

**Heather Ridge Metropolitan District
Financial Statements**

March 31, 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 March 31, 2012 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the three 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 13, 2012

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

For the 3 Months Ended March 31, 2012

Assets	<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>
Current assets						
Cash in checking	\$ 5,242	\$ -	\$ -	\$ 84,612		\$ 89,854
Cash in US Bank	-	-	-	32,972		32,972
Cash in COLOTRUST	52,527	24,235	94,118	-	-	170,880
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	10,918	-	20,362	-	-	31,280
Cash - Trustee	-	41,677	269,093	64	-	310,834
Prepaid Expense	72	-	-	4,715	-	4,787
Inventory	-	-	-	11,839	-	11,839
Receivable - Members	-	-	-	795	-	795
Receivable - GCAT	-	-	-	22,673	-	22,673
Receivable - rent	4,569	-	-	-	-	4,569
	<u>73,328</u>	<u>65,912</u>	<u>383,573</u>	<u>160,120</u>	<u>-</u>	<u>682,933</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fi	-	-	-	-	383,573	383,573
Amount to be provided for retirement of debt	-	-	-	-	5,311,177	5,311,177
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,841,067</u>	<u>8,841,067</u>
	<u>\$ 73,328</u>	<u>\$ 65,912</u>	<u>\$ 383,573</u>	<u>\$ 160,120</u>	<u>\$ 8,841,067</u>	<u>\$ 9,524,000</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 6,969	\$ -	\$ -	\$ 3,877	\$ -	\$ 10,846
Payable to Tournaments	-	-	-	2,050	-	2,050
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	10,901	-	10,901
Sales Tax Payable	-	-	-	(155)	-	(155)
Retainage Payable	-	-	-	-	-	-
Payable to GCatHR	-	-	-	-	-	-
	<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>6,969</u>	<u>-</u>	<u>-</u>	<u>19,801</u>	<u>5,694,750</u>	<u>5,721,520</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	66,359	65,912	383,573	140,319	-	656,163
	<u>66,359</u>	<u>65,912</u>	<u>383,573</u>	<u>140,319</u>	<u>3,146,317</u>	<u>3,802,480</u>
	<u>\$ 73,328</u>	<u>\$ 65,912</u>	<u>\$ 383,573</u>	<u>\$ 160,120</u>	<u>\$ 8,841,067</u>	<u>\$ 9,524,000</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, 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	\$ 10,068	\$ 84,547	\$ (99,546)	\$ 24,098	\$ 61,686
Specific ownership taxes	11,046	1,001	3,219	(7,827)	746	2,194
Misc Income	-	-	1,938	1,938	11	59
Rent - Restaurant	-	4,570	11,806	11,806	-	-
Interest income	150	27	40	(110)	4	16
	<u>195,289</u>	<u>15,666</u>	<u>101,550</u>	<u>(93,739)</u>	<u>24,859</u>	<u>63,955</u>
Expenditures						
Accounting	20,000	1,731	6,756	13,244	3,416	11,535
Audit	9,500	-	-	9,500	-	-
Legal	40,000	1,212	5,043	34,957	6,292	14,866
Insurance	5,000	-	10,779	(5,779)	-	13,627
Elections	-	-	947	(947)	-	-
Community Communication	37,500	5,020	10,670	26,830	2,367	12,491
Social function	2,500	-	-	2,500	-	-
Consultant Fees/Mgmt Fees	12,000	1,000	3,000	9,000	-	-
Miscellaneous	1,000	20	30	970	132	222
Building-2nd Floor/Repairs/Maint	-	186	5,271	(5,271)	-	-
Building - Utilities/Electric	-	2,361	5,181	(5,181)	-	-
Building - Utilities/Gas	-	2,352	5,204	(5,204)	-	-
Building - Utilities/Water/Sewer	-	1,020	3,005	-	-	-
Utilities/Telephone	-	275	275	-	-	-
Security	-	72	144	(144)	-	-
Office Supplies/Expense	-	-	-	-	-	-
Treasurer's Fees	2,761	151	1,268	1,493	361	925
Janitorial Supplies	-	173	173	173	-	-
Trash Removal	-	818	818	(818)	-	-
Election	10,000	-	-	10,000	-	-
Contingency	67,864	-	-	67,864	-	-
Emergency reserve	4,208	-	-	4,208	-	-
	<u>212,333</u>	<u>16,391</u>	<u>58,564</u>	<u>157,395</u>	<u>12,568</u>	<u>53,666</u>
Excess (deficiency) of revenues over expenditures	(17,044)	(725)	42,986	63,656	12,291	10,289
Fund balance - beginning	<u>17,044</u>	<u>67,084</u>	<u>23,373</u>	<u>6,329</u>	<u>31,094</u>	<u>33,096</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 66,359</u>	<u>\$ 66,359</u>	<u>\$ 69,985</u>	<u>\$ 43,385</u>	<u>\$ 43,385</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, 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	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000
Miscellaneous Income	-	-	-	-	-	0
Interest income	-	1	6	6	72	241
	<u>-</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>750,072</u>	<u>750,241</u>
Expenditures						
Cost of Issuance	-	-	-	-	46,232	46,232
Capital Improvements	81,557	-	-	81,557	-	-
Range Netting	-	-	-	-	27,600	48,300
Irrigation	-	-	-	-	-	6,533
Irrigation Contract 2011 Bond	-	-	-	-	102,295	102,295
Cart Path Improvements	-	-	-	-	-	2,500
Security	-	-	-	-	-	159
Signs/Monuments	-	10,000	10,000	(10,000)	-	-
Clubhouse Improvements	-	-	-	-	(2,584)	12,763
Legal	-	-	-	-	-	17,030
Smoking Patio	-	-	-	-	2,000	2,000
Restaurant Improvements	-	-	-	-	38,665	38,665
Parking Lot Improvements	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	<u>81,557</u>	<u>10,000</u>	<u>10,000</u>	<u>71,557</u>	<u>214,208</u>	<u>276,477</u>
Excess (deficiency) of revenues over expenditures	(81,557)	(9,999)	(9,994)	71,563	535,864	473,764
Fund balance - beginning	<u>81,557</u>	<u>75,911</u>	<u>75,906</u>	<u>(5,651)</u>	<u>424,435</u>	<u>486,535</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 65,912</u>	<u>\$ 65,912</u>	<u>\$ 65,912</u>	<u>\$ 960,299</u>	<u>\$ 960,299</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, 2012
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	\$ 342,771	\$ 18,779	\$ 157,519	\$ (185,252)	\$ 64,913	\$ 166,166
Specific ownership taxes	20,566	1,864	5,994	(14,572)	2,012	5,915
Interest income	975	7	24	(951)	29	129
	<u>364,312</u>	<u>20,650</u>	<u>163,537</u>	<u>(200,775)</u>	<u>66,954</u>	<u>172,210</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	282	2,363	2,779	974	2,493
Contingency	-	-	-	-	-	-
	<u>419,001</u>	<u>282</u>	<u>63,380</u>	<u>355,621</u>	<u>974</u>	<u>57,372</u>
Excess (deficiency) of revenues over expenditures	(54,689)	20,368	100,157	154,846	65,980	114,838
Fund balance - beginning	<u>263,018</u>	<u>363,205</u>	<u>283,416</u>	<u>20,398</u>	<u>332,422</u>	<u>283,564</u>
Fund balance - ending	<u>\$ 208,329</u>	<u>\$ 383,573</u>	<u>\$ 383,573</u>	<u>\$ 175,244</u>	<u>\$ 398,402</u>	<u>\$ 398,402</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, 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	1,780	76,673	26,673	6,520	6,760
Golf Packages - trade acct	3,500	-	-	(3,500)	-	2,880
Cart Packages	10,000	-	19,140	9,140	-	800
Cart Packages -trade acct	2,000	-	-	(2,000)	-	1,200
Social Memberships	-	-	-	-	-	-
Junior Golf Packages	1,200	-	-	(1,200)	-	-
Golf Cards	120,000	3,500	66,042	(53,958)	6,450	13,200
Tournaments	70,000	-	-	(70,000)	-	-
Cart Fees	125,000	9,541	10,854	(114,146)	9,276	13,274
Green Fees	350,000	26,636	35,457	(314,543)	26,175	45,571
Range ball fees	20,000	2,564	2,763	(17,237)	1,957	2,455
Club Rentals	500	-	-	(500)	-	-
Merchandise	35,000	2,213	4,041	(30,959)	3,647	3,737
Rent - Restaurant	72,000	-	-	(72,000)	-	-
Miscellaneous Income	3,000	104	174	(2,826)	84	248
Interest income	100	-	-	(100)	6	64
	<u>862,300</u>	<u>46,338</u>	<u>215,144</u>	<u>(647,156)</u>	<u>54,115</u>	<u>90,189</u>
Expenditures						
Golf Course operations	451,500	15,575	62,978	388,522	31,616	107,498
Administration Expenses	64,300	5,996	19,259	45,041	16,644	50,358
Grounds expense	366,700	16,194	43,298	323,402	23,393	52,772
	<u>882,500</u>	<u>37,765</u>	<u>125,535</u>	<u>756,965</u>	<u>71,653</u>	<u>210,628</u>
Excess (deficiency) of revenues over expenditures	(20,200)	8,573	89,609	109,809	(17,538)	(120,439)
Fund balance - beginning	<u>100,177</u>	<u>131,746</u>	<u>50,710</u>	<u>(49,467)</u>	<u>170,120</u>	<u>273,021</u>
Fund balance - ending	<u>\$ 79,977</u>	<u>\$ 140,319</u>	<u>\$ 140,319</u>	<u>\$ 60,342</u>	<u>\$ 152,582</u>	<u>\$ 152,582</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Governmental Funds
Budget and Actual
For the 3 Months Ended March 31, 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
Golf Course operations						
Merchandise	\$ 35,000	\$ 1,383	\$ 6,252	\$ 28,748	\$ 432	\$ 432
Equipment lease	500	-	-	500	-	-
District Consultants	2,000	-	-	2,000	909	2,909
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	3,689	7,365	137,635	18,862	37,626
Business licenses and permits	200	-	-	200	-	-
Advertising	10,000	-	1,355	8,645	350	1,045
Advertising - trade acct	3,500	-	-	3,500	-	4,080
Bank Service charges	200	-	-	200	-	-
Credit Card Fees	17,500	199	3,883	13,617	510	2,968
Meals and entertainment	250	-	10	240	-	-
Charitable community relations	250	-	-	250	-	-
Computer and internet expenses	5,000	741	1,589	3,411	385	1,155
Driving range supplies	5,000	-	279	4,721	-	1,691
Dues and subscriptions	750	-	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	13,140	45,360	4,380	13,140
Golf Lessons	600	-	-	600	-	761
Golf Cart Repairs	3,000	123	853	2,147	-	-
Janitorial expense	3,500	-	22	3,478	100	100
Laundry/Cleaning expense	150	-	-	150	-	-
Licenses/Permits/Fees	250	245	245	5	6,390	6,490
Insurance	10,000	-	5,410	4,590	-	-
Office Supplies/Expenses	500	319	480	20	136	136
Operating Supplies	2,500	269	1,263	1,237	33	33
Golf Supplies	1,500	-	-	1,500	-	-
Pest control	800	-	-	800	-	65
Postage and Delivery	250	-	12	238	88	132
Printing Stationary	1,000	-	935	65	-	-
Repairs/Maintenance	5,000	-	44	4,956	(179)	170
Training education	500	-	-	500	-	-
Trash removal	7,800	144	1,080	6,720	424	1,969
Travel/mileage/lodging	500	-	-	500	-	-
Utilities - alarm	2,700	-	-	2,700	-	-
Utilities -electric	60,000	821	4,800	55,200	2,664	8,208
Utilities -gas	20,500	229	2,982	17,518	2,611	9,236
Utilities - water	28,000	180	756	27,244	1,044	2,810
Utilities - Satellite/Cable	-	-	-	-	291	291
Utilities telephone	6,750	275	1,025	5,725	542	1,982
Clubhouse Improvements	-	-	-	-	(6,000)	-
Golf Course Management	-	2,500	5,000	(5,000)	(4,000)	6,000
Security	500	78	378	122	322	1,944
Miscellaneous expense	-	-	3,600	(3,600)	24	274
Building Maintenance	-	-	-	-	1,298	1,541
Costs Associated with 2nd Floor	-	-	-	-	-	-
Total Golf Course Operations	\$ 451,500	\$ 15,575	\$ 62,978	\$ 388,522	\$ 31,616	\$ 107,498

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Governmental Funds
Budget and Actual
For the 3 Months Ended March 31, 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	\$ 525	\$ 1,245	\$ 13,755	\$ 740	\$ 2,983
Legal	6,000	-	-	6,000	812	14,292
Consulting fees	5,000	-	-	5,000	-	-
Wages and Benefits	36,000	5,266	17,523	18,477	13,957	30,920
Office operations	-	-	-	-	-	17
Computer and internet expenses	500	-	-	500	612	787
Operating supplies	500	-	229	271	-	68
Janitorial	-	-	-	-	368	573
Postage and delivery	-	-	32	(32)	-	-
Printing/Stationery	300	137	137	163	-	246
Professional fees	-	-	-	-	123	123
Security	-	-	-	-	27	54
Utilities - Satellite/cable	-	-	-	-	-	277
Miscellaneous	1,000	68	93	907	5	18
Total Administrative expenses	\$ 64,300	\$ 5,996	\$ 19,259	\$ 45,041	\$ 16,644	\$ 50,358
Grounds						
Golf course amenities	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -
Wages and benefits	205,000	10,965	32,957	172,043	18,959	39,015
Gas oil lube	18,500	-	-	18,500	-	-
Fuel Charges	-	2,114	2,119	(2,119)	1,125	1,125
Dues and subscriptions	250	-	-	250	-	160
Employee relations	250	-	-	250	-	-
Utility - electric	77,500	288	4,217	73,283	1,293	7,704
Utility - gas	2,000	238	683	1,317	292	858
Utility - water/sewer	1,500	95	266	1,234	130	294
Utility - telephone	1,750	114	342	1,408	115	355
Trash Removal	3,500	-	-	3,500	-	640
Education/seminars	250	15	15	235	-	-
Chemicals	4,000	-	-	4,000	-	-
Equipment repairs/maintenance	12,500	192	192	12,308	155	596
Equipment rental	1,000	-	-	1,000	-	-
Fertilizer	15,000	619	619	14,381	-	-
Golf course supplies	5,000	53	53	4,947	-	94
Ground improvements	1,500	-	77	1,423	960	960
Irrigation repairs	6,000	-	-	6,000	-	2
Amenities	-	909	909	(909)	-	-
Sand, soil, gravel	4,000	-	-	4,000	-	-
Sanitation rental	3,500	360	545	2,955	364	754
Professional Fees	-	160	160	(160)	-	-
Security	-	72	144	(144)	-	-
Small tools and equipment	500	-	-	500	-	215
Tires/batteries	1,500	-	-	1,500	-	-
Training/Education	200	-	-	200	-	-
Landscape Maintenance	-	-	-	-	-	-
Total Grounds expense	\$ 366,700	\$ 16,194	\$ 43,298	\$ 323,402	\$ 23,393	\$ 52,772

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	2,386										2,745
No Play Days - Weather	21	27	2										50
Play Days	7	2	29										38
Avg \$ per Round / Start	605.71	65.22	19.42										78.38
Revenue - Golf	162.9	5.9	46.3										215.1
Expenses													
Golf Course Operations	28.2	19.2	15.6										63.0
Administration	6.1	7.1	6.0										19.3
Grounds Operations	14.3	12.8	16.2										43.3
Total Expenses	48.6	39.1	37.8										125.5
P&L Excess / (Deficiency)	114.3	(33.3)	8.6										89.6

Key Expense Areas:

Payroll

Grounds Operations	10.3	11.7	11.0										33.0
Golf Course Operations	0.5	3.1	3.7										7.4
Administration	5.5	6.8	5.3										17.5
Total Payroll	16.3	21.7	19.9										57.8
% Payroll to Revenue	10%	369%	43%										27%
% Payroll to Expenses	33%	55%	53%										46%

Utilities

Golf Ops & Clubhouse	6.3	1.8	1.5										9.6
Grounds	4.0	0.8	0.7										5.5
Clubhouse Top Floor	0.9	6.8	0.2										7.8
Utilities Gen Fund Portion	0.9	6.8	6.0										13.7

Clubhouse Maintenance (Gen Fund):

1st Bldg Repair/Maintenance	0.0	0.0	0.0										0.0
2nd Bldg Repair/Maintenance	4.5	0.6	0.2										5.3

Capital Expenditures

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

Grounds / Golf	0.0	0.0	0.0										1,543
Clubhouse	0.0	0.0	0.0										341
Golf Course	0.0	0.0	0.0										125
Restaurant - Noonan's	0.0	0.0	10.0										93
Total Cap Exp	0.0	0.0	10.0										2,103

District Fund Accounts

General Fund	2	67	66										
Capital Fund	76	76	66										
Debit Service Fund	227	363	384										
Enterprise Fund	165	132	140										

TOTAL ALL FUNDS 471 638 656

Total Funds less Dbt Svc => 243 275 273

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