

DIAMOND "A" MUTUAL WATER CO., INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2023 AND 2022

**LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California**

DIAMOND "A" MUTUAL WATER CO., INC.

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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

100 Montgomery Street, Suite 715
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Diamond "A" Mutual Water Co., Inc.
El Verano, California

We have reviewed the accompanying financial statements of **Diamond "A" Mutual Water Co., Inc.** (the Association) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Diamond "A" Mutual Water Co., Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.



August 6, 2024

DIAMOND "A" MUTUAL WATER CO., INC.

**BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 100,724	\$ 224,024	\$ 324,748	\$ 261,764
Assessments receivable, less allowance for doubtful accounts of \$1,000 and \$-0-, respectively (Note 2)	575		575	270
Prepaid insurance	2,668		2,668	2,456
Land, water system and equipment, net of accumulated depreciation of \$1,555,839 and \$1,491,541, respectively		<u>376,046</u>	<u>376,046</u>	<u>440,344</u>
Total assets	<u>\$ 103,967</u>	<u>\$ 600,070</u>	<u>\$ 704,037</u>	<u>\$ 704,834</u>
LIABILITIES				
Accounts payable	\$ 1,500	\$ 64,183	\$ 65,683	\$ 1,700
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 3)		<u>159,841</u>	<u>159,841</u>	<u>172,116</u>
Total liabilities	<u>1,500</u>	<u>224,024</u>	<u>225,524</u>	<u>173,816</u>
COMMITMENTS (NOTE 4)				
	-	-	-	-
FUND BALANCE (DEFICIT)				
	<u>102,467</u>	<u>376,046</u>	<u>478,513</u>	<u>531,018</u>
Total liabilities and fund balance	<u>\$ 103,967</u>	<u>\$ 600,070</u>	<u>\$ 704,037</u>	<u>\$ 704,834</u>

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>
	<u>Operations</u>	<u>Replacement</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES				
Water sales and service	\$ 234,954	\$ -	\$ 234,954	\$ 169,031
Maintenance and improvement assessment		249,180	249,180	142,504
Bad debt recovery (expense)	(1,000)		(1,000)	
Interest income (Note 2)		1,908	1,908	120
Total revenues	<u>233,954</u>	<u>251,088</u>	<u>485,042</u>	<u>311,655</u>
EXPENSES				
<u>Administration</u>				
Depreciation	-	64,298	64,298	77,273
Income tax provision (Note 2)	800		800	800
Insurance	10,459		10,459	9,524
Interest expense				149
Legal and accounting	2,383		2,383	3,290
Finance management	18,000		18,000	18,000
Operations management	14,400		14,400	14,400
Office, printing and postage	12,231		12,231	8,748
	<u>58,273</u>	<u>64,298</u>	<u>122,571</u>	<u>132,184</u>
<u>Maintenance and operations</u>				
Equipment	-	-	-	5,430
Pump and well maintenance	22,215		22,215	20,568
Water analysis	4,456		4,456	3,395
Other maintenance and operations	2,760		2,760	2,415
	<u>29,431</u>	<u>-</u>	<u>29,431</u>	<u>31,808</u>
<u>Utilities</u>				
Electricity	43,271	-	43,271	52,819
Telephone	1,201		1,201	1,271
	<u>44,472</u>	<u>-</u>	<u>44,472</u>	<u>54,090</u>

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
EXPENSES (CONTINUED)				
<u>Major repairs and replacements</u>				
Piping	\$ -	\$ 106,946	\$ 106,946	\$ -
Pumps		43,236	43,236	
Other major repairs and replacements		100,906	100,906	142,475
	<u>-</u>	<u>251,088</u>	<u>251,088</u>	<u>142,475</u>
Total expenses	<u>132,176</u>	<u>315,386</u>	<u>447,562</u>	<u>360,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	101,778	(64,298)	37,480	(48,902)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(89,985)	-	(89,985)	(26,240)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>90,674</u>	<u>440,344</u>	<u>531,018</u>	<u>606,160</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 102,467</u>	<u>\$ 376,046</u>	<u>\$ 478,513</u>	<u>\$ 531,018</u>

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023		2022	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 101,778	\$ (64,298)	\$ 37,480	\$ (48,902)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Bad debt (recovery) expense	1,000	-	1,000	-
Depreciation		64,298	64,298	77,273
Decrease (increase) in assets:				
Assessments receivable	(1,305)		(1,305)	1,161
Prepaid insurance	(212)		(212)	(326)
Increase (decrease) in liabilities:				
Accounts payable	(200)	64,183	63,983	400
Contract liabilities - replacement reserve assessments paid in advance		(12,275)	(12,275)	17,496
Total adjustments	(717)	116,206	115,489	96,004
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	101,061	51,908	152,969	47,102
FINANCING ACTIVITIES				
Payment of principal on bank loan payable	-	-	-	(17,376)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	-	-	-	(17,376)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,061	51,908	152,969	29,726
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(89,985)	-	(89,985)	(26,240)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	89,648	172,116	261,764	258,278
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 100,724	\$ 224,024	\$ 324,748	\$ 261,764

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>		<u>2022</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<u>Supplemental Disclosures</u>			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 800</u>

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

1. THE ASSOCIATION

Diamond "A" Mutual Water Co., Inc. (the Association) is a mutual water company located in El Verano, California which consists of 217 service users. The Association was organized as a nonprofit mutual-benefit corporation in December 1961 to provide for water and water system maintenance to all units within the Diamond A Subdivision. The Association is governed by a member-elected Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Water service maintenance and improvement assessments. Service users are subject to an annual base rate assessment, usually payable in equal quarterly installments, to provide funds for major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

See independent accountant's review report.

DIAMOND "A" MUTUAL WATER CO., INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2023 totaled approximately \$-0-.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

DIAMOND "A" MUTUAL WATER CO., INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association has received exemption from tax under IRC Section 501(c)(12) as a mutual water company. California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 new accounting guidance, reported replacement reserve interest income may be less than earned.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property has been recorded in the Association's financial statements at cost and depreciation is recorded on the straight-line basis over the assets estimated useful lives of 7 to 50 years.

See independent accountant's review report.

DIAMOND "A" MUTUAL WATER CO., INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

3. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued new guidance that created Accounting Standards Codification (ASC) Topic 606. This new guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements).

The Association has adopted the new guidance as of January 1, 2021, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2021. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenues and contract liabilities - replacement reserve assessments paid in advance.

<u>2023 Assessment Revenues Reconciliation</u>	Operations <u>Fund</u>	Replacement <u>Fund</u>	<u>Total Funds</u>
Assessment revenues <u>per budget</u>	\$ 234,954	\$ 146,920	\$ 381,874
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	89,985	89,985
Adjust <u>revenues to equal expenses</u>	-	12,275	12,275
Total effects of new guidance	-	102,260	102,260
Assessment revenues <u>per financial statements</u>	<u>\$ 234,954</u>	<u>\$ 249,180</u>	<u>\$ 484,134</u>

<u>2022 Assessment Revenues Reconciliation</u>	Operations <u>Fund</u>	Replacement <u>Fund</u>	<u>Total Funds</u>
Assessment revenues <u>per budget</u>	\$ 169,031	\$ 133,760	\$ 302,791
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	26,240	26,240
Adjust <u>revenues to equal expenses</u>	-	(17,496)	(17,496)
Total effects of new guidance	-	8,744	8,744
Assessment revenues <u>per financial statements</u>	<u>\$ 169,031</u>	<u>\$ 142,504</u>	<u>\$ 311,535</u>

See independent accountant's review report.

DIAMOND "A" MUTUAL WATER CO., INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

4. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

5. BANK LOAN PAYABLE

In June 2017 the Association borrowed \$250,000 from West America Bank for major repairs and replacements. The loan terms required 60 equal monthly payments of \$4,643 including interest at 4.25% per annum. The remaining balance of the bank loan was paid off May 2022.

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 6, 2024, the date that the financial statements were available to be issued.

See independent accountant's review report.

DIAMOND "A" MUTUAL WATER CO., INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2023 (UNAUDITED)

The following information on common area major components was compiled by the Finance Committee of the Association **as of January 2021** and has served as the basis for the current estimates of replacement reserve funding:

Description	\$\$\$	Year Installed	Useful Life (Yrs)	Remain Life (Yrs)	Effective Age (Yrs)	Fully Funded Balance	Annual Deterioration Cost
Drilled Well Shaft	\$ 31,500	1974	50	3	47	\$ 29,610	\$ 630
Well Casing / Screen	Incl						
Submers. Pump	\$ 15,000	2017	10	6	4	\$ 6,000	\$ 1,500
Well Pad / Well Head	\$ 5,000	1974	50	3	47	\$ 4,700	\$ 100
Electrical Panel	\$ 20,000	1974	50	3	47	\$ 18,800	\$ 400
Well Instruments (Air Line)	\$ 5,000	2017	10	6	4	\$ 2,000	\$ 500
Chlorination System	\$ 5,000	2017	5	1	4	\$ 4,000	\$ 1,000
Security Fencing	\$ 5,000	1974	40	0	40	\$ 5,000	\$ 125
Drilled Well Shaft	\$ 34,200	1966	50	0	50	\$ 34,200	\$ 684
Well Casing / Screen	Incl						
Submers. Pump	\$ 15,000	2017	10	6	4	\$ 6,000	\$ 1,500
Well Pad / Well Head	\$ 5,000	1966	50	0	50	\$ 5,000	\$ 100
Electrical Panel	\$ 20,000	1966	50	0	50	\$ 20,000	\$ 400
Well Instruments (Air Line)	\$ 5,000	2017	10	6	4	\$ 2,000	\$ 500
Chlorination System	\$ 5,000	2017	5	1	4	\$ 4,000	\$ 1,000
Security Fencing	\$ 5,000	1966	40	0	40	\$ 5,000	\$ 125
Steel Tank	\$ 269,967	2013	50	42	8	\$ 43,195	\$ 5,399
Drilled Well Shaft	\$ 41,400	1986	50	15	35	\$ 28,980	\$ 828
Well Casing / Screen	Incl						
Submers. Pump	\$ 20,000	2017	10	6	4	\$ 8,000	\$ 2,000
Well Pad / Well Head	\$ 5,000	1986	50	15	35	\$ 3,500	\$ 100
Electrical Panel	\$ 20,000	1986	50	15	35	\$ 14,000	\$ 400
Well Instruments (Air Line)	\$ 5,000	2017	10	6	4	\$ 2,000	\$ 500
Chlorination System	\$ 5,000	2017	5	1	4	\$ 4,000	\$ 1,000
Distribution Shed	\$ 10,000	1986	50	15	35	\$ 7,000	\$ 200
Security Fencing	\$ 5,000	1986	40	5	35	\$ 4,375	\$ 125
Steel Tank	\$ 225,680	2015	50	44	6	\$ 27,082	\$ 4,514
Distribution Shed	\$ 10,000	2015	50	44	6	\$ 1,200	\$ 200
Electrical Panel	\$ 30,000	2015	50	44	6	\$ 3,600	\$ 600
Chlorination System	\$ 5,000	2017	5	1	4	\$ 4,000	\$ 1,000
Booster Pump	\$ 10,000	2003	10	0	10	\$ 10,000	\$ 1,000
Booster Pump	\$ 10,000	1970	10	0	10	\$ 10,000	\$ 1,000
Steel Tank	\$ 284,443	2018	50	47	3	\$ 17,067	\$ 5,689
Drilled Well Shaft	\$ 58,500	2006	50	35	15	\$ 17,550	\$ 1,170
Well Casing / Screen	Incl						
Submers. Pump	\$ 20,000	2018	10	7	3	\$ 6,000	\$ 2,000
Booster Pump	\$ 10,000	2006	10	0	10	\$ 10,000	\$ 1,000
Booster Pump	\$ 10,000	2006	10	0	10	\$ 10,000	\$ 1,000
Well Pad / Well Head	\$ 5,000	2006	50	35	15	\$ 1,500	\$ 100
Electrical Panel	\$ 20,000	2006	50	35	15	\$ 6,000	\$ 400
Well Instruments (Air Line)	\$ 5,000	2017	10	6	4	\$ 2,000	\$ 500
Chlorination System	\$ 5,000	2017	5	1	4	\$ 4,000	\$ 1,000
Distribution Shed	\$ 10,000	2006	50	35	15	\$ 3,000	\$ 200
Security Fencing	\$ 5,000	2006	40	25	15	\$ 1,875	\$ 125
Redwood Tank	\$ 150,000	1970	50	0	50	\$ 150,000	\$ 3,000
14k LF 6" Main Line	\$ 2,100,000	1966	100	45	55	\$ 1,155,000	\$ 21,000
16k LF 4" Main Line	\$ 1,600,000	1966	100	45	55	\$ 880,000	\$ 16,000
TOTAL OF ALL ASSETS	\$ 5,130,690					\$ 2,581,233	\$ 80,614

See independent accountant's review report and accompanying notes.

DIAMOND "A" MUTUAL WATER CO., INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2023
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **before-tax interest rate** of **2%** on replacement fund cash balances and an annual **inflation rate** of **5%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2023 totaled **\$224,024**. The estimated **liability** for major repairs and replacements at December 31, 2020 totaled approximately **\$2,581,000 but has not been updated since this date**. The portion of **2024** regular **assessments** budgeted to be allocated to the replacement fund totals **\$417,309**.

See independent accountant's review report and accompanying notes.