

**Heather Ridge Metropolitan District  
Financial Statements**

**August 31, 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 August 31, 2010 and the related statements of Revenues, Expenditures and Changes in Fund Balance - Governmental and Enterprise Funds, Budget and Actual (Budget Basis) for the eight 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.*

September 10, 2010

Heather Ridge Metropolitan District  
Balance Sheet - Governmental Funds and Account Groups  
August 31, 2010

See Accountant's Compilation Report

	General Fund	Capital Fund	Debt Service Fund	Enterprise Fund	Account Groups	Total All Funds
<b>Assets</b>						
<b>Current assets</b>						
Cash in checking	\$ -	\$ -	\$ -	\$ 35,492	\$ -	\$ 35,492
Cash in US Bank	-	-	-	23,468	-	23,468
Cash in COLOTRUST	69,479	-	-	2,793	-	72,272
Petty Cash	-	-	-	3,200	-	3,200
Accounts receivable - taxes	4,926	-	11,735	-	-	16,661
Cash - Trustee	-	674,572	389,191	182,518	-	1,246,281
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	4,668	-	4,668
Deposit to INC	-	-	-	-	-	-
Receivable - Members	-	-	-	27,126	-	27,126
Receivable - Trade Accts	-	-	-	8,600	-	8,600
	<u>74,405</u>	<u>678,172</u>	<u>400,926</u>	<u>287,865</u>	<u>-</u>	<u>1,441,368</u>
<b>Other assets</b>						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fun	-	-	-	-	400,926	400,926
Amount to be provided for retirement of debt	-	-	-	-	4,794,074	4,794,074
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,341,317</u>	<u>8,341,317</u>
	<u>\$ 74,405</u>	<u>\$ 678,172</u>	<u>\$ 400,926</u>	<u>\$ 287,865</u>	<u>\$ 8,341,317</u>	<u>\$ 9,782,685</u>
<b>Liabilities and Equity</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 7,571	\$ 971	\$ -	\$ 10,899	\$ -	\$ 19,441
Retainage Payable	-	31,304	-	-	-	31,304
Payable to HRCC	-	-	-	5,447	-	5,447
Payable to INC	-	-	-	8,883	-	8,883
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Long Term Liabilities</b>						
General obligation Bonds	-	-	-	-	5,195,000	5,195,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,195,000</u>	<u>5,195,000</u>
<b>Total Liabilities</b>	<u>7,571</u>	<u>32,275</u>	<u>-</u>	<u>25,229</u>	<u>5,195,000</u>	<u>5,260,075</u>
<b>Fund Equity</b>						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	66,834	645,897	400,926	262,636	-	1,376,293
	<u>66,834</u>	<u>645,897</u>	<u>400,926</u>	<u>262,636</u>	<u>3,146,317</u>	<u>4,522,610</u>
	<u>\$ 74,405</u>	<u>\$ 678,172</u>	<u>\$ 400,926</u>	<u>\$ 287,865</u>	<u>\$ 8,341,317</u>	<u>\$ 9,782,685</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, 2010  
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 119,542	\$ 124,687	\$ 5,145
Specific ownership taxes	9,563	5,214	(4,349)
Misc Income	-	561	561
Interest income	<u>150</u>	<u>515</u>	<u>365</u>
	<u>129,255</u>	<u>130,977</u>	<u>1,722</u>
<b>Expenditures</b>			
Audit/Accounting	15,000	20,372	(5,372)
Miscellaneous	100	611	(511)
Insurance	2,000	2,141	(141)
Legal	35,000	40,267	(5,267)
Treasurer's Fees	1,793	1,877	(84)
Election	1,000	-	1,000
Water Consultant Fee	-	-	-
Contingency	72,715	-	72,715
Emergency reserve	<u>1,647</u>	<u>-</u>	<u>1,647</u>
	<u>129,255</u>	<u>65,268</u>	<u>63,987</u>
Excess (deficiency) of revenues over expenditures	-	65,709	65,709
Fund balance - beginning	<u>-</u>	<u>1,125</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</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, 2010  
Capital Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ -	\$ 1,618	\$ 1,618
	<u>-</u>	<u>1,618</u>	<u>1,618</u>
Expenditures			
Capital Improvements	1,443,612	11,624	1,431,988
Planning & Engineering	-	35,833	(35,833)
Permits	-	100	(100)
Wells	-	483,226	(483,226)
Maintenance Building Roof	-	5,841	(5,841)
Clubhouse Outside Lighting	-	1,414	(1,414)
Software System	-	3,643	(3,643)
Golf Equipment	-	13,160	(13,160)
Perimeter Fence	-	12,252	(12,252)
Website Development	-	2,291	(2,291)
Logo Design	-	-	-
Golf Course Upgrades	-	778	(778)
Heating & Air	-	126,079	(126,079)
Computer Equipment	-	7,047	(7,047)
Golf Landscape Maintenance	-	23,249	(23,249)
Clubhouse Improvements	-	37,050	(37,050)
Legal	-	116	(116)
Miscellaneous	-	432	(432)
	<u>1,443,612</u>	<u>764,135</u>	<u>679,477</u>
Excess (deficiency) of revenues over expenditures	(1,443,612)	(762,517)	681,095
Fund balance - beginning	<u>1,443,612</u>	<u>1,408,414</u>	<u>(35,198)</u>
Fund balance - ending	<u>\$ -</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, 2010  
Debt Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 322,243	\$ 334,438	\$ 12,195
Specific ownership taxes	12,890	14,054	1,164
Interest income	975	417	(558)
	<u>336,108</u>	<u>348,909</u>	<u>12,801</u>
<b>Expenditures</b>			
Bond Principal	90,000	-	90,000
Bond Interest	229,619	130,308	99,311
Trustee Fees	2,500	-	2,500
Treasurer Fees	4,834	5,018	(184)
Contingency	-	-	-
	<u>326,953</u>	<u>135,326</u>	<u>191,627</u>
Excess (deficiency) of revenues over expenditures	9,155	213,583	204,428
Fund balance - beginning	<u>190,638</u>	<u>187,343</u>	<u>(3,295)</u>
Fund balance - ending	<u>\$ 199,793</u>	<u>\$ 400,926</u>	<u>\$ 201,133</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, 2010  
Enterprise Fund  
See Accountant's Compilation Report

	Annual Budget	Current Month	Year to Date Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Golf Course Revenue	\$ 951,000	\$ -	\$ -	\$ (951,000)
Golf Packages	-	9,115	92,414	92,414
Cart Packages	-	-	11,909	11,909
Tournaments	-	13,108	74,251	74,251
Cart Fees	-	28,457	105,238	105,238
Green Fees	-	58,038	259,233	259,233
Range ball fees	-	4,044	16,812	16,812
Merchandise	-	4,829	23,149	23,149
Rent - Restaurant	-	7,250	51,500	51,500
Miscellaneous Income	-	592	5,833	5,833
Interest income	-	30	273	273
	<u>951,000</u>	<u>125,463</u>	<u>640,612</u>	<u>(310,388)</u>
<b>Expenditures</b>				
Golf Course Expenses	859,000	-	-	859,000
Golf Cart Lease	-	6,130	37,986	(37,986)
Golf Pro	-	-	17,617	(17,617)
Golf Pro-Merchandise	-	7,553	27,204	(27,204)
Landscape Maintenance	-	2,788	15,886	(15,886)
Repairs/Maintenance	-	2,374	15,396	(15,396)
Building Maintenance	-	6,655	8,850	(8,850)
Golf Supplies	-	-	8,856	(8,856)
Fuel Charges	-	1,800	10,133	(10,133)
Golf Cart Repairs	-	3,894	1,776	(1,776)
Security	-	222	1,993	(1,993)
Credit Card Fees	-	1,545	10,841	(10,841)
Tournament Expense	-	2,142	7,098	(7,098)
Accounting	-	795	10,558	(10,558)
Golf Operations	-	1,795	13,976	(13,976)
Golf Course operations	-	23,642	146,798	(146,798)
Golf shop operations	-	24,334	115,507	(115,507)
Office operations	-	10,502	71,012	(71,012)
District management	-	5,000	40,000	(40,000)
District Consultants	-	2,000	17,000	(17,000)
Insurance	-	-	8,795	(8,795)
Legal	-	261	13,752	(13,752)
Office Supplies/Expenses	-	983	12,248	(12,248)
Advertising	-	1,600	13,041	(13,041)
Custodial Supplies	-	1,013	5,696	(5,696)
Utilities-Clubhouse	-	13,726	76,104	(76,104)
Utilities-Grounds	-	9,813	39,847	(39,847)
Software Maintenance	-	385	1,925	(1,925)
Miscellaneous	41,000	1,354	23,698	17,302
	<u>900,000</u>	<u>132,306</u>	<u>773,593</u>	<u>126,407</u>
Excess (deficiency) of revenues over expenditure	51,000	(6,843)	(132,981)	(183,981)
Fund balance - beginning	259,750	269,479	395,617	135,867
Fund balance - ending	<u>\$ 310,750</u>	<u>\$ 262,636</u>	<u>\$ 262,636</u>	<u>\$ (48,114)</u>

**Income / Expense Statement Summary**

Period:

**January - August 2010**

Description	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
<b>Golf Rounds / Starts</b>		91	1,247	3,000	3,548	4,100	4,600	5,100					21,686
<b>Revenues</b>				<b>Calc from</b>					<b>YTD Rounds / Start Avg ==&gt;</b>				<b>\$29.54</b>
				<b>June YTD</b>									
Golf Packages	12,252	4,310	9,936	37,501	7,650	8,665	2,985	9,115					92,414
Cart Packages		2,000	1,300	5,850	700	(141)	2,200						11,909
Tournaments				1,800	9,488	32,675	17,180	13,108					74,251
Cart Fees			4,754	8,472	19,097	21,081	23,377	28,457					105,238
Green Fees	373	3,262	21,267	29,421	41,399	48,652	56,821	58,038					259,233
Range Fees	37	26	2,782	(394)	3,254	3,594	3,469	4,044					16,812
Merchandise				4,105	3,917	5,564	4,734	4,829					23,149
Rent - Restaurant	11,500	5,750	5,750	1,000	6,750	6,750	6,750	7,250					51,500
Misc Income				869	3,323	(1,140)	2,189	592					5,833
Interest Income	40	40	35	34	33	31	30	30					273
	24,202	15,388	45,824	88,658	95,611	125,731	119,735	125,463	0	0	0	0	640,612

**Expenses**

Golf Cart Lease		7,440	120	7,320	4,380	6,172	6,424	6,130					37,986
P/R Golf Pro		3,500	3,500	7,000	3,500	117							17,617
Golf Pro - Merchandise				4,156		2,250	13,245	7,553					27,204
Landscape Maintenance				2,250	5,750	2,963	2,135	2,788					15,886
Repairs / Maintenance	(2,622)	2,428		3,821	4,798	1,622	2,975	2,374					15,396
Building Maintenance					Roof =>	6,248	(4,053)	6,655					8,850
Golf Supplies				6,792	702	210	1,152						8,856
Fuel Charges		1,736	25	1,279	1,769	1,780	1,744	1,800					10,133
Golf Cart Repairs			31	329	44	297	(2,819)	3,894					1,776
Security	162	1,095	222	(496)	222	344	222	222					1,993
Credit Card Fees		2,523	301	3,069	870	1,012	1,521	1,545					10,841
Tournament Expense						2,044	2,912	2,142					7,098
Accounting S&W	1,176	1,606	1,489	2,194	840	1,585	873	795					10,558
Golf Operations / P/R OH Overhead					6,709	4,829	643	1,795					13,976
P/R Golf Grnds Course Operations				63,390	12,730	23,832	23,204	23,642					146,798
P/R Golf Shop Operations				32,046	18,002	20,057	21,068	24,334					115,507
P/R Office Operations				33,119	8,472	9,085	9,834	10,502					71,012
District Mgt (INC)		50,000	35,000	(65,000)	5,000	5,000	5,000	5,000					40,000
District Consultanats		4,000		5,000	2,000	2,000	2,000	2,000					17,000
Insurance				7,697	337	761							8,795
Legal	6,269	2,417	2,088	(3,188)	990	3,277	1,638	261					13,752
Office Supplies	253	3,186	205	3,061	2,447	463	1,650	983					12,248
Advertising			1,118	7,023	1,641	877	782	1,600					13,041
Custodial Supplies				2,319	260	1,301	803	1,013					5,696
Utilities - Clubhouse	2,022	11,320	21,262	(1,690)	8,690	10,528	10,246	13,726					76,104
Utilities - Grounds				10,619	2,633	7,052	9,730	9,813					39,847
Software Maintenance				385	385	385	385	385					1,925
Miscellaneous	1,040	906	747	10,206	4,107	2,064	3,274	1,354					23,698
<b>Total Expenses</b>	8,300	92,157	66,108	142,701	97,278	118,155	116,588	132,306	0	0	0	0	773,593
<b>Excess / (Deficiency)</b>	15,902	(76,769)	(20,284)	(54,043)	(1,667)	7,576	3,147	(6,843)	0	0	0	0	(132,981)

**Enterprise Fund Balance - The 12/2009 bond agreement states if this number is reduced to ZERO - the golf course must close**

<b>Balance 12/2009 \$259.75 (k)</b>			274		274	266	264	263						
<b>P/R Payroll &amp; PR OH Overhead</b>		3,500	3,500	135,555	49,413	57,920	54,749	60,273	0	0	0	0	364,910	
% Revenue	0%	23%	8%	153%	52%	46%	46%	48%	ERR	ERR	ERR	ERR	57%	
% Expenses	0%	4%	5%	95%	51%	49%	47%	46%	ERR	ERR	ERR	ERR	47%	
<b>Description</b>	<b>#</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD</b>

**Notes: This report is a summary prepared from Simmons & Wheeler monthly HRMD approved financials**

**Amortization & Rev & Exp from 12/2009 are not considered**

**Payroll = P/R Categories + adding P/R Overhead**

**2010 Budget \$951k Revenue / Year**