

**Heather Ridge Metropolitan District
Financial Statements**

September 30, 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 September 30, 2010 and the related statements of Revenues, Expenditures and Changes in Fund Balance - Governmental and Enterprise Funds, Budget and Actual (Budget Basis) for the nine 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.

October 12, 2010

Heather Ridge Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
September 30, 2010

See Accountant's Compilation Report

Assets	General Fund	Capital Fund	Debt Service Fund	Enterprise Fund	Account Groups	Total All Funds
Current assets						
Cash in checking	\$ 3,034	\$ -	\$ -	\$ 50,000	\$ -	\$ 53,034
Cash in US Bank	-	-	-	8,774	-	8,774
Cash in COLOTRUST	61,639	-	-	8,001	-	69,640
Petty Cash	-	-	-	2,450	-	2,450
Accounts receivable - taxes	3,396	-	8,243	-	-	11,639
Cash - Trustee	-	642,638	400,991	179,334	-	1,222,963
Golf Cart Deposit	-	3,600	-	-	-	3,600
Prepaid Expense	-	-	-	4,602	-	4,602
Deposit to INC	-	-	-	-	-	-
Receivable - Members	-	-	-	21,660	-	21,660
Receivable - Trade Accts	-	-	-	8,600	-	8,600
Receivable - Rent	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	<u>68,069</u>	<u>646,238</u>	<u>409,234</u>	<u>283,421</u>	<u>-</u>	<u>1,406,962</u>
Other assets						
Improvements	-	-	-	-	3,146,317	3,146,317
Amount available in debt service fun	-	-	-	-	409,234	409,234
Amount to be provided for retirement of debt	-	-	-	-	4,785,766	4,785,766
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,341,317</u>	<u>8,341,317</u>
	<u>\$ 68,069</u>	<u>\$ 646,238</u>	<u>\$ 409,234</u>	<u>\$ 283,421</u>	<u>\$ 8,341,317</u>	<u>\$ 9,748,279</u>
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$ 10,562	\$ 60,862	\$ -	\$ 12,959	\$ -	\$ 84,383
Retainage Payable	-	-	-	-	-	-
Payable to HRCC	-	-	-	5,697	-	5,697
Payable to Clubs	-	-	-	14,861	-	14,861
Payable to INC	-	-	-	20,047	-	20,047
Due to other funds	-	-	-	-	-	-
Long Term Liabilities						
General obligation Bonds	-	-	-	-	5,195,000	5,195,000
Total Liabilities	<u>10,562</u>	<u>60,862</u>	<u>-</u>	<u>53,564</u>	<u>5,195,000</u>	<u>5,319,988</u>
Fund Equity						
Investment in improvements	-	-	-	-	3,146,317	3,146,317
Fund balance	57,507	585,376	409,234	229,857	-	1,281,974
	<u>57,507</u>	<u>585,376</u>	<u>409,234</u>	<u>229,857</u>	<u>3,146,317</u>	<u>4,428,291</u>
	<u>\$ 68,069</u>	<u>\$ 646,238</u>	<u>\$ 409,234</u>	<u>\$ 283,421</u>	<u>\$ 8,341,317</u>	<u>\$ 9,748,279</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 9 Months Ended September 30, 2010
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 119,542	\$ 127,764	\$ 8,222
Specific ownership taxes	9,563	5,552	(4,011)
Misc Income	-	561	561
Interest income	150	556	406
	<u>129,255</u>	<u>134,433</u>	<u>5,178</u>
Expenditures			
Audit/Accounting	15,000	27,471	(12,471)
Miscellaneous	100	2,785	(2,685)
Insurance	2,000	2,141	(141)
Legal	35,000	43,731	(8,731)
Treasurer's Fees	1,793	1,923	(130)
Election	1,000	-	1,000
Water Consultant Fee	-	-	-
Contingency	72,715	-	72,715
Emergency reserve	1,647	-	1,647
	<u>129,255</u>	<u>78,051</u>	<u>51,204</u>
Excess (deficiency) of revenues over expenditures	-	56,382	56,382
Fund balance - beginning	<u>-</u>	<u>1,125</u>	<u>1,125</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 57,507</u>	<u>\$ 57,507</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 9 Months Ended September 30, 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	\$ -	\$ 1,741	\$ 1,741
	<u>-</u>	<u>9,451</u>	<u>9,451</u>
Expenditures			
Capital Improvements	1,443,612	11,625	1,431,987
Planning & Engineering	-	39,133	(39,133)
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	-	18,895	(18,895)
Perimeter Fence	-	12,252	(12,252)
Website Development	-	2,291	(2,291)
Logo Design	-	-	-
Golf Course Upgrades	-	778	(778)
Heating & Air	-	164,873	(164,873)
Computer Equipment	-	7,047	(7,047)
Golf Landscape Maintenance	-	23,250	(23,250)
Clubhouse Improvements	-	37,050	(37,050)
Parking Lot Improvements	-	20,212	(20,212)
Legal	-	427	(427)
Miscellaneous	-	432	(432)
	<u>1,443,612</u>	<u>832,489</u>	<u>611,123</u>
Excess (deficiency) of revenues over expenditures	(1,443,612)	(823,038)	620,574
Fund balance - beginning	<u>1,443,612</u>	<u>1,408,414</u>	<u>(35,198)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 585,376</u>	<u>\$ 585,376</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the 9 Months Ended September 30, 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	\$ 341,828	\$ 19,585
Specific ownership taxes	12,890	14,965	2,075
Interest income	975	536	(439)
	<u>336,108</u>	<u>357,329</u>	<u>21,221</u>
Expenditures			
Bond Principal	90,000	-	90,000
Bond Interest	229,619	130,308	99,311
Trustee Fees	2,500	-	2,500
Treasurer Fees	4,834	5,130	(296)
Contingency	-	-	-
	<u>326,953</u>	<u>135,438</u>	<u>191,515</u>
Excess (deficiency) of revenues over expenditures	9,155	221,891	212,736
Fund balance - beginning	<u>190,638</u>	<u>187,343</u>	<u>(3,295)</u>
Fund balance - ending	<u>\$ 199,793</u>	<u>\$ 409,234</u>	<u>\$ 209,441</u>

Heather Ridge Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis
Enterprise Funds
Budget and Actual
For the 9 Months Ended September 30, 2010
Enterprise Fund
See Accountant's Compilation Report

	Annual Budget	Current Month	Year to Date Actual	Variance Favorable (Unfavorable)
Revenues				
Golf Course Revenue	\$ 951,000	\$ -	\$ -	\$ (951,000)
Golf Packages	-	2,675	95,089	95,089
Cart Packages	-	-	11,909	11,909
Junior Golf Packages	-	1,050	1,050	1,050
Tournaments	-	11,826	86,077	86,077
Cart Fees	-	23,330	128,568	128,568
Green Fees	-	42,985	302,218	302,218
Range ball fees	-	3,200	20,012	20,012
Merchandise	-	(19,827)	3,322	3,322
Rent - Restaurant	-	6,750	58,250	58,250
Miscellaneous Income	-	144	5,977	5,977
Interest income	-	31	304	304
	<u>951,000</u>	<u>72,164</u>	<u>712,776</u>	<u>(238,224)</u>
Expenditures				
Golf Course Expenses	859,000	-	-	859,000
Golf Cart Lease	-	4,445	42,431	(42,431)
Golf Pro	-	-	17,617	(17,617)
Golf Pro-Merchandise	-	(27,204)	-	-
Landscape Maintenance	-	3,052	18,938	(18,938)
Repairs/Maintenance	-	893	16,289	(16,289)
Building Maintenance	-	696	9,546	(9,546)
Golf Supplies	-	219	9,075	(9,075)
Pool Expenses	-	49	49	(49)
Fuel Charges	-	567	10,700	(10,700)
Golf Cart Repairs	-	669	2,445	(2,445)
Security	-	222	2,215	(2,215)
Credit Card Fees	-	2,122	12,963	(12,963)
Tournament Expense	-	2,773	9,871	(9,871)
Accounting	-	931	11,489	(11,489)
Golf Operations	-	368	14,344	(14,344)
Golf Course operations	-	31,015	177,813	(177,813)
Golf shop operations	-	37,247	152,754	(152,754)
Office operations	-	12,891	83,903	(83,903)
District management	-	5,000	45,000	(45,000)
District Consultants	-	2,000	19,000	(19,000)
Insurance	-	-	8,795	(8,795)
Legal	-	1,260	15,012	(15,012)
Office Supplies/Expenses	-	221	12,469	(12,469)
Advertising	-	730	13,771	(13,771)
Custodial Supplies	-	1,046	6,742	(6,742)
Utilities-Clubhouse	-	10,396	86,500	(86,500)
Utilities-Grounds	-	10,398	50,245	(50,245)
Software Maintenance	-	385	2,310	(2,310)
Miscellaneous	41,000	2,552	26,250	14,750
	<u>900,000</u>	<u>104,943</u>	<u>878,536</u>	<u>21,464</u>
Excess (deficiency) of revenues over expenditure	51,000	(32,779)	(165,760)	(216,760)
Fund balance - beginning	259,750	262,636	395,617	135,867
Fund balance - ending	<u>\$ 310,750</u>	<u>\$ 229,857</u>	<u>\$ 229,857</u>	<u>\$ (80,893)</u>

Income / Expense Statement Summary

Period:

January - September 2010

Description	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Golf Rounds / Starts		91	1,247	3,000	3,548	4,100	4,600	5,100	4,151				25,837
Revenue						YTD Average Revenue \$ per Round / Start == \$27.59							
Golf Packages	20,690	10,334	18,095	14,880	7,650	8,665	2,985	9,115	2,675				95,089
Cart Packages		2,000	2,400	4,750	700	(141)	2,200						11,909
									1,050				1,050
Tournaments			400	1,400	9,488	32,675	17,180	13,108	11,826				86,077
Cart Fees			4,754	8,472	19,097	21,081	23,377	28,457	23,330				128,568
Green Fees	373	3,262	21,267	29,421	41,399	48,652	56,821	58,038	42,985				302,218
Range Fees	37	26		2,451	3,254	3,594	3,469	4,044	3,200				20,075
Merchandise			1,716	2,326	3,917	5,564	4,734	4,829	(19,827)				3,259
Rent - Restaurant	5,750	5,750	5,750	6,750	6,750	6,750	6,750	7,250	6,750				58,250
Misc Income			667	202	3,323	(1,140)	2,189	592	144				5,977
Interest Income	40	39	35	35	33	31	30	30	31				304
Total Revenue	26,890	21,411	55,084	70,687	95,611	125,731	119,735	125,463	72,164	0	0	0	712,776

Expenses

Golf Cart Lease	3,720	3,720	7,440		4,380	6,172	6,424	6,130	4,445				42,431
P/R 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				18,938
Repairs / Maintenance	5,967		16	104	4,798	1,622	2,975	2,374	893				18,749
Building Maintenance						6,248	(4,053)	6,655	696				9,546
Golf Supplies		276	779	5,737	702	210	1,152		219				9,075
Pool Expense									49				49
Fuel Charges	1,736	24	1,280		1,769	1,780	1,744	1,800	567				10,700
Golf Cart Repairs	329		31		44	297	(2,819)	3,894	669				2,445
Security	444	222	317		222	344	222	222	222				2,215
Credit Card Fees	1,821	2,523	301	1,248	870	1,012	1,521	1,545	2,122				12,963
Tournament Expense						2,044	2,912	2,142	2,773				9,871
Accounting S&W	1,606	1,489	1,399	1,971	840	1,585	873	795	931				11,489
Golf Operations / P/R OH Overhea	1,812	1,270	2,415		6,709	4,829	643	1,795	368				19,841
P/R Golf Grnds Course Operations	9,378	12,270	12,705	23,540	12,730	23,832	23,204	23,642	31,015				172,316
P/R Golf Shop Operations	1,586	4,033	7,686	18,741	18,002	20,057	21,068	24,334	37,247				152,754
P/R Office Operations	4,093	7,396	7,796	13,834	8,472	9,085	9,834	10,502	12,891				83,903
District Mgt (INC)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000				45,000
District Consultanats	3,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000				19,000
Insurance	7,697				337	761							8,795
Legal	2,417	2,088	1,913	1,168	990	3,277	1,638	261	1,260				15,012
Office Supplies	535	4,396	1,062	1,104	2,447	463	1,650	983	221				12,861
Advertising	950	1,813	544	4,442	1,641	877	782	1,600	730				13,379
Custodial Supplies		952	1,062	305	260	1,301	803	1,013	1,046				6,742
Utilities - Clubhouse	10,385	3,138	22,461	7,548	8,690	10,529	10,246	13,726	10,396				97,119
Utilities - Grounds					2,633	7,052	9,730	9,813	10,398				39,626
Software Maintenance				385	385	385	385	385	385				2,310
Miscellaneous	1,579	3,282	5,912	2,126	4,107	2,064	3,274	1,354	2,552				26,250
Total Expenses	67,555	56,932	87,367	97,411	97,278	118,156	116,588	132,306	104,943	0	0	0	878,536
Excess / (Deficiency)	(40,665)	(35,521)	(32,283)	(26,724)	(1,667)	7,575	3,147	(6,843)	(32,779)	0	0	0	(165,760)

Enterprise Fund Balance - Page 7 - The 12/2009 bond agreement states if this number is reduced to ZERO - the golf course must close													
Balance 12/2009 \$259.75 (k)	No Data	No Data	274	No Data	274	266	264	263	230				
General Fund 12/2009 \$1.1 (k)	No Data	No Data	26	No Data	49	74	70	67	58				

P/R Payroll & PR OH Overhead		28,469	34,102	59,615	49,413	57,920	54,749	60,273	81,521	0	0	0	446,431	
% Revenue	0%	133%	62%	84%	52%	46%	46%	48%	113%				63%	
% Expenses	0%	50%	39%	61%	51%	49%	47%	46%	78%				51%	
Description	#	Jan	Feb	March	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
 Prior to 9/2010, this report had estimated data. Simmons & Wheeler prepared this corrected report.
 Amortization & Rev & Exp from 12/2009 are not considered
 Payroll = P/R Categories + adding P/R Overhead

2009-2010 - 135 days no golf snow vs normal 25 days

2010 Budget \$951k Revenue / Year

12/2009 \$161k 2010 prepaid not amortized