

**Heather Ridge Metropolitan District
Financial Statements**

February 29, 2012

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 29, 2012 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the two 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 13, 2012

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

For the 2 Months Ended February 29, 2012

	<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>
Assets						
Current assets						
Cash in checking	\$ -	\$ -	\$ -	\$ 92,032		\$ 92,032
Cash in US Bank	-	-	-	18,569		18,569
Cash in COLOTRUST	-	17,271	19,245	13,599	-	50,115
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	72,965	-	135,889	-	-	208,854
Cash - Trustee	-	58,640	208,071	64	-	266,775
Prepaid Expense	72	-	-	4,715	-	4,787
Inventory	-	-	-	7,374	-	7,374
Receivable - Members	-	-	-	1,006	-	1,006
Receivable - GCAT	-	-	-	20,086	-	20,086
Receivable - rent	4,000	-	-	-	-	4,000
	<u>77,037</u>	<u>75,911</u>	<u>363,205</u>	<u>159,895</u>	<u>-</u>	<u>676,048</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	363,205	363,205
Amount to be provided for retirement of debt	-	-	-	-	5,331,545	5,331,545
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,841,067</u>	<u>8,841,067</u>
	<u>\$ 77,037</u>	<u>\$ 75,911</u>	<u>\$ 363,205</u>	<u>\$ 159,895</u>	<u>\$ 8,841,067</u>	<u>\$ 9,517,115</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 9,953	\$ -	\$ -	\$ 12,605	\$ -	\$ 22,558
Payable to Tournaments	-	-	-	800	-	800
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	11,769	-	11,769
Sales Tax Payable	-	-	-	(153)	-	(153)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long Term Liabilities						
General obligation Bonds	-	-	-	-	5,694,750	5,694,750
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,694,750</u>	<u>5,694,750</u>
Total Liabilities	<u>9,953</u>	<u>-</u>	<u>-</u>	<u>28,149</u>	<u>5,694,750</u>	<u>5,732,852</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	67,084	75,911	363,205	131,746	-	637,946
	<u>67,084</u>	<u>75,911</u>	<u>363,205</u>	<u>131,746</u>	<u>3,146,317</u>	<u>3,784,263</u>
	<u>\$ 77,037</u>	<u>\$ 75,911</u>	<u>\$ 363,205</u>	<u>\$ 159,895</u>	<u>\$ 8,841,067</u>	<u>\$ 9,517,115</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 29, 2012
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	\$ 184,093	\$ 73,065	\$ 74,479	\$ (109,614)	\$ 36,440	\$ 37,588
Specific ownership taxes	11,046	997	2,218	(8,828)	630	1,448
Misc Income	-	1,829	1,938	1,938	48	48
Rent - Restaurant	-	4,000	7,236	7,236	-	-
Interest income	150	7	13	(137)	5	12
	<u>195,289</u>	<u>79,898</u>	<u>85,884</u>	<u>(109,405)</u>	<u>37,123</u>	<u>39,096</u>
Expenditures						
Accounting	20,000	1,620	5,025	14,975	3,598	8,119
Audit	9,500	-	-	9,500	-	-
Legal	40,000	385	3,831	36,169	3,348	8,574
Insurance	5,000	-	10,779	(5,779)	-	13,627
Elections	-	947	947	(947)	-	-
Community Communication	37,500	2,643	5,650	31,850	5,892	10,124
Social function	2,500	-	-	2,500	-	-
Consultant Fees/Mgmt Fees	12,000	1,000	2,000	10,000	-	-
Miscellaneous	1,000	-	10	990	50	90
Building-2nd Floor/Repairs/Maint	-	580	5,085	(5,085)	-	-
Building - Utilities/Electric	-	2,820	2,820	(2,820)	-	-
Building - Utilities/Gas	-	2,852	2,852	(2,852)	-	-
Building - Utilities/Water/Sewer	-	1,102	1,985	-	-	-
Security	-	72	72	(72)	-	-
Treasurer's Fees	2,761	1,096	1,117	1,644	547	564
Election	10,000	-	-	10,000	-	-
Contingency	67,864	-	-	67,864	-	-
Emergency reserve	4,208	-	-	4,208	-	-
	<u>212,333</u>	<u>15,117</u>	<u>42,173</u>	<u>172,145</u>	<u>13,435</u>	<u>41,098</u>
Excess (deficiency) of revenues over expenditures	(17,044)	64,781	43,711	62,740	23,688	(2,002)
Fund balance - beginning	<u>17,044</u>	<u>2,303</u>	<u>23,373</u>	<u>6,329</u>	<u>7,406</u>	<u>33,096</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 67,084</u>	<u>\$ 67,084</u>	<u>\$ 69,069</u>	<u>\$ 31,094</u>	<u>\$ 31,094</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 29, 2012
Capital Fund

See Accountant's Compilation Report

	Annual Budget	Actual	Year to Date	Variance Favorable (Unfavorable)	Prior Year	
					Current Month	Year to Date
Revenues						
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	-	-	-	-	0
Interest income	-	2	5	5	83	169
	<u>-</u>	<u>2</u>	<u>5</u>	<u>5</u>	<u>83</u>	<u>169</u>
Expenditures						
Cost of Issuance	-	-	-	-	-	-
Capital Improvements	81,557	-	-	81,557	-	-
Range Netting	-	-	-	-	20,700	20,700
Irrigation	-	-	-	-	-	6,533
Cart Path Improvements	-	-	-	-	-	2,500
Security	-	-	-	-	-	159
Clubhouse Improvements	-	-	-	-	4,747	15,347
Legal	-	-	-	-	17,030	17,030
Miscellaneous	-	-	-	-	-	-
	<u>81,557</u>	<u>-</u>	<u>-</u>	<u>81,557</u>	<u>42,477</u>	<u>62,269</u>
Excess (deficiency) of revenues over expenditures	(81,557)	2	5	81,562	(42,394)	(62,100)
Fund balance - beginning	<u>81,557</u>	<u>75,909</u>	<u>75,906</u>	<u>(5,651)</u>	<u>466,829</u>	<u>486,535</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 75,911</u>	<u>\$ 75,911</u>	<u>\$ 75,911</u>	<u>\$ 424,435</u>	<u>\$ 424,435</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 29, 2012
Debt Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Year to Date</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year</u>	
					<u>Current Month</u>	<u>Year to Date</u>
Revenues						
Property taxes	\$ 342,771	\$ 136,073	\$ 138,740	\$ (204,031)	\$ 98,180	\$ 101,253
Specific ownership taxes	20,566	1,857	4,130	(16,436)	1,697	3,903
Interest income	975	7	17	(958)	47	100
	<u>364,312</u>	<u>137,937</u>	<u>142,887</u>	<u>(221,425)</u>	<u>99,924</u>	<u>105,256</u>
Expenditures						
Bond Principal '09	150,000	-	-	150,000	-	-
Bond Principal '11	15,750	-	-	15,750	-	-
Bond Interest '09	213,280	-	53,320	159,960	-	54,879
Bond Interest '11	32,329	-	7,697	24,632	-	-
Trustee Fees	2,500	-	-	2,500	-	-
Treasurer Fees	5,142	2,041	2,081	3,061	1,473	1,519
Contingency	-	-	-	-	-	-
	<u>419,001</u>	<u>2,041</u>	<u>63,098</u>	<u>355,903</u>	<u>1,473</u>	<u>56,398</u>
Excess (deficiency) of revenues over expenditures	(54,689)	135,896	79,789	134,478	98,451	48,858
Fund balance - beginning	<u>263,018</u>	<u>227,309</u>	<u>283,416</u>	<u>20,398</u>	<u>233,971</u>	<u>283,564</u>
Fund balance - ending	<u>\$ 208,329</u>	<u>\$ 363,205</u>	<u>\$ 363,205</u>	<u>\$ 154,876</u>	<u>\$ 332,422</u>	<u>\$ 332,422</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 29, 2012
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	50,000	(3,135)	74,893	24,893	-	240
Golf Packages - trade acct	3,500	-	-	(3,500)	2,880	2,880
Cart Packages	10,000	-	19,140	9,140	-	800
Cart Packages -trade acct	2,000	-	-	(2,000)	1,200	1,200
Social Memberships	-	-	-	-	(150)	-
Junior Golf Packages	1,200	-	-	(1,200)	-	-
Golf Cards	120,000	-	62,542	(57,458)	4,250	6,750
Tournaments	70,000	-	-	(70,000)	-	-
Cart Fees	125,000	449	1,313	(123,687)	2,139	3,998
Green Fees	350,000	8,373	8,821	(341,179)	14,913	19,396
Range ball fees	20,000	46	199	(19,801)	237	498
Club Rentals	500	-	-	(500)	-	-
Merchandise	35,000	67	1,828	(33,172)	(524)	90
Rent - Restaurant	72,000	-	-	(72,000)	-	-
Miscellaneous Income	3,000	70	70	(2,930)	164	164
Interest income	100	-	-	(100)	32	58
	<u>862,300</u>	<u>5,870</u>	<u>168,806</u>	<u>(693,494)</u>	<u>25,141</u>	<u>36,074</u>
Expenditures						
Golf Course operations	451,500	19,157	47,403	404,097	32,725	75,882
Administration Expenses	64,300	7,122	13,263	51,037	11,736	33,714
Grounds expense	366,700	12,842	27,104	339,596	13,740	29,379
	<u>882,500</u>	<u>39,121</u>	<u>87,770</u>	<u>794,730</u>	<u>58,201</u>	<u>138,975</u>
Excess (deficiency) of revenues over expenditures	(20,200)	(33,251)	81,036	101,236	(33,060)	(102,901)
Fund balance - beginning	<u>100,177</u>	<u>164,997</u>	<u>50,710</u>	<u>(49,467)</u>	<u>203,180</u>	<u>273,021</u>
Fund balance - ending	<u>\$ 79,977</u>	<u>\$ 131,746</u>	<u>\$ 131,746</u>	<u>\$ 51,769</u>	<u>\$ 170,120</u>	<u>\$ 170,120</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Governmental Funds
Budget and Actual
For the 2 Months Ended February 29, 2012
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	\$ 35,000	\$ 1,342	\$ 4,869	\$ 30,131	\$ (665)	\$ -
Equipment lease	500	-	-	500	-	-
District Consultants	2,000	-	-	2,000	1,000	2,000
F&B Expenses promo	1,000	-	-	1,000	-	-
Tournament commissions	3,500	-	-	3,500	-	-
Tournament Expense	4,500	-	-	4,500	-	-
Wages and benefits	145,000	3,146	3,676	141,324	9,357	18,764
Business licenses and permits	200	-	-	200	-	-
Advertising	10,000	1,161	1,355	8,645	63	695
Advertising - trade acct	3,500	-	-	3,500	4,080	4,080
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	3,628	3,684	13,816	258	2,458
Meals and entertainment	250	10	10	240	(3,665)	-
Charitable community relations	250	-	-	250	-	-
Computer and internet expenses	5,000	463	848	4,152	385	770
Driving range supplies	5,000	-	279	4,721	-	1,691
Dues and subscriptions	750	200	220	530	-	310
Employee clothing expenses	500	-	-	500	-	-
Employee relations	250	-	-	250	-	-
Equipment facility rental	300	-	-	300	-	-
GHIN expense	1,000	-	-	1,000	-	-
Golf Club Repairs	500	-	-	500	-	-
Golf Cart Lease	58,500	4,380	8,760	49,740	-	8,760
Golf Lessons	600	-	-	600	761	761
Golf Cart Repairs	3,000	730	730	2,270	-	-
Janitorial expense	3,500	22	22	3,478	-	-
Laundry/Cleaning expense	150	-	-	150	-	-
Licenses/Permits/Fees	250	-	-	250	100	100
Insurance	10,000	-	5,410	4,590	-	-
Office Supplies/Expenses	500	6	161	339	-	-
Operating Supplies	2,500	994	994	1,506	-	-
Golf Supplies	1,500	-	-	1,500	-	-
Pest control	800	-	-	800	-	65
Postage and Delivery	250	12	12	238	44	44
Printing Stationary	1,000	697	935	65	-	-
Repairs/Maintenance	5,000	40	44	4,956	-	349
Training education	500	-	-	500	-	-
Trash removal	7,800	469	936	6,864	952	1,545
Travel/mileage/todging	500	-	-	500	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	60,000	893	3,979	56,021	2,877	5,544
Utilities -gas	20,500	266	2,753	17,747	3,677	6,625
Utilities - water	28,000	420	576	27,424	788	1,766
Utilities telephone	6,750	200	750	6,000	886	1,440
Clubhouse Improvements	-	-	-	-	6,000	6,000
Golf Course Management	-	-	2,500	(2,500)	5,000	10,000
Security	500	78	300	200	334	1,622
Miscellaneous expense	-	-	3,600	(3,600)	250	250
Building Maintenance	-	-	-	-	243	243
Costs Associated with 2nd Floor	-	-	-	-	-	-
Total Golf Course Operations	\$ 451,500	\$ 19,157	\$ 47,403	\$ 404,097	\$ 32,725	\$ 75,882

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Governmental Funds
Budget and Actual
For the 2 Months Ended February 29, 2012
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	\$ 15,000	\$ 345	\$ 720	\$ 14,280	\$ 1,258	\$ 2,243
Legal	6,000	-	-	6,000	1,560	13,480
Consulting fees	5,000	-	-	5,000	-	-
Wages and Benefits	36,000	6,777	12,257	23,743	8,704	16,963
Office operations	-	-	-	-	-	17
Computer and internet expenses	500	-	-	500	77	175
Operating supplies	500	-	229	271	-	68
Janitorial	-	-	-	-	137	205
Postage and delivery	-	-	32	(32)	-	-
Printing/Stationery	300	-	-	300	-	246
Security	-	-	-	-	-	27
Utilities - Satellite/cable	-	-	-	-	-	277
Miscellaneous	1,000	-	25	975	-	13
Total Administrative expenses	\$ 64,300	\$ 7,122	\$ 13,263	\$ 51,037	\$ 11,736	\$ 33,714
Grounds						
Golf course amenities	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -
Wages and benefits	205,000	11,735	21,992	183,008	9,481	20,056
Gas oil lube	18,500	-	-	18,500	-	-
Fuel Charges	-	5	5	(5)	-	-
Dues and subscriptions	250	-	-	250	160	160
Employee relations	250	-	-	250	-	-
Utility - electric	77,500	320	3,929	73,571	2,061	6,411
Utility - gas	2,000	251	445	1,555	313	566
Utility - water/sewer	1,500	83	171	1,329	74	164
Utility - telephone	1,750	114	228	1,522	123	240
Trash Removal	3,500	-	-	3,500	640	640
Education/seminars	250	-	-	250	-	-
Chemicals	4,000	-	-	4,000	-	-
Equipment repairs/maintenance	12,500	-	-	12,500	382	441
Equipment rental	1,000	-	-	1,000	-	-
Fertilizer	15,000	-	-	15,000	-	-
Golf course supplies	5,000	-	-	5,000	94	94
Ground improvements	1,500	77	77	1,423	-	-
Irrigation repairs	6,000	-	-	6,000	2	2
Sand, soil, gravel	4,000	-	-	4,000	-	-
Sanitation rental	3,500	185	185	3,315	195	390
Security	-	72	72	(72)	-	-
Small tools and equipment	500	-	-	500	215	215
Tires/batteries	1,500	-	-	1,500	-	-
Training/Education	200	-	-	200	-	-
Landscape Maintenance	-	-	-	-	-	-
Total Grounds expense	\$ 366,700	\$ 12,842	\$ 27,104	\$ 339,596	\$ 13,740	\$ 29,379

Actual \$ (000)

2012 - YTD

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Significant Operations Event	SNOW	SNOW											
Golf Rounds / Starts	269	90											359
No Play Days - Weather	21	27											48
Play Days	7	2											9
Avg \$ per Round / Start	605.71	65.22											470.21
Revenue - Golf	162.9	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	168.8
Expenses													
Golf Course Operations	28.2	19.2											47.4
Administration	6.1	7.1											13.3
Grounds Operations	14.3	12.8											27.1
Total Expenses	48.6	39.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	87.8
P&L Excess / (Deficiency)	114.3	(33.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81.0

Key Expense Areas:

Payroll

Grounds Operations	10.3	11.7											22.0
Golf Course Operations	0.5	3.1											3.7
Administration	5.5	6.8											12.3
Total Payroll	16.3	21.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.9
% Payroll to Revenue	10%	369%											22%
% Payroll to Expenses	33%	55%											43%

Utilities

Golf Ops & Clubhouse	6.3	1.8											8.1
Grounds	4.0	0.8											4.8
Clubhouse Top Floor	0.9	0.0											0.9

Clubhouse Maintenance:

1st Bldg Repair/Maintenance	0.0	0.0											0.0
2nd Bldg Repair/Maintenance	5.4	0.0											5.4

Capital Expenditures

To Date includes 2009, 2010 & 2012 => To Date

Grounds / Golf													1,543.2
Clubhouse													341.0
Golf Course													125.4
Restaurant - Noonan's													83.2
Total Cap Exp	0.0	0.0											2,092.8

District Fund Accounts

General Fund	2	67
Capital Fund	76	76
Debit Service Fund	227	363
Enterprise Fund	165	132

TOTAL ALL FUNDS

Total Funds less Dbt Svc =>	243	275	0	0	0	0	0	0	0	0	0	0	0
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Description	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
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Notes: This report is a summary prepared from Simmons & Wheeler (S&W) monthly HRMD approved financial reports
It is not prepared by S&W, rather by the HRMD Directors