

**Heather Ridge Metropolitan District
Financial Statements**

March 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 March 31, 2011 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the 3 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.

April 18, 2011

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

See Accountant's Compilation Report

	<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	\$ -	\$ -	\$ -	\$ 135,530	\$ -	\$ 135,530
Cash in US Bank	-	-	-	17,534	-	17,534
Cash in COLOTRUST	28,613	-	-	9,250	-	37,863
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	24,481	-	65,946	-	-	90,427
Cash - Trustee	-	973,702	332,456	2,647	-	1,308,805
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	4,602	-	4,602
Inventory	-	-	-	21,293	-	21,293
Receivable - Members	-	-	-	12,617	-	12,617
Receivable - Trade Accts	-	-	-	-	-	-
	<u>53,094</u>	<u>977,302</u>	<u>398,402</u>	<u>205,923</u>	<u>-</u>	<u>1,634,721</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	398,402	398,402
Amount to be provided for retirement of debt	-	-	-	-	5,456,598	5,456,598
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,001,317</u>	<u>9,001,317</u>
	<u>\$ 53,094</u>	<u>\$ 977,302</u>	<u>\$ 398,402</u>	<u>\$ 205,923</u>	<u>\$ 9,001,317</u>	<u>\$ 10,636,038</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 9,709	\$ 17,003	\$ -	\$ 8,933	\$ -	\$ 35,645
Payable to Tournaments	-	-	-	550	-	550
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	6,781	-	6,781
Sales Tax Payable	-	-	-	(27)	-	(27)
Payable to INC	-	-	-	38,187	-	38,187
	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,187</u>	<u>-</u>	<u>38,187</u>
Long Term Liabilities						
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>
Total Liabilities	<u>9,709</u>	<u>17,003</u>	<u>-</u>	<u>57,552</u>	<u>5,855,000</u>	<u>5,939,264</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	43,385	960,299	398,402	148,371	-	1,550,457
	<u>43,385</u>	<u>960,299</u>	<u>398,402</u>	<u>148,371</u>	<u>3,146,317</u>	<u>4,696,774</u>
	<u>\$ 53,094</u>	<u>\$ 977,302</u>	<u>\$ 398,402</u>	<u>\$ 205,923</u>	<u>\$ 9,001,317</u>	<u>\$ 10,636,038</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 3 Months Ended March 31, 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	\$ 24,098	\$ 61,686	\$ (75,131)	\$ 15,657	\$ 53,461
Specific ownership taxes	8,209	746	2,194	(6,015)	640	1,993
Misc Income	-	11	59	59	3	3
Interest income	150	4	16	(134)	16	19
	<u>145,176</u>	<u>24,859</u>	<u>63,955</u>	<u>(81,221)</u>	<u>16,316</u>	<u>55,476</u>
Expenditures						
Accounting	20,000	3,416	11,535	8,465	2,886	5,118
Audit	9,500	-	-	9,500	-	-
Legal	40,000	6,292	14,866	25,134	2,377	21,862
Insurance	2,500	-	13,627	(11,127)	-	2,141
Community Communication	34,500	2,367	12,491	22,009	-	-
Social function	4,500	-	-	4,500	-	-
Special programs	4,700	-	-	4,700	-	-
Miscellaneous	1,000	132	222	778	50	361
Treasurer's Fees	2,052	361	925	1,127	235	802
Election	-	-	-	-	-	-
Contingency	79,414	-	-	79,414	-	-
Emergency reserve	2,252	-	-	2,252	-	-
	<u>200,418</u>	<u>12,568</u>	<u>53,666</u>	<u>146,752</u>	<u>5,548</u>	<u>30,284</u>
Excess (deficiency) of revenues over expenditures	(55,242)	12,291	10,289	65,531	10,768	25,192
Fund balance - beginning	<u>55,242</u>	<u>31,094</u>	<u>33,096</u>	<u>(24,148)</u>	<u>15,549</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 43,385</u>	<u>\$ 43,385</u>	<u>\$ 41,383</u>	<u>\$ 26,317</u>	<u>\$ 26,317</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 3 Months Ended March 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						
Bond Proceeds	\$ -	\$ 750,000	\$ 750,000	\$ 750,000	\$ -	\$ -
Interest income	-	72	241	241	217	712
	<u>-</u>	<u>750,072</u>	<u>750,241</u>	<u>750,241</u>	<u>217</u>	<u>712</u>
Expenditures						
Cost of Issuance	-	46,232	46,232	(46,232)	-	-
Capital Improvements	646,778	-	-	646,778	897	897
Planning & Engineering	-	-	-	-	9,242	19,645
Permits	-	-	-	-	100	100
Wells	-	-	-	-	328,223	328,223
Maintenance Building Roof	-	-	-	-	-	-
Clubhouse Outside Lighting	-	-	-	-	-	1,414
Software System	-	-	-	-	411	3,148
Golf Equipment	-	-	-	-	-	4,500
Perimeter Fence	-	-	-	-	-	11,252
Range Netting	-	27,600	48,300	(48,300)	-	-
Website Development	-	-	-	-	1,000	1,000
Irrigation	-	-	6,533	(6,533)	-	-
Irrigation Contract 2011 Bond	-	102,295	102,295	(102,295)	-	-
Cart Path Improvements	-	-	2,500	(2,500)	-	-
Safety	-	-	-	-	-	-
Security	-	-	159	(159)	-	-
Golf Course Upgrades	-	-	-	-	778	778
Heating & Air	-	-	-	-	15,879	21,592
Computer Equipment	-	-	-	-	484	5,093
Golf Landscape Maintenance	-	-	-	-	-	4,650
Clubhouse Improvements	-	(2,584)	12,763	(12,763)	262	3,288
Legal	-	-	17,030	(17,030)	-	116
Smoking Patio	-	2,000	2,000	(2,000)	-	-
Restaurant Improvements	-	38,665	38,665	(38,665)	-	-
Miscellaneous	-	-	-	-	-	432
	<u>646,778</u>	<u>214,208</u>	<u>276,477</u>	<u>370,301</u>	<u>357,276</u>	<u>406,128</u>
Excess (deficiency) of revenues over expenditures	(646,778)	535,864	473,764	1,120,542	(357,059)	(405,416)
Fund balance - beginning	<u>646,778</u>	<u>424,435</u>	<u>486,535</u>	<u>(222,343)</u>	<u>1,360,057</u>	<u>1,408,414</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 960,299</u>	<u>\$ 960,299</u>	<u>\$ 898,199</u>	<u>\$ 1,002,998</u>	<u>\$ 1,002,998</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 3 Months Ended March 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
Revenues						
Property taxes	\$ 368,811	\$ 64,913	\$ 166,166	\$ (202,645)	\$ 42,202	\$ 144,102
Specific ownership taxes	22,129	2,012	5,915	(16,214)	1,726	5,372
Interest income	975	29	129	(846)	64	96
	<u>391,915</u>	<u>66,954</u>	<u>172,210</u>	<u>(219,705)</u>	<u>43,992</u>	<u>149,570</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	974	2,493	3,039	633	2,162
Contingency	-	-	-	-	-	-
	<u>375,047</u>	<u>974</u>	<u>57,372</u>	<u>317,675</u>	<u>633</u>	<u>2,162</u>
Excess (deficiency) of revenues over expenditures	16,868	65,980	114,838	97,970	43,359	147,408
Fund balance - beginning	<u>227,006</u>	<u>332,422</u>	<u>283,564</u>	<u>105,416</u>	<u>291,392</u>	<u>187,343</u>
Fund balance - ending	<u>\$ 243,874</u>	<u>\$ 398,402</u>	<u>\$ 398,402</u>	<u>\$ 203,386</u>	<u>\$ 334,751</u>	<u>\$ 334,751</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds
Budget and Actual
For the 3 Months Ended March 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
Revenues						
Golf Course Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Golf Packages	-	6,520	6,760	6,760	18,095	49,119
Golf Packages - trade acct	-	-	2,880	2,880	-	-
Cart Packages	-	-	800	800	2,400	4,400
Cart Packages -trade acct	-	-	1,200	1,200	-	-
Social Memberships	-	-	-	-	-	-
Junior Golf Packages	-	-	-	-	-	-
Prepaid Golf Income	350,000	-	-	(350,000)	-	-
Golf Cards	-	6,450	13,200	13,200	-	-
Tournaments	-	-	-	-	400	400
Cart Fees	220,337	9,276	13,274	(207,063)	4,754	4,754
Green Fees	483,545	26,175	45,571	(437,974)	21,277	24,902
Range ball fees	24,925	1,957	2,455	(22,470)	-	-
Club Rentals	1,745	-	-	(1,745)	-	-
Merchandise	51,844	3,647	3,737	(48,107)	1,716	1,779
Rent - Restaurant	75,000	-	-	(75,000)	5,750	17,250
Miscellaneous Income	2,000	84	248	(1,752)	667	667
Interest income	-	6	64	64	35	114
	<u>1,209,396</u>	<u>54,115</u>	<u>90,189</u>	<u>(1,119,207)</u>	<u>55,094</u>	<u>103,385</u>
Expenditures						
Golf Course operations	549,241	31,616	107,498	(441,743)	75,217	206,879
Administration Expenses	103,752	16,644	50,358	(53,394)	3,607	12,159
Grounds expense	355,447	23,393	52,772	(302,675)	1,280	3,040
	<u>1,008,440</u>	<u>71,653</u>	<u>210,628</u>	<u>(797,812)</u>	<u>80,104</u>	<u>222,078</u>
Excess (deficiency) of revenues over expenditures	200,956	(17,538)	(120,439)	(321,395)	(25,010)	(118,693)
Fund balance - beginning	<u>218,685</u>	<u>165,909</u>	<u>268,810</u>	<u>395,617</u>	<u>298,516</u>	<u>392,199</u>
Fund balance - ending	<u>\$ 419,641</u>	<u>\$ 148,371</u>	<u>\$ 148,371</u>	<u>\$ 74,222</u>	<u>\$ 273,506</u>	<u>\$ 273,506</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds - Detail
Budget and Actual
For the 3 Months Ended March 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
Golf Course operations						
Merchandise	\$ 39,880	\$ 432	\$ 432	\$ 39,448	\$ 1,748	\$ 1,748
Equipment lease	500	-	-	500	-	-
District Consultants	12,000	909	2,909	9,091	2,000	7,000
F&B Expenses promo	2,991	-	-	2,991	-	-
Tournament commissions	4,985	-	-	4,985	-	-
Tournament Expense	-	-	-	-	-	-
Wages and benefits	234,283	18,862	37,626	196,657	30,000	95,000
Golf Pro	-	-	-	-	3,500	10,500
Business licenses and permits	300	-	-	300	-	-
Advertising	10,000	350	1,045	8,955	152	1,365
Advertising - trade acct	-	-	4,080	(4,080)	-	-
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	510	2,968	14,532	301	4,645
Meals and entertainment	500	-	-	500	-	-
Charitable community relations	500	-	-	500	-	-
Computer and internet expenses	5,000	385	1,155	3,845	-	-
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	4,380	13,140	43,860	7,440	14,880
Golf Cart Repairs	3,000	-	761	2,239	31	360
Janitorial expense	1,000	100	100	900	-	-
Laundry expense	200	-	-	200	-	-
Licenses/Permits/Fees	-	6,390	6,490	(6,490)	-	-
Insurance	10,000	-	-	10,000	-	7,697
Office Supplies/Expenses	500	136	136	364	829	5,650
Operating Supplies	-	33	33	(33)	-	-
Golf Supplies	10,000	-	-	10,000	779	779
Pest control	750	-	65	685	-	-
Postage and Delivery	200	88	132	68	-	-
Printing Stationary	1,500	-	-	1,500	-	-
Repairs/Maintenance	12,000	(179)	170	11,830	16	3,523
Training education	2,000	-	-	2,000	-	-
Trash removal	6,800	424	1,969	4,831	-	-
Travel/mileage/lodging	1,500	-	-	1,500	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	41,800	2,664	8,208	33,592	22,461	35,984
Utilities -gas	20,852	2,611	9,236	11,616	-	-
Utilities - water	31,300	1,044	2,810	28,490	-	-
Utilities - Satellite/Cable	-	291	291	(291)	-	-
Utilities telephone	6,600	542	1,982	4,618	-	-
Clubhouse Improvements	-	(6,000)	-	-	-	-
Golf Course Management	-	(4,000)	6,000	(6,000)	5,000	15,000
Custodial Supplies	-	-	-	-	-	-
Utilities-Clubhouse	-	-	-	-	-	-
Security	-	322	1,944	(1,944)	317	983
Pool expenses	-	-	-	-	-	-
Miscellaneous expense	-	24	274	(274)	643	1,765
Building Maintenance	-	1,298	1,541	(1,541)	-	-
Total Golf Course Operations	\$ 549,241	\$ 31,616	\$ 107,498	\$ 441,743	\$ 75,217	\$ 206,879

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds - Detail
Budget and Actual
For the 3 Months Ended March 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
Administration Expenses						
Accounting	\$ -	\$ 740	\$ 2,983	\$ (2,983)	\$ 1,399	\$ 4,494
Legal	-	812	14,292	(14,292)	1,913	6,418
Consulting fees	750	-	-	750	-	-
Wages and Benefits	99,852	13,957	30,920	68,932	-	-
Office operations	-	-	17	(17)	-	-
Computer and internet expenses	500	612	787	(287)	-	-
Software Maintenance	-	-	-	-	-	-
Office supplies	500	-	68	432	-	-
Janitorial	-	368	573	(573)	295	1,247
Postage and delivery	100	-	-	100	-	-
Printing/Stationery	300	-	246	54	-	-
Professional fees	250	123	123	127	-	-
Security	-	27	54	(54)	-	-
Training/education	500	-	-	500	-	-
Travel/mileage/lodging	500	-	-	500	-	-
Utilities - Satellite/cable	-	-	277	(277)	-	-
Miscellaneous	500	5	18	482	-	-
Total Administrative expenses	\$ 103,752	\$ 16,644	\$ 50,358	\$ 53,394	\$ 3,607	\$ 12,159
Grounds						
Golf course amenities	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Equipment lease	2,200	-	-	2,200	-	-
Wages and benefits	220,635	18,959	39,015	181,620	-	-
Gas oil lube	13,290	-	-	13,290	-	-
Fuel Charges	-	1,125	1,125	(1,125)	1,280	3,040
Dues and subscriptions	450	-	160	290	-	-
Employee relations	460	-	-	460	-	-
Utility - electric	62,300	1,293	7,704	54,596	-	-
Utility - gas	-	292	858	(858)	-	-
Utility - water/sewer	1,100	130	294	806	-	-
Utility - telephone	1,200	115	355	845	-	-
Utilities-Grounds	-	-	-	-	-	-
Trash Removal	-	-	640	(640)	-	-
Education/seminars	200	-	-	200	-	-
Chemicals	3,343	-	-	3,343	-	-
Equipment repairs/maintenance	10,800	155	596	10,204	-	-
Equipment rental	650	-	-	650	-	-
Fertilizer	13,624	-	-	13,624	-	-
Golf course supplies	4,200	-	94	4,106	-	-
Ground improvements	1,445	960	960	485	-	-
Irrigation repairs	5,500	-	2	5,498	-	-
Sand, soil, gravel	3,400	-	-	3,400	-	-
Sanitation rental	6,300	364	754	5,546	-	-
Small tools and equipment	1,150	-	215	935	-	-
Tires/batteries	1,200	-	-	1,200	-	-
Landscaping Maintenance	-	-	-	-	-	-
Total Grounds expense	\$ 355,447	\$ 23,393	\$ 52,772	\$ 302,675	\$ 1,280	\$ 3,040

HRMD Golf & Clubhouse P&L 2011 by Month

GCatHR, Inc.

Income / Expense Statement Summary
Actual \$ (000)

2011 - YTD

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Golf Rounds / Starts	452	536	2,633										3,621
No Play Days - Weather	22	17	2										41
Play Days	9	11	29										49
Avg \$ per Round / Start	24.19	46.90	20.55										\$24.91
Revenue													
Golf	11	25	54										90
Food & Beverage (F&B)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	11	25	54										90
Expenses													
Golf Course Operations	43	33	32										107
Administration	22	12	17										50
Grounds Operations	16	14	23										53
Total Expenses	81	58	72										211
P&L Excess / (Deficiency)	(70)	(33)	(18)										(120)

Key Expense Areas:

Payroll

Golf Course Operations	9	9	19										38
Administration	8	9	14										31
Grounds Operations	11	9	19										39
Total Payroll	28	28	52										108
% Payroll to Revenue	258%	110%	96%										119%
% Payroll to Expenses	35%	47%	72%										51%

Utilities

Golf Ops & Clubhouse	7	8	7										23
Grounds	5	3	2										9

District Fund Accounts

General Fund	7	31	43										
Capital Fund	467	424	960										
Debit Service Fund	234	332	398										
Enterprise Fund	203	170	148										
TOTAL ALL FUNDS	911	958	1,550										

Total Entrp + Gen => 211 201 192

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