



Chino Basin Watermaster
Twenty-Eighth
Annual Report
Fiscal Year 2004-05

Working Together to Maximize the Benefits of Chino Basin

Welcome From the Chief Executive Officer

The Optimum Basin Management Plan is the roadmap that Watermaster follows in carrying out its mission:

“To manage the Chino Groundwater Basin in the most beneficial manner, and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment.”

Case No. RCV 51010
(formerly Case No. SCV 164327)

Historic Shift: Developing New Water Supplies

Watermaster made a historic shift last fiscal year, moving from monitoring and analyzing the Basin to developing new water supplies. This was made dramatically evident by the completion of new recharge basins, and by recharging for the first time about 18,000 acre-feet of stormwater in the recharge basins. This is three times greater than the typical recharge in past years. There is more to come: As soon as next year, we expect to recharge 50,000 acre-feet each year in expanded recharge basins, including storm, imported and reclaimed water.

Added to the new supply of recharged stormwater are 15,000 acre-feet of newly treated water supply each year from the desalters.

Managing Effectively Through Cycles of Drought and Flood

Although 2004-05 saw the highest rainfall in the last 100 years, it came during one of the worst periods of local drought ever recorded. This dramatically illustrated the historic cycle of wet and dry years, and the uncertainty of sufficient rainfall each year to meet water demand. Watermaster continues working with its many stakeholders and partners on numerous water supply and water management fronts to ensure that in both dry and wet years there will be adequate water supplies available.

Cooperation is Key

All Watermaster stakeholders moved forward in 2004-05 toward a Peace II accord to solidify the Peace Agreement, and ultimately ensure a vibrant, cooperative organization to meet future challenges. An important new cooperative data sharing agreement was made permanent with Inland Empire Utilities Agency along with new cooperative groundwater monitoring programs.

I was selected as the new Watermaster CEO, effective September 1, 2004. This has been an exciting and challenging year, and I look forward to the continued success of Watermaster with the cooperation of our stakeholders, so that together we can continue protecting, improving and expanding water supply and water quality throughout the Basin.

Kenneth R. Manning,

CEO, Chino Basin Watermaster

Watermaster's Core Responsibilities

Watermaster's role is to actively implement the Optimum Basin Management Plan (OBMP), managing the Basin to protect and increase its water supply and water quality.

To accomplish this, Watermaster brings together the Chino Basin Stakeholders: dozens of public and private entities that pump, treat, buy, sell and/or deliver water in the Basin. Watermaster serves as an effective forum for Basin water stakeholders to resolve current and future water supply and quality issues.

The Five Core Responsibilities of Watermaster:

Maintaining and increasing the water supply. Acquiring and spreading replacement water, and facilitating the storage of supplemental water in the Basin.

Ensuring a fair share of the water. Determining the amount of groundwater each producer is entitled to extract without incurring a replenishment obligation.

Providing cooperative leadership. Developing consensus plans regarding management of the Basin.

Monitoring and increasing the understanding of the Basin. Collecting information on water production, water quality, water levels and other relevant data from producers.

Maintaining and improving water quality. Coordinating and actively participating in programs to restore and preserve the quality of groundwater in the Basin.

Chino Groundwater Basin

Inland Empire's Underground Water Resource

Cooperation: A Key to Success

Because of the strategic location of the Chino Basin, Watermaster exchanges water via the Metropolitan Water District system, and cooperates with many water agencies throughout the region to make regional projects and funding a reality.



Two Trillion Gallons

In 2004-05, over 800 wells pumped more than 164,000 acre-feet of groundwater from the Basin, which has a storage capacity estimated at between five and seven million acre-feet or about two trillion gallons.



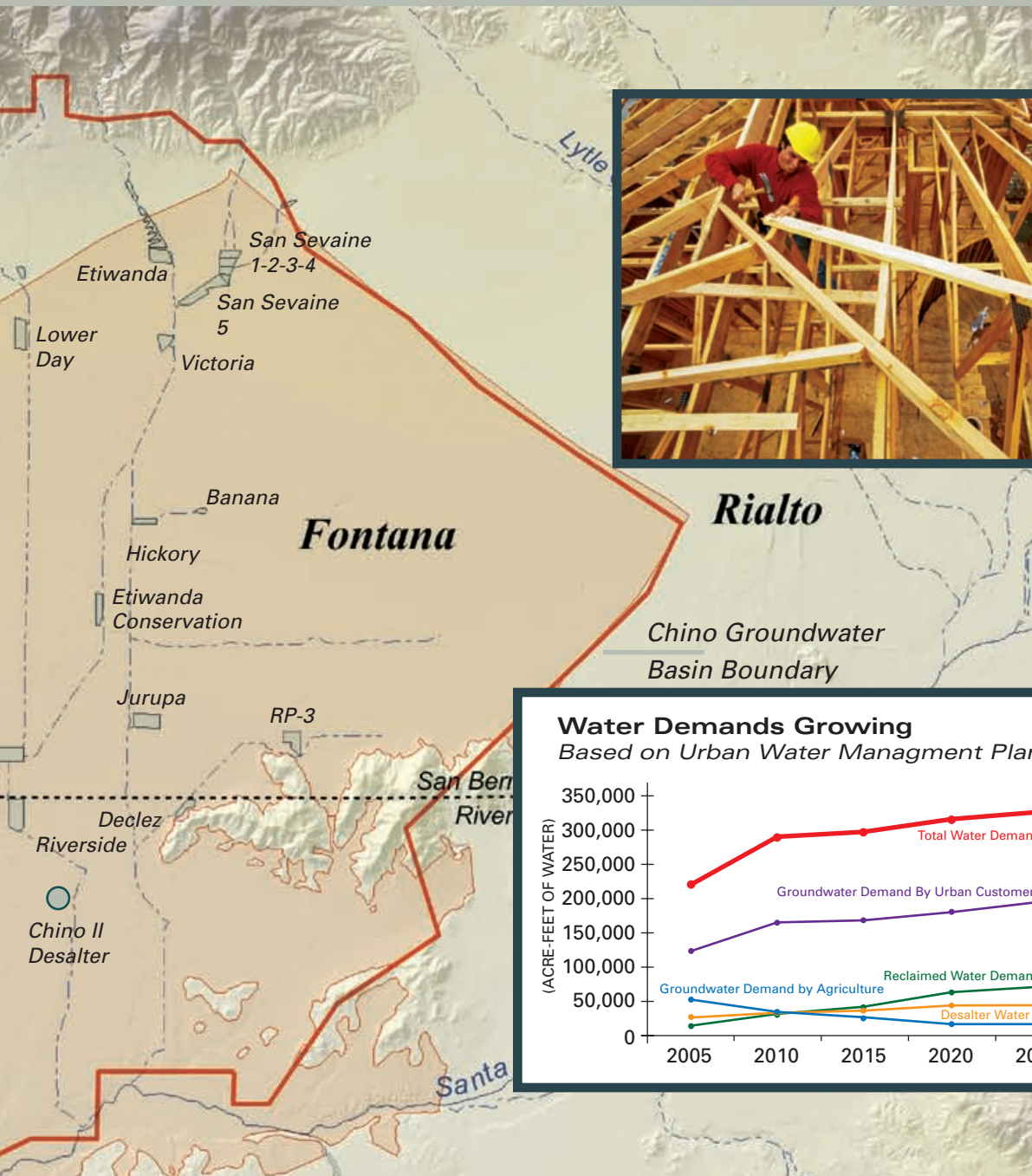
Balanced Use of All Water Sources

To meet demand in a semi-arid region, Watermaster works to integrate use of all available water sources:

- Groundwater
- Imported water
- Desalted water
- Reclaimed water

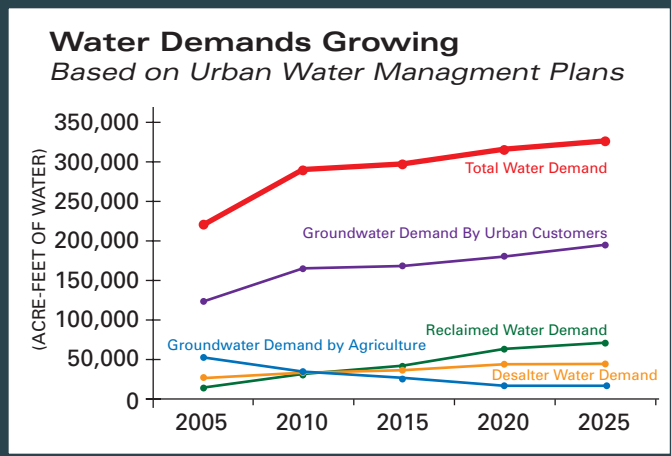


Following the worst drought in recorded history (13 of the previous 15 years were below average rainfall), 2005 experienced the heaviest rainfall in the last 100 years. The heavy rainfall caused challenges for local communities, but allowed Watermaster to recharge the groundwater basin using recently improved recharge basins, allowing about three times more water to be recharged than in past years.



Serving One of the Fastest-Growing Regions in the Nation
 Watermaster is looking ahead 25 years to meet the water demands of this

fast-growing region, where about 8,000 new homes were built in 2004-05 and the population is expected to nearly double to about 1.2 million people over the next 15 years.



Besides serving a booming housing market, the Chino Basin also is home to a thriving agricultural industry, including some of the most intensive dairy farming in the state.



This represents a huge replenishment responsibility and requires that Watermaster find places to store additional water in the long-term groundwater basin and to increase the use of reclaimed water.

Optimum Basin Management Plan

The fundamental physical solutions mandated by the OBMP include:

- Providing additional water supplies to meet growth in the Basin.
- Improving water quality. Watermaster identified Basin contamination plumes, and aggressively pursued the parties responsible for groundwater pollution to ensure that they follow through with cleanup reimbursements.
- “Drought proofing” the region.
- Enhancing economic development.
- Improving environmental quality.

Protecting and Improving Water Supply and Quality

The Optimum Basin Management Plan (OBMP) was developed to protect and manage the Chino Basin, and is the result of a 1998 court order. A subsequent “Peace Agreement” signed by all the Basin stakeholders specifies exactly how the OBMP will be implemented.

The OBMP—Nine Inter-Related Elements:

1. **Comprehensive monitoring** of the Basin, including groundwater levels and water quality, providing data for more effective water management.
2. **Comprehensive recharge** of imported, reclaimed and stormwater to maintain and improve groundwater levels, so that more water is available to producers. Watermaster is increasing the number of recharge basins and working to increase their efficiency to meet growing water demand.
3. **Water supply plan for impaired areas**, focusing on the shift of production in the southern portion of the Basin away from agricultural uses toward urban uses.

The plan seeks to avoid higher water levels and uncontrolled groundwater losses to the Santa Ana River.

As the shift in land use continues, Watermaster is redoubling its efforts in this element.

4. **Management Zone 1 strategies** to reduce unacceptable land subsidence and fissuring.
5. **Regional Supplemental Water Program** to improve water quality and increase use of treated, desalted water.
6. **Cooperative programs** with the Regional Water Quality Control Board and other agencies to improve Basin quality and management.
7. **Salt management programs** to develop a more detailed understanding of salt loads in groundwater, develop objectives and define the benefits of salt removal.
8. **Groundwater storage management** to allow for big increases in groundwater storage by local and outside agencies.
9. **Conjunctive use programs** to store excess water in wet years for use in dry years.



Programs for Groundwater Monitoring and Increasing Water Supplies

Use of a Key Well program coupled with increased groundwater recharge and continued implementation of the groundwater conjunctive use programs are aimed at increasing available water supplies. This strategy is designed to meet current and future demands in this fast-growing region. This strategy ultimately will help “drought proof” the Basin, which is subjected to weather cycle extremes, ranging from multiple years of below average rainfall to record rains.

Progress Made in 2004-05 to Monitor and Increase Groundwater Supplies

Programs to monitor groundwater levels and water quality have been reorganized to better support new initiatives. These include such projects as Management Zone 1, Hydraulic Control Monitoring, nitrogen loss, and desalter expansion. Automatic measuring and recording devices are increasingly being used to replace manual sampling. These automatic data loggers lower costs, improve accuracy and provide better data.

Three Active Groundwater Monitoring Programs

1. Semiannual Basin-Wide Monitoring Program

Watermaster manually measures water levels in about 480 agricultural wells twice each year to determine the effects of production on groundwater levels.

2. Intensive Key Well Program

The Key Well program is associated with the desalter activities and the Hydraulic Control Monitoring Program. Launched in 2003-04, the Key Well Program involves about 107 wells. It replaces a more costly and less effective monitoring program involving up to 200 wells.

3. MZ-1 Monitoring Program Transitions to Long-Term Planning

Using a series of standard monitoring wells as well as sophisticated piezometric monitors and infrared satellite imagery, Watermaster has been monitoring the western portion of the Basin. The focus is on looking ahead to a long-range plan to understand and prevent any ground subsidence due to changes in groundwater levels. Related to this are Cooperative Aquifer Stress Tests that measure water production versus groundwater levels, conducted in cooperation with the cities of Chino and Chino Hills.



Programs for Groundwater Monitoring and Increasing Water Supplies (continued)

Watermaster has systematically upgraded its monitoring technology to lower costs, improve data quality and accelerate data analysis.

Refinement of Hydraulic Control Monitoring

Hydraulic Control is a means of protecting water quality and supply by controlling the flow of water between the Chino Groundwater Basin and the Santa Ana River. Because the Chino Basin is tilted, when groundwater levels reach certain levels, rising water flows out of the Basin downgradient toward the River. Hydraulic Control is a major foundation of Basin monitoring and the Peace II Agreement. It also takes advantage of storage opportunities and avoids outflow.

In 2004-05, nine new monitoring wells were installed as part of the piezometric monitoring element of the Hydraulic Control Monitoring Program. The new monitoring wells were needed because existing well locations and well construction are not sufficient to measure the extent of hydraulic control near the desalter well fields. They also were needed because of the loss of agricultural well monitoring caused by the conversion of agriculture to urban land uses.

Monitoring of Recharge Water

Watermaster and the Inland Empire Utilities Agency are designating a number of monitoring wells at recharge basins to monitor the influence of recharge on groundwater levels, as well as the changes in water quality resulting from the recharge of storm, imported and reclaimed waters. At least one monitoring well will be installed downgradient of each recharge facility that receives reclaimed water.



Progress in Increasing Water Supplies

Last year's heavy rainfall was the first opportunity to use improved recharge basins that are designed to capture stormwater. They performed well and overall recharge was almost tripled from 6,000 acre-feet in previous years to nearly 18,000 acre-feet. However, recharge rates were not as high as anticipated. Chino Basin Watermaster is developing tools to increase recharge so that capacity keeps up with growing water demand. For example, Watermaster will install turbidity meters on recharge basins that accept stormwater. At a certain level of turbidity, the supply will be automatically cut off to decrease the silt that can clog basins.

Watermaster is also testing technology to clean silt from the basins while they are full of water, avoiding the need to periodically drain and clean the basins.

Recharge Facilities Improvement Project Advances

As part of a two-year project to improve and expand 20 recharge basins that began in 2003-04, six bid packages for improvements were completed in 2004-05. About half the cost of the \$50 million project will be paid by grants. The remainder of the cost will be divided equally between Watermaster and IEUA.

Large Reclaimed Water Project Earns Acceptance

Inland Empire Utilities Agency is developing a large-scale reclaimed water project that ultimately will produce 22,000 acre-feet of water for recharge. Phase I of the project was approved by the State Department of Health Services with no opposition, which is almost unprecedented. The Department of Health Services requires that reclaimed water be no more than 20 percent of total water recharged (4:1 ratio).



Desalter Expansion Projects Underway

Up to 20 million gallons per day of water with high dissolved solids and high nitrate levels will be treated by new desalters. Chino I Desalter expansion was completed in 2004-05, and Desalter II is still under construction. Work is expected to be completed in April 2006. Application has been made for \$1.6 million in Proposition 50 funds to add ion exchange capacity.

Conjunctive Use Moves From Planning to Implementation

During the last two years, the Dry Year Yield (DYY) Program moved from planning to implementation, with the initial storage of about one-third of a total of 100,000 acre-feet of water in cooperation with the Metropolitan Water District (MWD). Extraction and treatment facilities will be financed by MWD. Meanwhile, Watermaster is continuing to explore other conjunctive use programs. The ultimate goal for all conjunctive use programs is 500,000 acre-feet of storage.

Protecting and Maintaining Water Quality

In past years, when plumes of contamination spread, water suppliers were forced to close down water wells and seek new clean areas. As the plumes grew and spread, they gradually limited the groundwater supply by contaminating ever larger areas. Two of the biggest plumes of contamination are spreading downward from Ontario and Chino Airports. Watermaster stepped in to provide leadership to ensure that the plumes are monitored and cleared.

Focus on Water Quality

In its early days, Watermaster focused virtually all of its resources on water supply. As Watermaster matures, it is investing increased attention to water quality, and tackling the complex problems of groundwater pollution. Through a combination of monitoring and vigorous enforcement of clean water regulations, Watermaster is facing this critical challenge head on.

Water Quality Committee Steps Up Activities

An ad hoc Water Quality Committee stepped up activities in 2004-05, with a special focus on Ontario International Airport. Watermaster worked closely with the Regional Water Quality Control Board to prepare Cleanup and Abatement Orders for the industrial firms that discharged volatile organic compounds at the airport.



Mitigation Activities

Watermaster moved forward in an evolutionary process, to focus on several key areas of water quality:

- Resolve serious contamination problems, such as those found at Chino and Ontario Airports.
- Develop guidelines on Total Maximum Daily Loads to determine revisions to water quality regulations for the Santa Ana River and other bodies of water in the Lower Chino Basin.
- Assist the Regional Water Quality Control Board with research, monitoring, and the development of Investigative Orders and Cleanup and Abatement Orders for potential discharges related to the contamination near Ontario International Airport.

Increased Monitoring of VOC Plumes

Watermaster increased monitoring of volatile organic compound (VOC) plumes and perchlorate testing at Ontario and Chino Airports and Kaiser, General Electric Flat Iron, and General Electric Test Cell industrial sites.



Era of Progress as “Partners in Basin Management”

Facing some of the most rapid growth in the nation, Watermaster will have huge replenishment responsibility in the years ahead. The challenge is finding more places to store water, new ways to inject it into the groundwater supply, and enhancing the supply of reclaimed water.

Watermaster recently added the words “Partners in Basin Management” to its logo. The partnership between Watermaster and all its stakeholders and partners is yielding significant accomplishments. Since 2000, Watermaster and the parties to the Judgment have:

- Secured tens of million of dollars in state funding for desalters.
- Negotiated agreements for acquiring existing facilities and the permitting, design, financing, construction and operation for more than 14 million gallons per day of desalting. These include water supply agreements valued in excess of a half-billion dollars.
- Completed the design, construction and implementation of nearly \$50 million worth of projects called for by the Recharge Master Plan.
- Completed more than \$1 million in technical studies, prepared environmental documents and completed a 100,000 acre-feet Dry Year Yield Storage Agreement with Metropolitan Water District of Southern California.
- Provided increasing leadership in identifying and resolving water quality problems.
- Developed governance mechanisms and agreements that give voice to its many stakeholders among cities, water suppliers, agricultural entities, businesses and others.

Meeting Future Challenges

To increase recharge rates, Watermaster is developing equipment that can remove silt from the recharge basins while they are full of water. This would make it possible to avoid having to drain recharge basins to clear the silt, significantly increasing Watermaster’s annual recharge capacity,

Technology will play an important role in Watermaster’s future with continued enhancement of the databases, and the expansion of GIS technology and other advances.

Most importantly, Watermaster expects even greater levels of coordination to arise from an expected Peace II Agreement. It will also increasingly move from monitoring to improving water supplies and water quality, and achieving cost savings.

Watermaster Governance and Membership

Watermaster is Structured to Accommodate All Stakeholders

To draw together in a single organization all the diverse interests in the Basin, a governing structure was formed that represents all stakeholder groups, including a Board, Advisory Committee and three Producer Pools:

- Agricultural Pool to represent dairymen, farmers, and State interests.
- Non-Agricultural Pool to represent commercial and industrial producers.
- Appropriative Pool to represent cities, water districts and water companies.

Watermaster Board

Calendar Year 2005

Agricultural Pool Representatives

| MEMBER | REPRESENTING |
|--|--------------|
| Paul Hofer Alternate: Robert Feenstra | Crops |
| Geoffrey Vanden Heuvel Alternate: John Huitsing | Dairy |

Non-Agricultural Pool Representatives

| REPRESENTATIVE | MEMBER ENTITY |
|---|---|
| Bob Bowcock , Secretary/Treasurer Alternate: Justin Scott-Coe | Vulcan Materials Company (Calmat Division) |

Appropriative Pool Representatives

| REPRESENTATIVE | MEMBER ENTITY |
|---|------------------------------------|
| Robert Neufeld , Chair Alternate: Michael Whitehead | Fontana Union Water Company |
| W.C. "Bill" Kruger , Vice Chair Alternate: Ed Graham | Chino Hills, City of |
| Paul Hamrick Alternate: Jack Smith | Jurupa Community Services District |

Municipal Water District Representatives

| REPRESENTATIVE | MEMBER ENTITY |
|---|---|
| John L. Anderson Alternate: Terry Catlin | Inland Empire Utilities Agency |
| Bob Kuhn Alternate: David DeJesus | Three Valleys Municipal Water District |
| Al Lopez Alternate: John Rossi | Western Municipal Water District |

Advisory Committee

Calendar Year 2005

Agricultural Pool Representatives

| REGULAR MEMBERS | REPRESENTING |
|--|----------------------------------|
| Nathan deBoom , Vice-Chair Glenn Durrington Alternate: Dan Hostetler | Dairy Crops |
| Robert Feenstra Pete Hall Peter Hettinga Alternate: Syp Vander Dussen | Dairy State Dairy |
| John Huitsing Gene Koopman Gary Lord Rober Nobles Alternate: Ed Gonsman | Crops Dairy State State |
| Jeff Pierson Alternate: Dan Hostetler | Crops |

Non-Agricultural Pool Representatives

| REPRESENTATIVE | MEMBER ENTITY |
|---|---|
| Bob Bowcock , 2nd Vice-Chair Alternate: Justin Scott-Coe | Vulcan Materials Company (Calmat Division) |
| Mike Thies Eric Wang | Space Center Mira Loma California Steel Industries (CSI) |

Appropriative Pool Representatives

| REPRESENTATIVE | MEMBER ENTITY |
|--|--|
| Dave Crosley Mike Maestas Robert DeLoach Alternate: Rita Kurth | Chino, City of Chino Hills, City of Cucamonga Valley Water District |
| Gerald Black Mike McGraw Carole McGreevy Bill Stafford Mark Kinsey Ken Jeske , Chair (Acting for Non-Ag) Henry Pepper Alternate: Raul Garibay | Fontana Union Water Company Fontana Water Company Jurupa Community Services District Marygold Mutual Water Company Monte Vista Water District Ontario, City of Pomona, City of |
| Charles Moorrees J. Arnold Rodriguez Rob Turner | San Antonio Water Company Santa Ana River Water Company Upland, City of |

Agricultural Pool Committee

Calendar Year 2005

REGULAR MEMBERS

Nathan deBoom, Chair
Gene Koopman, Vice-Chair
Glen Durrington
Robert Feenstra
Edward Gonsman
Pete Hall
Peter Hettinga
John Huitsing
Nate Mackamul
Robert Nobles
Jeff Pierson

REPRESENTING

Dairy
Dairy
Crops
Dairy
State of California-CIW
State of California-CIM
Dairy
Crops
State of California-CIW
State of California-CIW
Crops

ALTERNATES

Dan Hostetler
Gary Lord
Syp Vander Dussen
Peter Von Haam

REPRESENTING

Crops
State of California-CIM
Dairy
State of California-CIM

Non-Agricultural Pool Committee

Calendar Year 2005

REPRESENTATIVE

Mark Ward
Eric Vaughn
Les Richter
Steve Arbelbide
Mike Del Santo
Lisa Hamilton
David Starnes

R.E. Thrash III
Glen Whritenour
James Jenkins

Michael Thies
Alternate: **Tom Cruikshank**
Eric Wang
Bob Bowcock, Chair
Alternate: **Justin Scott-Coe**

MEMBER ENTITY

Ameron Products
Angelic Rental Service
California Speedway
California Steel Industries (CSI)
CCG Ontario, LLC (Catellus)
General Electric Company
Mobile Community Management
(Swan Lake Mobile Home Park)
Praxair
Reliant Energy, Etiwanda LLC
San Bernardino County
Department of Airports
Space Center Mira Loma
Sunkist Growers Incorporated
Vulcan Materials Company
(Calmat Division)

Appropriative Pool Committee

Calendar Year 2005

REPRESENTATIVE

Patrick Bauer
Dave Crosley, Chair
Mike Maestas
Alternate: **Ken Hackmann**
Robert DeLoach, Vice-Chair
Alternate: **Rita Kurth**
Curtis Aaron
Gerald Black
Mike McGraw
Kyle Snay
Rich Atwater
Alternate: **Tom Love**
Carole McGreevy
Kevin Sullivan
Bill Stafford
Mark Kinsey
Mark Kinsey
None
None
Joe Schenk
Ken Jeske
Alternates: **Mohamad El-Amamy**, **Joel Moskowitz**
Henry Pepper
Alternate: **Raul Garibay**
Charles Moorrees
Phil Krause

J. Arnold Rodriguez
Rob Turner
Rob Turner
A.W. "Butch" Araiza

MEMBER ENTITY

Arrowhead Mountain Spring Water
Chino, City of
Chino Hills, City of
Cucamonga Valley
Water District
Fontana, City of
Fontana Union Water Company
Fontana Water Company
Golden State Water Company
Inland Empire Utilities Agency
Jurupa Community Services District
Los Serranos Country Club
Marygold Mutual Water Company
Monte Vista Irrigation Company
Monte Vista Water District
Niagara Bottling Company
Nicholson Trust
Norco, City of
Ontario, City of
Pomona, City of
San Antonio Water Company
San Bernardino, County of
(Prado Shooting Park)
Santa Ana River Water Company
Upland, City of
West End Consolidated Water Company
West Valley Water District

Staff

Calendar Year 2005

Kenneth R. Manning,
Chief Executive Officer

Sheri Rojo, CPA,
CFO/Asst. General Manager

Gordon Treweek, PE, PhD,
Project Engineer

Danielle Maurizio, PE,
Senior Engineer

Jim Theirl,
Water Resource Engineer

Frank Yoo,
GIS Specialist

Justin Nakano,
Environmental Specialist

Sherri Lynne Molino,
Executive Assistant

Janine Wilson,
Accountant

Paula Molter,
Secretary

Appendices

A - S

**LEFT
INTENTIONALLY
BLANK**

**COURT HEARINGS AND ORDERS
FISCAL YEAR 2004-2005**

During the fiscal year 2004-05, several hearings were held relating to implementation of the Optimum Basin Management Program (OBMP). Hearings were held as follows with the Honorable Judge J. Michael Gunn presiding:

| Hearing Date | Primary Subject Matter |
|-------------------|---|
| June 21, 2005 | <ul style="list-style-type: none"> • Special Referee's Report on Progress Made on Implementation of Watermaster Interim Plan for Management of Subsidence |
| May 25, 2005 | <ul style="list-style-type: none"> • Notice of MZ1 Workshop with Special Referee and Transcript |
| December 2, 2004 | <ul style="list-style-type: none"> • Notice of Motion and Motion to file Status Report No. 11 • Notice of Continuance; Change Time of Hearing • Notice of Motion and Motion for an Order Directing Watermaster to Proceed in Accordance with Peace Agreement as Amended by First Amendment to Peace Agreement • Order Directing Watermaster to Proceed in Accordance with Peace Agreement as Amended by First Amendment • Transmittal of Final Copy of the 26th Annual Report • Order Receiving OBMP Status Reports Nos. 9, 10, & 11, Well Production Summaries and Final Technical Memorandum |
| September 2, 2004 | <ul style="list-style-type: none"> • Joint Request by Chino Basin Watermaster to Order Continuing September 2, 2004 hearing to October 14, 2004; and Order Continuing the Monte Vista Motion to October 14, 2004 |
| August 11, 2004 | <ul style="list-style-type: none"> • Notice of Ex Parte Motion and Motion for an Order Shortening Time for filing of Motion for Continuance of Paragraph 15 Motion by Jimmy L. Gutierrez for City of Chino; Points & Authorities in Support thereof; Declaration of Jimmy L. Gutierrez in Support thereof |
| August 9, 2004 | <ul style="list-style-type: none"> • Notice Regarding Participation in MZ1 Interim Plan Forbearance |

**RESOLUTIONS
FISCAL YEAR 2004-2005**

| Resolution | Adopted | Summary of Resolution |
|------------|---------------------|---|
| 05-04 | June 9, 2005 | <p><i>Supporting a Cooperative Grant Agreement Under Chapter 8 of Proposition 50 for the Development of an Integrated Regional Management Plan</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster's Board commits its support for the cooperative effort necessary for the development of an integrated regional water management plan as described as the "Proposition 50" grant application. |
| 05-03 | January 27, 2005 | <p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2004-2005</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective November 18, 2004 as shown on Exhibit "A" (Summary of Assessments). • Pursuant to the Judgment, each party has thirty days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55(c) of the Judgment. |
| 05-02 | January 27, 2005 | <p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> • The Board of Directors authorizes the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record. • The following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: Chairman of the Board, Vice-Chair, Secretary/Treasurer, Chief Executive Officer/Secretary, and Finance Manager. |
| 05-01 | January 27, 2005 | <p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> • The authority to invest and reinvest funds of Watermaster is delegated to the Watermaster Finance Manager subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee. • This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety. |

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

| Fiscal Year | Appropriative | Non-Agricultural | Agricultural |
|-------------|--------------------------------------|--|--|
| 04-05 | | | |
| 03-04 | | | |
| 02-03 | Niagara Bottling Company | | |
| 01-02 | Nicholson Trust | | |
| 00-01 | | Loving Savior of the Hills Lutheran Church CCG Ontario, LLC (Catellus Commercial Group) | |
| 99-00 | | | |
| 98-99 | | | |
| 97-98 | | | Louis Badders |
| 96-97 | | Mountain Vista Power Generation Company, LLC California Speedway Corporation | Paul Russavage Ambrosia Farms, Chin T. Lee |
| 95-96 | City of Fontana | General Electric Company | Elizabeth H. Rohrs Richard Van Loon S.N.S. Dairy Wineside 45 Frank Lizzaraga |
| 94-95 | | | |
| 93-94 | | | |
| 92-93 | | | |
| 91-92 | Arrowhead Mountain Springs Water Co. | California Steel Industries, Inc. | |
| 90-91 | | | |
| 89-90 | Fontana Water Company | | Gary Teed |

¹ Refer to the Twenty-Seventh Annual Report (Fiscal Year 2003-04) for interventions prior to 89-90.

**WATERMASTER'S "NOTICE OF INTENT" TO
CHANGE THE OPERATING SAFE YIELD OF THE
CHINO GROUNDWATER BASIN**

PLEASE TAKE NOTICE that on this 27th day of January 2005, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

**By: /s/ Ken Jeske
Ken Jeske
Chairman, Advisory Committee**

**By: /s/ Robert Neufeld
Robert Neufeld
Chairman, Watermaster Board**

ATTEST:

**By: /s/ Bob Bowcock
Bob Bowcock
Secretary, Watermaster Board**

**APPROPRIATIVE RIGHTS
(ORIGINAL PER JUDGMENT)**

| <u>Party</u> | <u>Appropriative Right (Acre-Feet)</u> | <u>Share of Initial Operating Safe Yield (Acre-Feet)</u> | <u>Share of Operating Safe Yield (Percent)</u> |
|---|--|--|--|
| City of Chino | 5,271.70 | 3,670.07 | 6.69 |
| City of Norco | 289.50 | 201.55 | 0.37 |
| City of Ontario | 16,337.40 | 11,373.82 | 20.74 |
| City of Pomona | 16,110.50 | 11,215.85 | 20.45 |
| City of Upland | 4,097.20 | 2,852.40 | 5.20 |
| Cucamonga County Water District | 4,431.00 | 3,084.79 | 5.63 |
| Jurupa Community Services District | 1,104.10 | 768.66 | 1.40 |
| Monte Vista County Water District | 5,958.70 | 4,148.34 | 7.57 |
| West San Bernardino County Water District | 925.50 | 644.32 | 1.18 |
| Etiwanda Water Company | 768.00 | 534.67 | 0.98 |
| Feldspar Gardens Mutual Water Company | 68.30 | 47.55 | 0.09 |
| Fontana Union Water Company | 9,188.30 | 6,396.74 | 11.67 |
| Marygold Mutual Water Company | 941.30 | 655.32 | 1.20 |
| Mira Loma Water Company | 1,116.00 | 776.94 | 1.42 |
| Monte Vista Irrigation Company | 972.10 | 676.76 | 1.23 |
| Mutual Water Company of Glen Avon Heights | 672.20 | 467.97 | 0.85 |
| Park Water Company | 236.10 | 164.37 | 0.30 |
| Pomona Valley Water Company | 3,106.30 | 2,162.55 | 3.94 |
| San Antonio Water Company | 2,164.50 | 1,506.89 | 2.75 |
| Santa Ana River Water Company | 1,869.30 | 1,301.37 | 2.37 |
| Southern California Water Company | 1,774.50 | 1,235.38 | 2.25 |
| West End Consolidated Water Company | 1,361.30 | 947.71 | 1.73 |
| Total | 78,763.80 | 54,834.00 | 100.00 |

**APPROPRIATIVE RIGHTS
(AS OF JUNE 30, 2005)**

| <u>Party</u> | <u>Appropriative Right (Acre-Feet)</u> | <u>Share of Initial Operating Safe Yield (Acre-Feet)</u> | <u>Share of Operating Safe Yield (Percent)</u> |
|---|--|--|--|
| City of Chino ^A | 5,794.60 | 4,034.14 | 7.36 |
| City of Chino Hills ^B | 3,033.20 | 2,111.66 | 3.85 |
| City of Norco | 289.50 | 201.79 | 0.37 |
| City of Ontario | 16,337.40 | 11,373.67 | 20.74 |
| City of Pomona | 16,110.50 | 11,215.75 | 20.45 |
| City of Upland | 4,097.20 | 2,852.47 | 5.20 |
| Cucamonga Valley Water District ^C | 5,199.20 | 3,619.59 | 6.60 |
| Jurupa Community Services District ^D | 2,960.70 | 2,061.21 | 3.76 |
| Monte Vista County Water District ^E | 6,928.80 | 4,823.75 | 8.80 |
| West Valley Water District ^F | 925.50 | 644.30 | 1.18 |
| Fontana Union Water Company ^G | 9,188.30 | 6,392.00 | 11.66 |
| Fontana Water Company ^H | - | 1.97 | 0.00 |
| Los Serranos County Club ^I | - | - | - |
| Marygold Mutual Water Company | 941.30 | 655.27 | 1.20 |
| Monte Vista Irrigation Company | 972.10 | 676.65 | 1.23 |
| Niagara Bottling Company ^J | - | - | - |
| Nicholson Trust ^K | - | 4.00 | 0.01 |
| San Antonio Water Company | 2,164.50 | 1,506.84 | 2.75 |
| Santa Ana River Water Company | 1,869.30 | 1,301.21 | 2.37 |
| Golden State Water Company ^L | 590.70 | 411.26 | 0.75 |
| West End Consolidated Water Company | 1,361.30 | 947.53 | 1.73 |
| San Bernardino County (Shooting Park) ^M | - | - | - |
| Arrowhead Mountain Springs Water Company ^N | - | - | - |
| City of Fontana ^O | - | - | - |
| Total | 78,764.10 | 54,835.03 | 100.00 |

^A In 1990, Chino received a portion of San Bernardino County Water Works #8 (WW#8) OSY (363.790 AF) as a result of a permanent transfer.

^B WW#8 acquired a portion of the rights of Park and Pomona Valley Water Companies in 1983. City of Chino Hills incorporated in 1991 and assumed the responsibility for providing the public services formerly provided by WW#8.

^C CVWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986). CCWD changed their name to CVWD in 2004.

^D JCSD acquired the rights of Mira Loma Water Company (776.940 AF), Feldspar Gardens (47.549 AF) and Mutual Water Company of Glen Avon Heights (467.974 AF).

^E MVCWD changed their name to MVWD in 1980. In 1990, MVWD received 675.610 AF of WW#8 OSY as a result of a permanent transfer.

^F WSBCWD changed their name to WVWD in 2003.

^G In FY 2001-02 5.00 AF of Safe Yield was reassigned, 1.00 AF to FWC and 4.00 AF to the Nicholson Trust.

^H FWC intervened in FY 91-92 and was assigned 1.00 AF of OSY as a result of a permanent transfer of water rights from FUWC.

^I Los Serranos intervened in FY 83-84.

^J Niagara Bottling Company intervened in FY 02-03.

^K Nicholson Trust intervened in FY 01-02.

^L SCWC permanently transferred 823.900 AF of OSY to Park Water Company in 1980. Park Water Co was acquired by WW#8, which was subsequently acquired by the City of Chino Hills. SCWC changed their name to GSWC in 2005.

^M San Bernardino County Prado Tiro (now known as Prado Shooting Park) was involuntarily reassigned to the Appropriative Pool from the Ag Pool in 1985.

^N Arrowhead intervened in FY 92-93.

^O Fontana intervened in FY 98-99.

**NON-AGRICULTURAL RIGHTS
(ORIGINAL PER JUDGMENT)**

| <u>Party</u> | <u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u> | <u>Share of Safe Yield (Acre-Feet)</u> |
|---|--|--|
| Ameron Steel Producers, Inc. | 125.00 | 97.86 |
| County of San Bernardino (Airport) | 171.00 | 133.87 |
| Conrock Company | 406.00 | 317.84 |
| Kaiser Steel Corporation | 3,743.00 | 2,930.27 |
| Red Star Fertilizer | 20.00 | 15.66 |
| Southern California Edison Co. | 1,255.00 | 982.50 |
| Space Center, Mira Loma | 133.00 | 104.12 |
| Southern Service Co. dba Blue Seal Linen | 24.00 | 18.79 |
| Sunkist Growers, Inc. | 2,393.00 | 1,873.40 |
| Carlsberg Mobile Home Properties, Ltd '73 | 593.00 | 464.24 |
| Union Carbide Corporation | 546.00 | 427.45 |
| Quaker Chemical Co. | - | - |
| Total | 9,409.00 | 7,366.00 |

**NON-AGRICULTURAL RIGHTS
(AS OF JUNE 30, 2005)**

| <u>Party</u> | <u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u> | <u>Share of Safe Yield (Acre-Feet)</u> |
|---|--|--|
| Ameron Steel Producers, Inc. | 125.00 | 97.86 |
| County of San Bernardino (Airport) | 171.00 | 133.87 |
| Vulcan Materials Company ^A | 406.00 | 317.84 |
| CCG Ontario LLC ^B | 805.00 | 630.27 |
| West Venture Development Co. ^C | - | - |
| Southern California Edison Co. ^D | 37.00 | 27.96 |
| Reliant Energy, Etiwanda ^E | 1,219.00 | 954.54 |
| Space Center, Mira Loma | 133.00 | 104.12 |
| Angelica Rental Service ^F | 24.00 | 18.79 |
| Sunkist Growers, Inc. | 2,393.00 | 1,873.40 |
| Swan Lake Mobile Home Park ^G | 593.00 | 464.24 |
| California Steel Industries ^H | 1,660.00 | 1,300.00 |
| Praxair ^I | 546.00 | 427.45 |
| General Electric Company ^J | - | - |
| California Speedway ^K | 1,277.00 | 1,000.00 |
| Loving Savior of the Hills Lutheran Church ^L | - | - |
| Total | 9,389.00 | 7,350.34 |

^A Conrock became Calmat and in FY 99-00 became Vulcan Materials Co.

^B Kaiser Steel Corporation became Kaiser Resources and then Kaiser Venture, Inc. Kaiser sold portions of its property to CSI & Speedway, its last property holdings and all its remaining water rights to CCG Ontario LLP on 8-16-00.

^C Anaheim Citrus became Red Star Fertilizer, West Venture Development. West Venture went out of business in 91-92.

^D A portion of SCE was sold in FY 98-99. SCE retained 27.959 AF OSY.

^E Mountain Vista Power Generating Company (MVPG) purchased the Etiwanda Generating Facility owned by SCE in FY 98-99. MVPG became Reliant Energy, Etiwanda with 954.540 AF OSY.

^F Southern Service Company became Angelica Rental Service.

^G Carlsberg Mobile Home Properties became Mobile Community Management and is known as Swan Lake Mobile Home Park.

^H California Steel Industries (CSI) intervened in FY 91-92 after purchasing land from Kaiser.

^I Union Carbide Corp. became Praxair, Inc.

^J General Electric Company intervened in FY 95-96.

^K California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Catellus permanently transferred 525.00 AF OSY to Speedway.

^L Loving Savior of the Hills Lutheran Church intervened in FY 00-01.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL (ACRE-FEET)

| Fiscal Year | Appropriative | Agricultural | Non-Agricultural | Total |
|-------------|---------------------------|----------------------|---------------------|---------|
| 74-75 | 70,312 | 96,567 | 8,878 | 175,757 |
| 75-76 | 79,312 | 95,349 | 6,356 | 181,017 |
| 76-77 | 72,707 | 91,450 | 9,198 | 173,355 |
| 77-78 | 60,659 | 83,934 | 10,082 ¹ | 154,675 |
| 78-79 | 60,597 | 73,688 | 7,127 | 141,412 |
| 79-80 | 63,834 | 69,369 | 7,363 | 140,566 |
| 80-81 | 70,726 | 68,040 | 5,650 | 144,416 |
| 81-82 | 66,731 | 65,117 | 5,684 | 137,532 |
| 82-83 | 63,481 | 56,759 | 2,395 | 122,635 |
| 83-84 | 70,558 | 59,033 | 3,208 | 132,799 |
| 84-85 | 76,912 | 55,543 | 2,415 | 134,870 |
| 85-86 | 80,859 | 52,061 | 3,193 | 136,113 |
| 86-87 | 84,662 | 59,847 | 2,559 | 147,068 |
| 87-88 | 91,579 ² | 57,865 | 2,958 | 152,402 |
| 88-89 | 93,617 ³ | 46,762 | 3,619 | 143,998 |
| 89-90 | 101,344 ⁴ | 48,420 | 4,856 | 154,620 |
| 90-91 | 86,658 ⁵ | 48,085 | 5,407 | 140,150 |
| 91-92 | 91,982 ⁶ | 44,682 | 5,240 | 141,904 |
| 92-93 | 86,367 ⁷ | 44,092 | 5,464 | 135,923 |
| 93-94 | 80,798 ⁸ | 44,298 | 4,586 | 129,682 |
| 94-95 | 93,419 ⁹ | 55,022 | 4,327 | 152,768 |
| 95-96 | 101,606 ^{10, 11} | 43,639 | 5,424 | 150,669 |
| 96-97 | 110,163 ¹¹ | 44,809 | 6,309 | 161,281 |
| 97-98 | 97,435 ¹² | 43,345 | 4,955 ¹³ | 145,735 |
| 98-99 | 107,723 | 47,538 | 7,006 | 162,267 |
| 99-00 | 126,645 | 44,401 | 7,774 | 178,820 |
| 00-01 | 113,437 ^{11, 14} | 39,954 | 8,084 | 161,475 |
| 01-02 | 121,489 ^{11, 15} | 39,494 | 5,548 | 166,531 |
| 02-03 | 120,557 ^{11, 16} | 38,487 ¹¹ | 4,853 | 163,897 |
| 03-04 | 136,834 ¹⁷ | 41,978 | 2,915 | 181,727 |
| 04-05 | 127,811 ¹⁸ | 34,450 | 2,327 | 164,588 |

¹ Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.

² Does not include 7,674.3 AF exchanged with MWDSC.

³ Does not include 6,423.6 AF exchanged with MWDSC.

⁴ Does not include 16,377.1 AF exchanged with MWDSC.

⁵ Does not include 14,929.1 AF exchanged with MWDSC.

⁶ Does not include 12,202.4 AF exchanged with MWDSC.

⁷ Does not include 13,657.3 AF exchanged with MWDSC.

⁸ Does not include 20,194.7 AF exchanged with MWDSC.

⁹ Does not include 4,221.9 AF exchanged with MWDSC.

¹⁰ Does not include 6,167.2 AF exchanged with MWDSC.

¹¹ Reflects corrected production after reporting errors were accounted for.

¹² Does not include 4,275.4 AF exchanged with MWDSC.

¹³ Does not include 216.5 AF exchanged with MWDSC.

¹⁴ Does not include 7,989 AF Desalter production or 99.8 AF Dept. of Toxic Substances Control (DTSC) production.

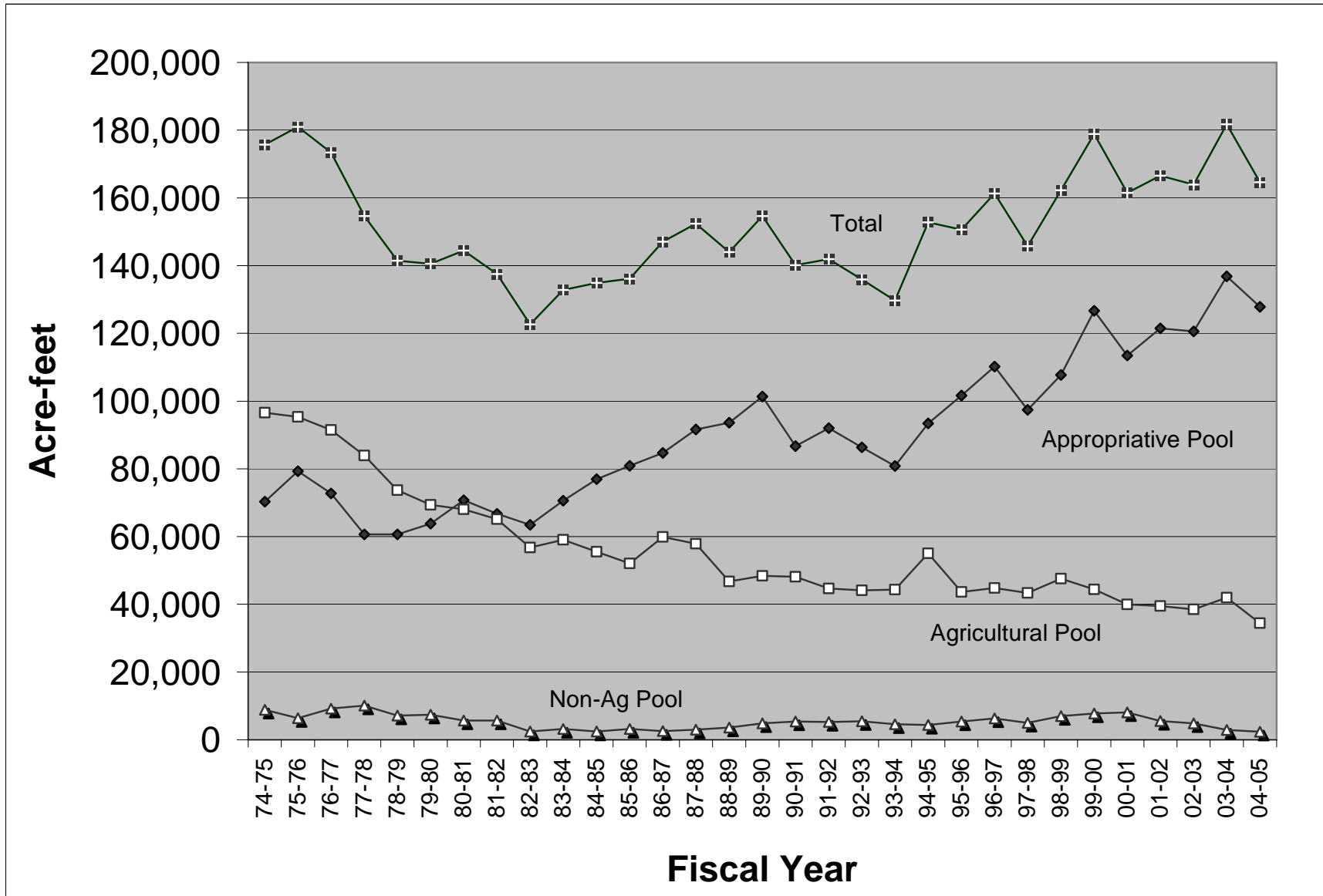
¹⁵ Does not include 9,458 AF Desalter production or 80.8 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁶ Does not include 10,439 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁷ Does not include 10,605 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁸ Does not include 9,854 AF Desalter production or 80.7 AF Dept. of Toxic Substances Control (DTSC) production.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL



**HISTORY OF REALLOCATION OF UNPRODUCED
AGRICULTURAL POOL SAFE YIELD¹
(ACRE-FEET)**

| Fiscal Year | Land Use Conversions | Remaining 50% Allocated | Balance Available | Total Ag Pool Reallocated to Appropriators |
|--------------------|-----------------------------|--------------------------------|--------------------------|---|
| 83-84 | 297 | 297 | 25,762 | 26,355 ² |
| 84-85 | 297 | 297 | 18,543 | 19,136 |
| 85-86 | 406 | 406 | 21,091 | 21,902 |
| 86-87 | 406 | 406 | 36,348 | 37,159 |
| 87-88 | 2,028 | 2,028 | 74,433 | 78,489 ³ |
| 88-89 | 406 | 406 | 24,124 | 24,935 |
| 89-90 | 406 | 406 | 35,227 | 36,038 |
| 90-91 | 406 | 406 | 33,569 | 34,380 |
| 91-92 | 406 | 406 | 33,904 | 34,715 |
| 92-93 | 406 | 406 | 37,307 | 38,118 |
| 93-94 | 406 | 406 | 37,897 | 38,708 |
| 94-95 | 3,246 | 406 | 34,850 | 38,502 |
| 95-96 | 5,855 | 5,855 | 16,067 | 27,778 |
| 96-97 | 6,310 | 6,310 | 26,541 | 39,161 |
| 97-98 | 7,213 | 7,213 | 23,565 | 37,991 |
| 98-99 | 8,511 | 8,511 | 22,433 | 39,455 |
| 99-00 | 10,471 | N/A | 63,191 | 73,662 ⁴ |
| 00-01 | 13,920 | N/A | 28,926 | 42,846 |
| 01-02 | 14,133 | N/A | 29,173 | 43,306 |
| 02-03 | 16,480 | N/A | 27,833 | 44,313 |
| 03-04 | 17,510 ⁵ | N/A | 23,312 | 40,822 |
| 04-05 | 19,013 | N/A | 29,336 | 48,350 |

¹ Source: Watermaster Annual Reports and Assessment Packages.

² First year reallocation occurred under the Judgment.

³ Appropriators agree to pay Ag Pool assessments. Reallocation procedure changed by agreement.

⁴ Peace Agreement signed. Appropriators agree to pay Ag Pool assessments for life of Peace Agreement. Procedure changed by agreement. Ag Pool Annual Safe Yield is 82,800 AF.

⁵ After duplication of conversion areas were identified, Jurupa's Pre-Peace Agreement acres were adjusted (337.6 acres), and Post-Peace Agreement acres were adjusted (846.4 acres).

TOTAL WATER CONSUMPTION WITHIN THE CHINO BASIN¹
(ACRE-FEET)

| Fiscal Year | Chino Basin Extractions² | Other Imported Supplies³ | Total |
|--------------------|--|--|--------------|
| 74-75 | 175,757 | 49,383 | 225,140 |
| 75-76 | 181,017 | 57,686 | 238,703 |
| 76-77 | 173,355 | 55,765 | 229,120 |
| 77-78 | 154,675 | 61,567 | 216,242 |
| 78-79 | 142,412 ⁴ | 75,864 | 218,276 |
| 79-80 | 140,566 | 70,727 | 211,293 |
| 80-81 | 144,416 | 77,765 | 222,181 |
| 81-82 | 137,532 | 67,491 | 205,023 |
| 82-83 | 122,635 | 76,000 | 198,635 |
| 83-84 | 132,799 | 99,257 | 232,056 |
| 84-85 | 134,870 | 92,952 | 227,822 |
| 85-86 | 136,113 | 114,624 | 250,737 |
| 86-87 | 147,068 | 126,493 | 273,561 |
| 87-88 | 152,402 | 116,175 | 268,577 |
| 88-89 | 143,998 | 128,167 | 272,165 |
| 89-90 | 154,620 | 139,004 | 293,624 |
| 90-91 | 140,151 | 116,493 | 256,644 |
| 91-92 | 141,904 | 104,480 | 246,384 |
| 92-93 | 135,923 | 117,205 | 253,128 |
| 93-94 | 129,682 | 136,038 | 265,720 |
| 94-95 | 152,768 | 116,797 | 269,565 |
| 95-96 | 150,669 ⁴ | 130,494 | 281,163 |
| 96-97 | 161,281 ⁴ | 115,031 | 276,312 |
| 97-98 | 145,735 | 106,360 | 252,095 |
| 98-99 | 162,267 | 113,040 | 275,307 |
| 99-00 | 178,820 | 129,208 | 308,028 |
| 00-01 | 161,475 ⁴ | 128,596 | 290,071 |
| 01-02 | 165,898 | 140,907 | 306,805 |
| 02-03 | 163,897 | 134,154 ⁴ | 298,051 |
| 03-04 | 181,727 | 143,989 | 325,716 |
| 04-05 | 164,588 | 145,644 | 310,232 |

¹ Total includes water used over Cucamonga Basin.

² See Appendix "History of Total Annual Groundwater Production by Pool."

³ Total does not include cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment.

⁴ Reflects corrected value.

**SUMMARY OF SUPPLEMENTAL SUPPLIES
FISCAL YEAR 2004-2005
(ACRE-FEET)**

| Member Agency | Other Basins | Surface Diversions | SBVMWD & MWDSC Imported Deliveries | Recycled Water | Total |
|--|--------------|--------------------|------------------------------------|----------------|-----------|
| Chino, City of | - | - | - | 845.6 | 845.6 |
| Chino Hills, City of | - | - | - | 829.9 | 829.9 |
| Cucamonga Valley Water District ¹ | 8,350.4 | 5,086.9 | - | 36.0 | 13,473.2 |
| Inland Empire Utilities Agency ² | - | - | - | 964.4 | 964.4 |
| Fontana Water Company ³ | 17,125.2 | 2,742.0 | 2,182.1 | 29.4 | 22,078.7 |
| Marygold Mutual Water Company ⁴ | 1,253.3 | - | - | - | 1,253.3 |
| MWDSC ⁵ | - | - | 74,627.5 | - | 74,627.5 |
| Monte Vista Water District | - | - | - | 7.3 | 7.3 |
| Ontario, City of | - | - | - | 1,207.1 | 1,207.1 |
| Pomona, City of ⁶ | 2,677.3 | 1,942.0 | 2,065.8 | - | 6,685.1 |
| San Antonio Water Company ⁷ | 6,783.2 | 741.1 | - | - | 7,524.2 |
| San Bernardino, County of | - | - | - | 1,459.3 | 1,459.3 |
| State of California, CIM ⁸ | - | - | - | 1,083.0 | 1,083.0 |
| Upland, City of ⁹ | 2,874.9 | 467.3 | - | 55.9 | 3,398.2 |
| West End Consolidated Water Company | 1,454.6 | - | - | - | 1,454.6 |
| West Valley Water District ¹⁰ | 8,752.6 | - | - | - | 8,752.6 |
| Total | 49,271.4 | 10,979.3 | 78,875.4 | 6,517.9 | 145,643.9 |

¹ Includes groundwater produced from Cucamonga Basin and surface water from Lloyd Michaels, Royer-Nesbit, and Arthur H. Bridge WTPs, and Deer Canyon.

² IEUA provided 5,395.6 AF of recycled water as follows: 1,459.278 AF to San Bernardino County; 1,169.223 AF to Ontario; 829.258 AF to the City of Chino, and 815.080 AF to the City of Chino Hills. Ely Basin Groundwater Recharge in the amount of 158.3 AF is shown as allocated within each service area.

³ Imported groundwater produced from Colton/Rialto and "unnamed" basin. Surface water deliveries are from Lytle Creek.

⁴ Imported groundwater produced from wells located in the Rialto Basin.

⁵ MWDSC and SBVMWD deliveries (See Appendix E-1 for individual agencies breakdown).

⁶ Includes 1,772.804 AF of groundwater from Six Basins and 904.509 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁷ An amount of 741.083 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1654.9 AF from San Antonio Tunnel, 4270.951 AF from Cucamonga Basin and 857.3 AF from Six Basins.

⁸ Recycled wastewater that was applied to fields, including water held in storage ponds.

⁹ Includes 749.99 AF from Cucamonga Basin. Surface water deliveries are from the San Antonio Canyon WTP. Recycled water includes water from the Upland Hills Country Club Sewage Treatment Plant.

¹⁰ Listed amount was delivered to "meter book" service area.

**SUMMARY OF MWDSC DELIVERIES
FISCAL YEAR 2004-2005
(ACRE-FEET)**

| Month | Water Facilities Authority - CB-12 | | | | | |
|-----------|------------------------------------|--------|---------|-------|--------------------------|--------|
| | Upland | MVWD | Ontario | Chino | Chino Hills ¹ | Total |
| July | 1,268 | 1,417 | 1,625 | 675 | 975 | 5,960 |
| August | 1,288 | 1,473 | 1,860 | 670 | 944 | 6,235 |
| September | 1,239 | 1,280 | 1,764 | 654 | 783 | 5,720 |
| October | 636 | 780 | 1,371 | 641 | 555 | 3,983 |
| November | 258 | 618 | 842 | 368 | 555 | 2,640 |
| December | 206 | 676 | 885 | 392 | 562 | 2,720 |
| January | 107 | 498 | 401 | 408 | 391 | 1,805 |
| February | 101 | 236 | 173 | 346 | 87 | 942 |
| March | 61 | 874 | 600 | 385 | 265 | 2,184 |
| April | 288 | 1,514 | 1,007 | 495 | 877 | 4,181 |
| May | 625 | 1,386 | 1,471 | 592 | 1,198 | 5,272 |
| June | 831 | 722 | 1,466 | 636 | 1,365 | 5,019 |
| Total | 6,905 | 11,472 | 13,464 | 6,263 | 8,556 | 46,660 |

| Month | Reliant | Cucamonga Valley Water District | | | Pomona | Total |
|-----------|---------|---------------------------------|--------|-----------|--------|--------|
| | CB-01 | CB-07 | CB-16 | Sub-Total | | |
| July | - | 142 | 4,354 | 4,495 | 536 | 10,991 |
| August | - | 131 | 4,129 | 4,260 | 496 | 10,991 |
| September | - | 117 | 3,761 | 3,879 | 449 | 10,047 |
| October | - | 57 | 2,419 | 2,476 | 225 | 6,684 |
| November | - | - | 1,712 | 1,712 | 44 | 4,396 |
| December | - | 4 | 1,692 | 1,696 | 17 | 4,432 |
| January | - | - | 1,319 | 1,319 | 30 | 3,154 |
| February | - | - | 308 | 308 | 36 | 1,286 |
| March | - | - | 308 | 308 | - | 2,492 |
| April | - | - | 1,985 | 1,985 | 21 | 6,187 |
| May | - | - | 2,440 | 2,440 | 67 | 7,779 |
| June | - | - | 3,091 | 3,091 | 145 | 8,256 |
| Total | - | 452 | 27,516 | 27,968 | 2,066 | 76,693 |

¹ Total includes water delivered directly from WFA and from WFA through MVWD by agreement.

**SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | Total |
|---|--------------|--------------|----------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Conjunctive Use Plan, All Parties - Storage | | | | | | | | | | | | | |
| Direct | | | | | | | | | | | | | |
| Monte Vista Water District | - | - | - | - | - | - | - | - | - | - | - | - | 0.0 |
| | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| In-Lieu | | | | | | | | | | | | | |
| Chino Basin Watermaster | 483.4 | 850.4 | 1,129.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,463.4 |
| Chino, City of ¹ | 0.0 | 0.0 | 727.3 | 684.8 | 491.2 | 381.0 | 121.1 | 120.1 | 188.5 | 212.6 | 115.6 | 222.9 | 3,264.9 |
| Chino Hills, City of ¹ | 0.0 | 0.0 | 0.0 | 0.0 | 167.0 | 250.0 | 250.0 | 250.0 | 250.0 | 250.0 | 83.0 | 0.0 | 1,500.0 |
| Cucamonga Valley Water District | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Jurupa Community Services District | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Monte Vista Water District | 0.0 | 0.0 | 0.0 | 440.0 | 450.0 | 250.0 | 400.0 | 490.0 | 660.0 | 700.0 | 700.0 | 125.0 | 4,215.0 |
| Ontario, City of | 0.0 | 0.0 | 0.0 | 0.0 | 1,124.0 | 1,162.4 | 0.0 | 500.0 | 953.0 | 1,140.0 | 1,140.0 | 1,099.0 | 7,118.4 |
| Pomona, City of | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Upland, City of | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 483.4 | 850.4 | 1,856.9 | 1,124.8 | 2,232.2 | 2,043.4 | 771.1 | 1,360.1 | 2,051.5 | 2,302.6 | 2,038.6 | 1,446.9 | 18,561.7 |
| Total Storage | 483.4 | 850.4 | 1,856.9 | 1,124.8 | 2,232.2 | 2,043.4 | 771.1 | 1,360.1 | 2,051.5 | 2,302.6 | 2,038.6 | 1,446.9 | 18,561.7 |
| Replenishment Deliveries to Watermaster (Including 6,500 AF to MZ-1) | | | | | | | | | | | | | |
| Obligation = 23,529.022 AF (17,029.022 over-production + 6,500 MZ-1) | | | | | | | | | | | | | |
| Direct | | | | | | | | | | | | | |
| CB-11T (Deer Creek) | - | - | - | - | - | - | - | - | - | - | - | - | 0.0 |
| CB-13T (San Sevaine) | 0.0 | 0.0 | 0.0 | 659.9 | 274.5 | 276.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1,211.2 |
| CB-14T (Etiwanda) | 0.0 | 0.0 | 0.0 | 706.5 | 342.3 | 244.9 | 0.0 | 0.0 | 280.5 | 359.8 | 525.5 | 352.9 | 2,812.4 |
| CB-15T (Day Creek) | - | - | - | - | - | - | - | - | - | - | - | - | 0.0 |
| CB-18T (Etiwanda Inter-tie) | - | - | - | - | - | - | - | - | - | - | - | - | 0.0 |
| OC-59 (San Antonio) | 0.0 | 0.0 | 0.0 | 244.3 | 1,000.0 | 903.5 | 496.9 | 362.6 | 0.0 | 445.6 | 0.0 | 105.5 | 3,558.4 |
| | 0.0 | 0.0 | 0.0 | 1,610.7 | 1,616.8 | 1,425.2 | 496.9 | 362.6 | 280.5 | 805.4 | 525.5 | 458.4 | 7,582.0 |
| Purchased from Cyclic Acct ² | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 13,005.4 | 13,005.4 |
| Total Replenishment | 0.0 | 0.0 | 0.0 | 1,610.7 | 1,616.8 | 1,425.2 | 496.9 | 362.6 | 280.5 | 805.4 | 525.5 | 13,463.8 | 20,587.4 |

¹ Includes 1,500.0 AF of voluntary forbearance water.

² 30,000.0 AF was purchased during the FY 04-05, 13,005.4 AF of which was credited toward FY 03-04's year's recharge obligation.

**SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES
FISCAL YEAR 2004-2005
(ACRE-FEET)**

| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | Total |
|--|--------------|--------------|----------------|--------------|---|-----------------|--------------|--------------|----------------|----------------|----------------|----------------|-----------------|
| Conjunctive Use Plan, All Parties - Storage | | | | | | | | | | | | | |
| Direct | | | | | | | | | | | | | |
| Monte Vista Water District | - | - | - | - | - | - | - | - | - | - | - | - | 0.0 |
| | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| In-Lieu | | | | | | | | | | | | | |
| Chino Basin Watermaster | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chino, City of ¹ | 0.0 | 0.0 | 0.0 | 257.7 | 224.9 | 212.6 | 156.7 | 120.1 | 198.7 | 112.9 | 321.0 | 287.8 | 1,892.4 |
| Chino Hills, City of ¹ | 0.0 | 0.0 | 0.0 | 0.0 | 250.0 | 250.0 | 250.0 | 150.0 | 150.0 | 150.0 | 150.0 | 1,319.2 | 2,669.2 |
| Cucamonga Valley Water District | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Jurupa Community Services District | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Monte Vista Water District | 125.0 | 300.0 | 650.0 | 675.0 | 550.0 | 550.0 | 400.0 | 200.0 | 825.0 | 1,450.0 | 625.0 | 700.0 | 7,050.0 |
| Ontario, City of | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pomona, City of | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Upland, City of | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 107.1 | 101.1 | 60.5 | 287.7 | 624.5 | 830.7 | 2,011.6 |
| | 125.0 | 300.0 | 650.0 | 932.7 | 1,024.9 | 1,012.6 | 913.8 | 571.2 | 1,234.2 | 2,000.6 | 1,720.5 | 3,137.7 | 13,623.2 |
| Total Storage | 125.0 | 300.0 | 650.0 | 932.7 | 1,024.9 | 1,012.6 | 913.8 | 571.2 | 1,234.2 | 2,000.6 | 1,720.5 | 3,137.7 | 13,623.2 |
| Replenishment Deliveries to Watermaster | | | | | Obligation = 43,552.018 AF | | | | | | | | |
| (Including 6,500 AF to MZ-1) | | | | | (32,388.421 over-production + 6,500 MZ-1+ 2,941.6 carryover MZ-1 + 5,165.99/3yrs. JCSD correction) | | | | | | | | |
| Direct | | | | | | | | | | | | | |
| CB-11T (Deer Creek) | 0.0 | 0.0 | 0.0 | 15.5 | 74.5 | 219.2 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 310.2 |
| CB-13T (San Sevaine) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 434.0 | 1,186.7 | 1,620.7 |
| CB-14T (Etiwanda) ² | 572.4 | 576.4 | 586.0 | 402.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,137.0 |
| CB-15T (Day Creek) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.9 | 0.0 | 0.0 | 0.0 | 0.0 | 101.4 | 0.4 | 106.7 |
| CB-18T (Etiwanda Inter-tie) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 0.0 | 32.0 | 163.0 | 196.8 |
| OC-59 (San Antonio) | 0.0 | 63.7 | 1,765.7 | 0.0 | 1,115.7 | 1,005.1 | 0.0 | 16.9 | 93.1 | 1,821.4 | 1,564.4 | 441.2 | 7,887.2 |
| | 572.4 | 640.1 | 2,351.7 | 417.7 | 1,190.2 | 1,229.2 | 0.0 | 16.9 | 94.9 | 1,821.4 | 2,132.8 | 1,791.3 | 12,258.6 |
| Purchased from Cyclic Acct³ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16,994.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16,994.6 |
| Total Replenishment | 572.4 | 640.1 | 2,351.7 | 417.7 | 1,190.2 | 18,223.8 | 0.0 | 16.9 | 94.9 | 1,821.4 | 2,132.8 | 1,791.3 | 29,253.2 |

¹ Includes 1,500.0 AF of voluntary forbearance water.

² October 2004 delivery is updated to reflect actual delivery.

³ 30,000.0 AF was purchased during the FY, but the other 13,005.4 AF was credited toward the previous year's recharge obligation.

**SUMMARY OF STORM WATER RECHARGE
FISCAL YEAR 2004-2005
(ACRE-FEET)**

| Storm Event | Duration (Event & Recharge) | Precipitation (Inches) | Stormwater Captured (Acre-Feet) |
|---|--------------------------------|---------------------------|------------------------------------|
| 1 | 10/16/04-10/25/04 | 5.78 | 1,154 |
| 2 | 10/26/04-11/19/04 | 3.94 | 1,541 |
| 3 | 11/20/04-12/04/04 | 1.97 | 783 |
| 4 | 12/05/04-12/27/04 | 0.40 | 346 |
| 5 | 12//28/04-1/06/05 | 6.55 | 846 |
| 6 | 01/07/05-01/25/05 | 13.71 | 2,275 |
| 7 | 01/26/05-02/09/05 | 1.31 | 1,179 |
| 8 | 02/10/05-02/16/05 | 2.66 | 1,065 |
| 9 | 02/17/05-3/21/05 | 11.30 | 4,416 |
| 10 | 3/22/05-4/16/05 | 1.38 | 955 |
| 11 | 4/17/05-5/25/05 | 0.95 | 1,082 |
| 12 | 6/05/05-6/30/05 | snow melt | 2,000 |
| Totals | | 49.97 | 17,642 |
| Historical Annual Average Recharge ¹ | | | 5,600 |
| New Yield | | | 12,042 |

¹Includes 400 AF at Wineville, 400 AF at Riverside, and 500 AF at Etiwanda Conservation Ponds.
FY 04-05 "Stormwater Captured" did not measure recharge in these basins.

APPROPRIATIVE POOL WATER PRODUCTION SUMMARY FISCAL YEAR 2004-2005



Assessment Year 2005-2006 (Production Year 2004-2005)

Pool 3 Water Production Summary

| | Carryover Beginning Balance | Prior Year Adjust- ments | Assigned Share of Operating Safe Yield (AF) | Reallocation of Agricultural Pool Safe Yield | | | Difference: Potential vs. Net | Net Ag Pool Reallocation |
|------------------------------------|-----------------------------------|--------------------------------|---|--|------------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| | | | | 32,800 AF Early Transfer | Land Use Conver- sions | Potential for Reallocation (AF) | | |
| Arrowhead Mtn Spring Water Co | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Chino Hills, City Of | 2,111.658 | 0.000 | 2,111.422 | 1,263.128 | 987.346 | 2,250.473 | (133.388) | 2,117.085 |
| Chino, City Of | 4,034.137 | 0.000 | 4,033.857 | 2,413.096 | 5,688.576 | 8,101.672 | (254.826) | 7,846.846 |
| Cucamonga Valley Water District | 3,619.594 | 0.000 | 3,619.454 | 2,165.128 | 598.364 | 2,763.492 | (228.640) | 2,534.852 |
| Desalter Authority | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Fontana Union Water Company | 0.000 | 0.000 | 6,391.736 | 3,823.496 | 0.000 | 3,823.496 | (403.766) | 3,419.730 |
| Fontana Water Company | 0.000 | 0.000 | 1.000 | 0.656 | 834.000 | 834.656 | (0.069) | 834.587 |
| Inland Empire Utilities Agency | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Jurupa Community Services District | 0.000 | 0.000 | 2,061.118 | 1,232.952 | 9,858.196 | 11,091.148 | (130.201) | 10,960.947 |
| Los Serranos Country Club | 0.000 | 0.000 | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Marygold Mutual Water Company | 655.267 | 0.000 | 655.317 | 391.960 | 0.000 | 391.960 | (41.391) | 350.569 |
| Metropolitan Water District | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Monte Vista Irrigation Company | 145.347 | 0.000 | 676.759 | 404.752 | 0.000 | 404.752 | (42.742) | 362.010 |
| Monte Vista Water District | 0.000 | 0.000 | 4,823.954 | 2,885.416 | 55.075 | 2,940.491 | (304.704) | 2,635.787 |
| Niagara Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Nicholson Trust | 1.458 | 0.000 | 4.000 | 2.296 | 0.000 | 2.296 | (0.242) | 2.054 |
| Norco, City Of | 0.000 | 0.000 | 201.545 | 120.704 | 0.000 | 120.704 | (12.746) | 107.958 |
| Ontario, City Of | 0.000 | 0.000 | 11,373.816 | 6,803.376 | 991.717 | 7,795.093 | (718.445) | 7,076.648 |
| Pomona, City Of | 2,148.383 | 0.000 | 11,215.852 | 6,708.912 | 0.000 | 6,708.912 | (708.470) | 6,000.442 |
| San Antonio Water Company | 1,506.839 | 0.000 | 1,506.888 | 901.344 | 0.000 | 901.344 | (95.183) | 806.161 |
| San Bernardino County Shtg Prk | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Santa Ana River Water Company | 598.167 | 0.000 | 1,301.374 | 778.344 | 0.000 | 778.344 | (82.194) | 696.150 |
| So Cal Water Company | 411.256 | 0.000 | 411.476 | 246.000 | 0.000 | 246.000 | (25.978) | 220.022 |
| Upland, City Of | 2,852.466 | 0.000 | 2,852.401 | 1,706.256 | 0.000 | 1,706.256 | (180.183) | 1,526.073 |
| West End Consolidated Water Compa | 947.532 | 0.000 | 947.714 | 566.784 | 0.000 | 566.784 | (59.853) | 506.931 |
| West Valley Water District | 644.300 | 0.000 | 644.317 | 385.400 | 0.000 | 385.400 | (40.699) | 344.701 |
| | 19,676.405 | 0.000 | 54,834.000 | 32,800.000 | 19,013.274 | 51,813.273 | (3,463.723) | 48,349.550 |
| Less Desalter Production | | | | | | | | |
| Total Assessable Production | | | | | | | | |

| Water Transaction Activity | New Yield | Annual Production Right | Actual Fiscal Year Production | MWD Exchanges | Total Production and Exchanges | Net Over-Production | | Under Production Balances | | |
|----------------------------|------------|-------------------------|-------------------------------|---------------|--------------------------------|---------------------|---------|---------------------------|--------------------------------|-----------------------------|
| | | | | | | 85/15% | 100% | Total Under-Produced | Carryover: Next Year Begin Bal | To Excess Carryover Account |
| 0.000 | 0.000 | 0.000 | 95.004 | 0.000 | 95.004 | 0.000 | 95.003 | 0.000 | 0.000 | 0.000 |
| 14.800 | 462.120 | 6,817.085 | 2,153.140 | 2,669.245 | 4,822.385 | 0.000 | 0.000 | 1,994.699 | 1,994.699 | 0.000 |
| 16.300 | 882.839 | 16,813.978 | 4,180.069 | 1,892.400 | 6,072.469 | 0.000 | 0.000 | 10,741.508 | 4,033.857 | 6,707.651 |
| 11,746.306 | 792.120 | 22,312.325 | 12,058.503 | 0.000 | 12,058.503 | 0.000 | 0.000 | 10,253.822 | 3,619.454 | 6,634.368 |
| 0.000 | 0.000 | 0.000 | 9,853.592 | 0.000 | 9,853.592 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| (11,210.306) | 1,398.840 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 3,505.936 | 0.240 | 4,341.762 | 21,959.053 | 0.000 | 21,959.053 | 17,617.291 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 1.240 | 0.000 | 1.240 | 1.240 | 0.000 | 0.000 | 0.000 | 0.000 |
| 1,600.000 | 451.080 | 15,073.144 | 16,146.500 | 0.000 | 16,146.500 | 1,073.356 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 143.400 | 1,804.552 | 132.408 | 0.000 | 132.408 | 0.000 | 0.000 | 1,672.144 | 655.317 | 1,016.827 |
| 0.000 | 0.000 | 0.000 | 0.500 | 0.000 | 0.500 | 0.000 | 0.500 | 0.000 | 0.000 | 0.000 |
| (1,100.000) | 148.080 | 232.195 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 232.195 | 232.195 | 0.000 |
| 3,607.300 | 1,055.640 | 12,122.681 | 10,046.419 | 7,050.000 | 17,096.419 | 4,973.737 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 808.455 | 0.000 | 808.455 | 0.000 | 808.454 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.840 | 8.351 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 8.351 | 4.000 | 4.351 |
| 0.000 | 44.160 | 353.662 | 83.772 | 0.000 | 83.772 | 0.000 | 0.000 | 269.890 | 201.545 | 68.345 |
| 5,417.300 | 2,489.040 | 26,356.803 | 26,291.097 | 0.000 | 26,291.097 | 0.000 | 0.000 | 65.706 | 65.706 | 0.000 |
| (2,500.000) | 2,454.480 | 19,319.157 | 15,981.125 | 0.000 | 15,981.125 | 0.000 | 0.000 | 3,338.032 | 3,338.032 | 0.000 |
| 0.000 | 329.760 | 4,149.647 | 1,611.562 | 0.000 | 1,611.562 | 0.000 | 0.000 | 2,538.085 | 1,506.888 | 1,031.197 |
| 0.000 | 0.000 | 0.000 | 13.823 | 0.000 | 13.823 | 13.823 | 0.000 | 0.000 | 0.000 | 0.000 |
| (1,600.000) | 284.760 | 1,280.450 | 499.284 | 0.000 | 499.284 | 0.000 | 0.000 | 781.166 | 781.166 | 0.000 |
| 0.000 | 90.000 | 1,132.754 | 215.999 | 0.000 | 215.999 | 0.000 | 0.000 | 916.755 | 411.476 | 505.279 |
| 16.600 | 624.240 | 7,871.780 | 1,909.769 | 2,011.600 | 3,921.369 | 0.000 | 0.000 | 3,950.410 | 2,852.401 | 1,098.009 |
| 0.000 | 207.360 | 2,609.537 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 2,609.537 | 947.714 | 1,661.823 |
| 0.000 | 141.000 | 1,774.318 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1,774.318 | 644.317 | 1,130.001 |
| 9,514.236 | 11,999.999 | 144,374.181 | 124,041.314 | 13,623.245 | 137,664.559 | 23,679.447 | 903.957 | 41,146.618 | 21,288.767 | 19,857.851 |
| | | | | | 9,853.592 | | | | | |
| | | | | | 127,810.967 | | | | | |

**APPROPRIATIVE POOL STORAGE ACCOUNT TRANSACTIONS
FISCAL YEAR 2004-2005**



Pool 3 Water / Storage Account Transactions

| | Water Transactions | | | | | Carryover Beginning Balance |
|-------------------------------------|--------------------|------------------|---------------------------|--------------------------|--------------------------|-----------------------------|
| | Assigned Rights | General Transfer | Transfer from ECO Account | Recharged Recycled Water | Total Water Transactions | |
| Arrowhead Mtn Spring Water Co | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Chino Hills, City Of | 0.000 | 0.000 | 0.000 | 14.800 | 14.800 | 784.764 |
| Chino, City Of | 0.000 | (5,350.000) | 5,350.000 | 16.300 | 16.300 | 4,764.630 |
| Cucamonga Valley Water District | 11,210.306 | (2,000.000) | 2,500.000 | 36.000 | 11,746.306 | 1,078.171 |
| Desalter Authority | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 17,375.769 |
| Fontana Union Water Company | (11,210.306) | 0.000 | 0.000 | 0.000 | (11,210.306) | 0.000 |
| Fontana Water Company | 0.000 | 3,505.458 | 0.478 | 0.000 | 3,505.936 | 0.000 |
| Inland Empire Utilities Agency | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Jurupa Community Services District | 0.000 | 1,600.000 | 0.000 | 0.000 | 1,600.000 | 5,847.112 |
| Los Serranos Country Club | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Marygold Mutual Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 1,511.760 |
| Metropolitan Water District | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Monte Vista Irrigation Company | 0.000 | (1,100.000) | 0.000 | 0.000 | (1,100.000) | 220.810 |
| Monte Vista Water District | 0.000 | 4,250.000 | (650.000) | 7.300 | 3,607.300 | 650.000 |
| Niagara Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Nicholson Trust | 0.000 | (5.458) | 5.458 | 0.000 | 0.000 | 0.000 |
| Norco, City Of | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 319.407 |
| Ontario, City Of | 0.000 | 5,350.000 | 0.000 | 67.300 | 5,417.300 | 0.000 |
| Pomona, City Of | 0.000 | (2,500.000) | 0.000 | 0.000 | (2,500.000) | 0.000 |
| San Antonio Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 10,567.251 |
| San Bernardino County Shtg Prk | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Santa Ana River Water Company | 0.000 | (1,600.000) | 0.000 | 0.000 | (1,600.000) | 0.000 |
| So Cal Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 90.098 |
| Upland, City Of | 0.000 | 0.000 | 0.000 | 16.600 | 16.600 | 5,414.985 |
| West End Consolidated Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 16,409.941 |
| West Valley Water District | 0.000 | (2,150.000) | 2,150.000 | 0.000 | 0.000 | 5,468.974 |
| | 0.000 | 0.000 | 9,355.936 | 158.300 | 9,514.236 | 70,503.672 |

| Excess Carry Over Account (ECO) | | | | Local Supplemental Storage Account | | | | | Combined |
|---------------------------------|---------------------------------|-----------------------|----------------|------------------------------------|---------------------|--------------------------------|--------------------------------------|----------------|----------------------------------|
| Transfers to / from | From Local Supplemental Storage | From Under Production | Ending Balance | Carryover Beginning Balance | Transfers to / from | MZI 6,500 Eligible for Storage | Transfer to Excess Carryover Account | Ending Balance | Combined Storage Account Balance |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 784.764 | 8,091.333 | 0.000 | 303.737 | 0.000 | 8,395.070 | 9,179.834 |
| (5,350.000) | 0.000 | 6,707.651 | 6,122.281 | 3,002.846 | 0.000 | 580.262 | 0.000 | 3,583.108 | 9,705.389 |
| (2,500.000) | 0.000 | 6,634.368 | 5,212.539 | 13,283.515 | 0.000 | 520.635 | 0.000 | 13,804.149 | 19,016.688 |
| (4,926.796) | 0.000 | 0.000 | 12,448.973 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 12,448.973 |
| 0.000 | 0.000 | 0.000 | 0.000 | 1,172.391 | 0.000 | 919.412 | 0.000 | 2,091.803 | 2,091.803 |
| (0.478) | 0.478 | 0.000 | 0.000 | 0.320 | 0.000 | 0.158 | (0.478) | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 5,847.112 | 866.728 | 0.000 | 296.480 | 0.000 | 1,163.208 | 7,010.320 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 1,016.827 | 2,528.587 | 2,172.057 | 0.000 | 94.252 | 0.000 | 2,266.309 | 4,794.896 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 220.810 | 7,299.841 | 0.000 | 97.328 | 0.000 | 7,397.170 | 7,617.980 |
| 650.000 | 0.000 | 0.000 | 1,300.000 | 5,995.718 | 0.000 | 693.838 | 0.000 | 6,689.557 | 7,989.557 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| (5.458) | 1.107 | 4.351 | 0.000 | 1.178 | 0.000 | 0.552 | (1.107) | 0.623 | 0.623 |
| 0.000 | 0.000 | 68.345 | 387.752 | 84.851 | 0.000 | 29.025 | 0.000 | 113.876 | 501.628 |
| 0.000 | 0.000 | 0.000 | 0.000 | 14,006.424 | 0.000 | 1,635.966 | 0.000 | 15,642.390 | 15,642.390 |
| 0.000 | 0.000 | 0.000 | 0.000 | 13,555.175 | 0.000 | 1,613.250 | 0.000 | 15,168.426 | 15,168.426 |
| 0.000 | 0.000 | 1,031.197 | 11,598.448 | 633.617 | 0.000 | 216.741 | 0.000 | 850.358 | 12,448.806 |
| 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 0.000 | 0.000 | 0.000 | 0.000 | 372.792 | 0.000 | 187.164 | 0.000 | 559.956 | 559.956 |
| 0.000 | 0.000 | 505.279 | 595.377 | 1,725.430 | 0.000 | 59.154 | 0.000 | 1,784.564 | 2,379.961 |
| 0.000 | 0.000 | 1,098.009 | 6,512.994 | 8,029.798 | 0.000 | 410.293 | 0.000 | 8,440.091 | 14,953.085 |
| 0.000 | 0.000 | 1,661.823 | 16,071.764 | 398.432 | 0.000 | 136.291 | 0.000 | 534.723 | 18,606.487 |
| (2,150.000) | 0.000 | 1,130.001 | 4,448.975 | 270.924 | 0.000 | 92.675 | 0.000 | 363.599 | 4,812.574 |
| (14,282.732) | 1.585 | 19,857.851 | 76,080.376 | 80,963.372 | 0.000 | 7,887.212 | (1.585) | 88,848.999 | 164,929.374 |

APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2004-2005



Assessment Year 2005-2006 (Production Year 2004-2005)

Pool 3 Assessment Fee Summary

| | Appropriative Pool | | | | Ag Pool SY Reallocation | | Reple |
|------------------------------------|--------------------|--------------------|---------------------|--------------------------|-------------------------|--------------------|-------------------|
| | AF Production | \$5.92 AF/Admin | \$22.02 AF/OBMP | AF Total Reallocation | \$204,098.00 | \$758,571.00 | \$37.65 AF/15% |
| | | | | | \$4.22 AF/Admin | \$15.69 AF/OBMP | |
| Arrowhead Mtn Spring Water Co | 95.004 | 562.42 | 2,091.98 | 0.000 | 0.00 | 0.00 | 0.00 |
| Chino Hills, City Of | 4,822.385 | 28,548.52 | 106,188.92 | 2,117.085 | 8,936.85 | 33,215.60 | 38,804.69 |
| Chino, City Of | 6,072.469 | 35,949.02 | 133,715.77 | 7,846.846 | 33,123.90 | 123,111.58 | 48,863.85 |
| Cucamonga Valley Water District | 12,058.503 | 71,386.34 | 265,528.24 | 2,534.852 | 10,700.37 | 39,770.07 | 97,032.17 |
| Desalter Authority | 0.000 | 5.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Fontana Union Water Company | 0.000 | 5.00 | 0.00 | 3,419.730 | 14,435.71 | 53,653.20 | 0.00 |
| Fontana Water Company | 21,959.053 | 129,997.60 | 483,538.36 | 834.587 | 3,523.04 | 13,094.09 | 176,699.76 |
| Inland Empire Utilities Agency | 1.240 | 7.34 | 27.30 | 0.000 | 0.00 | 0.00 | 9.98 |
| Jurupa Community Services District | 16,146.500 | 95,587.28 | 355,545.93 | 10,960.947 | 46,269.45 | 171,969.67 | 129,927.40 |
| Los Serranos Country Club | 0.000 | 5.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Marygold Mutual Water Company | 132.408 | 783.86 | 2,915.62 | 350.569 | 1,479.86 | 5,500.18 | 0.00 |
| Metropolitan Water District | 0.500 | 5.00 | 11.01 | 0.000 | 0.00 | 0.00 | 0.00 |
| Monte Vista Irrigation Company | 0.000 | 5.00 | 0.00 | 362.010 | 1,528.15 | 5,679.68 | 0.00 |
| Monte Vista Water District | 17,096.419 | 101,210.80 | 376,463.15 | 2,635.787 | 11,126.45 | 41,353.68 | 137,571.19 |
| Niagara Water Company | 808.455 | 4,786.05 | 17,802.17 | 0.000 | 0.00 | 0.00 | 0.00 |
| Nicholson Trust | 0.000 | 5.00 | 0.00 | 2.054 | 8.67 | 32.22 | 0.00 |
| Norco, City Of | 83.772 | 495.93 | 1,844.66 | 107.958 | 455.72 | 1,693.78 | 674.10 |
| Ontario, City Of | 26,291.097 | 155,643.29 | 578,929.95 | 7,076.648 | 29,872.66 | 111,027.71 | 211,558.78 |
| Pomona, City Of | 15,981.125 | 94,608.26 | 351,904.37 | 6,000.442 | 25,329.67 | 94,142.79 | 0.00 |
| San Antonio Water Company | 1,611.562 | 9,540.45 | 35,486.60 | 806.161 | 3,403.05 | 12,648.11 | 12,967.89 |
| San Bernardino County Shtg P:k | 13.823 | 81.83 | 304.39 | 0.000 | 0.00 | 0.00 | 111.23 |
| Santa Ana River Water Company | 499.284 | 2,955.76 | 10,994.23 | 696.150 | 2,938.66 | 10,922.11 | 4,017.63 |
| So Cal Water Company | 215.999 | 1,278.71 | 4,756.29 | 220.022 | 928.78 | 3,451.99 | 1,738.09 |
| Upland, City Of | 3,921.369 | 23,214.51 | 86,348.55 | 1,526.073 | 6,442.01 | 23,943.03 | 31,554.41 |
| West End Consolidated Water Compa | 0.000 | 5.00 | 0.00 | 506.931 | 2,139.91 | 7,953.39 | 0.00 |
| West Valley Water District | 0.000 | 5.00 | 0.00 | 344.701 | 1,455.09 | 5,408.12 | 0.00 |
| | 127,810.967 | 756,677.97 | 2,814,397.50 | 48,349.550 | 204,098.00 | 758,571.00 | 891,531.18 |

| Assessment Assessments | | 85/15 Water Transaction Activity | | | | ASSESSMENTS DUE | | | |
|------------------------|---------------------|----------------------------------|----------------------------|------------------|----------------------|------------------------------|--------------------------------|-----------------------------|---------------|
| \$213.35 AF/85% | \$251.00 AF/100% | 15% Producer Credits | 15% Pro-rated Debits | Pomona Credit | Previous Year Adj | Total Production Based | MZ1 Supp- lemental Water | Recharge Debt Payment | Total Due |
| 0.00 | 23,846.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26,500.41 | 0.00 | 0.00 | 26,500.41 |
| 0.00 | 0.00 | 0.00 | 20,287.93 | 2,567.35 | 0.00 | 238,549.86 | 0.00 | 11,553.00 | 250,102.86 |
| 0.00 | 0.00 | (176,550.00) | 25,547.07 | 4,904.69 | 0.00 | 228,665.88 | 0.00 | 22,071.00 | 250,736.88 |
| 0.00 | 0.00 | (81,675.00) | 50,730.50 | 4,400.69 | 0.00 | 457,873.37 | 0.00 | 19,803.00 | 477,676.37 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 7,771.37 | 0.00 | 75,865.28 | 0.00 | 34,971.00 | 110,836.28 |
| 3,758,649.03 | 0.00 | (33,269.10) | 92,382.43 | 1.33 | 0.00 | 4,624,616.54 | 0.00 | 6.00 | 4,624,622.54 |
| 264.55 | 0.00 | 0.00 | 5.22 | 0.00 | 0.00 | 314.39 | 0.00 | 0.00 | 314.39 |
| 229,000.29 | 0.00 | 0.00 | 67,928.83 | 2,506.01 | 0.00 | 1,098,734.87 | 0.00 | 11,277.00 | 1,110,011.87 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 796.67 | 0.00 | 11,476.18 | 0.00 | 3,585.00 | 15,061.18 |
| 0.00 | 125.50 | 0.00 | 0.00 | 0.00 | 0.00 | 141.51 | 0.00 | 0.00 | 141.51 |
| 0.00 | 0.00 | (37,125.00) | 0.00 | 822.67 | 0.00 | (29,089.50) | 0.00 | 3,702.00 | (25,387.50) |
| 1,061,147.00 | 0.00 | 0.00 | 71,925.17 | 5,864.70 | 0.00 | 1,806,662.14 | 0.00 | 26,391.00 | 1,833,053.14 |
| 0.00 | 202,922.21 | 0.00 | 0.00 | 0.00 | 0.00 | 225,510.43 | 0.00 | 0.00 | 225,510.43 |
| 0.00 | 0.00 | 0.00 | 0.00 | 4.67 | 0.00 | 50.55 | 0.00 | 21.00 | 71.55 |
| 0.00 | 0.00 | 0.00 | 352.43 | 245.33 | 0.00 | 5,761.95 | 0.00 | 1,104.00 | 6,865.95 |
| 0.00 | 0.00 | (2,072.52) | 110,607.47 | 13,828.07 | 0.00 | 1,209,395.41 | 0.00 | 62,226.00 | 1,271,621.41 |
| 0.00 | 0.00 | (79,500.00) | 0.00 | (53,030.93) | 0.00 | 433,454.15 | 0.00 | 61,362.00 | 494,816.15 |
| 0.00 | 0.00 | 0.00 | 6,779.89 | 1,832.01 | 0.00 | 82,657.99 | 0.00 | 8,244.00 | 90,901.99 |
| 2,949.14 | 0.00 | 0.00 | 58.15 | 0.00 | 0.00 | 3,504.75 | 0.00 | 0.00 | 3,504.75 |
| 0.00 | 0.00 | (55,920.00) | 2,100.50 | 1,582.01 | 0.00 | (20,409.11) | 0.00 | 7,119.00 | (13,290.11) |
| 0.00 | 0.00 | 0.00 | 908.71 | 500.00 | 0.00 | 13,562.58 | 0.00 | 2,250.00 | 15,812.58 |
| 0.00 | 0.00 | 0.00 | 16,497.32 | 3,468.02 | 0.00 | 191,467.86 | 0.00 | 15,606.00 | 207,073.86 |
| 0.00 | 0.00 | 0.00 | 0.00 | 1,152.01 | 0.00 | 11,250.31 | 0.00 | 5,184.00 | 16,434.31 |
| 0.00 | 0.00 | 0.00 | 0.00 | 783.34 | 0.00 | 7,651.55 | 0.00 | 3,525.00 | 11,176.55 |
| 5,052,010.02 | 226,893.71 | (466,111.62) | 466,111.62 | 0.00 | 0.00 | 10,704,179.37 | 0.00 | 300,000.00 | 11,004,179.37 |

**APPROPRIATIVE POOL
WATER TRANSACTIONS - RECAPTURE/SALES/TRANSFERS REPORTED
FISCAL YEAR 2004-2005**

The Watermaster Board approved the following transactions:

| Date | Description |
|-------------------|--|
| August 25, 2005 | <ul style="list-style-type: none"> • Purchase of Right to Produce Water in Storage from the West Valley Water District to the Fontana Water Company in the amount of 1,000 acre-feet. • Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet. • Purchase of Right to Produce Water in Storage and Annual Production Right from the Nicholson Trust to the Fontana Water Company in the amount of 5.458 acre-feet. |
| July 28, 2005 | <ul style="list-style-type: none"> • Purchase of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 5,350 acre-feet. • Purchase of Right to Produce Water in Storage from the West Valley Water District to the Cucamonga Valley Water District in the amount of 500 acre-feet. |
| June 23, 2005 | <ul style="list-style-type: none"> • Lease and assignment of Safe Yield from the Santa Ana River Water Company to the Jurupa Community Services District in the amount of 1,600 acre-feet. |
| November 18, 2004 | <ul style="list-style-type: none"> • Purchase of Water in Storage from the City of Pomona to the Monte Vista Water District in the amount of 2,500 acre-feet. |
| October 28, 2004 | <ul style="list-style-type: none"> • Transfer of 1,100 acre-feet of Monte Vista Irrigation Company's Fiscal Year 2004-2005 Annual Production Right to Monte Vista Water District. • Purchase of Water in Storage from the West Valley Water District to the Monte Vista Water District in the amount of 650 acre-feet. Water purchased through this transaction was placed in Monte Vista Water District's Local Storage Account. |

APPROPRIATIVE POOL WATER TRANSACTION SUMMARY FISCAL YEAR 2004-2005



Chino Basin Watermaster Assessment Breakdown 2005-2006 Water Transactions

Assessment Year 2005-2006 (Production Year 2004-2005)

| To: | From: | Date of Submittal | Quantity | \$ / Acre Feet | Total \$ | 85% | 15% WM Pays | |
|------------------------------------|--|-------------------|-------------------|----------------|-----------------------|-----------------------|---------------------|---------------------------------|
| Cucamonga Valley Water District | West Valley Water District | 2/24/2005 | 500.000 | 202.00 | 101,000.00 | 0.00 | 0.00 | |
| Fontana Water Company | Cucamonga Valley Water District | 5/27/2005 | 2,500.000 | 217.80 | 544,500.00 | 462,825.00 | 81,675.00 | Cucamonga Valley Water District |
| | Nicholson Trust | 6/9/2005 | 5.458 | 217.80 | 1,188.75 | 1,010.44 | 178.31 | Fontana Water Company |
| | West Valley Water District | 5/27/2005 | 1,000.000 | 210.00 | 210,000.00 | 178,500.00 | 31,500.00 | Fontana Water Company |
| Jurupa Community Services District | Santa Ana River Water Company | 3/11/2005 | 1,600.000 | 233.00 | 372,800.00 | 316,880.00 | 55,920.00 | Santa Ana River Water Company |
| Monte Vista Water District | Monte Vista Irrigation Company | 7/26/2004 | 1,100.000 | 225.00 | 247,500.00 | 210,375.00 | 37,125.00 | Monte Vista Irrigation Company |
| | Pomona, City Of | 9/1/2004 | 2,500.000 | 212.00 | 530,000.00 | 450,500.00 | 79,500.00 | Pomona, City Of |
| | <i>Original letter stated in error that water was to be placed in MVWD's Local Storage Account, but it is to be used to offset overproduction.</i> | | | | | | | |
| | West Valley Water District | 7/26/2004 | 650.000 | 210.00 | 136,500.00 | 0.00 | 0.00 | |
| | <i>Water purchased through transaction to be placed in MVWD's Local Storage Account. No recapture application submitted at this time.</i> | | | | | | | |
| Ontario, City Of | Chino, City Of | 4/20/2005 | 5,350.000 | 220.00 | 1,177,000.00 | 1,000,450.00 | 176,550.00 | Chino, City Of |
| | | | 15,205.458 | | \$3,320,488.75 | \$2,620,540.44 | \$462,448.31 | |
| ASSIGNMENTS | | | | | | | | |
| Praxair Inc | Fontana Water Company | 6/30/2005 | -19.990 | 1.00 | -19.99 | -16.99 | -3.00 | Fontana Water Company |
| | <i>Praxair prior year assessments. Adjusted this year to correct previous 2 year error.</i> | | | | | | | |
| | Fontana Water Company | 6/30/2005 | 125.003 | 85.00 | 10,625.26 | 9,031.47 | 1,593.79 | Fontana Water Company |
| | <i>Assignment Well 0800007 - Acre feet already reflected in production - no transactions recorded.</i> | | | | | | | |
| Sunkist Growers Inc | Ontario, City Of | 6/30/2005 | 69.084 | 200.00 | 13,816.80 | 11,744.28 | 2,072.52 | Ontario, City Of |
| | <i>Assignment Well 0800008. Acre feet already reflected in production - no transactions recorded.</i> | | | | | | | |
| | | | 174.097 | | \$24,422.07 | \$20,758.76 | \$3,663.31 | |
| | | | | | | Total Credits | \$466,111.62 | |

APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY FISCAL YEAR 2004-2005



Chino Basin Watermaster Assessment Breakdown 2005-2006 Land Use Conversion Summary

Assessment Year 2005-2006 (Production Year 2004-2005)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

| | |
|------------------------------------|-------------|
| Agricultural Pool Safe Yield | 82,800.00 |
| Agricultural Total Pool Production | (34,450.45) |
| Early Transfer | (32,800.00) |
| Total Land Use Conversions | (19,013.27) |
| Under(Over) Production: | (3,463.72) |

| | Prior Converted | Acres Converted @ 1.3 af/ac | | Total Prior to Peace Agrmt Converted AF | Acres Converted @ 2.0 af/ac | | Total Land Use Conversations Acre-Feet |
|--------------------------------|-----------------|-----------------------------|-----------|---|-----------------------------|------------|--|
| | | Acres | Acre Feet | | Acres | Acre Feet | |
| Chino Hills, City Of | 0.000 | 670.266 | 871.346 | 871.346 | 58.000 | 116.000 | 987.346 |
| Chino, City Of | 196.235 | 1,454.750 | 1,891.175 | 2,087.410 | 1,800.583 | 3,601.166 | 5,688.576 |
| Cucamonga Valley Water Distric | 0.000 | 460.280 | 598.364 | 598.364 | 0.000 | 0.000 | 598.364 |
| Fontana Water Company | 0.000 | 0.000 | 0.000 | 0.000 | 417.000 | 834.000 | 834.000 |
| Jurupa Community Services Dist | 0.000 | 2,756.920 | 3,583.996 | 3,583.996 | 3,137.100 | 6,274.200 | 9,858.196 |
| Monte Vista Water District | 0.000 | 28.150 | 36.595 | 36.595 | 9.240 | 18.480 | 55.075 |
| Ontario, City Of | 209.400 | 527.044 | 685.157 | 894.557 | 48.580 | 97.160 | 991.717 |
| | 405.635 | 5,897.410 | 7,666.600 | 8,072.200 | 5,470.503 | 10,941.006 | 19,013.274 |

NON-AGRICULTURAL POOL PRODUCTION SUMMARY FISCAL YEAR 2004-2005



Assessment Year 2005-2006 (Production Year 2004-2005)

Pool 2 Water Production Summary

| | Carryover Beginning Balance | Prior Year Adjust- ments | Assigned Share of Operating Safe Yield (AF) | Water Transaction Activity | Annual Production Right | Actual Fiscal Year Production | Net Over Production | Under Production Balances | | |
|------------------------------------|-----------------------------------|--------------------------------|---|----------------------------------|-------------------------------|-------------------------------------|------------------------|---------------------------|--------------------------------------|--------------------------------|
| | | | | | | | | Total Under- Produced | Carryover: Next Year Begin Bal | To Local Storage Account |
| Ameron Inc | 97.858 | 0.000 | 97.858 | 0.000 | 195.716 | 0.000 | 0.000 | 195.716 | 97.858 | 97.858 |
| Angelica Textile Service | 0.000 | 0.000 | 18.789 | 0.000 | 18.789 | 28.815 | 10.026 | 0.000 | 0.000 | 0.000 |
| California Speedway | 1,000.001 | 0.000 | 1,000.000 | 0.000 | 2,000.000 | 522.532 | 0.000 | 1,477.468 | 1,000.000 | 477.468 |
| California Steel Industries Inc | 1,300.000 | 0.000 | 1,300.000 | 0.000 | 2,600.000 | 0.000 | 0.000 | 2,600.000 | 1,300.000 | 1,300.000 |
| CCG Ontario, Llc | 630.274 | 0.000 | 630.274 | 0.000 | 1,260.548 | 0.000 | 0.000 | 1,260.548 | 630.274 | 630.274 |
| General Electric Corporation | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 23.662 | 23.661 | 0.000 | 0.000 | 0.000 |
| Praxair Inc | 427.446 | 0.000 | 427.446 | 0.000 | 854.892 | 125.003 | 0.000 | 729.889 | 427.446 | 302.443 |
| Reliant Energy Etiwanda | 904.249 | 0.000 | 954.540 | 0.000 | 1,858.789 | 517.054 | 0.000 | 1,341.735 | 954.540 | 387.195 |
| San Bernardino Cty (Chino Airport) | 133.870 | 0.000 | 133.870 | 0.000 | 267.740 | 80.227 | 0.000 | 187.513 | 133.870 | 53.643 |
| Southern California Edison Company | 27.959 | 0.000 | 27.959 | 0.000 | 55.918 | 0.000 | 0.000 | 55.918 | 27.959 | 27.959 |
| Space Center Mira Loma Inc. | 0.000 | 0.000 | 104.121 | 110.751 | 214.872 | 214.872 | 0.000 | 0.000 | 0.000 | 0.000 |
| Sunkist Growers Inc | 1,873.402 | 0.000 | 1,873.402 | 0.000 | 3,746.804 | 453.033 | 0.000 | 3,293.771 | 1,873.402 | 1,420.369 |
| Swan Lake Mobile Home Park | 464.241 | 0.000 | 464.240 | 0.000 | 928.481 | 357.073 | 0.000 | 571.407 | 464.240 | 107.167 |
| Vulcan Materials Company | 317.845 | 0.000 | 317.844 | 0.000 | 635.688 | 4.565 | 0.000 | 631.122 | 317.844 | 313.278 |
| West Venture Development | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | 7,177.145 | 0.000 | 7,350.343 | 110.751 | 14,638.237 | 2,326.836 | 33.687 | 12,345.087 | 7,227.433 | 5,117.654 |

**NON-AGRICULTURAL POOL STORAGE ACCOUNT TRANSACTIONS
FISCAL YEAR 2004-2005**



Assessment Year 2005-2006 (Production Year 2004-2005)

Pool 2 Water / Storage Account Transactions

| | Local Storage Account | | |
|------------------------------------|-----------------------------------|-------------------------------|-------------------|
| | Carryover Beginning Balance | Transfers to / from Annual | Ending Balance |
| Ameron Inc | 1,755.995 | 97.858 | 1,853.853 |
| Angelica Textile Service | 0.000 | 0.000 | 0.000 |
| California Speedway | 237.921 | 477.468 | 715.389 |
| California Steel Industries Inc | 1,300.000 | 1,300.000 | 2,600.000 |
| CCG Ontario, Llc | 7,593.140 | 630.274 | 8,223.414 |
| General Electric Corporation | 0.000 | 0.000 | 0.000 |
| Kaiser Ventures Inc | 0.000 | 0.000 | 0.000 |
| Loving Savior Of The Hills | 0.000 | 0.000 | 0.000 |
| Praxair Inc | 3,812.493 | 302.443 | 4,114.936 |
| Reliant Energy Etiwanda | 5,566.943 | 387.195 | 5,954.138 |
| San Bernardino Cty (Chino Airport) | 70.489 | 53.643 | 124.132 |
| Southern California Edison Company | 139.795 | 27.959 | 167.754 |
| Space Center Mira Loma Inc. | 204.130 | (110.751) | 93.379 |
| Sunkist Growers Inc | 9,941.989 | 1,420.369 | 11,362.358 |
| Swan Lake Mobile Home Park | 2,065.353 | 107.167 | 2,172.520 |
| Vulcan Materials Company | 8,193.045 | 313.278 | 8,506.323 |
| West Venture Development | 0.000 | 0.000 | 0.000 |
| | 40,881.293 | 5,006.903 | 45,888.196 |

NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2004-2005



Assessment Year 2005-2006 (Production Year 2004-2005)

Pool 2 Assessment Fee Summary

| | AF Production | Non-Agricultural Pool | | Replenishment Assessments | | Previous Year Adj | Total Assessments Due |
|------------------------------------|------------------|---------------------------|---------------------------|-------------------------------|--------------------|----------------------|--------------------------|
| | | \$5.92 Per AF Admin | \$22.02 Per AF OBMP | AF Exceeding Safe Yield | \$251.00 Per AF | | |
| Ameron Inc | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Angelica Textile Service | 28.815 | 170.59 | 634.52 | 10.026 | 2,516.53 | 0.00 | 3,321.63 |
| California Speedway | 522.532 | 3,093.39 | 11,506.15 | 0.000 | 0.00 | 0.00 | 14,599.54 |
| California Steel Industries Inc | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| CGG Ontario, Lic | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| General Electric Corporation | 23.662 | 140.08 | 521.04 | 23.661 | 5,939.16 | 0.00 | 6,600.28 |
| Kaiser Ventures Inc | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Loving Savior Of The Hills | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Praxair Inc | 125.003 | 740.02 | 2,752.57 | 0.000 | 0.00 | 0.00 | 3,492.58 |
| Reliant Energy Etiwanda | 517.054 | 3,060.96 | 11,385.53 | 0.000 | 0.00 | 0.00 | 14,446.48 |
| San Bernardino Cty (Chino Airport) | 80.227 | 474.94 | 1,766.60 | 0.000 | 0.00 | 0.00 | 2,241.54 |
| Southern California Edison Compa | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| Space Center Mira Loma Inc. | 214.872 | 1,272.04 | 4,731.48 | 0.000 | 0.00 | 0.00 | 6,003.52 |
| Sunkist Growers Inc | 453.033 | 2,681.96 | 9,975.79 | 0.000 | 0.00 | 0.00 | 12,657.74 |
| Swan Lake Mobile Home Park | 357.073 | 2,113.87 | 7,862.75 | 0.000 | 0.00 | 0.00 | 9,976.62 |
| Vulcan Materials Company | 4.565 | 27.03 | 100.53 | 0.000 | 0.00 | 0.00 | 127.56 |
| West Venture Development | 0.000 | 0.00 | 0.00 | 0.000 | 0.00 | 0.00 | 0.00 |
| | 2,326.836 | 13,774.87 | 51,236.94 | 33.687 | 8,455.69 | 0.00 | 73,467.50 |

HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

| Fiscal Year | Agricultural Pool ¹ (\$/AF) | Non-Ag Pool (\$/AF) | Appropriative Pool ² (\$/AF) | Gross Replenishment ¹ Water Rate (\$/AF) |
|-------------|--|---------------------|---|---|
| 77-78 | 0.29 | 0.32 | 0.42 | |
| 78-79 | 0.65 | 1.29 | 0.77 | 51.00 |
| 79-80 | 0.54 | 0.20 | 0.51 | 56.20 |
| 80-81 | 0.32 | 0.00 | 0.00 | 62.51 |
| 81-82 | 0.10 | 0.00 | 0.00 | 63.78 |
| 82-83 | 0.10 | 0.00 | 0.00 | 81.46 |
| 83-84 | 0.10 | 0.00 | 0.00 | 102.18 |
| 84-85 | 0.10 | 0.00 | 0.10 | 154.00 |
| 85-86 | 0.10 | 0.00 | 0.45 | 149.39 |
| 86-87 | 0.10 | 0.00 | 0.41 | 155.10 |
| 87-88 | 0.10 | 0.00 | 0.25 | 155.42 |
| 88-89 | 0.09 | 0.00 | 0.67 | 155.33 |
| 89-90 | 3.27 | 0.00 | 0.48 | 115.00 |
| 90-91 | 2.31 | 0.00 | 0.43 | 117.55 |
| 91-92 | 3.53 | 0.12 | 0.11 | 132.55 |
| 92-93 | 7.03 | 4.07 | 3.41 | 169.89 |
| 93-94 | 12.37 | 6.67 | 2.51 | 210.69 |
| 94-95 | 9.86 | 3.24 | 2.06 | 222.00 |
| 95-96 | 11.68 | 3.43 | 1.57 | 233.15 |
| 96-97 | 19.70 | 7.55 | 3.69 | 233.15 |
| 97-98 | 15.19 | 6.56 | 2.73 | 237.15 |
| 98-99 | 19.04 | 9.85 | 7.77 | 243.00 |
| 99-00 | 26.30 | 14.12 | 11.75 | 243.00 |
| 00-01 | 18.15 | 25.79 | 24.74 | 242.00 |
| 01-02 | 34.37 | 29.93 | 25.42 | 243.00 |
| 02-03 | 35.69 | 26.72 | 21.35 | 244.00 |
| 03-04 | 34.10 | 25.39 | 22.90 | 244.00 |
| 04-05 | 26.15 | 25.43 | 25.43 | 250.00 |

¹ \$/AF of water reallocated to the Appropriative Pool.

² Excludes amounts related to the debt service of the Recharge Improvement Project and supplemental and replenishment water purchases.

SUMMARY BUDGET FISCAL YEAR 2004-2005

| | FY 02-03 June Actual | FY 03-04 December Actual | FY 03-04 Current Budget | FY 04-05 Proposed Budget | Current vs. Proposed |
|--|----------------------------|--------------------------------|-------------------------------|--------------------------------|----------------------------|
| Ordinary Income/Expense | | | | | |
| 4000 Mutual Agency Revenue | \$25,879 | \$169,209 | \$0 | \$132,000 | \$132,000 |
| 4110 Admin Asmnts-Approp Pool | 4,470,785 | 4,614,056 | 3,931,695 | 3,755,237 | -176,458 |
| 4120 Admin Asmnts-Non-Agri Pool | 149,042 | 122,931 | 88,201 | 97,652 | 9,451 |
| 4730 Prorated Interest Income | 93,887 | 23,780 | 112,025 | 78,330 | -33,695 |
| Total Income | 4,739,593 | 4,929,976 | 4,131,921 | 4,063,219 | -68,702 |
| Administrative Expenses | | | | | |
| 6010 Salary Costs | 480,736 | 246,298 | 385,900 | 401,704 | 15,804 |
| 6020 Office Building Expense | 80,097 | 125,176 | 108,995 | 100,800 | -8,195 |
| 6030 Office Supplies & Equip. | 26,201 | 37,070 | 41,000 | 48,000 | 7,000 |
| 6040 Postage & Printing Costs | 64,479 | 33,595 | 66,400 | 67,100 | 700 |
| 6050 Information Services | 98,349 | 65,502 | 105,750 | 105,076 | -674 |
| 6060 WM Special Contract Services | 181,083 | 22,984 | 121,000 | 106,000 | -15,000 |
| 6080 Insurance Expense | 14,047 | 10,510 | 16,710 | 21,710 | 5,000 |
| 6110 Dues and Subscriptions | 19,688 | 8,693 | 14,500 | 16,600 | 2,100 |
| 6150 Field Supplies & Equipment | 3,424 | 470 | 4,250 | 4,250 | 0 |
| 6170 Vehicle Maintenance Costs | 25,997 | 32,569 | 46,300 | 24,650 | -21,650 |
| 6190 Conferences & Seminars | 16,520 | 8,804 | 16,000 | 16,000 | 0 |
| 6200 Advisory Committee Expenses | 13,738 | 6,705 | 15,071 | 13,459 | -1,612 |
| 6300 Watermaster Board Expenses | 25,677 | 11,360 | 28,371 | 23,559 | -4,812 |
| 6500 Education Fund Expenditures | 375 | 0 | 375 | 375 | 0 |
| 8300 Appropriative Pool Administration | 14,129 | 6,744 | 14,471 | 13,659 | -812 |
| 8400 Agricultural Pool Administration | 71,706 | 184,933 | 233,979 | 71,417 | -162,562 |
| 8500 Non-Agricultural Pool Administration | 4,405 | 1,199 | 6,698 | 6,077 | -621 |
| 9500 Allocated G&A Expenditures | -197,076 | -120,955 | -309,073 | -290,106 | 18,967 |
| Total Administrative Expenses | 943,575 | 681,657 | 916,697 | 750,330 | -166,367 |
| General OBMP Expenditures | | | | | |
| 6900 Optimum Basin Mgmt Program | 882,424 | 355,859 | 942,065 | 933,566 | -8,499 |
| 6950 Cooperative Efforts | 78,158 | 34,750 | 85,004 | 80,004 | -5,000 |
| 9501 Allocated G&A Expenditures | 56,636 | 30,427 | 91,999 | 85,617 | -6,382 |
| Total General OBMP Expenditures | 1,017,218 | 421,036 | 1,119,068 | 1,099,187 | -19,881 |
| 7000 OBMP Implementation Projects | | | | | |
| 7101 Production Monitoring | 29,662 | 37,835 | 79,283 | 54,957 | -24,326 |
| 7102 In-Line Meter Installation/Maintenance | 421,978 | 20,637 | 131,380 | 93,969 | -37,411 |
| 7103 Groundwater Quality Monitoring | 193,722 | 164,968 | 274,613 | 148,792 | -125,821 |
| 7104 Groundwater Level Monitoring | 84,285 | 48,061 | 157,852 | 135,072 | -22,780 |
| 7105 Surface Water Quality Monitoring | 56,404 | 26,571 | 133,595 | 282,220 | 148,625 |
| 7106 Water Level Sensors Install | 28,956 | 0 | 26,835 | 19,114 | -7,721 |
| 7107 Ground Level Monitoring | 711,916 | 76,309 | 202,283 | 433,720 | 231,437 |
| 7108 Hydraulic Control Monitoring Program | 18,097 | 98,942 | 718,227 | 437,987 | -280,240 |
| 7200 OBMP Pgm Element 2 - Comp Recharge Program | 222,392 | 83,744 | 531,434 | 413,177 | -118,257 |
| 7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter | 5,710 | 1,620 | 47,499 | 20,885 | -26,614 |
| 7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies | 430,077 | 117,059 | 187,308 | 795,099 | 607,791 |
| 7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt | 114,242 | 20,658 | 51,820 | 251,343 | 199,523 |
| 7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use | 39,809 | 36,275 | 146,179 | 140,400 | -5,779 |
| 7700 Inactive Well Protection Program | 0 | 58 | 30,447 | 28,302 | -2,145 |
| 7690 Recharge Improvement Debt Payment | 429,250 | 376,169 | 429,250 | 274,169 | -155,081 |
| 9502 Allocated G&A Expenditures | 140,440 | 90,529 | 217,074 | 204,488 | -12,586 |
| Total OBMP Implementation Projects | 2,926,940 | 1,199,435 | 3,365,079 | 3,733,694 | 368,615 |
| Total Expenses | 4,887,733 | 2,302,128 | 5,400,844 | 5,583,212 | 182,368 |
| Net Ordinary Income | -148,140 | 2,627,848 | -1,268,923 | -1,519,993 | -251,070 |
| Other Income | | | | | |
| 4210 Approp Pool-Replenishment | 1,424,041 | 4,144,461 | 0 | 0 | 0 |
| 4220 Non-Ag Pool-Replenishment | 49,682 | 11,288 | 0 | 0 | 0 |
| 4230 Groundwater Recharge Activity | 1,586,000 | 1,585,854 | 2,189,500 | 2,179,500 | -10,000 |
| Total Other Income | 3,059,723 | 5,741,603 | 2,189,500 | 2,179,500 | -10,000 |
| Other Expense | | | | | |
| 5010 Groundwater Recharge | 2,998,169 | 356,600 | 2,273,500 | 2,278,500 | 5,000 |
| Total Other Expense | 2,998,169 | 356,600 | 2,273,500 | 2,278,500 | 5,000 |
| Net Other Income | 61,554 | 5,385,003 | -84,000 | -99,000 | -15,000 |
| 9800 From / (To) Reserves | 86,586 | -8,012,851 | 1,352,923 | 1,618,993 | 266,070 |
| Net Income | \$0 | \$0 | \$0 | \$0 | \$0 |

**LEFT
INTENTIONALLY
BLANK**

**CHINO BASIN WATERMASTER
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2005**

CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2005

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis (Required Supplementary Information) | 2 |
| Basic Financial Statements: | |
| Statement of Net Assets | 5 |
| Statement of Revenues, Expenses and Changes in Net Assets | 6 |
| Statement of Cash Flows | 7 |
| Notes to the Basic Financial Statements | 8 |
| Supplementary Information: | |
| Combining Schedule of Revenues, Expenses, and Changes in Working Capital - For the Period July 1, 2004 through June 30, 2005 | 19 |
| Combining Schedule of Revenues, Expenses, and Changes in Working Capital - For the Period July 1, 2003 through June 30, 2004 | 20 |

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2005, as listed in the accompanying table of contents. These basic financial statements are the responsibility of Chino Basin Watermaster's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2005 and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the Chino Basin Watermaster's basic financial statements. The supplementary information is presented for purposes of additional analysis of the basic financial statements and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Conrad and Associates, LLP

August 19, 2005



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND

The Chino Basin Watermaster (Watermaster) was established under a Judgment entered in the Superior Court of the State of California for the County of San Bernardino, entitled "Chino Basin Municipal Water District v. City of Chino, et al.," (originally Case No. SCV 164327, the file was transferred in August 1989 and assigned a new Case No. RCV 51010). The judgment prescribes Watermaster's authorities and specifies classes of water production assessments to be used to fund certain activities. Those assessment categories are: administration, OBMP, special project and replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

Watermaster's operating revenues include not only funds for administrative, OBMP, special project and replenishment expenses collected in accordance with the annual budget, but also includes money collected by appropriators to help pay for improvements to recharge basins within our boundaries and contributions received on behalf of expenditures related to cooperative projects as approved through the budget process.

The Unrestricted Net Asset amount listed on the Statement of Net Assets includes assessments on production of water in excess of production rights. These funds will be used to purchase replenishment water to mitigate annual overdraft in the coming year.

BASIC FINANCIAL STATEMENTS

To comply with new government accounting standards, all of Watermaster's assessment funds have been compiled into a single set of comprehensive interrelated financial statements. The financial statements that accompany this report include Statement of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statements of Cash Flows. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets lists Watermaster's total assets, liabilities, and net assets, or the amount of assets free of debt, as of June 30, 2005. The Statements of Revenues, Expenses and Changes in Net Assets list Watermaster's income for the year compared to its expenses. Additionally, these statements identify the gain or loss in net assets for 2005. Finally, the Statements of Cash Flows indicate how cash was received and spent throughout the past year, highlighting the net change in cash and investments for 2005.

SUMMARY OF FINANCIAL INFORMATION

For the year ended June 30, 2005, Watermaster's Total Net Assets was \$8,843,808. This balance includes cash that will be required to purchase water to meet the replenishment obligation incurred during the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2005
(With comparative totals for June 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|----------------------------|---------------------|---------------------|
| Assets | | |
| Current | \$ 9,770,452 | \$ 8,967,186 |
| Capital | <u>79,179</u> | <u>106,641</u> |
| Total Assets | 9,849,631 | 9,073,827 |
| Liabilities | | |
| Current | 940,226 | 535,428 |
| Non current | <u>65,597</u> | <u>46,691</u> |
| Total Liabilities | 1,005,823 | 582,119 |
| Net Assets | | |
| Invested in capital assets | 79,179 | 106,641 |
| Unrestricted | <u>8,764,629</u> | <u>8,385,067</u> |
| Total Net Assets | <u>\$ 8,843,808</u> | <u>\$ 8,491,708</u> |

REVIEW OF REVENUES AND EXPENSES

Administrative assessment revenue increased from the prior year by 3.1%. There was a significant increase in mutual agency project revenues over the prior year attributable to contributions from other agencies relating to cost sharing and financial contributions related to Watermaster's monitoring programs. Replenishment assessment revenue also increased 96.6% due to a significant increase in production in excess of rights.

Although there was a slight decrease in administrative expenditures, overall operating expenses (excluding replenishment activities) increased over the prior year from \$4,389,120 to \$5,087,880. This increase in expenses relates to budgeted increases in monitoring costs, hydraulic control related costs and general OBMP related expenditures.

Non-operating revenue represented interest income of \$211,595 and \$91,863 for the years ending June 30, 2005 and June 30, 2004. This increase in income relates directly to the substantial increase in the deposits held to purchase replenishment water.

The financial condition of the Watermaster changed as indicated by the change in the Net Assets from the prior year in the amount of \$352,100.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2005

(With comparative totals for June 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Administrative assessments (note 1) | \$ 4,881,245 | \$ 4,736,516 |
| Mutual agency project revenue | 895,836 | 301,209 |
| Replenishment water | 8,097,108 | 4,135,998 |
| MZ1 supplemental water assessments | 1,625,000 | 1,585,854 |
| Miscellaneous revenue | <u>3,865</u> | <u>-</u> |
| Total Operating Revenues | <u>15,503,054</u> | <u>10,759,577</u> |
| Operating Expenses | | |
| Watermaster administration | 707,233 | 726,638 |
| Depreciation | 27,462 | 28,804 |
| Pool, Advisory and Board administration | 151,477 | 311,099 |
| Educational | - | 375 |
| Optimum Basin Management Plan | 4,144,077 | 3,240,788 |
| Mutual agency project costs | 57,631 | 81,416 |
| Groundwater replenishment | 10,125,526 | 984,671 |
| MZ1 imported water | <u>149,143</u> | <u>870,623</u> |
| Total Operating Expenses | <u>15,362,549</u> | <u>6,244,414</u> |
| Income from operations | <u>140,505</u> | <u>4,515,163</u> |
| Non-Operating Revenues | | |
| Interest | <u>211,595</u> | <u>91,863</u> |
| Total Nonoperating Revenues | <u>211,595</u> | <u>91,863</u> |
| Change in net assets | 352,100 | 4,607,026 |
| Net assets at beginning of year, as restated | <u>8,491,708</u> | <u>3,884,682</u> |
| Total net assets at end of year | <u>\$ 8,843,808</u> | <u>\$ 8,491,708</u> |

COMPARISON OF FY 2004-2005 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE

The revenue exceeded budget primarily from assessments related to replenishment obligations incurred and because actual cash on hand at the end of the fiscal year which was used to offset assessments, was less than forecasted when the budget was prepared.

Actual operating expenses fell short of the budget while the replenishment water purchases exceeded the budgeted amount. This was due to a reduction in planned expenses related to certain management zones within the basin.

Administration recorded an increase in change in net assets for the year ending June 30, 2005, compared to a budgeted loss \$1,618,993 million. This planned operating deficit was the result of a budgeted usage of accumulated net assets.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2005

(with comparative totals for June 30, 2004)

| <u>Assets</u> | <u>Total</u> | <u>2004</u> |
|--|---------------------|------------------|
| Current assets: | | |
| Cash and investments (note 2) | \$ 8,795,321 | 8,763,233 |
| Accounts receivable | 941,025 | 167,905 |
| Prepaid expenses | <u>34,106</u> | <u>36,048</u> |
| Total current assets | <u>9,770,452</u> | <u>8,967,186</u> |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation (note 3) | <u>79,179</u> | <u>106,641</u> |
| Total noncurrent assets | <u>79,179</u> | <u>106,641</u> |
| Total assets | <u>9,849,631</u> | <u>9,073,827</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable | 904,450 | 527,307 |
| Accrued salaries and benefits | <u>35,776</u> | <u>8,121</u> |
| Total current liabilities | <u>940,226</u> | <u>535,428</u> |
| Noncurrent liabilities: | | |
| Compensated absences (note 4) | <u>65,597</u> | <u>46,691</u> |
| Total noncurrent liabilities | <u>65,597</u> | <u>46,691</u> |
| Total liabilities | <u>1,005,823</u> | <u>582,119</u> |
| <u>Net Assets</u> | | |
| Net assets: | | |
| Invested in capital assets | 79,179 | 106,641 |
| Unrestricted | <u>8,764,629</u> | <u>8,385,067</u> |
| Total net assets | <u>\$ 8,843,808</u> | <u>8,491,708</u> |

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2005

(with comparative totals for June 30, 2004)

| | Total | 2004 |
|---|--------------|------------|
| Operating revenues: | | |
| Administrative assessments (note 1) | \$ 4,881,245 | 4,736,516 |
| Mutual agency project revenue | 895,836 | 301,209 |
| Replenishment water | 8,097,108 | 4,135,998 |
| MZ1 supplemental water assessments | 1,625,000 | 1,585,854 |
| Miscellaneous revenue | 3,865 | - |
| Total operating revenues | 15,503,054 | 10,759,577 |
| Operating expenses: | | |
| Watermaster administration | 707,233 | 726,638 |
| Depreciation | 27,462 | 28,804 |
| Pool, advisory and Board administration | 151,477 | 311,099 |
| Educational | - | 375 |
| Optimum Basin Management Plan | 4,144,077 | 3,240,788 |
| Mutual agency project costs | 57,631 | 81,416 |
| Groundwater replenishment | 10,125,526 | 984,671 |
| MZ1 imported water | 149,143 | 870,623 |
| Total operating expenses | 15,362,549 | 6,244,414 |
| Income from operations | 140,505 | 4,515,163 |
| Nonoperating revenues: | | |
| Interest income | 211,595 | 91,863 |
| Total nonoperating revenues | 211,595 | 91,863 |
| Change in net assets | 352,100 | 4,607,026 |
| Net assets at beginning of year | 8,491,708 | 3,884,682 |
| Total net assets at end of year | \$ 8,843,808 | 8,491,708 |

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2005

(with comparative totals for June 30, 2004)

| | Total | 2004 |
|--|---------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 4,108,125 | 4,603,399 |
| Cash received from other agencies | 899,702 | 301,209 |
| Cash received from replenishment water | 8,097,108 | 4,135,998 |
| Cash received from MZ1 supplemental water assessments | 1,625,000 | 1,585,854 |
| Cash paid to employees for services | (884,016) | (923,670) |
| Cash paid to suppliers of goods and services | <u>(14,025,426)</u> | <u>(5,401,274)</u> |
| Net cash provided by (used for) operating activities | <u>(179,507)</u> | <u>4,301,516</u> |
| Cash flows from capital financing activities: | | |
| Acquisition of capital assets | <u>-</u> | <u>(90,177)</u> |
| Net cash provided by (used for) capital financing activities | <u>-</u> | <u>(90,177)</u> |
| Cash flows from investing activities: | | |
| Interest received | <u>211,595</u> | <u>91,863</u> |
| Net cash provided by (used for) investing activities | <u>211,595</u> | <u>91,863</u> |
| Net increase (decrease) in cash | 32,088 | 4,303,202 |
| Cash and investments at the beginning of year | <u>8,763,233</u> | <u>4,460,031</u> |
| Cash and investments at the end of year | <u>\$ 8,795,321</u> | <u>8,763,233</u> |
| Reconciliation of operating income to net cash used for operating activities: | | |
| Operating income | \$ 140,505 | 4,515,163 |
| Adjustment to reconcile operating income (loss) to net cash used for operating activities: | | |
| Depreciation | 27,462 | 28,804 |
| (Increase) decrease in accounts receivable | (773,120) | (133,117) |
| (Increase) decrease in prepaid expenses | 1,942 | (4,173) |
| Increase (decrease) in account payable | 377,143 | (77,796) |
| Increase (decrease) in accrued salaries and benefits | 27,655 | (14,595) |
| Increase (decrease) in compensated absences | <u>18,906</u> | <u>(12,770)</u> |
| Net cash used for operating activities | <u>\$ (179,507)</u> | <u>4,301,516</u> |

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal years ended June 30, 2005 and June 30, 2004.

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

Year Ended June 30, 2005

(1) Reporting Entity and Summary of Significant Accounting Policies

Description of Reporting Entity

The Chino Basin Watermaster (“Watermaster”) was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled “Chino Basin Municipal Water District v. City of Chino, et al.”, signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as “Watermaster”. Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the “Advisory Committee”.

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year’s production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2004-05 expenses are based on the 2003-04 production volume.

| | <u>2003-04</u> | |
|-------------------------|------------------|----------------|
| | <u>Acre Feet</u> | <u>%</u> |
| Production Volume: | | |
| Appropriative Pool | 136,795 | 75.291 |
| Agricultural Pool | 41,978 | 23.105 |
| Non-Agricultural Pool | <u>2,915</u> | <u>1.604</u> |
| Total Production Volume | <u>181,688</u> | <u>100.000</u> |

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

Basis of Accounting

The Watermaster is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Watermaster utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Interest income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

Cash Equivalents

For the purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The Watermaster capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

| | |
|---------------------------------|----------|
| Computer equipment and software | 5 years |
| Office furniture and fixtures | 7 years |
| Leasehold improvements | 10 years |
| Automotive equipment | 7 years |

Use of Estimates

The preparation of financial statements requires management to make certain 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2003-04 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2004-05 assessments. The amount of administrative assessment received for the year ended June 30, 2005 was \$4,881,245.

(2) Cash and Investments

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

| | |
|----------------------------|---------------------|
| Statement of net assets: | |
| Cash and investments | <u>\$ 8,795,321</u> |
| Total cash and investments | <u>\$ 8,795,321</u> |

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Cash and investments as of June 30, 2005 consist of the following:

| | |
|--------------------------------------|---------------------|
| Cash on hand | \$ 500 |
| Deposits with financial institutions | 522,554 |
| Investments | <u>8,272,267</u> |
| Total cash and investments | <u>\$ 8,795,321</u> |

Investments Authorized by the California Government Code and the Watermaster's Investment Policy

The table below identifies the investment types that are authorized for the Watermaster by the California Government Code and the Watermaster's investment policy. The table also identifies certain provisions of the California Government Code (or the Watermaster's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

| <u>Investment Types</u> <u>Authorized by State Law</u> | <u>Authorized</u> <u>By</u> <u>Investment Policy</u> | <u>*Maximum</u> <u>*Maximum</u> <u>Maturity</u> | <u>*Maximum</u> <u>Percentage</u> <u>Of Portfolio</u> | <u>*Maximum</u> <u>Investment</u> <u>In One Issuer</u> |
|---|--|---|---|--|
| Local Agency Bonds | Yes | 5 years | None | None |
| U.S. Treasury Obligations | Yes | 5 years | None | None |
| U.S. Agency Securities | Yes | 5 years | None | None |
| Banker's Acceptances | Yes | 180 days | 40% | 30% |
| Commercial Paper | Yes | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | Yes | 5 years | 30% | None |
| Repurchase Agreements | Yes | 1 year | None | None |
| Reverse Repurchase Agreements | Yes | 92 days | 20% of base value | None |
| Medium-Term Notes | Yes | 5 years | 30% | None |
| Mutual Funds | Yes | N/A | 20% | 10% |
| Money Market Mutual Funds | Yes | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | Yes | 5 years | 20% | None |
| County Pooled Investment Funds | Yes | N/A | None | None |
| Local Agency Investment Fund (LAIF) | Yes | N/A | None | None |
| JPA Pools (other investment pools) | Yes | N/A | None | None |

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Watermaster's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Watermaster's investments by maturity:

| <u>Investment Type</u> | <u>Remaining Maturity (in Months)</u> | | | |
|------------------------|---------------------------------------|--------------------------|---------------------|---------------------|
| | <u>Total Amount</u> | <u>12 Months Or Less</u> | <u>13-24 Months</u> | <u>25-60 Months</u> |
| State investment pool | <u>\$8,272,267</u> | <u>8,272,267</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$8,272,267</u> | <u>8,272,267</u> | <u>-</u> | <u>-</u> |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Watermaster's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

| <u>Investment Type</u> | <u>Total Amount</u> | <u>Minimum Legal Rating</u> | <u>Rating as of Year End</u> | | |
|------------------------|---------------------|-----------------------------|------------------------------|-----------|------------------|
| | | | <u>AAA</u> | <u>Aa</u> | <u>Not Rated</u> |
| State investment pool | <u>\$8,272,267</u> | <u>N/A</u> | <u>-</u> | <u>-</u> | <u>8,272,267</u> |

| | | | | | |
|-------|--------------------|------------|----------|----------|------------------|
| Total | <u>\$8,272,267</u> | <u>N/A</u> | <u>-</u> | <u>-</u> | <u>8,272,267</u> |
|-------|--------------------|------------|----------|----------|------------------|

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Watermaster deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon the Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2005 is as follows:

| | <u>Balances at June 30, 2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balances at June 30, 2005</u> |
|-----------------------------------|--------------------------------------|------------------|------------------|--------------------------------------|
| Computer equipment and software | \$49,768 | - | - | 49,768 |
| Office furniture and fixtures | 36,371 | - | - | 36,371 |
| Leasehold improvements | 23,443 | - | - | 23,443 |
| Automotive equipment | <u>79,173</u> | <u>-</u> | <u>(23,299)</u> | <u>55,874</u> |
| Total costs of depreciable assets | <u>188,755</u> | <u>-</u> | <u>(23,299)</u> | <u>165,456</u> |
| Less accumulated depreciation: | | | | |
| Computer equipment and software | (26,418) | (9,954) | - | (36,372) |
| Office furniture and fixtures | (6,237) | (5,196) | - | (11,433) |
| Leasehold improvements | (2,344) | (2,344) | - | (4,688) |
| Automotive equipment | <u>(47,115)</u> | <u>(9,968)</u> | <u>23,299</u> | <u>(33,784)</u> |
| Total accumulated depreciation | <u>(82,114)</u> | <u>(27,462)</u> | <u>23,299</u> | <u>(86,277)</u> |
| Net capital assets | <u>\$106,641</u> | <u>(27,462)</u> | <u>-</u> | <u>79,179</u> |

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2005 was \$65,597.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of \$12,000 or 33.33% of includible compensation, or 25% of gross compensation. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2005, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

(6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The amount paid under this lease was \$60,455 for the year ended June 30, 2005. The future minimum lease payments for this lease are as follows:

| <u>Year Ending June 30:</u> | <u>Amount</u> |
|-----------------------------|------------------|
| 2006 | \$ 58,800 |
| 2007 | 58,800 |
| 2008 | 58,800 |
| 2009 | 58,800 |
| 2010 | 58,800 |
| 2011 | 58,800 |
| 2012 | 58,800 |
| 2013 | <u>58,800</u> |
| Total | <u>\$470,400</u> |

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS)

The Chino Basin Watermaster contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 11.146% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2004 to June 30, 2005 has been determined by an actuarial valuation of the plan as of June 30, 2002. The contribution rate indicated for the period is 14.262% of payroll for the Retirement Program. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2005, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2004 to June 30, 2005.

A summary of principle assumptions and methods used to determine the ARC is shown below.

| | |
|----------------------------|--|
| Valuation Date | June 30, 2002 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Average Remaining Period | 9 Years as of the Valuation Date |
| Asset Valuation Method | 3 Year Smoothed Market |
| Actuarial Assumptions | |
| Investment Rate of Return | 8.25% (net of administrative expenses) |
| Projected Salary Increases | 3.75% to 14.20% depending on Age, Service, and type of employment |
| Inflation | 3.50% |
| Payroll Growth | 3.75% |
| Individual Salary Growth | A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of 0.25%. |

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS), (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

Required Supplementary Information

Retirement Program

| <u>Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded Liability/ (Excess Assets)</u> | <u>Funded Status</u> | <u>Annual Covered Payroll</u> | <u>*UAAL As a % of Payroll</u> |
|-----------------------|---|----------------------------------|--|----------------------|-------------------------------|--------------------------------|
| 6/30/01 | \$192,890 | 178,838 | 14,052 | 92.7% | 291,502 | 4.8% |
| 6/30/02 | 294,441 | 262,540 | 31,901 | 89.2% | 517,200 | 6.2% |
| 6/30/03 | 419,723 | 391,922 | 27,801 | 93.4% | 476,486 | 5.8% |

* UAAL refers to unfunded actuarial accrued liability.

Information for the June 30, 2004 valuation date was not available for inclusion in the financial statements.

(8) Project Commitments

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge supplemental water to the Chino Groundwater Basin. In addition, stormwater and recycled water recharge would be increased. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

SUPPLEMENTARY INFORMATION

CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the Period July 1, 2004 through June 30, 2005

| | WATERMASTER ADMINISTRATION | OPTIMUM BASIN MANAGEMENT | POOL ADMINISTRATION AND SPECIAL PROJECTS | | | GROUNDWATER OPERATIONS | | | GRAND TOTALS | BUDGET 2004-05 |
|---------------------------------------|-------------------------------|--------------------------------|--|----------------------|--------------------|------------------------------|----------------|--------------------|-----------------|-------------------|
| | | | APPROPRIATIVE POOL | AGRICULTURAL POOL | NON-AGRIC. POOL | GROUNDWATER REPLENISHMENT | SB222 FUNDS | EDUCATION FUNDS | | |
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | 4,807,004 | | 74,241 | | | | 4,881,245 | \$3,984,888 |
| Interest Revenue | | | 193,951 | 11,148 | 6,453 | | | 43 | 211,595 | 78,330 |
| Mutual Agency Project Revenue | | 895,836 | | | | | | | 895,836 | - |
| Miscellaneous Income | 3,865 | | | | | | | | 3,865 | - |
| Total Revenues | 3,865 | 895,836 | 5,000,955 | 11,148 | 80,694 | - | - | 43 | 5,992,541 | 4,063,218 |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 734,695 | | | | | | | | 734,695 | 621,784 |
| Watermaster Board-Advisory Committee | 47,159 | | | | | | | | 47,159 | 37,018 |
| Pool Administration | | | 13,459 | 87,794 | 3,065 | | | | 104,318 | 91,153 |
| Optimum Basin Mgmt Administration | | 1,265,673 | | | | | | | 1,265,673 | 1,019,183 |
| OBMP Project Costs | | 2,878,404 | | | | | | | 2,878,404 | 3,733,694 |
| Education Funds Use | | | | | | | | - | - | 375 |
| Mutual Agency Project Costs | 57,631 | | | | | | | | 57,631 | 80,004 |
| Total Administrative/OBMP Expenses | 839,485 | 4,144,077 | 13,459 | 87,794 | 3,065 | | | - | 5,087,880 | 5,583,211 |
| Net Administrative/OBMP Income | (835,620) | (3,248,241) | | | | | | | | |
| Allocate Net Admin Income To Pools | 835,620 | | 629,148 | 193,066 | 13,406 | | | | - | - |
| Allocate Net OBMP Income To Pools | | 3,248,241 | 2,445,639 | 750,491 | 52,111 | | | | - | - |
| Agricultural Expense Transfer | | | 1,020,199 | (1,020,199) | | | | | - | - |
| Total Expenses | | | 4,108,446 | 11,152 | 68,581 | - | - | - | 5,087,880 | 5,583,211 |
| Net Administrative Income | | | 892,509 | (4) | 12,113 | | | 43 | 904,661 | (1,519,993) |
| Other Income/(Expense) | | | | | | | | | | |
| Replenishment Water Purchases | | | | | | 8,097,108 | | | 8,097,108 | - |
| MZ1 Supplemental Water Assessments | | | | | | 1,625,000 | | | 1,625,000 | 2,179,500 |
| Water Purchases | | | | | | | | | - | - |
| MZ1 Imported Water Purchase | | | | | | | | | - | (2,278,500) |
| Groundwater Replenishment | | | | | | (10,274,669) | | | (10,274,669) | - |
| Net Other Income | | | - | - | - | (552,561) | - | - | (552,561) | (99,000) |
| Net Transfers To/(From) Reserves | | | 892,509 | (4) | 12,113 | (552,561) | - | 43 | 352,100 | (1,618,993) |
| Working Capital, July 1, 2004 | | | 3,560,227 | 463,055 | 174,920 | 4,133,060 | 158,251 | 2,195 | 8,491,708 | |
| Working Capital, End Of Period | | | 4,452,736 | 463,051 | 187,033 | 3,580,499 | 158,251 | 2,238 | 8,843,808 | |
| 03/04 Production | | | 136,795.139 | 41,978.182 | 2,914.774 | | | | 181,688.095 | |
| 03/04 Production Percentages | | | 75.291% | 23.105% | 1.604% | | | | 100.000% | |

CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the Period July 1, 2003 through June 30, 2004

| | WATERMASTER ADMINISTRATION | OPTIMUM BASIN MANAGEMENT | POOL ADMINISTRATION AND SPECIAL PROJECTS | | | GROUNDWATER OPERATIONS | | | GRAND TOTALS | BUDGET 2003-04 |
|--|-------------------------------|--------------------------------|--|----------------------|--------------------|------------------------------|----------------|--------------------|-----------------|-------------------|
| | | | APPROPRIATIVE POOL | AGRICULTURAL POOL | NON-AGRIC. POOL | GROUNDWATER REPLENISHMENT | SB222 FUNDS | EDUCATION FUNDS | | |
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | 4,614,056 | | 122,460 | | | 4,736,516 | \$3,940,516 | |
| Interest Revenue | | | 81,090 | 7,111 | 3,624 | | | 91,863 | 112,025 | |
| Mutual Agency Project Revenue | | 301,209 | | | | | | 301,209 | - | |
| Total Revenues | - | 301,209 | 4,695,146 | 7,111 | 126,084 | - | - | 5,129,588 | 4,052,541 | |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 755,442 | | | | | | | 755,442 | 617,732 | |
| Watermaster Board-Advisory Committee | 47,569 | | | | | | | 47,569 | 43,442 | |
| Pool Administration | | | 13,796 | 246,513 | 3,221 | | | 263,530 | 255,148 | |
| Optimum Basin Mgmt Administration | | 932,272 | | | | | | 932,272 | 1,034,064 | |
| OBMP Project Costs | | 2,308,516 | | | | | | 2,308,516 | 3,365,079 | |
| Education Funds Use | | | | | | | 375 | 375 | 375 | |
| Mutual Agency Project Costs | 81,416 | | | | | | | 81,416 | 85,004 | |
| Total Administrative/OBMP Expenses | 884,427 | 3,240,788 | 13,796 | 246,513 | 3,221 | | 375 | 4,389,120 | 5,400,844 | |
| Net Administrative/OBMP Income | (884,427) | (2,939,579) | | | | | | | | |
| Allocate Net Admin Income To Pools | 884,427 | | 656,109 | 202,129 | 26,189 | | | - | - | |
| Allocate Net OBMP Income To Pools | | 2,939,579 | 2,180,717 | 671,817 | 87,046 | | | - | - | |
| Agricultural Expense Transfer | | | 1,110,333 | (1,110,333) | | | | - | - | |
| Total Expenses | | | 3,960,955 | 10,125 | 116,456 | - | - | 4,389,120 | 5,400,844 | |
| Net Administrative Income | | | 734,191 | (3,014) | 9,628 | | | (337) | (1,348,303) | |
| Other Income/(Expense) | | | | | | | | | | |
| Replenishment Water Purchases | | | | | | 4,135,998 | | 4,135,998 | - | |
| MZ1 Supplemental Water Assessments | | | | | | 1,585,854 | | 1,585,854 | 2,189,500 | |
| Water Purchases | | | | | | | | - | - | |
| MZ1 Imported Water Purchase | | | | | | | | - | (2,273,500) | |
| Groundwater Replenishment | | | | | | (1,855,294) | | (1,855,294) | - | |
| Net Other Income | | | - | - | - | 3,866,558 | - | 3,866,558 | (84,000) | |
| Net Transfers To/(From) Reserves | | | 734,191 | (3,014) | 9,628 | 3,866,558 | - | (337) | (1,432,303) | |
| Working Capital, July 1, 2003, As Restated | | | 2,826,036 | 466,069 | 165,292 | 266,502 | 158,251 | 2,532 | 3,884,682 | |
| Working Capital, End Of Period | | | 3,560,227 | 463,055 | 174,920 | 4,133,060 | 158,251 | 2,195 | 8,491,708 | |
| 02/03 Production | | | 121,586.420 | 37,457.315 | 4,853.247 | | | 163,896.982 | | |
| 02/03 Production Percentages | | | 74.185% | 22.854% | 2.961% | | | 100.000% | | |



Chino Basin Watermaster
**Twenty-Eighth
Annual Report**
Fiscal Year 2004-05

