



Accountants Report

Board of Directors
Pinewood Springs Water District
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures and funds available of the Pinewood Springs Water District for the year ending December 31, 2003 including the forecasted estimate of comparative information for the year ending December 31, 2002 in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted budget of revenue, expenditures and funds available or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2001 is presented for comparative purposes only. Such information is taken from the financial statements of the District for the year ended December 31, 2001, and in our report dated July 3, 2002, we expressed an unqualified opinion on those financial statements.

Management has elected to omit the summary of significant accounting policies required by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 11, 2002

PINEWOOD SPRINGS WATER DISTRICT
SUMMARY
FORECASTED 2003 BUDGET AS ADOPTED
WITH 2001 ACTUAL AND 2002 ESTIMATED

Years Ended and Ending December 31,		
2001 Actual	2002 Estimated	2003 Adopted

BEGINNING FUNDS AVAILABLE	\$ 411,292	\$ 184,787	\$ 37,117
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REVENUE

Property taxes	49,510	50,000	52,000
S.O. taxes	6,140	6,000	6,200
Water sales	263,137	183,943	251,616
System rehabilitation fee	-	-	24,864
Interest	15,923	10,033	3,000
Tap connection fees	-	10,000	10,000
Other	254	801	500
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Total revenue	334,964	260,777	348,180
Total funds available	746,256	445,564	385,297

EXPENDITURES

Operating (Page 5)	267,805	201,029	197,175
Administrative (Page 5)	48,987	57,121	60,072
Capital outlay (Page 4)	194,848	101,510	31,000
Debt service (Page 4)	49,829	48,787	52,600
Contingency			

**EXPENDITURES REQUIRING
APPROPRIATION**

	561,469	408,447	340,847
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ENDING FUNDS AVAILABLE

	\$ 184,787	\$ 37,117	\$ 44,450
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PINEWOOD SPRINGS WATER DISTRICT
SUMMARY PROPERTY TAX INFORMATION
FORECASTED 2003 BUDGET AS ADOPTED
WITH 2001 ACTUAL AND 2002 ESTIMATED

Years Ended and Ending December 31,		
2001 Actual	2002 Estimated	2003 Adopted

ASSESSED VALUATION

Larimer County

Vacant	\$ 1,034,970	\$ 963,040
Residential	5,637,400	5,658,150
Commercial & Other	173,660	144,420
State Assessed	134,300	141,930
Personal Property	19,380	16,370

Total Assessed Valuation	6,999,710	6,923,910
Adjustments	5,410,550	(19,760)

Certified Assessed Value	\$ 5,410,550	\$ 6,979,950	\$ 6,923,910
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MILL LEVY

General	0.000	0.000	0.000
Debt Service	9.152	7.165	7.520
	9.152	7.165	7.520

PROPERTY TAXES

General	\$ 49,517	\$ 50,011	\$ 52,068
Delinquent taxes	-	-	-
Adjustments to actual	(7)	-	-
Rounding Reconciliation	-	(11)	(68)

Property Taxes per Summary (Page 2)	\$ 49,510	\$ 50,000	\$ 52,000
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This information should be read only in connection with the accompanying accountants report and the summary of significant assumptions

PINEWOOD SPRINGS WATER DISTRICT
OPERATIONS
FORECASTED 2003 BUDGET AS ADOPTED
WITH 2001 ACTUAL AND 2002 ESTIMATED

	Years Ended and Ending December 31,		
	2001 Actual	2002 Estimated	2003 Adopted
BEGINNING UNRESTRICTED FUNDS AVAILABLE	\$ 411,292	\$ 184,787	\$ 37,117
REVENUE			
Operating revenue:			
Water sales	263,137	183,943	251,616
System rehabilitation fee	-	-	24,864
Nonoperating revenue:			
Property taxes	49,510	50,000	52,000
S.O. taxes	6,140	6,000	6,200
Investment income	15,923	10,033	3,000
Tap connection fees	-	10,000	10,000
Other	254	801	500
Total revenue	<u>334,964</u>	<u>260,777</u>	<u>348,180</u>
 Total funds available	 <u>746,256</u>	 <u>445,564</u>	 <u>385,297</u>
EXPENDITURES			
Operating	<u>267,805</u>	<u>201,029</u>	<u>197,175</u>
Administrative	<u>48,987</u>	<u>57,121</u>	<u>60,072</u>
Capital outlay			
Storage tank	180,412		
Pit upgrade	6,791	-	-
Apache project	-	77,960	-
Crescent lake	4,645	14,000	5,000
High zone project	-	-	25,000
Operating	3,000	9,550	1,000
Total capital outlay	<u>194,848</u>	<u>101,510</u>	<u>31,000</u>
Debt service:			
Bond principal	25,000	25,000	30,000
Bond interest	23,000	21,860	20,673
Loan principal	1,368	1,438	1,510
Loan interest	461	489	417
Total debt service	<u>49,829</u>	<u>48,787</u>	<u>52,600</u>
Contingency	<u>-</u>		
 Total expenditures	 <u>561,469</u>	 <u>408,447</u>	 <u>340,847</u>
ENDING UNRESTRICTED FUNDS AVAILABLE	 <u>\$ 184,787</u>	 <u>\$ 37,117</u>	 <u>\$ 44,450</u>

This information should be read only in connection with the accompanying accountants report and the summary of significant assumptions

PINEWOOD SPRINGS WATER DISTRICT
OPERATIONS
FORECASTED 2003 BUDGET AS ADOPTED
WITH 2001 ACTUAL AND 2002 ESTIMATED

	Years Ended and Ending December 31,		
	2001 Actual	2002 Estimated	2003 Adopted
EXPENDITURES			
Operating			
Wages	\$ 41,918	\$ 68,494	\$ 70,347
Payroll taxes	3,310	5,411	5,628
Backhoe repair and maintenance	-	-	2,500
Contract labor	5,729	-	1,000
Employee benefits	3,474	2,500	
Equipment rental	1,792	-	1,200
Ground maintenance	-	340	-
Miscellaneous	59	-	-
Property rental insurance	259	-	-
Property rental	12,164	9,914	-
Purchased power	8,990	11,000	11,000
Purchased water	123,017	68,623	75,000
Supplies and chemicals	6,070	1,500	3,500
Telephone	2,188	2,200	1,400
Utilities/propane	3,104	2,700	2,000
Vehicles:			
Gasoline	1,796	1,350	1,200
Mileage reimbursement	221	1,067	800
Repairs and maintenance		2,250	1,500
Water testing	3,927	2,600	4,000
Water storage	693	1,080	1,100
Water system repairs and maintenance	49,094	20,000	15,000
	\$ 267,805	\$ 201,029	\$ 197,175
Administrative			
County Treasurers collection fees	\$ 991	\$ 1,000	\$ 1,000
Wages	12,097	15,138	18,000
Payroll taxes	955	1,197	1,272
Bank charges	167	238	250
Board of Director ¹ fees	5,475	5,850	6,000
Contract labor	-	567	-
Recruitment/Ads	-	700	250
Insurance (W/C and Liability)	9,450	12,543	13,300
Miscellaneous	349	1,066	500
Office supplies	3,753	3,318	3,500
Professional fees	11,880	12,722	13,000
Taxes and licenses	575	-	-
Telephone	1,114	1,062	1,200
Travel	1,781	1,320	1,400
Bond agent fee	400	400	400
	\$ 48,987	\$ 57,121	\$ 60,072

This information should be read only in connection with the accompanying accountants report and the summary of significant assumptions

**PINEWOOD SPRINGS WATER DISTRICT
2003 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Nature of Forecasts

The financial forecast presents to the best of management's knowledge and belief, the Districts expected revenue, expenditures and funds available for the forecast period. Accordingly, the forecast reflects its judgment as of December 11, 2002, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The District prepares its budget on the modified accrual basis of accounting. For financial statement reporting under generally accepted accounting principles (GAAP), the District uses the full accrual basis of accounting. Consequently, the terminology of "Funds Available" is used in the budget to distinguish the difference from GAAP accounting for Fund Equity. Funds Available represents each fund's current assets less its current liabilities except for the current portion of long-term debt. In addition, the budget separates individual funds which are included as one entity in the GAAP presentation.

Services Provided

The District distributes water in the service area which is located in Larimer County, Colorado. No significant change in the level of service is anticipated during 2003.

Revenue

Property Taxes

The calculation of the taxes levied is displayed on page 3 at the adopted mill levy of 7.520.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by the County. The estimate is based on a ratio of prior year's revenue to property taxes.

Water Sales

Water sales for 2003 include fees of \$52 per month per single family equivalent tap. In addition, an estimate for fees to cover water hauling costs, if necessary, has been included.

**PINEWOOD SPRINGS WATER DISTRICT
2003 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(CONTINUED)

System Rehabilitation Fees

Beginning in 2003, the District will begin charging a fee of \$8 per month per single family equivalent tap to cover future capital improvements.

Interest

Interest earned on the Districts available funds has been estimated based on an average interest rate of approximately 3.5%.

Tap Fees

The District's tap fee rate is \$10,000 per single family equivalent.

Operating and Administrative Expenditures

Administrative expenses have been assumed to be at approximately the same level of required services since no significant changes are anticipated in the level or scope of service.

Capital Outlay

Capital expenditures anticipated in 2003 are for improvements and additions to the water supply, storage, treatment, transmission and distribution systems.

Debt Service

The debt service expenditures include the required principal and interest payments on the Series 1998 General Obligation Water Bonds and the 1992 loan from the State of Colorado, Division of Local Affairs.

Reserve Funds Available

General Reserve

The District has provided for a general reserve for future replacement of the system as well as other future contingencies and improvements to the system.

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accountants report and the summary of significant assumptions.