b>						
Property taxes	\$ 136,817	\$ 1,148	\$ 1,148	\$ (135,669)	\$ 2,599	\$ 2,599
Specific ownership taxes	8,209	818	818	(7,391)	837	837
Interest income	150	7	7	(143)	1	1
	<u>145,176</u>	<u>1,973</u>	<u>1,973</u>	<u>(143,203)</u>	<u>3,437</u>	<u>3,437</u>
<b>Expenditures</b>						
Accounting	20,000	4,521	4,521	15,479	1,768	1,768
Audit	9,500	-	-	9,500	-	-
Legal	40,000	5,226	5,226	34,774	10,927	10,927
Insurance	2,500	13,627	13,627	(11,127)	2,715	2,715
Community Affairs	-	4,232	4,232	(4,232)	-	-
Miscellaneous	1,000	40	40	960	271	271
Treasurer's Fees	2,052	17	17	2,035	39	39
Election	-	-	-	-	-	-
Contingency	123,114	-	-	123,114	-	-
Emergency reserve	2,252	-	-	2,252	-	-
	<u>200,418</u>	<u>27,663</u>	<u>27,663</u>	<u>172,755</u>	<u>15,720</u>	<u>15,720</u>
Excess (deficiency) of revenues over expenditures	(55,242)	(25,690)	(25,690)	29,552	19,157	19,157
Fund balance - beginning	<u>55,242</u>	<u>33,096</u>	<u>33,096</u>	<u>(22,146)</u>	<u>1,125</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 7,406</u>	<u>\$ 7,406</u>	<u>\$ 7,406</u>	<u>\$ 20,282</u>	<u>\$ 20,282</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 1 Month Ended January 31, 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	\$ -	\$ 86	\$ 86	\$ 86	\$ 251	\$ 251
	<u>-</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>251</u>	<u>251</u>
Expenditures						
Capital Improvements	646,778	-	-	646,778	-	-
Planning & Engineering	-	-	-	-	4,896	4,896
Permits	-	-	-	-	-	-
Wells	-	-	-	-	-	-
Maintenance Building Roof	-	-	-	-	-	-
Clubhouse Outside Lighting	-	-	-	-	-	-
Software System	-	-	-	-	-	-
Golf Equipment	-	-	-	-	-	-
Perimeter Fence	-	-	-	-	8,002	8,002
Range Netting	-	-	-	-	-	-
Website Development	-	-	-	-	-	-
Irrigation	-	6,533	6,533	(6,533)	-	-
Cart Path Improvements	-	2,500	2,500	(2,500)	-	-
Safety	-	-	-	-	-	-
Security	-	159	159	(159)	-	-
Golf Course Upgrades	-	-	-	-	-	-
Heating & Air	-	-	-	-	3,574	3,574
Computer Equipment	-	-	-	-	4,423	4,423
Golf Landscape Maintenance	-	-	-	-	-	-
Clubhouse Improvements	-	10,600	10,600	(10,600)	-	-
Legal	-	-	-	-	-	-
Miscellaneous	-	-	-	-	432	432
	<u>646,778</u>	<u>19,792</u>	<u>19,792</u>	<u>626,986</u>	<u>21,327</u>	<u>21,327</u>
Excess (deficiency) of revenues over expenditures	(646,778)	(19,706)	(19,706)	627,072	21,578	21,578
Fund balance - beginning	<u>1,443,612</u>	<u>486,535</u>	<u>486,535</u>	<u>(957,077)</u>	<u>1,412,328</u>	<u>1,412,328</u>
Fund balance - ending	<u>\$ 796,834</u>	<u>\$ 466,829</u>	<u>\$ 466,829</u>	<u>\$ (330,005)</u>	<u>\$ 1,433,906</u>	<u>\$ 1,433,906</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
Budget and Actual  
For the 1 Month Ended January 31, 2011  
Debt 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>
Revenues						
Property taxes	\$ 368,811	\$ 3,073	\$ 3,073	\$ (365,738)	\$ 7,005	\$ 7,005
Specific ownership taxes	22,129	2,206	2,206	(19,923)	2,257	2,257
Interest income	975	53	53	(922)	-	-
	<u>391,915</u>	<u>5,332</u>	<u>5,332</u>	<u>(386,583)</u>	<u>9,262</u>	<u>9,262</u>
Expenditures						
Bond Principal	145,000	-	-	145,000	-	-
Bond Interest	219,515	54,879	54,879	164,636	-	-
Trustee Fees	5,000	-	-	5,000	-	-
Treasurer Fees	5,532	46	46	5,486	105	105
Contingency	-	-	-	-	-	-
	<u>375,047</u>	<u>54,925</u>	<u>54,925</u>	<u>320,122</u>	<u>105</u>	<u>105</u>
Excess (deficiency) of revenues over expenditures	16,868	(49,593)	(49,593)	(66,461)	9,367	9,367
Fund balance - beginning	<u>227,006</u>	<u>283,564</u>	<u>283,564</u>	<u>56,558</u>	<u>187,343</u>	<u>187,343</u>
Fund balance - ending	<u>\$ 243,874</u>	<u>\$ 233,971</u>	<u>\$ 233,971</u>	<u>\$ (9,903)</u>	<u>\$ 196,710</u>	<u>\$ 196,710</u>

Heather Ridge Metropolitan District  
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis  
Enterprise Funds  
Budget and Actual  
For the 1 Month Ended January 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)	Prior Year	
					Current <u>Month</u>	Year to <u>Date</u>
Revenues						
Golf Course Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Packages	-	240	240	240	20,690	20,690
Cart Packages	-	800	800	800	-	-
Social Memberships	-	150	150	150	-	-
Junior Golf Packages	-	-	-	-	-	-
Prepaid Golf Income	350,000	-	-	(350,000)	-	-
Golf Cards	-	2,500	2,500	2,500	-	-
Tournaments	-	-	-	-	-	-
Cart Fees	220,337	1,859	1,859	(218,478)	-	-
Green Fees	483,545	4,483	4,483	(479,062)	373	373
Range ball fees	24,925	261	261	(24,664)	37	37
Club Rentals	1,745	-	-	(1,745)	-	-
Merchandise	51,844	614	614	(51,230)	-	-
Rent - Restaurant	75,000	-	-	(75,000)	5,750	5,750
Miscellaneous Income	2,000	-	-	(2,000)	-	-
Interest income	-	26	26	26	40	40
	<u>1,209,396</u>	<u>10,933</u>	<u>10,933</u>	<u>(1,198,463)</u>	<u>26,890</u>	<u>26,890</u>
Expenditures						
Golf Course operations	549,241	43,157	43,157	(506,084)	62,688	62,688
Administration Expenses	103,752	21,978	21,978	(81,774)	4,023	4,023
Grounds expense	<u>355,447</u>	<u>15,639</u>	<u>15,639</u>	<u>(339,808)</u>	<u>1,736</u>	<u>1,736</u>
	<u>1,008,440</u>	<u>80,774</u>	<u>80,774</u>	<u>(927,666)</u>	<u>68,447</u>	<u>68,447</u>
Excess (deficiency) of revenues over expenditures	200,956	(69,841)	(69,841)	(270,797)	(41,557)	(41,557)
Fund balance - beginning	<u>218,685</u>	<u>273,021</u>	<u>273,021</u>	<u>395,617</u>	<u>387,084</u>	<u>387,084</u>
Fund balance - ending	<u>\$ 419,641</u>	<u>\$ 203,180</u>	<u>\$ 203,180</u>	<u>\$ 124,820</u>	<u>\$ 345,527</u>	<u>\$ 345,527</u>

**Heather Ridge Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis**  
**Enterprise Funds - Detail**  
**Budget and Actual**  
**For the 1 Month Ended January 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)	Prior Year	
					Current <u>Month</u>	Year to <u>Date</u>
Golf Course operations						
Merchandise	\$ 39,880	\$ 665	\$ 665	\$ 39,215	\$ -	\$ -
Equipment lease	500	-	-	500	-	-
District Consultants	12,000	1,000	1,000	11,000	3,000	3,000
F&B Expenses promo	2,991	-	-	2,991	-	-
Tournament commissions	4,985	-	-	4,985	-	-
Tournament Expense	-	-	-	-	-	-
Wages and benefits	234,283	9,407	9,407	224,876	20,000	20,000
Golf Pro	-	-	-	-	3,500	3,500
Business licenses and permits	300	-	-	300	-	-
Advertising	10,000	632	632	9,368	-	-
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	2,200	2,200	15,300	1,821	1,821
Meals and entertainment	500	3,665	3,665	(3,165)	-	-
Charitable community relations	500	-	-	500	-	-
Computer and internet expenses	5,000	385	385	4,615	-	-
Driving range supplies	7,000	1,691	1,691	5,309	-	-
Dues and subscriptions	1,100	310	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	8,760	48,240	3,720	3,720
Golf Cart Repairs	3,000	-	-	3,000	329	329
Janitorial expense	1,000	-	-	1,000	-	-
Laundry expense	200	-	-	200	-	-
Insurance	10,000	-	-	10,000	7,697	7,697
Office Supplies/Expenses	500	-	-	500	425	425
Golf Supplies	10,000	-	-	10,000	-	-
Pest control	750	65	65	685	-	-
Postage and Delivery	200	-	-	200	-	-
Printing Stationary	1,500	-	-	1,500	-	-
Repairs/Maintenance	12,000	349	349	11,651	5,967	5,967
Training education	2,000	-	-	2,000	-	-
Trash removal	6,800	593	593	6,207	-	-
Travel/mileage/lodging	1,500	-	-	1,500	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	41,800	2,667	2,667	39,133	10,385	10,385
Utilities -gas	20,852	2,948	2,948	17,904	-	-
Utilities - water	31,300	978	978	30,322	-	-
Utilities telephone	6,600	554	554	6,046	-	-
Golf Course Management	-	5,000	5,000	(5,000)	5,000	5,000
Security	-	1,288	1,288	(1,288)	444	444
Pool expenses	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	400	400
Building Maintenance	-	-	-	-	-	-
<b>Total Golf Course Operations</b>	<b>\$ 549,241</b>	<b>\$ 43,157</b>	<b>\$ 43,157</b>	<b>\$ 506,084</b>	<b>\$ 62,688</b>	<b>\$ 62,688</b>



**Heather Ridge Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis**  
**Enterprise Funds - Detail**  
**Budget and Actual**  
**For the 1 Month Ended January 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	\$ -	\$ 985	\$ 995	\$ (995)	\$ 1,606	\$ 1,606
Legal	-	11,920	11,920	(11,920)	2,417	2,417
Consulting fees	750	-	-	750	-	-
Wages and Benefits	99,852	8,259	8,259	91,593	-	-
Office operations	-	17	17	(17)	-	-
Computer and internet expenses	500	98	98	402	-	-
Software Maintenance	-	-	-	-	-	-
Office supplies	500	68	68	432	-	-
Janitorial	-	68	68	(68)	-	-
Postage and delivery	100	-	-	100	-	-
Printing/Stationery	300	246	246	54	-	-
Professional fees	250	-	-	250	-	-
Security	-	27	27	(27)	-	-
Training/education	500	-	-	500	-	-
Travel/mileage/lodging	500	-	-	500	-	-
Utilities - Satellite/cable	-	277	277	(277)	-	-
Miscellaneous	500	13	13	487	-	-
<b>Total Administrative expenses</b>	<b>\$ 103,752</b>	<b>\$ 21,978</b>	<b>\$ 21,988</b>	<b>\$ 81,764</b>	<b>\$ 4,023</b>	<b>\$ 4,023</b>
<b>Grounds</b>						
Golf course amenities	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Equipment lease	2,200	-	-	2,200	-	-
Wages and benefits	220,635	10,575	10,575	210,060	-	-
Gas oil lube	13,290	-	-	13,290	-	-
Fuel Charges	-	-	-	-	1,736	1,736
Dues and subscriptions	450	-	-	450	-	-
Employee relations	460	-	-	460	-	-
Utility - electric	62,300	4,350	4,350	57,950	-	-
Utility - gas	-	253	253	(253)	-	-
Utility - water/sewer	1,100	90	90	1,010	-	-
Utility - telephone	1,200	117	117	1,083	-	-
Utilities-Grounds	-	-	-	-	-	-
Education/seminars	200	-	-	200	-	-
Chemicals	3,343	-	-	3,343	-	-
Equipment repairs/maintenance	10,800	59	59	10,741	-	-
Equipment rental	650	-	-	650	-	-
Fertilizer	13,624	-	-	13,624	-	-
Golf course supplies	4,200	-	-	4,200	-	-
Ground improvements	1,445	-	-	1,445	-	-
Irrigation repairs	5,500	-	-	5,500	-	-
Sand, soil, gravel	3,400	-	-	3,400	-	-
Sanitation rental	6,300	195	195	6,105	-	-
Small tools and equipment	1,150	-	-	1,150	-	-
Tires/batteries	1,200	-	-	1,200	-	-
Landscape Maintenance	-	-	-	-	-	-
<b>Total Grounds expense</b>	<b>\$ 355,447</b>	<b>\$ 15,639</b>	<b>\$ 15,639</b>	<b>\$ 339,808</b>	<b>\$ 1,736</b>	<b>\$ 1,736</b>

## HRMD Golf &amp; Clubhouse P&amp;L 2011 by Month

GCatHR, Inc.

## Income / Expense Statement Summary

Actual \$ (000)

2011

Description	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
<b>Golf Rounds / Starts</b>	452												452
No Play Days - Weather	22												22
Play Days	9												9
<b>Avg \$ per Round / Start</b>	<b>24.19</b>												<b>\$24.19</b>
<b>Revenue</b>													
Golf	11												11
Food & Beverage (F&B)	0												0
<b>Total Revenue</b>	<b>11</b>												<b>11</b>
<b>Expenses</b>													
Golf Course Operations	43												43
Administration	22												22
Grounds Operations	16												16
<b>Total Expenses</b>	<b>81</b>												<b>81</b>
<b>P&amp;L Excess / (Deficiency)</b>	<b>(70)</b>												<b>(70)</b>

**Key Expense Areas:****Payroll**

Golf Course Operations	9												9
Administration	8												8
Grounds Operations	11												11
<b>Total Payroll</b>	<b>28</b>												<b>28</b>
% Payroll to Revenue	258%												258%
% Payroll to Expenses	35%												35%

**Utilities**

Golf Ops & Clubhouse	7												7
Grounds	5												5

**District Fund Accounts**

General Fund	7
Capital Fund	467
Debit Service Fund	234
Enterprise Fund	203

**TOTAL ALL FUNDS 911****Total Entrp + Gen => 211**

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	March	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													