

**Heather Ridge Metropolitan District
Financial Statements**

December 31, 2010

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 December 31, 2010 and the related Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental and Enterprise Funds for the year 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.

January 14, 2011

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

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	\$ 13,345	\$ -	\$ -	\$ 50,891	\$ -	\$ 64,236
Cash in US Bank	-	-	-	30,457	-	30,457
Cash in COLOTRUST	21,706	-	-	20,635	-	42,341
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	528	-	1,423	-	-	1,951
Cash - Trustee	-	489,658	282,892	177,605	-	950,155
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	11,795	-	-	4,380	-	16,175
Receivable - Members	-	-	-	20,261	-	20,261
Receivable - Trade Accts	-	-	-	-	-	-
	<u>47,374</u>	<u>493,258</u>	<u>284,315</u>	<u>306,679</u>	<u>-</u>	<u>1,131,626</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service	-	-	-	-	283,565	283,565
Amount to be provided for retirement of debt	-	-	-	-	4,821,435	4,821,435
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,251,317</u>	<u>8,251,317</u>
	<u>\$ 47,374</u>	<u>\$ 493,258</u>	<u>\$ 284,315</u>	<u>\$ 306,679</u>	<u>\$ 8,251,317</u>	<u>\$ 9,382,943</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 14,279	\$ 6,722	\$ 750	\$ 7,028	\$ -	\$ 28,779
Payable to HRCC	-	-	-	3,128	-	3,128
Payable to Clubs/Trade Acct	-	-	-	7,814	-	7,814
Payable to INC	-	-	-	15,689	-	15,689
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long Term Liabilities						
General obligation Bonds	-	-	-	-	5,105,000	5,105,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>14,279</u>	<u>6,722</u>	<u>750</u>	<u>33,659</u>	<u>5,105,000</u>	<u>5,160,410</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	33,095	486,536	283,565	273,020	-	1,076,216
	<u>33,095</u>	<u>486,536</u>	<u>283,565</u>	<u>273,020</u>	<u>3,146,317</u>	<u>4,222,533</u>
	<u>\$ 47,374</u>	<u>\$ 493,258</u>	<u>\$ 284,315</u>	<u>\$ 306,679</u>	<u>\$ 8,251,317</u>	<u>\$ 9,382,943</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 12 Months Ended December 31, 2010
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Property taxes	\$ 119,542	\$ 134,207	\$ 14,665
Specific ownership taxes	9,563	7,660	(1,903)
Misc Income	-	731	731
Interest income	<u>150</u>	<u>658</u>	<u>508</u>
	<u>129,255</u>	<u>143,256</u>	<u>14,001</u>
Expenditures			
Audit/Accounting	15,000	36,870	(21,870)
Miscellaneous	100	10,578	(10,478)
Insurance	2,000	2,141	(141)
Legal	35,000	59,676	(24,676)
Treasurer's Fees	1,793	2,021	(228)
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>111,286</u>	<u>17,969</u>
Excess (deficiency) of revenues over expenditures	-	31,970	31,970
Fund balance - beginning	<u>-</u>	<u>1,125</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 33,095</u>	<u>\$ 33,095</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 12 Months Ended December 31, 2010
Capital Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Miscellaneous Income	-	7,710	7,710
Interest income	<u>\$ -</u>	<u>\$ 2,037</u>	<u>\$ 2,037</u>
	<u>-</u>	<u>9,747</u>	<u>9,747</u>
Expenditures			
Capital Improvements	1,443,612	24,241	1,419,371
Planning & Engineering	-	39,666	(39,666)
Permits	-	100	(100)
Wells	-	519,824	(519,824)
Maintenance Building Roof	-	5,841	(5,841)
Clubhouse Outside Lighting	-	1,414	(1,414)
Software System	-	3,643	(3,643)
Golf Equipment	-	31,300	(31,300)
Perimeter Fence	-	12,252	(12,252)
Range Netting	-	20,700	(20,700)
Website Development	-	2,291	(2,291)
Irrigation	-	9,413	(9,413)
Safety	-	392	(392)
Security	-	450	(450)
Logo Design	-	-	-
Golf Course Upgrades	-	778	(778)
Heating & Air	-	165,873	(165,873)
Computer Equipment	-	7,942	(7,942)
Golf Landscape Maintenance	-	23,714	(23,714)
Clubhouse Improvements	-	40,720	(40,720)
Parking Lot Improvements	-	20,212	(20,212)
Legal	-	427	(427)
Miscellaneous	<u>-</u>	<u>432</u>	<u>(432)</u>
	<u>1,443,612</u>	<u>931,625</u>	<u>511,987</u>
Excess (deficiency) of revenues over expenditures	(1,443,612)	(921,878)	521,734
Fund balance - beginning	<u>1,443,612</u>	<u>1,408,414</u>	<u>(35,198)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 486,536</u>	<u>\$ 486,536</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 12 Months Ended December 31, 2010
Debt Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 322,243	\$ 356,987	\$ 34,744
Specific ownership taxes	12,890	20,648	7,758
Interest income	<u>975</u>	<u>851</u>	<u>(124)</u>
	<u>336,108</u>	<u>378,486</u>	<u>42,378</u>
Expenditures			
Bond Principal	90,000	90,000	-
Bond Interest	229,619	186,154	43,465
Trustee Fees	2,500	750	1,750
Treasurer Fees	4,834	5,360	(526)
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
	<u>326,953</u>	<u>282,264</u>	<u>44,689</u>
 Excess (deficiency) of revenues over expenditures	 9,155	 96,222	 87,067
 Fund balance - beginning	 <u>190,638</u>	 <u>187,343</u>	 <u>(3,295)</u>
 Fund balance - ending	 <u>\$ 199,793</u>	 <u>\$ 283,565</u>	 <u>\$ 83,772</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds
Budget and Actual
For the 12 Months Ended December 31, 2010
Enterprise Fund
See Accountant's Compilation Report

	Annual <u>Budget</u>	Current <u>Month</u>	Year to Date <u>Actual</u>	Variance Favorable (Unfavorable)
Revenues				
Golf Course Revenue	\$ 951,000	\$ -	\$ -	\$ (951,000)
Golf Packages	-	81,750	192,184	192,184
Cart Packages	-	22,200	39,609	39,609
Junior Golf Packages	-	-	1,050	1,050
Golf Cards	-	37,725	45,525	45,525
Tournaments	-	-	90,892	90,892
Cart Fees	-	6,062	161,656	161,656
Green Fees	-	12,161	360,859	360,859
Range ball fees	-	688	23,624	23,624
Merchandise	-	(160)	3,720	3,720
Rent - Restaurant	-	-	73,250	73,250
Miscellaneous Income	-	(21)	6,483	6,483
Interest income	-	29	393	393
	<u>951,000</u>	<u>160,434</u>	<u>999,245</u>	<u>48,245</u>
Expenditures				
Golf Course Expenses	859,000	-	-	859,000
Golf Cart Lease	-	4,380	55,571	(55,571)
Golf Pro	-	-	17,617	(17,617)
Golf Pro-Merchandise	-	-	-	-
Landscape Maintenance	-	857	19,978	(19,978)
Repairs/Maintenance	-	526	19,571	(19,571)
Building Maintenance	-	-	8,490	(8,490)
Golf Supplies	-	-	9,522	(9,522)
Pool Expenses	-	-	928	(928)
Fuel Charges	-	1,872	13,995	(13,995)
Safety	-	-	4,245	(4,245)
Golf Cart Repairs	-	43	2,729	(2,729)
Security	-	222	3,599	(3,599)
Credit Card Fees	-	715	16,183	(16,183)
Tournament Expense	-	2,145	13,176	(13,176)
Accounting	-	959	15,300	(15,300)
Golf Operations	-	802	17,527	(17,527)
Golf Course operations	-	10,518	220,464	(220,464)
Golf shop operations	-	11,072	199,546	(199,546)
Office operations	-	8,898	109,965	(109,965)
Golf Mgmt Training	-	-	20	(20)
District management	-	5,000	60,000	(60,000)
District Consultants	-	1,000	23,000	(23,000)
Insurance	-	-	8,795	(8,795)
Legal	-	290	15,766	(15,766)
Office Supplies/Expenses	-	1,933	16,352	(16,352)
Advertising	-	9,320	25,229	(25,229)
Custodial Supplies	-	247	7,545	(7,545)
Utilities-Clubhouse	-	6,152	108,175	(108,175)
Utilities-Grounds	-	7,491	80,046	(80,046)
Software Maintenance	-	385	3,465	(3,465)
Miscellaneous	41,000	1,922	25,043	15,957
	<u>900,000</u>	<u>76,749</u>	<u>1,121,842</u>	<u>(221,842)</u>
Excess (deficiency) of revenues over expendit	51,000	83,685	(122,597)	(173,597)
Fund balance - beginning	259,750	189,335	395,617	135,867
Fund balance - ending	\$ 310,750	\$ 273,020	\$ 273,020	\$ (37,730)

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds

For the 12 Months Ended December 31, 2010
See Accountant's Compilation Report

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date Actual
Revenues													
Golf Course Revenue	\$ 20,690	\$ 10,334	\$ 18,095	\$ 14,880	\$ 7,650	\$ 8,665	\$ 2,985	\$ 9,115	\$ 2,675	\$ 6,840	\$ 8,505	\$ 81,750	\$ 192,184
Golf Packages		2,000	2,400	4,750	700	(141)	2,200			2,800	2,700	22,200	39,609
Junior Golf Packages									1,050				1,050
Golf Cards										1,500	6,300	37,725	45,525
Tournaments			400	1,400	9,488	32,675	17,180	13,108	11,826	4,815			90,892
Cart Fees			4,754	8,472	19,097	21,081	23,377	28,457	23,330	16,202	10,824	6,062	161,656
Green Fees	373	3,262	21,267	29,421	41,399	48,652	56,821	58,038	42,985	28,184	18,296	12,161	360,859
Range ball fees	37	26		2,451	3,254	3,594	3,469	4,044	3,200	1,931	993	688	23,687
Merchandise			1,716	2,326	3,917	5,564	4,734	4,829	(19,827)	(209)	767	(160)	3,657
Rent - Restaurant	5,750	5,750	5,750	6,750	6,750	6,750	6,750	7,250	6,750	7,500	7,500	-	73,250
Miscellaneous Income			667	202	3,323	(1,140)	2,189	592	144	254	273	(21)	6,483
Interest income	40	39	35	35	33	31	30	30	31	29	31	29	393
	26,890	21,411	55,084	70,687	95,611	125,731	119,735	125,463	72,164	69,846	56,189	160,434	999,245
Expenditures													
Golf Course Expenses													
Golf Cart Lease	3,720	3,720	7,440		4,380	6,172	6,424	6,130		4,380	4,380	4,380	55,571
Golf Pro	3,500	3,500	3,500	3,500	3,500	117							17,617
Golf Pro-Merchandise		(2,460)	1,748	2,408		2,250	13,245	7,553	(27,204)				(2,460)
Landscape Maintenance				2,250	5,750	2,963	2,135	2,788	3,052		118	857	19,978
Repairs/Maintenance	5,967		16	104	4,798	1,622	2,975	2,374	893	1,429	1,327	526	22,031
Building Maintenance						6,248	(4,053)	6,655	696	(1,244)	188		8,490
Golf Supplies		276	779	5,737	702	210	1,152				447		9,522
Pool Expenses									49	879			928
Fuel Charges	1,736	24	1,280		1,769	1,780	1,744	1,800	567	1,423		1,872	13,995
Safety										4,195	50		4,245
Golf Cart Repairs	329		31		44	297	(2,819)	3,894	669	194	47	43	2,729
Security	444	222	317		222	344	222	222	222	812	350	222	3,599
Credit Card Fees	1,821	2,523	301	1,248	870	1,012	1,521	1,545	2,122	1,483	1,022	715	16,183
Tournament Expense						2,044	2,912	2,142	2,773	1,086	74	2,145	13,176
Accounting	1,606	1,489	1,399	1,971	840	1,585	873	795	931	1,020	1,832	959	15,300
Golf Operations	1,812	1,270	2,415		6,709	4,829	643	1,795	368	2,231	150	802	23,024
Golf Course operations	9,378	12,270	12,705	23,540	12,730	23,832	23,204	23,642	31,015	18,010	14,123	10,518	214,967
Golf shop operations	1,586	4,033	7,686	18,741	18,002	20,057	21,068	24,334	37,247	19,190	16,530	11,072	199,546
Office operations	4,093	7,396	7,796	13,834	8,472	9,085	9,834	10,502	12,891	8,885	8,279	8,898	109,965
Golf Mgmt Training									20				20
District management	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
District Consultants	3,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000	1,000	23,000
Insurance	7,697				337	761							8,795
Legal	2,417	2,088	1,913	1,168	990	3,277	1,638	261	1,260	232	232	290	15,766
Office Supplies/Expenses	535	4,396	1,062	1,104	2,447	463	1,650	983	221	828	1,122	1,933	16,744
Advertising	950	1,813	544	4,442	1,641	877	782	1,600	730	1,839	299	9,320	24,837
Custodial Supplies		952	1,062	305	260	1,301	803	1,013	1,046		556	247	7,545
Utilities-Clubhouse	10,385	3,138	22,461	7,548	8,690	10,529	10,246	13,726	10,396	8,933	6,590	6,152	118,794
Utilities-Grounds			2,633		7,052	9,730	9,813	9,813	10,398	11,343	10,967	7,491	69,427
Software Maintenance					385	385	385	385	385	385	385	385	3,465
Miscellaneous	1,579	3,282	5,912	2,126	4,107	2,064	3,274	1,354	2,552	(3,844)	715	1,922	25,043
	67,555	56,932	87,367	97,411	97,278	118,156	116,588	132,306	104,943	90,774	75,783	76,749	1,121,842
Excess (deficiency) of revenues	(40,665)	(35,521)	(32,283)	(26,724)	(1,667)	7,575	3,147	(6,843)	(32,779)	(20,928)	(19,594)	83,685	(122,597)
Over expenditures													
Fund balance - beginning	395,617	354,952	319,431	287,148	260,424	258,757	266,332	269,479	262,636	229,857	208,929	189,335	395,617
Fund balance - ending	\$ 354,952	\$ 319,431	\$ 287,148	\$ 260,424	\$ 258,757	\$ 266,332	\$ 269,479	\$ 262,636	\$ 229,857	\$ 208,929	\$ 189,335	\$ 273,020	\$ 273,020

HRMD Golf & Clubhouse P&L 2011 by Month

Income / Expense Statement Summary

Golf Enterprise YTD Summary

Actual \$ (000)

2010 - YTD

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Significant Operations Event			Drill, Construct & Install 16 Well										
Golf Rounds / Starts	0	91	1,247	3,000	3,548	4,100	4,600	5,100	4,151	3,171	1,525	1,356	31,889
No Play Days - Weather	31	28	25	15	10	0	0	0	0	0	7	5	121
Play Days	0	0	6	15	21	30	31	31	30	31	23	26	244
Avg \$ per Round / Start		235.29	44.17	23.56	26.95	30.67	26.03	24.60	17.38	22.03	36.85	118.31	\$31.34

Revenue

Golf	21.1	15.7	49.3	63.9	88.9	119.0	113.0	118.2	65.4	62.3	48.7	160.4	926.0
Food & Beverage (F&B)	5.8	5.8	5.8	6.8	6.8	6.8	6.8	7.3	6.8	7.5	7.5		73.3

Total Revenue

Total Revenue	26.9	21.4	55.1	70.7	95.6	125.7	119.7	125.5	72.2	69.8	56.2	160.4	999.2
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Expenses

† Golf Course Operations	51.8	32.8	64.5	56.7	63.5	73.0	68.3	82.8	46.8	50.2	41.2	45.2	676.8
† Administration	4.6	11.8	8.9	14.9	10.9	9.5	11.5	11.5	13.1	9.7	9.4	10.8	126.7
† Grounds Operations	11.1	12.3	14.0	25.8	22.9	35.6	36.8	38.0	45.0	30.8	25.2	20.7	318.4

Total Expenses

Total Expenses	67.6	56.9	87.4	97.4	97.3	118.2	116.6	132.3	104.9	90.8	75.8	76.7	1,121.8
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P&L Excess / (Deficiency) **(40.7)** **(35.5)** **(32.3)** **(26.7)** **(1.7)** **7.6** **3.1** **(6.8)** **(32.8)** **(20.9)** **(19.6)** **83.7** **(122.6)**

† Estimated - This Expense Breakdown reporting started in January, 2011

Key Expense Areas:

Payroll

Golf Operations / PR OvrHd	1.8	1.3	2.4		6.7	4.8	0.6	1.8	0.4	2.2	0.2	0.8	23.0
Grounds Operations	9.4	12.3	12.7	23.5	12.7	23.8	23.2	23.6	31.0	18.0	14.1	10.5	215.0
Golf Course Operations	5.1	7.5	11.2	22.2	21.5	20.2	21.1	24.3	37.2	19.2	16.5	11.1	217.2
Administration	4.1	7.4	7.8	13.8	8.5	9.1	9.8	10.5	12.9	8.9	8.3	8.9	110.0
Total Payroll	20.4	28.5	34.1	59.6	49.4	57.9	54.7	60.3	81.5	48.3	39.1	31.3	565.1
% Payroll to Revenue	76%	133%	62%	84%	52%	46%	46%	48%	113%	69%	70%	20%	57%
% Payroll to Expenses	30%	50%	39%	61%	51%	49%	47%	46%	78%	53%	52%	41%	50%

Utilities

Golf Ops & Clubhouse	10.4	3.1	22.5	7.5	8.7	10.5	10.2	13.7	10.4	8.9	6.6	6.2	118.8
Grounds					2.6	7.1	9.7	9.8	10.4	11.3	11.0	7.5	69.4

Clubhouse Maintenance

Building Maintenance						6.2	(4.1)	6.7	0.7	(1.2)	0.2		8.5
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Capital Expenditures

	To Date												
Grounds / Golf	48.7	12.1	29.1	309.2	14.5	17.2	86.3	70.7	0.5	65.0	25.3	24.7	703.2
Clubhouse	14.6	4.5	29.4	18.4	12.3	41.0	29.1	44.0	31.6	33.7		3.0	261.6
Golf Course													68.6
Restaurant													
Total Cap Exp	63.3	16.6	58.5	327.6	26.9	58.2	115.3	114.7	32.1	98.7	25.3	27.7	1,033.5

District Fund Accounts

General Fund	16	26	32	49	74	70	67	58	52	47	33		
Capital Fund	1,360	1,003	955	905	793	688	646	585	521	520	487		
Debit Service Fund	291	335	267	332	416	389	401	409	279	283	284		
Enterprise Fund	299	274	260	259	266	264	263	230	209	189	273		

TOTAL ALL FUNDS **0** **1,966** **1,638** **1,514** **1,545** **1,550** **1,410** **1,376** **1,282** **1,061** **1,039** **1,076**

Total Gen + Entpr => **0** **314** **300** **292** **308** **340** **333** **329** **287** **261** **236** **306**

General Fund + Enterprise Fund -- The 12/2009 bond agreement states if this number is reduced to \$100k - 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 financial reports													
Amortization of PrePaid Revenue from December Last Year - not considered													