



Chino Basin Watermaster
THIRTY-FIRST ANNUAL REPORT

Fiscal Year 2007-08



Drought in the West

WORKING TOGETHER TO MAXIMIZE THE BENEFITS OF THE CHINO BASIN

A YEAR OF CHALLENGES AND SOLUTIONS

A Message from the Executive Director

2007-08 can truly be called a year of epic challenges

A 10-year-long period of below average rainfall, combined with a statewide drought, caused serious water supply impacts for the Chino Basin water community, residents and businesses.

The dry years, topped by record-low rainfall two years ago, brought new challenges: a decline in Basin water levels and limits on imported replenishment water. Beyond this, funding limitations caused by a severe economic downturn magnified the supply problem.

2008 also marks a year of historic solutions

The most important step toward solving the Basin's water supply problems has been the approval in 2008 of Peace II—a Basin-wide agreement among all Basin stakeholders. Culminating years of negotiations and technical work, the Peace II Agreement caps off a series of accomplishments, which together give Basin stakeholders and Watermaster an unprecedented variety of tools to protect and improve water supply and water quality to meet customer needs.

The benefits of Peace II are already being felt and will increase over time: improved flexibility in managing the Basin's water supply, better utilization of the Desalters, reduced water losses to the Santa Ana River, and \$1 billion in long-term cost savings for stakeholders and water users.

The impressive successes reached over the years could not have been achieved without the spirit of teamwork and cooperation among all entities involved in the Basin, combined with the technical expertise of the staff and consulting team. Watermaster's success in recent years contributes much to the critical element in bringing safe, adequate and reliable water supplies to the region.

*Kenneth R. Manning
CEO, Chino Basin Watermaster*

WATERMASTER IS MANAGING THE BASIN FOR ITS STAKEHOLDERS

Prior to the 1970s, the many stakeholder groups and individuals competed and litigated over water challenges. There was no mechanism to ensure ample long-term water supply or quality.

WATERMASTER'S EARLY DAYS

In 1974, a Memorandum of Agreement was adopted by the involved parties. By 1975, the State authorized an assessment of \$2 per acre-foot to finance development of a water plan for the Basin.

These initial steps were not adequate, and in 1978 through a Judgment, the San Bernardino County Superior Court created the Chino Basin Watermaster. Its purpose was to provide a forum for all of the stakeholders to work together to manage the Chino Groundwater Basin to meet regional water supply needs.

Over the years, an effective, consensus-based governance structure has been developed that allows all stakeholders to participate in decision-making through various committees and a Board of Directors.

This governance structure is supported by a professional staff and consulting team that has developed a substantial technical understanding of the Basin and the ability to support the governance committees and Board.

OPTIMUM BASIN MANAGEMENT PROGRAM (OBMP) ADAPTED

OBMP: the Foundation for Basin Understanding and Action Planning. In 1998, a court decree called for the development of a detailed plan, called the Optimum Basin Management Program (OBMP), to determine the issues facing the Basin, and development of specific solutions to address them.

Supported by an experienced team of engineers and other professionals, a complete OBMP action plan was developed to better understand the Basin and to resolve the issues that were found.

Watermaster is progressively and actively implementing the Basin's Optimum Basin Management Program, including: carrying out extensive monitoring, increasing recharge capabilities, developing storage and recovery projects, managing salt loads, increasing the amount of recycled and storm water recharged, and continuing to work with other agencies and entities to enhance groundwater resources.



The Board of Directors (below).



SOLUTIONS: HISTORIC PEACE II AGREEMENT SIGNED—

The decades-long collaboration of Watermaster's many stakeholders has made it possible to implement many water supply and water quality improvements that have resulted in tremendous financial and water supply benefits. Now, the signing of Peace II following four years of development and negotiation represents a new level of achievement.

The Peace II Agreement outlines the financial and institutional arrangements needed to implement Basin reoperation and hydraulic control. Outlined below is a summary of how key water management features of the Peace II agreement work together to benefit the Basin.

A summary of Peace II benefits:

- Ensures the beneficial use of groundwater in the southern end of the Basin by enabling the construction of Desalters to produce and treat about 40,000 acre-feet per year of groundwater degraded by past agricultural practices.
- Maximizes the reuse of recycled water.
- Fulfills Watermaster's and IEUA's maximum benefit commitments that in turn provide upwards of \$900 million of benefit to the Chino Basin parties.
- Increases the safe yield of the Basin by about 7,000 to 8,000 acre-feet per year and possibly more.
- Provides up to 400,000 acre-feet of replenishment water for the Desalters.
- Creates 400,000 acre-feet of new storage space available for groundwater storage programs.



WATERMASTER INITIATIVES BUILD ON EACH OTHER FOR SUCCESS

Watermaster Gains Regulatory Approval for Maximum Benefit Approach. Through extensive technical, financial and institutional analysis, Watermaster convincingly demonstrated that the regulatory levels for total dissolved solids (TDS) and nitrogen could be raised, and that recycled water could be recharged without harm or the need for direct mitigation. This first-of-its-kind regulatory change will allow for vastly increased amounts of recycled water to be recharged. The result will be to achieve the maximum beneficial use of Basin water supplies, including increased water reliability, more available supply and lower costs for recycled water compared to imported water.

Hydraulic Control Required for Maximum Benefit Approach. As a condition of being allowed to be regulated under the Maximum Benefit approach, Watermaster is required to maintain hydraulic control. This concept starts with the recognition that the Basin drains toward the Santa Ana River, and therefore Basin groundwater “leaks” to the River. Hydraulic control essentially stops this leakage and retains the water for use in the Basin.

Basin Reoperation Needed to Maintain Hydraulic Control and Provide Maximum Benefit. The most efficient way to gain hydraulic control is to undertake Basin Reoperation. This involves drawing down groundwater levels in the

southern area of the Basin over several decades until the aquifer levels are low enough that groundwater will not leak out of the Basin into the River.

Desalters Improve Water Quality, Increase Water Supplies and Assist with Hydraulic Control. To ensure that there is complete hydraulic control, additional Desalters are needed to pump out any water that would otherwise leak from the Basin, especially the southwest side. The Desalters take water that has high TDS and nitrogen content and treat it so it can be beneficially used, providing additional water supplies.

400,000 Acre-Feet of Water. Watermaster gained permission from the Court to begin withdrawing and using an additional 400,000 acre-feet of stored water that will not have to be replenished, as previously required by the Judgment. Not only can this water be used to benefit water users in the Basin, it reduces imported replenishment water costs, and thus reduces the cost to operate the Desalters.

Desalter II sounding tube to be used for transducer installation.



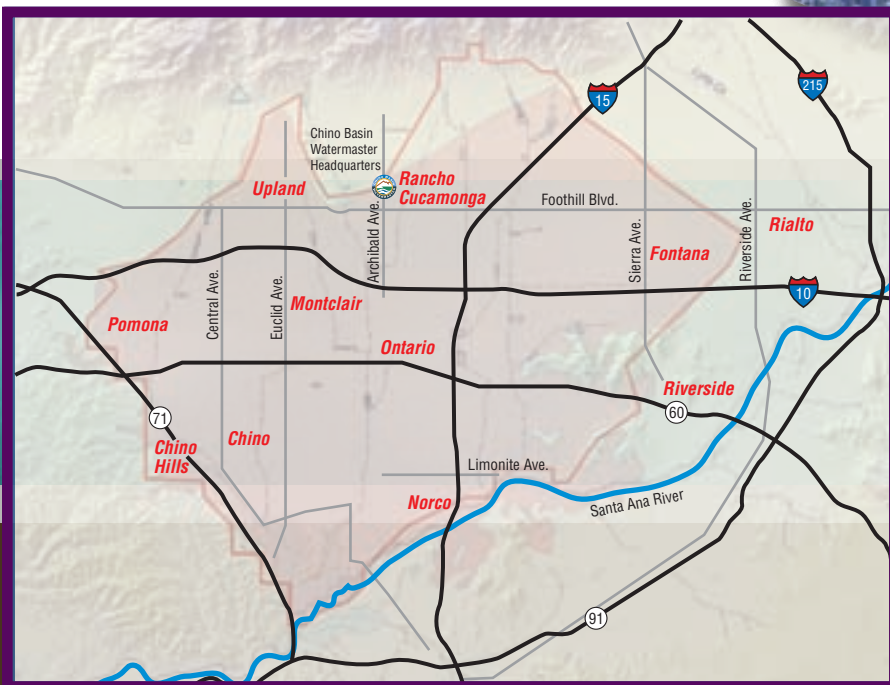
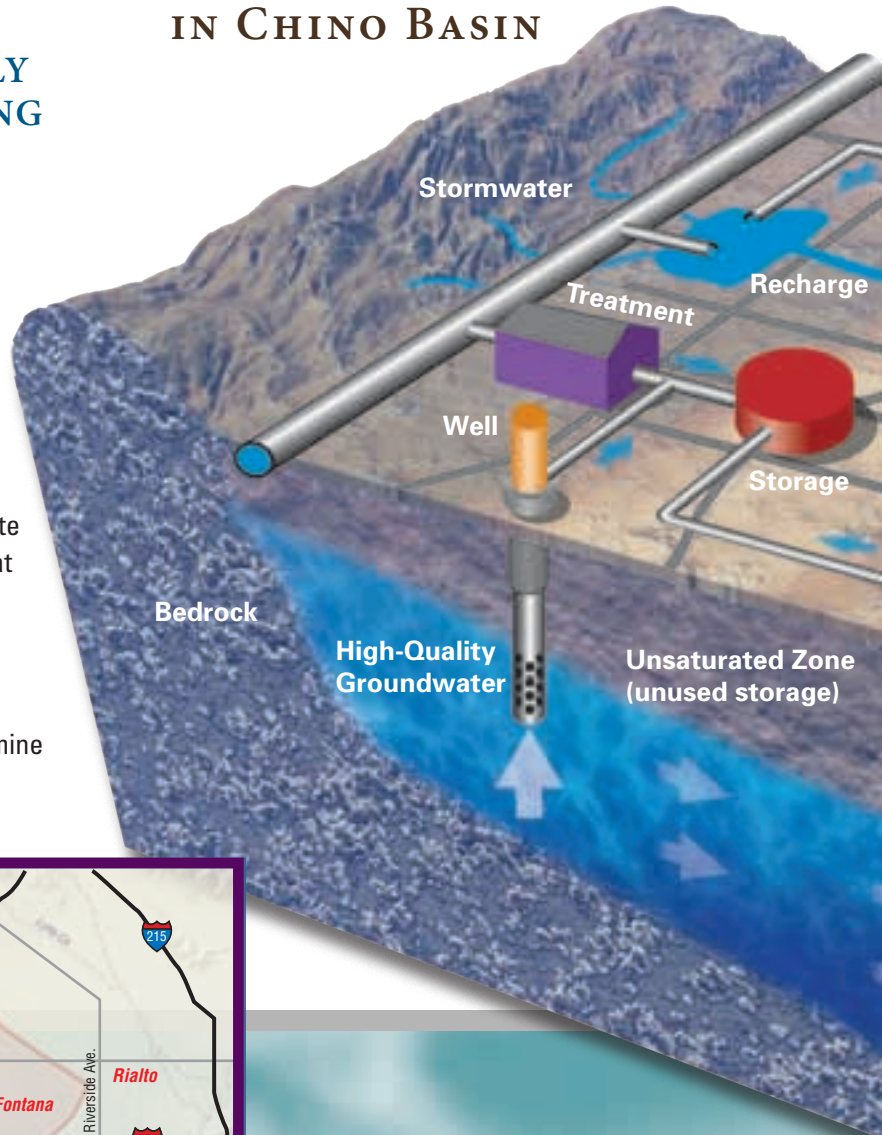
SOLUTIONS:IMPROVE THE UNDERSTANDING AND MANAGEMENT OF THE BASIN

IMPROVEMENTS TO WATER SUPPLY AND WATER QUALITY MONITORING

Watermaster conducts comprehensive groundwater and surface water monitoring programs. The data collected in these monitoring programs are used to help Watermaster protect and enhance Basin supplies and water quality. Highlights of the 2007-2008 monitoring program included:

- Installed additional pressure transducers/data loggers at key wells, principally in the northern portion of the Chino Basin, where more detailed groundwater level data are needed.
- Collected manual measurements of water levels at private wells in the Basin, and conducted quarterly downloads at wells equipped with pressure-transducers.
- Collected groundwater-quality samples at select private wells in the Basin.
- Conducted bi-weekly surface water monitoring to determine the Santa Ana River recharge into the Basin and rising groundwater near Prado.

STORAGE AND RECOVERY IN CHINO BASIN



Imported Surface Water

Due to drought and court environmental mandates, imported replenishment water supplies have been severely reduced. Replenishment water will be available, on average, only three in every ten years.

Wastewater/Recycled Water Treatment Plant

Recycled water will provide an important, and growing, source of water used in place of imported replenishment water.

Desalter

Santa Ana River

Lesser-Quality Groundwater

A third wellfield will be added and the existing Desalters will be expanded to take additional amounts of water with high TDS and treat it for potable use.

UPDATED BASIN MODEL PROVIDES VITAL INFORMATION

The computer groundwater model used to conduct analysis for many Basin programs was recently updated and is providing immediate value.

For example, the model identified the need to draw down the Basin by 400,000 acre-feet to obtain hydraulic control, which will not only provide a vast amount of additional usable water supply, but will also save hundreds of millions of dollars in treatment costs.

The model also indicates that the safe yield of the Basin may be declining, giving early warning of the possible need to develop additional water supplies for future needs.

The results of the modeling work indicated that there may be too much drawdown in certain areas of the Basin due to projected increases in pumping and imbalances between Basin recharge and discharge. Watermaster will use its model in the near future to review these pumping and replenishment projections.

Watermaster is constantly updating its engineering, financial and scientific analysis of virtually all aspects of Basin management. Watermaster's depth of technical understanding forms the foundation for all the beneficial water supply and water quality activities that have occurred in recent decades.

The Chino Groundwater Basin is a huge regional asset, stretching 220 square miles and storing an estimated six million acre-feet of water (about two trillion gallons). It is the principal source of water for a population that has grown rapidly in recent years to approach one million inhabitants.

Water users include 22 major appropriators and 300 overlies, chiefly agricultural interests. This past year, about 172,500 acre-feet of water was pumped from the Basin. Safe Yield is 140,000 acre-feet per year.

While the region has been one of the nation's fastest growing areas, it has been hit hard by the economic downturn, and now suffers from one of the nation's worst percentages of home foreclosures.

CHALLENGES: THE BASIN'S WATER SUPPLY PROBLEMS

Water supply limitations became the focus of Watermaster's activities during 2007-08. A decade-long period of below-average rainfall, combined with record-low rainfall two years ago, led to the reduction of water percolation into the ground, and a decline in the groundwater levels.

ADDITIONAL WATER SUPPLY CHALLENGES

Low rainfall was compounded by additional water supply challenges:

- **Replenishment Challenges.** An indefinite halt in deliveries of replenishment water was announced by Metropolitan Water District (MWD), due to statewide drought conditions and court mandates to protect Delta fish. Replenishment water will likely be available only three years in ten. The result could be severe water supply problems by 2015.

- **Regulatory Challenges.** Water supply challenges build upon one another. For instance, California Department of Public Health regulations call for recycled water to be blended with replenishment and storm water. But with limitations on the amount of replenishment water and storm water available, there is less ability to percolate recycled water into the ground.
- **Financial Challenges.** Funding solutions to the water supply challenges are made more difficult due to the general economic downturn. While the population has grown and water demands are projected to increase, housing foreclosures have made the region one of the hardest hit in the nation.
- **Facility Challenges.** New supply sources are needed and new facilities must be built. With replenishment water deliveries suspended, a statewide competition for replenishment water is anticipated, making future supply reliability more problematic. While previously it was thought that there would be enough water available but not sufficient facilities to receive and treat it, now it is believed that both will be in short supply.



Installation of MWD CB-14 connection.



Construction of air gap at Etiwanda Debris Basin.

SOLUTIONS: STORAGE AND RECOVERY IN THE CHINO BASIN

ENHANCED ROLE FOR RECYCLED WATER

Owing to drought conditions and Federal court decisions, MWD has been unable to provide replenishment water to Southern California since May 1, 2007. This greatly restricted Watermaster's ability to recharge recycled water during the 2007-08 fiscal year.

The California Department of Public Health (DPH) previously required that four parts of diluent water (either imported or storm water) be blended with each part of recycled water. In fiscal year 2007-08, Watermaster recharged approximately 2,300 acre-feet of recycled water and 10,200 acre-feet of stormwater and local runoff.

Jurupa Basin inlet.



In a very significant development near the end of the fiscal year, Watermaster and IEUA demonstrated that the recycled water contribution could be much higher than initially thought. Data from lysimeters installed within the recharge basins was used to establish the effectiveness of the soil-aquifer treatment. As a result, DPH increased the blending percentage, allowing the recycled water contribution to be increased from 20 percent to as high as 35 percent in some recharge basins. This will allow for significantly more recycled water recharge in the future.

COMPLETION OF FACILITIES IMPROVEMENT PROJECT, PHASE II

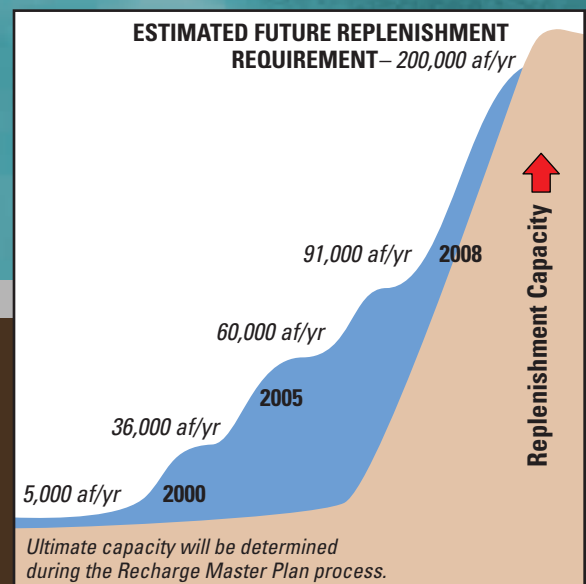
With Phase II improvements largely completed, the total recharge capacity has increased from 49,000 acre-feet of storm and supplemental water to about 91,000 acre-feet.

By the start of the 2009-10 fiscal year, most of the basins will be able to operate on a 12-month-per-year basis with combinations of storm, imported, and recycled water. Having extra capacity is very important so that during limited wet periods when replenishment water or storm water is available, the Basin will have the capacity to recharge greater amounts.

DRY YEAR YIELD PROGRAM

Participating parties are finishing construction of wells and wellhead treatment in order to take Dry Year Yield water. The facilities are not all complete, but MWD, in May, made a call on the water for 33,000 acre-feet over a 12-month period.

Greatly Expanded Recycled Water Capacity
With indefinite cutbacks in replenishment water, recycled water has become a critical local resource that is smart, sustainable and relatively low cost.



SOLUTIONS: STORAGE AND RECOVERY IN THE CHINO BASIN CONT.

OTHER COOPERATIVE CONJUNCTIVE-USE OPPORTUNITIES BEING EXPLORED

Possible Dry Year Yield Expansion. The Watermaster parties are holding talks with MWD to expand the Dry Year Yield Program to 150,000 acre-feet. Feasibility studies are underway.

Discussions on Other Potential Cooperative Projects. Talks are also underway with Western Municipal Water District, Three Valleys Municipal Water District and others to find out how the agencies and Watermaster can be of mutual assistance.

Potential Cooperative Desalter Project. Negotiations between the Chino Desalter Authority and Western Municipal Water District are underway to allow the District to join the Authority and to expand the Chino II Desalter by 10.5 million gallons a day (11,800 acre-feet). Raw water

would be drawn from the existing Chino II Desalter wells, and possibly additional new wells if needed. A new Chino Creek Well Field, required for hydraulic control, would provide additional raw water to the Chino I Desalter, enabling existing Wells No. 13, 14, and 15 to shift production to the expanded Chino II Desalter if needed.

DESALTER PROGRESS

The Basin model identified that in the southwest area of the Basin, the current Desalters are not catching all the water flowing toward the Santa Ana River, so new wells are needed in that area. The Chino Desalter Wellfields currently produce 26,900 acre-feet annually. The goal is to increase it to 40,000 acre-feet, as required by the OBMP. This upgrade will satisfy Watermaster's commitment in the OBMP for Desalters.



Obtaining water level at a Desalter II well.

Future Water Supply Programs

Watermaster is exploring numerous options for expanding groundwater recharge to meet long-term community water needs.

SOLUTIONS: ADDRESSING WATER QUALITY AND LAND SUBSIDENCE

Groundwater contamination in the Basin includes total dissolved solids (TDS). TDS concentrations are high from the consumptive use of groundwater, agricultural and dairy operations, and to a lesser extent from certain industrial and municipal activities. Nitrate concentrations are elevated in certain areas of the Basin due to agricultural and dairy operations. TDS and nitrate are being mitigated by the Desalter well fields. Relatively low-level perchlorate concentrations are found throughout the Basin. Studies suggest that most of this perchlorate is from non-point source historical application of Chilean fertilizer, and a smaller component of perchlorate in the northern portion of Chino Basin may be from anthropogenic perchlorate.

Land subsidence caused by groundwater pumping is also being actively monitored and managed by Watermaster.

FOCUS ON FOUR GROUNDWATER QUALITY PLUMES

Watermaster is actively engaged in the investigation and mitigation of three point sources of groundwater contamination: the Chino Airport volatile organic chemical (VOC) plume, the VOC plume south of the Ontario International Airport (OIA), and the Stringfellow National Priorities List (NPL) site perchlorate plume. In addition, Watermaster investigated TDS and TOC plumes in Management Zone 3 (MZ-3).

At the Chino Airport, Watermaster worked with the County of San Bernardino, Department of Airports to determine if the Chino Creek Desalter Wellfield construction (required to maintain hydraulic control of the Chino) could be effectively combined

with a VOC remediation system, to the mutual financial benefit of both parties. Watermaster also monitored the activities of the County's consultant as they developed a work plan to install additional monitoring wells.

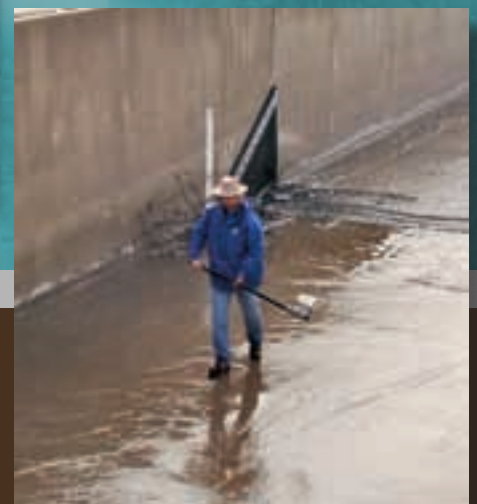
At the VOC plume south of OIA, the Potentially Responsible Parties (PRPs) began field investigations to determine if the source of the VOC plume south of OIA is a party that operated at the airport or from some other source. Watermaster has worked with the PRPs and the Regional Water Quality Control Board in reviewing the PRP's work plan, which consists of the installation of four sets of monitoring wells. Installation of the monitoring wells began during the fiscal year.



Victoria Basin.

All Contamination Plumes Under Remediation or Investigation

Watermaster works with the Regional Water Quality Control Board and other involved parties to ensure that groundwater quality is protected and enhanced. Watermaster's role is to provide technical information, enforce regulations and provide cooperative leadership. Today, all contaminant plumes in the Basin are under remediation or investigation.



Water quality sampling of storm water to be recharged.

SOLUTIONS: ADDRESSING WATER QUALITY AND LAND SUBSIDENCE CONT.

At the Stringfellow NPL site, the State of California Department of Toxic Substances Control (DTSC) has been investigating the fate and transport of perchlorate originating from the Stringfellow NPL site. The perchlorate plume flows towards and into the Santa Ana River. Watermaster is concerned that perchlorate in the Santa Ana River may be recharged into the Basin due to Chino II Desalter pumping. Watermaster has been collecting water samples from the River to characterize the perchlorate concentrations in it. This investigation has uncovered other perchlorate sources to the River, including Hole Lake.

At MZ-3, Watermaster characterized groundwater quality in the northern portion, where groundwater is tributary to wells owned by the Fontana Water Company, the Marygold Mutual Water Company, West Valley Water District, the City of Ontario, and the Jurupa Community Services District. One of the objectives of this investigation was to install sentry wells at the distal end of the former Kaiser Steel site plume. Watermaster used a Department of Water Resources AB303 grant and matching local funds to construct the wells. Watermaster completed these wells in fiscal year 2007-08 and conducted a quarterly groundwater monitoring program.

MANAGEMENT OF LAND SUBSIDENCE

Land subsidence and associated ground fissuring can occur in groundwater basins that are rich in clay and are heavily pumped. Historically, this has been the case on the west side of Chino Basin in Management Zone 1 (MZ-1). From 2001-2005, Watermaster and the MZ-1 parties developed, coordinated, and conducted an investigation to better understand land subsidence in this part of the Basin and to develop a management plan to limit land subsidence in the future.

In November 2007, the Court approved the MZ-1 Subsidence Management Plan and ordered its implementation. Ongoing monitoring and additional testing are being executed by Watermaster to improve the Plan, if necessary, and to evaluate its effectiveness. The ongoing monitoring of land-surface deformation and its causes include traditional leveling surveys, analysis of radar satellite imagery, and high-resolution monitoring of pumping and groundwater-levels at wells.



Synthetic aperture radar (InSAR) is satellite-based, high resolution imagery that Watermaster uses to help in hydrogeologic analysis and groundwater plan development.

Improved and More Efficient Monitoring Staff continues to improve Watermaster's water quality and water supply monitoring programs. The goal is to refine where and how monitoring data is gathered and analyzed so that the maximum amount of useful information is gathered at the lowest cost.

DEVELOPING TOMORROW'S WATER SUPPLY SOLUTIONS

With the signing of Peace II, several key operational concepts, including Basin reoperation, hydraulic control principles, Desalters and the Maximum Benefit regulatory approach, provide Watermaster and its stakeholders with many tools needed to effectively manage water supply and water quality. But as understanding of the Basin improves and circumstances change, there are always new challenges. Watermaster is acquiring the understanding and tools to resolve them.

STUDIES AND PLANS UNDERWAY TO ENHANCE WATER SUPPLY

Preparing Recharge Master Plan Update. Preparation of a Recharge Master Plan update is underway. Planning is also underway for a Recharge Master Plan Strategic Planning Conference in the near future. Participants will utilize information about the reduced reliability of State Water Project supplies, and the need to develop replacement solutions. One likely need is to develop new facilities to take even larger amounts of water in a short time when the water is available.

Re-Evaluating Long-Term Pumping Requirements. The Urban Water Management Plan quantities are being updated for the next 20-year period. The projected pumping and replenishment requirements will be evaluated within Watermaster's model.

Aquifer Injection and Recovery Feasibility Study. In June 2008, the City of Chino Hills was awarded grant funding from the State Department of Water Resources for a \$214,000 aquifer injection and recovery feasibility study at a production well owned by the City within Management Zone 1. The grant was later raised to \$250,000. Watermaster composed the grant application, and grant funds will offset the Party's cost for the project.



WATERMASTER GOVERNANCE AND MEMBERSHIP 2007-2008

Watermaster Board

Calendar Year 2008

Agricultural Pool Representatives

<i>MEMBER</i>	<i>REPRESENTING</i>
Paul Hofer Alternate: Bob Feenstra/Jeff Pierson	Crops
Geoffrey Vanden Heuvel Alternate: Bob Feenstra/Jeff Pierson	Dairy

Non-Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Bob Bowcock Alternate: Kevin Sage	Vulcan Materials Company (Calmat Division)

Appropriative Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Jim Curatalo , Secretary Alternate: Kathy Tiegs	Cucamonga Valley Water District
Jim Bowman , Alternate: Sheila Mautz	City of Ontario
Ken Willis , Chair Alternate: Tom Thomas/Anthony La	West End Consolidated Water Company

Municipal Water District Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Terry Catlin Alternate: John Anderson	Inland Empire Utilities Agency
Bob Kuhn , Vice-Chair Alternate: David DeJesus	Three Valleys Municipal Water District
Charles Field Alternate: Al Lopez	Western Municipal Water District

Staff

Calendar Year 2008

Kenneth R. Manning,
Chief Executive Officer

Sheri Rojo, CPA,
CFO/Asst. General Manager

Gordon Treweek, PE, PhD,
(retired in April)
Project Engineer

Ben Pak, (July-December)
Senior 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

Alexandra Perez,
Office Specialist

Advisory Committee

Calendar Year 2008

Agricultural Pool Representatives

<i>REGULAR MEMBERS</i>	<i>REPRESENTING</i>
Glenn Durrington , Alternate: Dan Hostetler	Crops
Robert Feenstra , Alternate: Jeff Pierson	Dairy
Pete Hall Alternate: Richard Alvarado/Henry Provencher	State
Peter Hettinga , Alternate: Syp Vander Dussen	Dairy
Gene Koopman , Alternate: Rob Vanden Heuvel	Dairy
Nathan Mackamul Alternate: Richard Alvarado/Henry Provencher	State
Jennifer Novak Alternate: Richard Alvarado/Henry Provencher	State
Jeff Pierson	Crops

Non-Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Steve Arbelbide	California Steel Industries (CSI)
Michael B. Malpezzi	Reliant Energy
Bob Bowcock , 2nd Vice-Chair Alternate: Kevin Sage	Vulcan Materials Company (Calmat Division)

Appropriative Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Patrick Bauer	Arrowhead Water Company
Dave Crosley	Chino, City of
Bill Kruger , Alternate: Mike Maestas	Chino Hills, City of
Robert DeLoach , Chair Alternate: Marty Zvirbulis	Cucamonga Valley Water District
Curtis Aaron	Fontana, City of
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
Richard Atwater Alternate: Tom Love	Inland Empire Utilities Agency
Eldon Horst	Jurupa Community Services District
Alternate: Robert Tock	
Justin Brocaw	Marygold Mutual Water Company
Mark Kinsey , Vice-Chair	Monte Vista Water District
Joe Schenk	Norco, City of
Ken Jeske Alternate: Mohamed El-Amamy/Joel Moskowitz	Ontario, City of
Henry Pepper , Alternate: Raul Garibay	Pomona, City of
Charles Moorrees	San Antonio Water Company
Phil Krause	San Bernardino, County of (Prado Shooting Park)
J. Arnold Rodriguez	Santa Ana River Water Company
Kyle Snay	Southern California Water Company
Anthony La , Alternate: Rosemary Hoerning	Upland, City of
Rosemary Hoerning	West End Consolidated Water Company
A.W. "Butch" Araiza	West Valley Water District

Agricultural Pool Committee Calendar Year 2008

<i>REGULAR MEMBERS</i>	<i>REPRESENTING</i>
Nathan deBoom	Dairy
Glenn Durrington	Crops
Robert Feenstra, Chair	Dairy
Edward Gonsman	State of California-CIW
Pete Hall	State of California-CIM
Peter Hettinga	Dairy
John Huitsing	Dairy
Gene Koopman	Dairy
Nate Mackamul	State of California-CIW
Jeff Pierson, Vice-Chair	Crops
<i>ALTERNATES</i>	<i>REPRESENTING</i>
Dan Hostetler	Crops
Henry Provencher	State of California
Jennifer Novak	State of California-CIM
Richard Alvarado	State of California
Rob Vanden Heuvel	Dairy
Syp Vander Dussen	Dairy

Non-Agricultural Pool Committee Calendar Year 2008

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Les Richter	California Speedway
Steve Arbelbide	California Steel Industries (CSI)
Mike Del Santo	CCG Ontario, LLC (Catellus)
Lisa Hamilton	General Electric Company
David Starnes	Mobile Community Management (Swan Lake Mobile Home Park)
R.E. Thrash III	Praxair
Glen Whritenour	Reliant Energy, Etiwanda LLC
James Jenkins	San Bernardino County Department of Airports
Michael Thies	Space Center Mira Loma
Alternate: Tom Cruikshank	
Eric Wang	Sunkist Growers Incorporated
Alternate: John Ayers	
Bob Bowcock, Chair	Vulcan Materials Company
Alternate: Kevin Sage, Vice-Chair (Calmat Division)	

Appropriative Pool Committee Calendar Year 2008

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Patrick Bauer	Arrowhead Mountain Spring Water
Dave Crosley	Chino, City of
Bill Kruger	Chino Hills, City of
Alternate: Mike Maestas	
Robert DeLoach	Cucamonga Valley
Alternate: Marty Zvirbulis	
Curtis Aaron	Fontana, City of
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
Kyle Snay	Golden State Water Company
Rich Atwater	Inland Empire Utilities Agency
Alternate: Tom Love	
Eldon Horst	Jurupa Community
Alternate: Robert Tock, Vice-Chair	
Justin Brokaw	Services District
Mark Kinsey	Marygold Mutual Water Company
Mark Kinsey	Monte Vista Irrigation Company
Joe Schenk	Monte Vista Water District
Ken Jeske, Chair	Norco, City of
Alternate: Mohamad El-Amamy, Joel Moskowitz	
Henry Pepper	Ontario, City of
Alternate: Raul Garibay	
Charles Moorrees	Pomona, City of
Phil Krause	San Antonio Water Company
J. Arnold Rodriguez	San Bernardino, County of (Prado Shooting Park)
Anthony La	Santa Ana River Water Company
Anthony La	Upland, City of
A.W. "Butch" Araiza	West End Consolidated Water Company
	West Valley Water District

WATERMASTER REPRESENTS ALL KEY STAKEHOLDER GROUPS

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.

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Appendices

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**COURT HEARINGS AND ORDERS
FISCAL YEAR 2007-2008**

During the fiscal year 2007-08, 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 30, 2008	<ul style="list-style-type: none"> • Cucamonga Valley Water District's Notice of Motion and Motion to Discontinue the Appointment of Special Referee • Motion to Approve Watermaster's Filings in Satisfaction of Condition Subsequent 5; Watermaster Compliance With Condition Subsequent 6
May 2, 2008	<ul style="list-style-type: none"> • Joint Response of Western Municipal Water District and Inland Empire Utilities Agency and Joinder to Chino Basin Watermaster's Response to Watermaster Compliance With December 21, 2007 Order Conditions 1 Through 4 • Declaration of Tom Dodson in Support of Join Response of Western Municipal Water District and Inland Empire Utilities Agency and Joinder to Chino Basin Watermaster's Response to Watermaster Compliance With December 21, 2007 Order Conditions 1 Through 4
April 29, 2008	<ul style="list-style-type: none"> • Cucamonga Valley Water District's Joinder to Watermaster's Response to Comments of Special Referee on Watermaster Compliance With December 21, 2007 Order Conditions 1 Through 4
April 25, 2008	<ul style="list-style-type: none"> • Watermaster's Response to Comments of Special Referee on Watermaster Compliance With December 21, 2007 Order Conditions 1 Through 4
April 17, 2008	<ul style="list-style-type: none"> • Comments of Special Referee on Watermaster Compliance With December 21, 2007 Order Conditions 1 Through 4
April 11, 2008	<ul style="list-style-type: none"> • Response to Watermaster's Compliance With Conditions Subsequent Numbers Three and Four of the Court's December 21, 2007; Request for Additional Time to Evaluate Watermaster's Compliance With Condition Subsequent Number Three; and Withdrawal of Monte Vista Water District's Joinder to Watermaster's Motion for Approval of Peace II Documents • Declaration of Mark Kinsey

April 11, 2008	<ul style="list-style-type: none"> • Motion Requesting Approval of Intervention of the Riboli Family/San Antonio Winery and Fuji Natural Foods, Inc.
April 1, 2008	<ul style="list-style-type: none"> • Watermaster Compliance With Condition Subsequent Four
March 3, 2008	<ul style="list-style-type: none"> • Watermaster Compliance With December 21, 2007 Order Condition Three
February 14, 2008	<ul style="list-style-type: none"> • Stipulation to Continue Defendant City of Chino's Motion Under Paragraph 15
February 1, 2008	<ul style="list-style-type: none"> • Watermaster Compliance With Dec 21, 2007 Conditions One and Two
January 10, 2008	<ul style="list-style-type: none"> • Notice of Name Change
December 21, 2007	<ul style="list-style-type: none"> • Order Concerning Motion for Approval of Peace II Documents
December 20, 2007	<ul style="list-style-type: none"> • Special Referee's Final Recommendation on Motion for Approval of Peace II Documents
December 14, 2007	<ul style="list-style-type: none"> • Watermaster Response to Special Referee's Preliminary Comments and Recommendations on Motion for Approval of Peace II Documents • Second Transmittal of Supplemental Documents
November 27, 2007	<ul style="list-style-type: none"> • Special Referee's Preliminary Comments and Recommendations on Motion for Approval of Peace II Documents
November 26, 2007	<ul style="list-style-type: none"> • Watermaster Response to Show Cause and Conservation District • City of Chino Joinder and Statement in Support of Watermaster Motion to Approve Peace II Documents
November 19, 2007	<ul style="list-style-type: none"> • Response of the Chino Basin Water Conservation District With Respect to the Chino Basin Watermaster's Motion for Approval of Peace II Documents

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- November 15, 2007
- Transmittal of Supplemental Documents
 - Order to Show Cause Why Court Should Not Continue the Hearing on Motion for Approval of Peace II Documents
 - Order on Motion for Approval of Watermaster's Long Term Plan for Management of Subsidence
 - Joinder of Three Valleys Municipal Water District in Support of Motion Chino Basin Watermaster for Approval of Peace II Document and Declaration of Jeff Kightlinger
 - Joinder of City of Ontario in Support of Motion for Approval of Peace II Documents; Declaration of Kenneth Jeske
 - Joinder of Western Municipal Water District to Chino Basin Watermaster's Motion for Approval of Peace II Documents and Declaration of John Rossi
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- November 14, 2007
- Joinder of Cucamonga Valley Water District to Chino Basin Watermaster's Motion for Approval of Peace II Documents
 - Joinder of the Agricultural Pool of the Chino Basin to Chino Basin Watermaster's Motion for Approval of Peace II Documents
 - City of Chino Hills' Notice of Joinder in Watermaster Motion
 - City of Upland Joinder to Watermaster Motion for Approval of Peace II Documents
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- November 13, 2007
- Joinder of Inland Empire Utilities Agency in Watermaster's Motion for Approval of Peace II Documents and Declaration of Richard Atwater
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- November 9, 2007
- Statement of City of Pomona in Support of Motion to Approve Peace II Documents
 - Monte Vista Water District Notice of Joinder in Watermaster Motion
 - Joinder of San Antonio Water Company to Chino Basin Watermaster's Motion of Approval of Peace II Documents
 - Joinder of Fontana Union Water Company to Chino Basin Watermaster's Motion for Approval of Peace II Documents
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- October 25, 2007
- Watermaster Clarification Re: Special Referee's Comments Re: Subsidence Management Plan
 - Motion for Approval of Peace II Documents
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- October 16, 2007
- Special Referee's Recommendations Re: Long Term Plan for Management of Subsidence
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- October 11, 2007 • Supplemental Filing RE Subsidence Long Term Plan
-
- October 2, 2007 • Request to Cancel October 3, 2007 Special Referee Workshop
- Order Cancelling October 3, 2007 Special Referee Workshop
-
- September 25, 2007 • Transmittal of Dennis Williams Comments
-
- September 18, 2007 • City of Chino Hills' Evidentiary Objections to Watermaster's Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence and Exhibits A Through J Attached Thereto
-
- September 14, 2007 • Stipulation to Continue Defendant City of Chino's Motion Under Paragraph 15
-
- August 27, 2007 • Order on Ex Parte Application for Continuance of Hearing on Motion for Approval of Long Term Plan for Subsidence in MZ-1
-
- August 24, 2007 • Supplemental Filing Re: May 24, 2007 Order
- Response to Chino Hills Ex Parte Motion
- City of Chino Hills Ex Parte Notice for an Order Continuing the Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence
-
- August 2, 2007 • Notice of Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence Section 1 of 2
- Notice of Motion for Approval of Watermaster's Long Term Plan for the Management of Subsidence Section 2 of 2
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**RESOLUTIONS
CALENDAR YEAR 2008**

Resolution	Adopted	Summary of Resolution
08-03	January 24, 2008	<p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective January 24, 2008 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.
08-02	January 24, 2008	<p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> • The Board of Directors does hereby authorize 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, Board Secretary/Treasurer, Chief Executive Officer/Secretary, and CFO/Asst. GM.
08-01	January 24, 2008	<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 hereby delegated to the Watermaster Chief Financial Officer 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 ¹	Appropriative	Non-Agricultural	Agricultural
07-08		KCO, LLC / The Koll Company Riboli Family / San Antonio Winery	Fuji Natural Foods, Inc.
06-07			
05-06			
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 Paul Russavage
96-97		Mountain Vista Power Generation Company, LLC California Speedway Corporation	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 24nd day of January 2008, 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/ Robert DeLoach
Chair

By: /s/ Kenneth Willis
Chair

ATTEST:

By: /s/ Jim Curatalo
Secretary

**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, 2008)**

<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	0.002
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 CCWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986). CCWD changed its 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 its 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 its 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 its 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 City of 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, 2008)**

<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. ^G	2,364.69	1,851.40
Swan Lake Mobile Home Park ^H	593.00	464.24
California Steel Industries ^I	1,660.00	1,300.00
Praxair ^J	546.00	427.45
General Electric Company ^K	-	-
California Speedway ^L	1,277.00	1,000.00
Loving Savior of the Hills Lutheran Church ^M	-	-
KCO, LLC/The Koll Company ^N	28.10	22.00
Total	9,388.79	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, then its last property holdings and all its remaining water rights to CCG Ontario LLP on August 16, 2000.

^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 On May 22, 2008, Sunkist permanently transferred 22.000 AF to Koll.

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

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

^J Union Carbide Corp. became Praxair, Inc.

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

^L 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.

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

^N KCO/Koll intervened in FY 07-08 after purchasing land from Sunkist. On May 22, 2008, Sunkist permanently transferred 22.000 AF to Koll.

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
05-06	124,315 ¹⁹	33,900	3,026	161,241
06-07	130,826 ²⁰	37,295	3,369	171,491
07-08	103,078 ²¹	30,910	3,440	137,427

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.

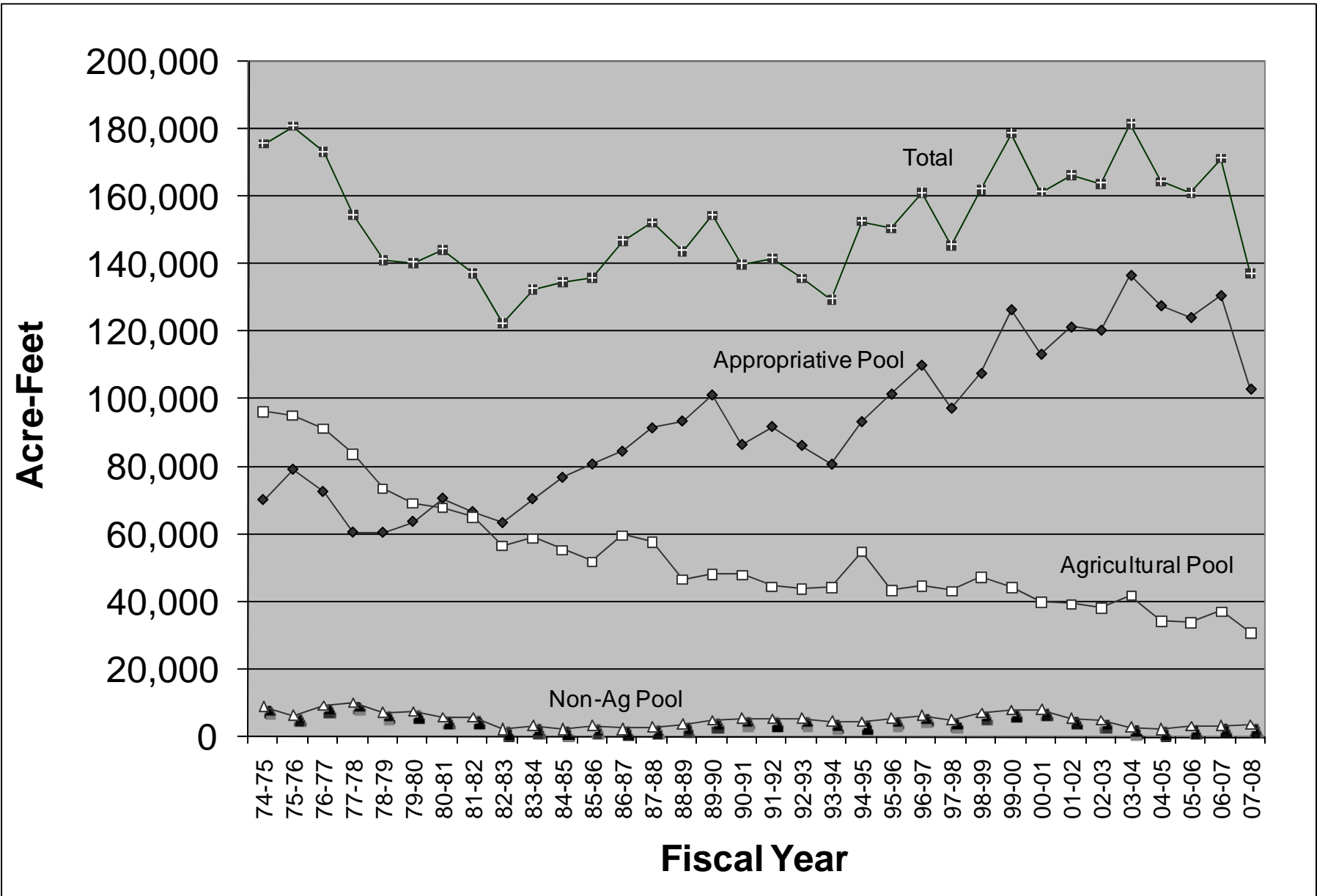
¹⁸ Does not include 9,854 AF Desalter production or 80.7 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁹ Does not include 16,476 AF Desalter production or 79.5 AF Dept. of Toxic Substances Control (DTSC) production.

²⁰ Does not include 26,356 AF Desalter production or 79.3 AF Dept. of Toxic Substances Control (DTSC) production.

²¹ Does not include 26,972 AF Desalter production or 81.1 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
05-06	20,370	N/A	28,530	48,900
06-07	22,158	N/A	23,346	45,505
07-08	22,461	N/A	29,429	51,890

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
05-06	161,241	171,896	333,137
06-07	171,491	176,807 ⁴	348,297
07-08	137,427	162,465	299,893

¹ Total includes water used over Cucamonga Basin.

² See Appendix G-1, "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 2007-2008
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD & MWDSC Imported Deliveries	Reclaimed Water	Total
Chino, City of	-	-	-	3,139.0	3,139.0
Chino Hills, City of	-	-	-	1,694.8	1,694.8
Cucamonga Valley Water District ¹	3,040.7	4,846.8	-	1,100.6	8,988.1
Inland Empire Utilities Agency ²	-	-	-	1,174.1	1,174.1
Fontana Water Company ³	22,903.9	6,419.4	-	-	29,323.3
Jurupa Community Services District ⁴	891.6	-	-	31.4	923.0
Marygold Mutual Water Company ⁵	821.1	-	-	-	821.1
MWDSC ⁶	-	-	68,675.8	-	68,675.8
Monte Vista Water District	-	-	-	105.3	105.3
Ontario, City of	-	-	-	3,971.9	3,971.9
Pomona, City of ⁷	4,366.1	2,292.4	2,530.4	-	9,188.9
San Antonio Water Company ⁸	7,272.7	1,470.1	-	-	8,742.8
San Bernardino, County of	-	-	-	1,288.4	1,288.4
State of California, CIM ⁹	-	-	-	1,166.0	1,166.0
Upland, City of ¹⁰	9,926.0	2,095.0	-	239.9	12,260.9
West End Consolidated Water Company ¹¹	2,813.0	-	-	-	2,813.0
West Valley Water District ¹²	8,188.8	-	-	-	8,188.8
Total	60,223.8	17,123.7	71,206.2	13,911.4	162,465.1

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 12,745.4 AF of reclaimed water as follows: 2,896.5 AF to the City of Chino, 1,479.2 AF to the City of Chino Hills, 561.6 AF to Cucamonga Valley Water District, 1,174.1 AF to IEUA, 3,005.5 AF to Ontario, 1,288.4 AF to San Bernardino County, and 0.0 AF to the City of Upland. Additionally, reclaimed water groundwater recharge in the amount of 2,340.1 AF is shown as allocated within each service area.

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

⁴ Imported groundwater produced from Riverside Basins. Reclaimed water is purchased through IEUA.

⁵ Imported groundwater produced from wells located in the Rialto Basin.

⁶ MWDSC and SBVMWD deliveries (See Appendix K, "Summary of MWDSC Deliveries," for individual agencies breakdown).

⁷ Includes 3,822.0 AF of groundwater from Six Basins and 544.7 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁸ An amount of 1,470.1 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1,300.0 AF from San Antonio Tunnel, 4,944.9 AF from Cucamonga Basin, and 1,027.8 AF from Six Basins.

⁹ Reclaimed wastewater that was applied to fields, including water held in storage ponds.

¹⁰ Imported groundwater produced from Cucamonga and Six Basins. Surface water deliveries are from the San Antonio Canyon WTP.

¹¹ Imported groundwater produced from Cucamonga and Six Basins.

¹² Listed amount was delivered to "meter book" service area.

SUMMARY OF MWDSC DELIVERIES¹
FISCAL YEAR 2007-2008
(ACRE-FEET)

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills ²	Total
July	938	590	1,454	461	1,317	4,759
August	963	430	1,556	515	1,307	4,772
September	681	127	1,334	539	1,327	4,008
October	498	319	1,131	484	788	3,220
November	300	112	1,090	395	303	2,199
December	427	69	1,137	319	39	1,992
January	501	232	1,139	277	185	2,333
February	2	181	739	184	177	1,282
March	-	487	1,152	258	659	2,555
April	251	607	1,109	181	940	3,088
May	110	133	199	332	557	1,332
June	221	129	287	500	545	1,682
Total	4,891	3,416	12,327	4,443	8,145	33,222

Month	Reliant	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-07	CB-16	Sub-Total		
July	-	241	4,181	4,423	370	9,552
August	-	244	4,485	4,729	478	9,979
September	-	216	3,691	3,907	321	8,236
October	-	167	3,577	3,744	257	7,220
November	-	186	3,186	3,372	174	5,745
December	-	3	1,928	1,931	95	4,017
January	-	-	1,297	1,297	96	3,727
February	-	-	947	947	50	2,279
March	-	-	2,189	2,189	80	4,824
April	-	-	2,883	2,883	138	6,108
May	-	-	2,988	2,988	159	4,478
June	-	-	3,046	3,046	313	5,041
Total	-	1,058	34,397	35,454	2,530	71,206

¹ Does not include Dry Year Yield activity ("puts" or "takes").

² Total includes water delivered directly from WFA and from WFA through MVWD by agreement.

**SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES
FISCAL YEAR 2007-2008
(ACRE-FEET)**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Conjunctive Use, All Parties - Storage													
Direct													
Monte Vista Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Lieu													
Chino Basin Watermaster	-	-	-	-	-	-	-	-	-	-	-	-	-
Chino, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Chino Hills, City of ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
Cucamonga Valley Water District	-	-	-	-	-	-	-	-	-	-	(1,602.8)	(2,016.4)	(3,619.2)
Jurupa Community Services District	-	-	-	-	-	-	-	-	-	-	-	(164.3)	(164.3)
Monte Vista Water District	-	-	-	-	-	-	-	-	-	-	(1,056.0)	(1,580.0)	(2,636.0)
Ontario, City of	-	-	-	-	-	-	-	-	-	-	-	(2,000.0)	(2,000.0)
Pomona, City of	-	-	-	-	-	-	-	-	-	-	(1,000.0)	-	(1,000.0)
Upland, City of	-	-	-	-	-	-	-	-	-	-	(337.0)	(309.4)	(646.4)
	-	-	-	-	-	-	-	-	-	-	(3,995.8)	(6,070.1)	(10,065.9)
Total Storage / (Withdrawals)	-	-	-	-	-	-	-	-	-	-	(3,995.8)	(6,070.1)	(10,065.9)
Replenishment Deliveries to Watermaster													
	Obligation = 13,238.880 AF												
Direct ²													
CB-11T (Deer Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-13T (San Sevaine)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-14T (Etiwanda)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-15T (Day Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-18T (Etiwanda Inter-tie)	-	-	-	-	-	-	-	-	-	-	-	-	-
OC-59 (San Antonio)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Appropriators	-	-	-	-	-	-	-	-	-	2,862.0	1,000.0	-	3,862.0
Purchased from Cyclic Acct	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)	-	-	-	-	-	-	-	-	-	-	-	9,376.9	9,376.9
Total Replenishment	-	-	-	-	-	-	-	-	-	2,862.0	1,000.0	9,376.9	13,238.9

¹ Chino Hills submitted certification for 1,169.245 AF in June 2005. It was in CBWM's Assessment Package, but was later removed because it was thought to have never been processed with IEUA & MWD. It was added back in this year because it was determined that it apparently did happen afterall. It is reflected in this year's Assessment Package, but not on this table.

² No imported water was available/delivered as replenishment water during FY 2007-2008.

**SUMMARY OF STORMWATER RECHARGE
FISCAL YEAR 2007-2008
(ACRE-FEET)**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
San Antonio Channel / CB-59													
College Heights East (MZ1)	-	-	-	-	-	-	67.0	99.0	5.0	-	-	-	171.0
College Heights West (MZ1)	-	-	-	-	-	-	-	-	-	-	1.0	-	1.0
Upland (MZ1)	-	-	-	-	3.0	5.0	285.0	4.0	-	-	15.0	-	312.0
Montclair 1, 2, 3, 4 (MZ1)	-	-	25.0	30.0	73.0	114.0	531.0	74.0	3.0	-	9.0	-	859.0
Brooks (MZ1)	-	-	4.0	14.0	24.0	42.0	282.0	50.0	9.0	4.0	43.0	3.0	475.0
West Cucamonga Channel													
15th Street (MZ1)	-	-	-	-	-	-	-	-	-	-	-	-	-
8th Street (MZ1)	16.0	16.0	17.0	42.0	81.0	224.0	328.0	98.0	21.0	11.0	90.0	15.0	959.0
7th Street (MZ1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Ely 1 (MZ2)	26.0	29.0	(31.0)	34.0	166.0	255.0	793.0	233.0	20.0	30.0	30.0	18.0	1,603.0
Ely 2 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Ely 3 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Riverside Drive Drain													
Grove (MZ2)	-	-	-	-	10.0	80.0	168.0	64.0	-	-	4.0	-	326.0
Cucamonga/Deer Creek Ch / CB-11													
Turner 1 & 2 (MZ2)	4.0	38.0	4.0	62.0	96.0	215.0	311.0	251.0	17.0	14.0	143.0	11.0	1,166.0
Turner 3 & 4 (MZ2)	1.0	10.0	12.0	3.0	66.0	62.0	143.0	9.0	-	4.0	38.0	28.0	376.0
Day Creek Channel / CB-15													
Lower Day (MZ2)	1.0	2.0	2.0	2.0	18.0	32.0	212.0	23.0	2.0	-	9.0	-	303.0
Wineville (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Riverside (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Etiwanda Channel / CB-14													
Etiwanda Debris Basin (MZ2)	-	-	2.0	7.0	-	-	-	-	-	-	1.0	-	10.0
Victoria (MZ2)	-	-	5.0	8.0	49.0	66.0	180.0	61.0	2.0	7.0	46.0	3.0	427.0
Conservation Ponds (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Channel / CB-13													
San Sevaine 1 (MZ2)	-	-	2.0	6.0	37.0	75.0	553.0	29.0	-	-	47.0	-	749.0
San Sevaine 2 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine 3 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine 4 & 5 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Reach (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Jurupa (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
West Fontana Channel / CB-18													
Hickory (MZ2)	93.0	93.0	92.0	73.0	102.0	102.0	126.0	97.0	44.0	64.0	39.0	24.0	949.0
Banana (MZ3)	-	-	3.0	2.0	35.0	22.0	130.0	75.0	-	-	3.0	8.0	278.0
DeClez Channel													
RP3 Cell 1a (MZ3)	-	3.0	3.0	9.0	47.0	108.0	165.0	130.0	5.0	3.0	34.0	4.0	511.0
RP3 Cell 3b (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
DeClez (MZ3)	-	6.0	33.0	14.0	108.0	77.0	256.0	146.0	27.0	13.0	36.0	14.0	730.0
Totals	141.0	197.0	173.0	306.0	915.0	1,479.0	4,530.0	1,443.0	155.0	150.0	588.0	128.0	10,205.0

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APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Assessment Fee Summary

	Appropriative Pool				Ag Pool FY Reallocation		Replac
	AF Production	\$6.17	\$46.97	AF Total Reallocation	\$190,742.00	\$1,362,245.00	
		AF/Admin	AF/OBMP		\$3.68	\$26.26	
					AF/Admin	AF/OBMP	AF/15%
Arrowhead Mtn Spring Water Co	366,278	2,259.94	16,141.87	0.000	0.00	0.00	0.00
Chino Hills, City Of	3,312,121	20,435.79	145,965.17	2,112,199	7,767.84	55,476.55	33,324.62
Chino, City Of	3,463,389	21,369.11	152,631.55	8,291,781	30,479.43	217,678.63	34,846.59
Cucamonga Valley Water District	11,674,773	72,033.35	514,507.25	2,594,925	9,536.61	66,123.01	117,464.72
Fontana Union Water Company	0.000	0.00	0.00	3,590,271	13,197.37	94,253.23	0.00
Fontana Water Company	18,070,402	117,604.73	840,433.20	703,744	2,600.94	20,073.10	181,870.81
Golden State Water Company	598,884	3,895.11	26,392.62	230,995	849.11	6,064.16	6,025.62
Inland Empire Utilities Agency	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Juniper Community Services District	16,061,515	99,099.55	707,830.97	12,560,683	46,171.43	329,748.07	161,601.55
Marygold Mutual Water Company	544,047	3,356.77	23,976.15	368,051	1,352.91	9,662.23	0.00
Metropolitan Water District	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	380,063	1,397.06	9,977.57	0.00
Monte Vista Water District	10,181,243	62,818.27	448,687.36	2,761,128	10,149.55	72,486.22	102,437.70
Niagara Water Company	1,152,968	7,113.81	50,811.30	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	2,156	7.92	56.60	0.00
Novato, City Of	0.000	0.00	0.00	113,341	416.63	2,975.48	0.00
Ontario, City Of	20,430,926	126,058.61	900,390.91	7,726,793	28,402.68	202,846.85	205,564.00
Pomona, City Of	12,187,948	75,199.64	537,122.87	6,299,683	23,156.81	165,381.80	0.00
San Antonio Water Company	1,197,571	7,389.01	52,776.95	846,364	3,111.12	22,219.09	12,049.26
San Bernardino County Shig Pk	15,109	99.39	709.92	0.000	0.00	0.00	102.00
Santa Ana River Water Company	402,073	2,480.79	17,719.36	730,667	2,686.57	19,167.01	4,045.42
Upland, City Of	2,417,651	14,916.91	106,545.88	1,602,178	5,889.40	42,061.02	24,324.99
West End Consolidated Water Com	0.000	0.00	0.00	532,211	1,956.34	13,971.63	0.00
West Valley Water District	0.000	0.00	0.00	361,891	1,330.27	9,500.52	0.00
	103,077,958	635,991.00	4,542,645.61	51,890,306	190,742.00	1,362,245.00	893,722.37

Payment Assessments		85/15 Water Transaction Activity				ASSESSMENTS DUE				
\$202.66 AF/85%	\$398.00 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	113,176.90	0.00	0.00	0.00	0.00	131,581.71	0.00	0.00	131,581.71	
0.00	0.00	0.00	2,750.80	0.00	0.00	285,720.77	0.00	48,583.98	314,304.75	
0.00	0.00	0.00	7,876.44	0.00	0.00	459,881.75	0.00	92,815.47	552,697.22	
0.00	0.00	0.00	9,696.21	0.00	0.00	791,363.14	0.00	83,277.82	874,640.96	
0.00	0.00	0.00	0.00	0.00	0.00	107,450.60	0.00	147,064.01	254,514.61	
4,800,531.01	0.00	(272.93)	15,838.52	0.00	0.00	5,989,528.52	0.00	25.23	5,989,553.75	
0.00	0.00	0.00	497.39	0.00	0.00	43,524.21	0.00	9,461.96	52,986.16	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
250,664.72	0.00	0.00	13,338.51	0.00	0.00	1,617,455.80	0.00	47,423.32	1,684,879.12	
0.00	0.00	0.00	0.00	0.00	0.00	38,348.06	0.00	15,076.05	53,424.11	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	0.00	0.00	0.00	11,374.63	0.00	15,568.07	26,942.70	
0.00	0.00	0.00	8,456.79	0.00	0.00	705,034.91	0.00	110,982.42	816,017.33	
0.00	358,267.11	0.00	0.00	0.00	0.00	414,192.22	0.00	0.00	414,192.22	
0.00	0.00	0.00	0.00	0.00	0.00	64.52	0.00	68.31	132.84	
0.00	0.00	0.00	0.00	0.00	0.00	3,392.11	0.00	4,842.67	8,234.78	
0.00	0.00	0.00	16,966.42	0.00	0.00	1,480,231.68	0.00	281,879.63	1,741,911.51	
0.00	0.00	0.00	0.00	0.00	0.00	800,861.12	0.00	258,048.44	1,058,909.56	
0.00	0.00	(73,500.00)	994.61	0.00	0.00	25,340.55	0.00	34,668.60	59,708.55	
4,231.03	0.00	0.00	13.38	0.00	0.00	5,215.80	0.00	0.00	5,215.80	
0.00	0.00	0.00	333.93	0.00	0.00	46,453.68	0.00	29,937.63	76,391.31	
0.00	0.00	0.00	2,007.92	0.00	0.00	196,748.11	0.00	65,828.12	261,374.23	
0.00	0.00	0.00	0.00	0.00	0.00	15,928.17	0.00	21,800.34	37,728.51	
0.00	0.00	0.00	0.00	0.00	0.00	10,833.78	0.00	14,823.73	25,657.51	
5,064,426.76	488,447.01	(73,772.93)	73,772.93	0.00	0.00	13,159,219.75	0.00	1,261,594.00	14,420,813.75	

APPROPRIATIVE POOL WATER PRODUCTION SUMMARY FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Water Production Summary

	Percent of Safe Operating Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	2,111,422	2,111,422	0.000	(42,228)	2,113,199	0.000
Chino, City Of	7.357%	4,033,857	3,179,129	0.000	(63,582)	8,291,761	(5,997,000)
Cucamonga Valley Water District	6.601%	3,619,454	2,648,169	0.000	(52,963)	2,594,925	24,850,012
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.557%	5,391,735	448,127	0.000	(8,962)	3,590,271	(11,820,072)
Fontana Water Company	0.002%	1,000	0.000	0.000	0.000	783,744	8,185
Golden State Water Company	0.750%	411,476	227,715	0.000	(4,554)	230,995	0.000
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Juniper Community Services District	3.758%	2,061,118	0.000	0.000	0.000	12,560,663	0.000
Marygold Mutual Water Company	1.106%	666,317	666,317	0.000	(13,106)	365,661	16,000
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	676,759	207,328	0.000	(4,146)	380,063	0.000
Monte Vista Water District	8.797%	4,823,954	0.000	0.000	0.000	2,761,128	2,212,678
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Nisholzen Trust	0.007%	4,000	1,845	0.000	(0,036)	2,156	(8,185)
Norco, City Of	0.368%	201,545	201,545	0.000	(4,000)	113,341	0.000
Ontario, City Of	20.742%	11,373,816	9,639,532	0.000	(192,790)	7,726,793	3,215,000
Pomona, City Of	20.454%	11,215,852	8,690,253	0.000	(173,805)	6,299,663	(4,280,322)
San Antonio Water Company	2.748%	1,506,888	1,506,888	0.000	(30,137)	846,364	(2,000,000)
San Bernardino County Shtg Pk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301,374	590,075	0.000	(11,801)	730,867	(969,000)
Upland, City Of	5.202%	2,852,401	2,852,401	0.000	(57,048)	1,802,178	160,678
West End Consolidated Water Compa	1.728%	947,714	947,714	0.000	(18,954)	532,211	0.000
West Valley Water District	1.175%	644,317	644,317	0.000	(12,886)	361,891	15,000
	100.00%	54,834,900	34,551,777	0.000	(691,028)	51,890,306	5,403,834

Less Desalter Authority Production

Total Less Desalter Authority Production

Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	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	368.378	0.000	368.378	0.000	368.378	0.000	0.000	0.000
8,793,935	3,383,872	1,789,245	3,373,121	0.000	0.000	3,443,814	2,711,422	1,332,382
15,327,584	3,483,388	0.000	3,483,388	0.000	0.000	6,863,615	4,033,857	2,829,758
34,481,717	15,293,871	(3,818,292)	11,475,579	0.000	0.000	23,778,944	3,813,428	19,157,482
0.000	26,872,873	0.000	26,872,873	0.000	26,872,873	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
793,158	18,875,482	0.000	19,668,640	18,277,293	0.000	0.000	0.000	0.000
958,601	988,684	0.000	988,684	0.000	0.000	988,746	368,768	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15,072,581	18,225,856	(184,341)	18,041,545	988,834	0.000	0.000	0.000	0.000
1,824,979	544,647	0.000	544,647	0.000	0.000	1,290,332	885,311	375,619
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1,408,854	0.000	0.000	0.000	0.000	0.000	1,408,854	576,758	721,319
19,883,398	12,817,343	(8,838,092)	10,181,243	0.000	0.000	873,155	673,155	0.000
0.000	1,152,968	0.000	1,152,968	0.000	1,152,968	0.000	0.000	0.000
0.819	0.000	0.000	0.000	0.000	0.000	0.819	0.819	0.000
998,581	0.000	0.000	0.000	0.000	0.000	558,581	201,543	356,018
34,251,381	22,430,936	(2,003,000)	20,427,936	0.000	0.000	13,823,405	11,573,816	2,446,610
25,296,141	12,187,948	(1,000,000)	12,187,948	0.000	0.000	72,018,752	11,713,923	892,341
2,189,783	1,197,571	0.000	1,197,571	0.000	0.000	963,192	963,192	0.000
0.000	18,188	0.000	18,188	18,188	0.000	0.000	0.000	0.000
1,926,274	408,073	0.000	408,073	0.000	0.000	1,524,251	1,301,374	222,827
8,524,880	3,064,091	(648,460)	2,417,631	0.000	0.000	5,817,199	3,283,451	2,784,728
3,418,049	0.000	0.000	0.000	0.000	0.000	2,616,245	942,714	1,865,331
1,783,339	0.000	0.000	0.000	0.000	0.000	1,783,339	848,312	1,149,322
157,868,881	138,848,727	(8,896,496)	130,052,231	18,282,936	28,481,319	76,711,484	41,638,840	34,881,864
	26,872,873		26,872,873		26,872,873			
	111,974,854		103,077,958		1,539,348			

APPROPRIATIVE POOL STORAGE ACCOUNT TRANSACTIONS FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Storage Account Transactions

	Storage and Recovery Program(s)				Excess Carry Over		
	Carryover Beginning Balance	2% Carryover Storage Loss	Storage Exchanges/ Adjustments	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000	179,282	(2,565)	0.000
Chino, City Of	0.000	0.000	0.000	0.000	8,851,836	(173,000)	0.000
Cucamonga Valley Water District	0.000	0.000	0.000	0.000	15,916,940	(318,338)	500,000
Desalter Authority	0.000	0.000	0.000	0.000	374,252,232	0.000	(26,972,073)
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000	835,302	(16,706)	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000	5,615,567	(112,311)	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	4,341,422	(86,828)	0.000
Metropolitan Water District	77,115,618	(1,542,312)	(695,996)	74,877,310	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	212,087	(4,241)	0.000
Monte Vista Water District	0.000	0.000	0.000	0.000	1,248,520	(24,970)	0.000
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	1,053,743	(21,074)	0.000
Ontario, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
San Antonio Water Company	0.000	0.000	0.000	0.000	8,204,207	(164,084)	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Upland, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
West End Consolidated Water Comp	0.000	0.000	0.000	0.000	2,621,565	(52,431)	0.000
West Valley Water District	0.000	0.000	0.000	0.000	2,014,836	(40,296)	(500,000)
	77,115,618	(1,542,312)	(695,996)	74,877,310	425,146,519	(1,017,880)	(26,972,073)
Less Desalter Authority Balances					(374,252,232)	0.000	26,972,073
Total Less Desalter Authority					50,894,287	(1,017,880)	0.000

*: There is no loss assessed on the native basin water allocated to offset desalter production as a result of basin reoperation as approved in Peace II.

er Account (ECO)			Local Supplemental Storage Account						Combined
From Local Supplemental Storage	From Under Production	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	MZI 6,500 Eligible for Storage	Transfer to Excess Carryover	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	1,332,390	1,507,109	6,713,927	(114,270)	0.000	0.000	0.000	5,599,649	7,106,758
0.000	2,829,758	11,308,558	3,653,287	(71,065)	0.000	0.000	0.000	3,482,222	14,790,790
0.000	19,157,490	35,256,092	13,356,060	(267,181)	0.000	0.000	0.000	13,088,879	48,344,971
0.000	0.000	347,280,159	0.000	0.000	0.000	0.000	0.000	0.000	347,280,159
0.000	0.000	0.000	2,188,541	(43,730)	0.000	0.000	0.000	2,142,811	2,142,811
0.000	0.000	0.000	0.031	0.000	0.000	0.000	0.000	0.031	0.031
0.000	0.000	818,598	1,725,340	(34,508)	0.000	0.000	0.000	1,690,834	2,508,430
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	0.000	5,503,256	1,174,407	(23,458)	0.000	0.000	0.000	1,150,949	6,654,175
0.000	625,015	4,880,209	2,194,797	(43,895)	0.000	0.000	0.000	2,150,902	7,031,081
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	74,877,310
0.000	731,325	938,151	7,123,040	(142,480)	0.000	0.000	0.000	6,980,560	7,919,731
0.000	0.000	1,723,550	6,958,858	(131,173)	0.000	0.000	0.000	6,427,483	7,651,033
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	0.000	0.000	0.000	0.000
0.000	355,016	1,387,685	114,973	(2,299)	0.000	0.000	0.000	112,674	1,500,359
0.000	2,446,649	2,446,649	15,338,918	(306,778)	0.000	0.000	0.000	15,032,140	17,479,789
0.000	802,341	802,341	14,879,338	(297,585)	0.000	0.000	0.000	14,581,753	15,384,091
0.000	0.000	8,040,123	858,545	(17,170)	0.000	0.000	0.000	841,375	8,881,498
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	222,827	222,827	573,931	(11,478)	0.000	0.000	0.000	562,453	785,280
0.000	2,764,798	2,764,798	6,923,344	(138,468)	0.000	0.000	0.000	6,784,876	9,549,676
0.000	1,668,331	4,237,465	539,872	(10,797)	0.000	0.000	0.000	529,075	4,766,540
0.000	1,149,322	2,623,852	367,101	(7,342)	0.000	0.000	0.000	359,759	2,983,621
0.000	34,085,884	431,242,430	83,184,075	(1,663,672)	0.000	0.000	0.000	81,520,403	587,640,142
		(347,280,159)							(347,280,159)
		83,962,271							240,359,984

APPROPRIATIVE POOL RECYCLED WATER STORAGE ACCOUNTS FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Recycled Water Storage Accounts

	Water Transactions				Ending Balance
	Beginning Balance	2% Loss	Current Recharged Recycled	Transfer to ECO Account	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	215.600	0.000	215.600
Chino, City Of	0.000	0.000	242.500	0.000	242.500
Cucamonga Valley Water District	0.000	0.000	539.000	0.000	539.000
Desalter Authority	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	31.400	0.000	31.400
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Montic Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000
Monte Vista Water District	0.000	0.000	105.300	0.000	105.300
Niagara Water Company	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	0.000	0.000	966.400	0.000	966.400
Pomona, City Of	0.000	0.000	0.000	0.000	0.000
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000
Upland, City Of	0.000	0.000	239.900	0.000	239.900
West End Consolidated Water Company	0.000	0.000	0.000	0.000	0.000
West Valley Water District	0.000	0.000	0.000	0.000	0.000
	0.000	0.000	2,340.100	0.000	2,340.100

--- The "LMP Recharged Recycled Water Accounting (reference only)" Baseline (bottom of 4th) is an estimate this year and will be finalized next year.

LRP Recharged Recycled Water Accounting (reference only)

Beginning Balance	Current Year Recharged Recycled	Production + Exchanges (RW Agencies Only)	Recycled Water "Production"	Ending Balance
0.000	0.000	0.000	0.000	0.000
0.000	215.600	3,312.121	0.000	215.600
0.000	242.500	3,463.389	0.000	242.500
0.000	539.000	11,674.773	0.000	539.000
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
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	31.400	16,061.515	0.000	31.400
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	105.300	10,181.243	0.000	105.300
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	0.000	0.000	0.000	0.000
0.000	966.400	20,430.926	0.000	966.400
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	0.000	0.000	0.000	0.000
0.000	239.900	2,417.651	0.000	239.900
0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000
0.000	2,340.100	67,541.618	0.000	2,340.100
<i>Recycled Water Baseline</i>		85,450.000		
<i>Production Over (under) Baseline</i>		(17,908.382)		
<i>Cumulative RW Accounting (Total 4F+Total 4G)</i>		2,340.100		
<i>Recycled Water Produced</i>		0.000		

APPROPRIATIVE POOL REPLENISHMENT CALCULATION FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

MWD Replenishment Rate	\$295.00
Pre-purchased Credit	\$0.00
Projected Spreading - IEUA Surcharge	\$12.00
Projected Spreading - OCWD Connection Fee	\$2.00
Total Replenishment Cost per acre foot	\$309.00

Replenishment Obligation:	AF @ \$309.00	15%	85%	Total
Appropriative - 100	1,519.25	-	-	\$469,447.01
Appropriative - 15/85	19,282.04	\$893,722.37	\$5,064,426.76	\$5,958,149.12
Non-Agricultural - 100	32.51	-	-	\$10,046.83
	20,833.80			\$6,437,642.96

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessments	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	366.28			-	-
Chino Hills, City Of	3,312.12	3,312.12	3.729%	\$33,324.62	\$2,750.80
Chino, City Of	3,463.39	3,463.39	3.899%	\$34,846.59	\$2,876.44
Cucamonga Valley Water District	11,674.77	11,674.77	13.143%	\$117,464.72	\$9,696.21
Desalter Authority	26,972.07			-	-
Fontana Union Water Company	0.00	0.00	0.000%	\$0.00	\$0.00
Fontana Water Company	19,070.46	19,070.46	21.469%	\$191,875.81	\$15,838.52
Golden State Water Company	598.88	598.88	0.674%	\$6,025.62	\$497.39
Inland Empire Utilities Agency	0.00	0.00	0.000%	\$0.00	\$0.00
Jurupa Community Services Distric	16,061.52	16,061.52	18.002%	\$161,601.55	\$13,339.51
Marygold Mutual Water Company	544.05			-	-
Metropolitan Water District	0.00			-	-
Monte Vista Irrigation Company	0.00	0.00	0.000%	\$0.00	\$0.00
Monte Vista Water District	10,181.24	10,181.24	11.462%	\$102,437.70	\$8,455.79
Niagara Water Company	1,152.97			-	-
Nicholson Trust	0.00	0.00	0.000%	\$0.00	\$0.00
Norco, City Of	0.00	0.00	0.000%	\$0.00	\$0.00
Ontario, City Of	20,430.93	20,430.93	23.001%	\$205,564.00	\$16,968.42
Pomona, City Of	12,187.95			-	-
San Antonio Water Company	1,197.57	1,197.57	1.348%	\$12,049.26	\$994.61
San Bernardino County Shig Prk	16.11	16.11	0.018%	\$162.08	\$13.38
Santa Ana River Water Company	402.07	402.07	0.453%	\$4,045.42	\$333.93
Upland, City Of	2,417.65	2,417.65	2.722%	\$24,324.99	\$2,007.92
West End Consolidated Water Co	0.00	0.00	0.000%	\$0.00	\$0.00
West Valley Water District	0.00	0.00	0.000%	\$0.00	\$0.00
** Fee assessment total is 15% of Appropriative 15/85 replenishment	130,050.03	88,826.72	**	\$893,722.37	\$73,772.93

APPROPRIATIVE POOL WATER TRANSACTIONS FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Water Transactions

	Water Transactions			Total Water Transactions
	Assigned Rights	General Transfer	Transfers (to) / from ECO Account	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000
Chino, City Of	(5,697.000)	0.000	0.000	(5,697.000)
Cucamonga Valley Water District	25,350.012	0.000	(500.000)	24,850.012
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(11,820.012)	0.000	0.000	(11,820.012)
Fontana Water Company	8.185	0.000	0.000	8.185
Golden State Water Company	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000
Juniper Community Services District	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Metropolitan Water District	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000
Monte Vista Water District	2,000.000	212.678	0.000	2,212.678
Niagara Water Company	0.000	0.000	0.000	0.000
Nicholson Trust	(8.185)	0.000	0.000	(8.185)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	3,135.000	80.000	0.000	3,215.000
Pomona, City Of	(4,500.000)	219.678	0.000	(4,280.322)
San Antonio Water Company	(2,000.000)	0.000	0.000	(2,000.000)
San Bernardino County Shlg Pk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,000.000)	31.000	0.000	(969.000)
Upland, City Of	0.000	160.678	0.000	160.678
West End Consolidated Water Company	0.000	0.000	0.000	0.000
West Valley Water District	(500.000)	15.000	500.000	15.000
	4,668.000	735.034	0.000	5,403.034

APPROPRIATIVE POOL WATER TRANSACTION SUMMARY FISCAL YEAR 2007-2008



Chino Basin Watermaster Assessment Breakdown 2008-2009 Water Transactions

Assessment Year 2008-2009 (Production Year 2007-2008)

To:	From:	Date of Submittal	Quantity	1.7 Acre Feet	Total \$	22%	18% WM Payr
Chino Basin Watermaster	Chino, City Of Annual Account	4/16/2008	3,482,000	248.00	734,300.00	0.00	0.00
	<i>Purchased by Watermaster to be used toward replacement obligation.</i>						
	Santa Ana River Water Company Annual Account	3/6/2008	1,000,000	250.00	250,000.00	0.00	0.00
	<i>Purchased by Watermaster to be used toward replacement obligation.</i>						
Calaveras Valley Water District	Fontana Union Water Company Annual Account	8/30/2008	438,100	0.00	0.00	0.00	0.00
	<i>Transfer FLOW Carryover to CVWD</i>						
	Fontana Union Water Company Annual Account	8/30/2008	1,295,000	0.00	0.00	0.00	0.00
	<i>Transfer FLOW New Yield to CVWD</i>						
	Fontana Union Water Company Annual Account	8/30/2008	3,590,271	0.00	0.00	0.00	0.00
	<i>Transfer FLOW Ag Pool replacement to CVWD</i>						
	Fontana Union Water Company Annual Account	8/30/2008	8,391,739	0.00	0.00	0.00	0.00
	<i>Transfer FLOW Share of Sale Yield to CVWD</i>						
	Pomona, City Of Annual Account	5/9/2008	4,000,000	258.00	1,161,000.00	0.00	0.00
	San Antonio Water Company Annual Account	5/29/2008	6,530,000	0.00	0.00	0.00	0.00
	<i>20% Rule does not apply.</i>						
	West Valley Water District Storage Account	3/13/2008	650,000	219.00	159,500.00	0.00	0.00
	<i>20% Rule does not apply because CVWD had water placed into storage.</i>						
Fontana Water Company	Nashikon Trust Annual Account	4/30/2008	8,100	222.30	1,912.50	1,046.00	272.00 Fontana Water Company
North West Water District	San Antonio Water Company Annual Account	3/24/2008	2,200,000	245.00	660,000.00	616,000.00	73,500.00 San Antonio Water Company



Chino Basin Watermaster Assessment Breakdown 2008-2009 Water Transactions

Assessment Year 2008-2009 (Production Year 2007-2008)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15% WM Pays
Ontario, City Of	Chino, City Of Annual Account	4/28/2008	3,135,000	243.00	761,805.00	0.00	0.00
San Antonio Water Company	Vulcan Materials Company Annual Account <i>One-time transfer, per Peace II Agreement.</i>	5/30/2008	8,530,000	0.00	0.00	0.00	0.00
			42,885,197		\$3,520,520.53	\$418,046.60	\$73,772.93
						Total Credits	\$73,772.93

APPROPRIATIVE POOL AGRICULTURAL POOL REALLOCATION SUMMARY FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference, Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.473	(137.274)	2,113.199
Clare, City Of	7.357%	2,413.056	6,417.300	8,830.396	(5,88.635)	8,291.761
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(168.567)	2,594.925
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	(233.225)	3,590.271
Fontana Water Company	0.002%	0.656	834.000	834.656	(50.912)	783.744
Golden State Water Company	0.750%	246.000	0.000	246.000	(15.005)	230.995
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000
Juniper Community Services District	3.759%	1,232.952	12,143.676	13,376.628	(815.945)	12,560.683
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(23.909)	368.051
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.718%	474.753	0.000	474.753	(24.689)	450.064
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(179.563)	2,760.928
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000
Nisholm Trust	0.007%	2.296	0.000	2.296	(0.110)	2.186
Norco, City Of	0.368%	120.704	0.000	120.704	(7.263)	113.441
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(501.934)	7,726.793
Perris, City Of	20.484%	6,708.912	0.000	6,708.912	(409.229)	6,299.683
San Antonio Water Company	2.748%	901.344	0.000	901.344	(54.980)	846.364
San Bernardino County Shig Prk	0.000%	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	(47.477)	730.867
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(104.078)	1,602.178
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(34.573)	532.211
West Valley Water District	1.175%	385.400	0.000	385.400	(23.509)	361.891
	100.000%	32,800.000	22,461.112	55,261.111	(3,370.805)	51,890.306

APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY FISCAL YEAR 2007-2008



Chino Basin Watermaster Assessment Breakdown 2008-2009 Land Use Conversion Summary

Assessment Year 2008-2009 (Production Year 2007-2008)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(30,909.693)
Early Transfer	(32,800.000)
Total Land Use Conversions	(22,461.112)
Under(Over) Production:	(3,370.805)

	Prior Converted	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 af/ac		Total Land Use Conversions 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	2,164.945	4,329.890	6,417.300
Cucamonga Valley Water District	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 District	0.000	2,756.920	3,583.996	3,583.996	4,279.840	8,559.680	12,143.676
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	265.397	530.794	1,425.351
	405.635	5,897.410	7,666.600	8,072.200	7,194.422	14,388.844	22,461.112

NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments			Total Assessments Due
	AF Production	\$6.17 Per AF Admin	\$44.07 Per AF OBMP	AF Exceeding Safe Yield	\$309.08 Per AF	Previous Year Adj	
Ameron Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Angelica Textile Service	22,871	141.11	1,007.92	5.960	1,841.95	0.00	2,990.99
Auto Club Speedway	601,485	3,711.16	26,507.44	0.000	0.00	0.00	30,218.61
California Steel Industries Inc	1,331,400	8,214.74	58,674.80	0.000	0.00	0.00	66,889.54
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	16,142	99.60	711.38	16,142	4,987.88	0.00	5,798.85
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
KCO, LLC / The Koll Company	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	128,070	790.19	5,844.04	0.000	0.00	0.00	6,434.24
Reliant Energy Etiwanda	793,246	4,894.32	34,958.31	0.000	0.00	0.00	39,852.63
San Antonio Winery	0.000	0.00	0.00	0.000	0.00	0.00	0.00
San Bernardino Cty (Chino Airport)	196,157	1,210.29	8,644.64	0.000	0.00	0.00	9,854.93
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	104,120	642.42	4,588.57	10,412	3,217.00	0.00	6,447.99
Sunkist Growers Inc	197,819	1,220.54	8,717.88	0.000	0.00	0.00	9,938.43
Swan Lake Mobile Home Park	43,756	269.99	1,928.42	0.000	0.00	0.00	2,198.40
Vulcan Materials Company	4,755	29.34	209.55	0.000	0.00	0.00	238.89
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	3,439,822	21,223.70	151,592.96	32,514	10,046.83	0.00	182,863.48

NON-AGRICULTURAL POOL WATER PRODUCTION SUMMARY FISCAL YEAR 2007-2008



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 2 Water Production Summary

	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Assigned Share of Operating Safe Yield (ASF)	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
Amazon Inc.	97,858	0.000	(1,957)	97,858	(8,788)	183,973	0.000	0.000	183,973	97,858	86,115
Angelika Textile Service	0.000	0.000	0.000	18,788	(1,878)	16,910	22,871	6,960	0.000	0.000	0.000
Auto Club Speedway	1,000,000	0.000	(20,000)	1,000,000	(100,000)	1,890,000	661,488	0.000	1,278,514	1,000,000	278,514
California Steel Industries Inc.	1,359,373	0.000	(23,198)	1,300,000	(130,000)	2,308,734	1,331,400	0.000	975,373	975,373	0.000
CGO Oceans, Ltd.	630,274	0.000	(12,605)	630,274	(63,027)	5,194,919	0.000	0.000	1,184,916	630,274	554,642
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	16,142	16,142	0.000	0.000	0.000
KCO, LLC / The Koff Company	0.000	0.000	0.000	22,800	(2,800)	19,900	0.000	0.000	19,900	19,900	0.000
Procter Inc.	427,446	0.000	(8,548)	427,446	(42,745)	803,599	128,570	0.000	675,029	427,446	248,083
Probit Energy Edwards	954,540	0.000	(19,090)	954,540	(95,454)	5,794,536	793,245	0.000	1,901,291	954,540	40,751
San Bernardino City (Chino Airport)	130,212	0.000	(2,604)	130,870	(13,087)	248,090	196,197	0.000	51,893	51,892	0.000
Southern California Edison Company	27,999	0.000	(0,599)	27,999	(2,799)	52,363	0.000	0.000	52,363	27,999	24,364
Space Center Mos Loma Inc.	0.000	0.000	0.000	104,121	(10,412)	93,708	104,120	10,412	0.000	0.000	0.000
Stanley Crowned Inc.	1,873,402	0.000	(37,468)	1,835,934	(183,540)	3,600,190	192,819	0.000	3,394,377	1,835,934	1,492,975
Sweet Lake Mobile Home Park	464,240	0.000	(9,284)	464,240	(46,424)	872,777	43,758	0.000	829,019	464,240	364,778
Valian Missile Company	317,644	0.000	(6,353)	317,644	(31,764)	597,548	4,765	0.000	592,783	317,644	274,940
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	7,983,748	0.000	(141,676)	7,300,343	(739,034)	13,957,365	3,459,822	32,614	16,186,879	8,816,848	3,331,687

**NON-AGRICULTURAL POOL WATER / STORAGE ACCOUNT TRANSACTIONS
FISCAL YEAR 2007-2008**



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 2 Water / Storage Account Transactions

	Local Storage Account			
	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers	Ending Balance
Ameron Inc	1,960,539	(39,210)	86,115	2,007,444
Angelica Textile Service	0.000	0.000	0.000	0.000
Auto Club Speedway	1,410,054	(28,201)	278,514	1,660,367
California Steel Industries Inc	3,181,774	(63,235)	0.000	3,098,539
CCG Ontario, Llc	9,057,725	(181,154)	554,642	9,431,213
General Electric Company	0.000	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
KCO, LLC / The Koff Company	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000
Praxair Inc	4,483,259	(89,265)	248,083	4,622,077
Reliant Energy Edwanda	6,016,559	(120,331)	46,751	5,942,979
San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	184,014	(3,680)	0.000	180,334
Southern California Edison Company	212,968	(4,251)	24,604	232,921
Space Center Mira Loma Inc.	0.000	0.000	0.000	0.000
Sunkist Growers Inc	13,633,504	(272,870)	1,452,975	14,813,609
Swan Lake Mobile Home Park	2,630,551	(52,611)	364,774	2,942,714
Vulcan Materials Company	8,745,600	(174,912)	(8,255,051)	315,637
West Venture Development	0.000	0.000	0.000	0.000
	\$1,476,147	(1,029,520)	(5,198,593)	45,248,034

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
05-06	19.91	27.94	27.94	251.00
06-07	28.23	40.72	40.72	251.00
07-08	29.76	36.30	36.30	257.00

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 2007-2008

	FY 05-06 June Actual	FY 06-07 December Actual	FY 06-07 "Amended" Budget	FY 07-08 Proposed Budget	Current vs. Proposed
Ordinary Income					
4000 Mutual Agency Revenue	\$200,139	\$0	\$138,000	\$145,500	\$7,500
4110 Appropriative Pool Assessments	4,829,596	5,214,166	7,227,619	7,423,879	196,259
4120 Non-Agricultural Pool Assessments	66,160	0	80,586	116,492	35,906
4730 Prorated Interest Income	334,285	108,305	136,500	181,500	45,000
4900 Miscellaneous Income	42,500	0	0	0	0
Total Income	5,472,680	5,322,471	7,582,705	7,867,370	284,665
Administrative Expenses					
6010 Salary Costs	491,105	355,627	447,037	477,247	30,210
6020 Office Building Expense	93,227	51,946	102,000	101,580	-420
6030 Office Supplies & Equip.	40,039	22,746	51,500	51,150	-350
6040 Postage & Printing Costs	79,874	46,661	78,500	83,000	4,500
6050 Information Services	89,452	68,809	112,500	132,000	19,500
6060 WM Special Contract Services	48,567	63,175	131,000	117,500	-13,500
6080 Insurance Expense	25,133	15,108	25,210	18,210	-7,000
6110 Dues and Subscriptions	15,677	13,420	16,750	16,750	0
6150 Field Supplies & Equipment	1,003	867	4,000	2,500	-1,500
6170 Vehicle Maintenance Costs	20,299	13,477	19,350	25,000	5,650
6190 Conferences & Seminars	17,245	19,375	22,500	22,500	0
6200 Advisory Committee Expenses	13,964	7,605	15,168	18,931	3,763
6300 Watermaster Board Expenses	42,743	17,164	36,955	41,714	4,759
6500 Education Fund Expenditures	375	375	375	375	0
8300 Appropriative Pool Administration	20,015	10,588	15,918	24,001	8,083
8400 Agricultural Pool Administration	130,684	40,734	95,633	96,004	371
8500 Non-Agricultural Pool Administration	4,100	3,391	6,694	7,328	634
9400 Depreciation Expense	31,714	0	0	0	0
9500 Allocated G&A Expenditures	-380,801	-195,527	-408,749	-419,640	-10,891
Total Administrative Expenses	784,415	555,540	772,341	816,150	43,809
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	1,329,336	931,973	1,713,780	1,716,138	2,358
6950 Cooperative Efforts	31,928	10,000	5,000	10,000	5,000
9501 Allocated G&A Expenditures	131,649	68,630	142,015	141,199	-816
Total General OBMP Expenditures	1,492,913	1,010,603	1,860,795	1,867,337	6,542
7000 OBMP Implementation Projects					
7101 Production Monitoring	74,315	47,189	61,565	116,709	55,144
7102 In-Line Meter Installation/Maintenance	58,116	7,775	64,904	37,791	-27,113
7103 Groundwater Quality Monitoring	81,001	73,296	149,713	162,103	12,390
7104 Groundwater Level Monitoring	132,789	80,830	191,953	212,667	20,714
7105 Recharge Basin Water Quality Monitoring	32,181	1,678	32,247	40,553	8,306
7106 Water Level Sensors Install	0	0	0	0	0
7107 Ground Level Monitoring	542,595	80,413	160,984	425,466	264,482
7108 Hydraulic Control Monitoring Program	289,180	99,364	268,258	369,232	100,974
7109 Recharge & Well Monitoring Program	118,328	22,272	146,350	182,827	36,477
7200 OBMP Pgm Element 2 - Comp Recharge	786,392	717,791	1,472,997	1,255,827	-217,170
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	580	325	4,676	159,509	154,833
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	263,037	88,029	578,762	159,674	-419,088
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	112,150	131,656	310,507	308,533	-1,974
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	7,547	10,928	6,698	92,660	85,962
7700 Inactive Well Protection Program	1,304	0	14,921	4,339	-10,582
7690 Recharge Improvement Debt Payment	399,761	608,415	1,358,000	1,377,552	19,552
9502 Allocated G&A Expenditures	249,152	126,896	266,734	278,441	11,707
Total OBMP Implementation Projects	3,148,429	2,096,856	5,089,269	5,183,883	94,614
Total Expenses	5,425,756	3,663,000	7,722,405	7,867,370	144,965
Net Ordinary Income	46,924	1,659,472	-139,700	0	139,700
Other Income					
4210 Approp Pool-Replenishment	6,548,139	369,248	0	0	0
4220 Non-Ag Pool-Replenishment	0	0	0	0	0
4230 Groundwater Recharge Activity	0	0	0	0	0
Total Other Income	6,548,139	369,248	0	0	0
Other Expense					
5010 Groundwater Recharge	8,989,022	1,535,520	0	0	0
Total Other Expense	8,989,022	1,535,520	0	0	0
Net Other Income	-2,440,884	-1,166,272	0	0	0
9800 From / (To) Reserves	2,393,960	-493,199	139,700	0	-139,700
Net Income	\$0	\$0	\$0	\$0	\$0

CHINO BASIN WATERMASTER
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2008
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)



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Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

We have audited the financial statements of the Chino Basin Watermaster (the "Watermaster") for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 11, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

Audit fieldwork was substantially completed by August 15, 2008. As communicated to the Board of Directors during our meeting held on August 7, 2008, significant risks of material misstatement addressed by our auditing procedures included:

- Risk of material fraud or misstatement associated with cash receipts and disbursements.
- Risk of improper classification of expenses.
- Risk of improper timing in recording revenues.
- Risk of error associated with the identification of capital asset additions and deletions.

Significant Audit Findings

We did not identify any deficiencies in internal control we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Watermaster are described in note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the Watermaster during the year for which there is a lack of authoritative guidance or consensus. There are no



Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California
Page 2 of 3

material transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Examples of significant judgments and estimates reflected in the Watermaster's financial statements and disclosures include:

- Judgments associated with the collection of receivables
- Estimates involving revenues and expenses to be accrued as of year end.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any adjustments that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting and auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Watermaster's financial statements or a determination of the type of auditor's opinion that may be expressed on those



Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California
Page 3 of 3

statements, our professional standards require that the consulting accountant contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants during the 2008 audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Watermaster's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * *

This information is intended solely for the use of the Board of Directors and the management of the Watermaster and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLean P.C.

Irvine, California
December 8, 2008

CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2008

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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, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the management of Chino Basin Watermaster. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year partial comparative information has been derived from the Chino Basin Watermaster's basic financial statements for the year ended June 30, 2007 and, in our report dated January 23, 2008, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2008, and respective changes in financial position and cash flows of the Chino Basin Watermaster 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Chino Basin Watermaster's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information identified in the table of contents has been subjected to the auditing procedures applied in the audit 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.

Mayer Hoffman McCann

Irvine, California
December 8, 2008



CHINO BASIN WATERMASTER

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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, Optimal Basin Management Program, Special Projects and Replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

This section of the Watermaster's annual financial report presents our analysis of the Watermaster's financial performance during the fiscal year ended on June 30, 2008. Please read it in conjunction with the basic financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Watermaster's basic financial statements, which are comprised of two components: Financial Statements (pages 6-8) and Notes to the Financial Statements (pages 9-19). This report also contains other supplementary information in addition to the basic financial statements (pages 20-22).

Required Financial Statements

The financial statements of the Watermaster report information using the accrual basis of accounting; accordingly, all of the current year's revenues and expenses are accounted for regardless of when the cash is received or paid. This accounting treatment is similar to the methods used by private sector companies and aids in answering the question of whether the Watermaster, as a whole, has improved or deteriorated as a result of this year's activities.

The Statement of Net Assets (page 6) includes all of the Watermaster's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Watermaster and assessing the liquidity and financial flexibility of the Watermaster.

The Statement of Revenues, Expenses and Changes in Net Assets (page 7) includes all of the current year revenues and expenses. This statement measures the success of the Watermaster's operations over the past year and can be used to determine whether the Watermaster has successfully recovered all of its costs through assessments and other charges.

The Statement of Cash Flows (page 8) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement demonstrates where the cash came from, how the cash was used, and how much the change in cash was during the fiscal year.

These statements are one of many different ways to measure the Watermaster's financial health, or financial position. Over time, increases or decreases in the Watermaster's net assets are one of the indicators of whether its financial position is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Watermaster's, assessment income, cost sharing agreements, and other operational measures to help assess the overall financial position of the Watermaster.

SUMMARY OF FINANCIAL INFORMATION

Statement of Net Assets

June 30, 2008
(With comparative totals for June 30, 2007)

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>% Change</u>
Assets				
Current	\$ 7,080,314	\$ 8,026,597	\$ (946,283)	-12%
Capital	59,223	84,354	(25,131)	-30%
Total Assets	7,139,537	8,110,951	(971,414)	-12%
Liabilities				
Current	798,580	2,686,624	(1,888,044)	-70%
Non current	142,995	115,030	27,965	24%
Total Liabilities	941,575	2,801,654	(1,860,079)	-66%
Net Assets				
Invested in capital assets	59,223	84,354	(25,131)	-30%
Unrestricted	6,138,739	5,224,943	913,796	17%
Total Net Assets	<u>\$6,197,962</u>	<u>\$5,309,297</u>	<u>\$ 888,665</u>	17%

For the year ended June 30, 2008 and June 30, 2007, Watermaster's Total Net Assets was \$6,197,962 and \$5,309,297 respectively.

Current Assets decreased by \$946,283 in FY 2008, which was a combination of a \$2.3 million decrease in Prepaid Expenses netted with an increase of Cash and Investments of approximately \$1.4 million. The reduction in Prepaid Expenses was due to a prepayment in 2007 for water purchases which was used in FY 2008. Cash and Investment balances increased in FY 2008 due to an excess of revenues over expenses. These balances include funds set aside for specific use such as the Agricultural Pool fund.

Net Capital Assets decreased by \$25,131 in FY 2008 due to depreciation expense for the year.

Total Liabilities decreased by \$1,860,179 in FY 2008 primarily due to the timing of payments for water purchases which were accrued in FY 2007 and paid in FY 2008.

Statement of Revenues, Expenses, and Changes in Net Assets

June 30, 2008
(With comparative totals for June 30, 2007)

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>% Change</u>
Operating Revenues				
Administrative assessments	\$ 7,602,975	\$ 7,923,502	\$ (320,527)	-4%
Mutual agency project revenue	237,370	142,149	95,221	67%
Replenishment water	3,402,393	2,690,983	711,410	26%
Miscellaneous revenue	35,054	-	35,054	100%
Total Operating Revenues	<u>11,277,792</u>	<u>10,756,634</u>	<u>521,158</u>	<u>5%</u>
Operating Expenses				
Watermaster administration	510,175	752,865	(242,690)	-32%
Depreciation	25,131	29,118	(3,987)	-14%
Pool, Advisory and Board	219,545	169,967	49,578	29%
Optimum Basin Management Plan	6,485,337	7,607,905	(1,122,568)	-15%
Mutual agency project costs	10,000	10,000	-	0%
Groundwater replenishment	3,325,123	3,536,201	(211,078)	-6%
Total Operating Expenses	<u>10,575,311</u>	<u>12,106,056</u>	<u>(1,530,745)</u>	<u>-13%</u>
Income from operations	<u>702,481</u>	<u>(1,349,422)</u>	<u>2,051,903</u>	<u>152%</u>
Non-Operating Revenues				
Interest	186,184	256,311	(70,127)	-27%
Total Non-Operating Revenues	<u>186,184</u>	<u>256,311</u>	<u>(70,127)</u>	<u>-27%</u>
Change in net assets	<u>888,665</u>	<u>(1,093,111)</u>	<u>1,981,776</u>	<u>181%</u>
Net assets at beginning of year	<u>5,309,297</u>	<u>6,402,408</u>	<u>(1,093,111)</u>	<u>-17%</u>
Total net assets at end of year	<u>\$ 6,197,962</u>	<u>\$ 5,309,297</u>	<u>\$ 888,665</u>	<u>17%</u>

REVIEW OF REVENUES AND EXPENSES

Annual assessments are determined by dividing the adopted budget by the assessable production. Administrative assessment revenue decreased \$320,527 in FY 2008, or 4% from the previous year due to budgeted decreases in OBMP expenses and recharge basin operations and maintenance expenses.

Replenishment assessment revenue increased by \$711,410 in FY 2008 or 26% due to increases in production in excess of rights.

Overall operating expenses (excluding replenishment activities) decreased over the prior year from \$8,569,855 to \$7,250,188, down by 15% from the prior year. Specifically, administrative expenses decreased by \$242,690 in FY 2008, or 32%, due to a concerted effort by Watermaster staff to control costs and operate efficiently as well as a change in the methodology of labor overhead allocations. Additionally, the Optimal Basin Management Plan decreased by \$1,122,568 in FY 2008 or 15% due to less legal and other expenditures in 2008 than in 2007.

Non-operating revenue represented interest income of \$186,184 and \$256,311 for the years ending June 30, 2008 and June 30, 2007, which decreased due to falling interest rates.

CONTACTING THE WATERMASTER

This financial report is designed to provide a general overview of the Watermaster's finances and to demonstrate the Watermaster's accountability for the resources it receives. If you have any questions about this report, or need additional information, please contact Sheri Rojo, Assistant General Manager/Chief Financial Officer at (909) 484-3888.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2008

(with comparative totals for June 30, 2007)

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and investments (note 2)	\$ 6,146,595	4,834,960
Accounts receivable (note 9)	910,462	840,426
Prepaid expenses	<u>23,257</u>	<u>2,351,211</u>
Total current assets	<u>7,080,314</u>	<u>8,026,597</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 3)	<u>59,223</u>	<u>84,354</u>
Total noncurrent assets	<u>59,223</u>	<u>84,354</u>
Total assets	<u>7,139,537</u>	<u>8,110,951</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	793,256	2,629,876
Accrued salaries and benefits	<u>5,324</u>	<u>56,748</u>
Total current liabilities	<u>798,580</u>	<u>2,686,624</u>
Noncurrent liabilities:		
Compensated absences (note 4)	<u>142,995</u>	<u>115,030</u>
Total noncurrent liabilities	<u>142,995</u>	<u>115,030</u>
Total liabilities	<u>941,575</u>	<u>2,801,654</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets	59,223	84,354
Unrestricted	<u>6,138,739</u>	<u>5,224,943</u>
Total net assets	<u>\$ 6,197,962</u>	<u>5,309,297</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, 2008

(with comparative totals for June 30, 2007)

	2008	2007
Operating revenues:		
Administrative assessments (note 1)	\$ 7,602,975	7,923,502
Mutual agency project revenue	237,370	142,149
Replenishment water	3,402,393	2,690,983
Miscellaneous revenue	35,054	-
Total operating revenues	11,277,792	10,756,634
Operating expenses:		
Watermaster administration	510,175	752,865
Depreciation	25,131	29,118
Pool, advisory and Board administration	219,545	169,967
Optimum Basin Management Plan	6,485,337	7,607,905
Mutual agency project costs	10,000	10,000
Groundwater replenishment	3,325,123	3,536,201
Total operating expenses	10,575,311	12,106,056
Income (loss) from operations	702,481	(1,349,422)
Nonoperating revenues:		
Interest income	186,184	256,311
Total nonoperating revenues	186,184	256,311
Change in net assets	888,665	(1,093,111)
Net assets at beginning of year	5,309,297	6,402,408
Total net assets at end of year	\$ 6,197,962	\$ 5,309,297

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2008

(with comparative totals for June 30, 2007)

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 10,970,386	10,858,726
Cash received from other agencies	237,370	142,149
Cash paid to employees for services	(1,217,790)	(1,159,406)
Cash paid to suppliers of goods and services	(8,864,515)	(12,400,436)
Net cash provided by (used for) operating activities	1,125,451	(2,558,967)
Cash flows from investing activities:		
Interest received	186,184	256,311
Net cash provided by (used for) investing activities	186,184	256,311
Net increase (decrease) in cash	1,311,635	(2,302,656)
Cash and investments at the beginning of year	4,834,960	7,137,616
Cash and investments at the end of year	\$ 6,146,595	\$ 4,834,960
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 702,481	(1,349,422)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	25,131	29,118
(Increase) decrease in accounts receivable	(70,036)	244,241
(Increase) decrease in prepaid expenses	2,327,954	(2,322,143)
Increase (decrease) in account payable	(1,836,620)	804,715
Increase (decrease) in accrued salaries and benefits	(51,424)	4,094
Increase (decrease) in compensated absences	27,965	30,430
Net cash provided by (used for) operating activities	\$ 1,125,451	\$ (2,558,967)

Noncash investing, capital and financing activities:

There were no significant noncash investing, capital or financing activities during the fiscal year ended June 30, 2008.

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

Year ended June 30, 2008

(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 2007-08 expenses are based on the 2006-07 production volume.

	2006-07	
	Acre Feet	%
Production Volume:		
Appropriative Pool	130,826	76.288
Agricultural Pool	37,295	21.748
Non-Agricultural Pool	3,369	1.965
Total Production Volume	171,490	100.000

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 2006-07 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2007-08 assessments. The amount of administrative assessment received for the year ended June 30, 2008 was \$7,602,975.

Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Watermaster's prior year financial statements, from which the financial data was derived.

CHINO BASIN WATERMASTER
Notes to the Basic Financial Statements
(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$6,146,595</u>
Total cash and investments	<u>\$6,146,595</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	152,464
Investments	<u>5,993,631</u>
Total cash and investments	<u>\$6,146,595</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage</u> <u>Of</u> <u>Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>In One</u> <u>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
			20% of base	
Reverse Repurchase Agreements	Yes	92 days	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 to market interest rate fluctuations is provided by the following table that shows the distribution of the Watermaster's investment 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>
Local Agency Investment Fund	<u>\$5,993,631</u>	<u>5,993,631</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,993,631</u>	<u>5,993,631</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, 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>
Local Agency Investment Fund	<u>\$5,993,631</u>	N/A	<u>-</u>	<u>-</u>	<u>5,993,631</u>
Total	<u>\$5,993,631</u>		<u>-</u>	<u>-</u>	<u>5,993,631</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, 2008 is as follows:

	<u>Balances at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2008</u>
Computer equipment and software	\$75,244	-	-	75,244
Office furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Automotive equipment	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>90,484</u>
Total costs of depreciable assets	<u>231,462</u>	<u>-</u>	<u>-</u>	<u>231,462</u>
Less accumulated depreciation:				
Computer equipment and software	(56,499)	(8,555)	-	(65,054)
Office furniture and fixtures	(24,193)	(6,380)	-	(30,573)
Leasehold improvements	(9,378)	(2,345)	-	(11,723)
Automotive equipment	<u>(57,038)</u>	<u>(7,851)</u>	<u>-</u>	<u>(64,889)</u>
Total accumulated depreciation	<u>(147,108)</u>	<u>(25,131)</u>	<u>-</u>	<u>(172,239)</u>
Net capital assets	<u>\$ 84,354</u>	<u>(25,131)</u>	<u>-</u>	<u>59,223</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, 2008 was \$142,995.

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. The amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the maximum legal amounts for deferred compensation plans. 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, 2008, 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 \$63,135 for the year ended June 30, 2008. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2009	\$ 65,940
2010	65,940
2011	65,940
2012	65,940
2013	65,940
2014	<u>10,990</u>
Total	<u>\$340,690</u>

(7) Defined Benefit Pension Plan (PERS)

Plan Description

The Watermaster contributes to the California Public Employees Retirement System (PERS), a cost-sharing 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

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

Contributions

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contributions required of the employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the Watermaster contract with employee bargaining groups.

For each of the fiscal years shown below, the Watermaster has contributed at the actuarially determined rate provided by PERS' actuaries. 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, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The Watermaster's covered payroll for PERS was \$845,033 for the year ended June 30, 2008, while the Watermaster's total payroll for all employees was \$845,033 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

Three-Year Trend Information

Annual Pension cost (Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	11.291%	\$136,372	100%	-
6/30/07	10.947%	145,515	100%	-
6/30/08	10.345%	144,250	100%	-

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(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.

(9) Receivables from Inland Empire Utilities Agency

Chino Basin Watermaster works closely with Inland Empire Utilities Agency on a variety of regionally beneficial and required projects. The Agreement for Cooperative Efforts Common Monitoring Programs between Chino Basin Watermaster (Watermaster) and Inland Empire Utilities Agency (IEUA) was entered into in 2004. The agreement called for work to be performed by Watermaster and its consultants for which IEUA would reimburse Watermaster an agreed upon percentage of costs, depending on the type of work performed. The work undertaken in the Annual Monitoring Program (AMP) is required by the Regional Water Quality Control Board and is comprised of the following monitoring programs: water quality and water level monitoring in support of the triennial ambient Water Quality update, water quality and water level monitoring in support of the Hydraulic Control Monitoring Program. For 2004/2005 and 2005/2006, IEUA reimbursed Watermaster the amount invoiced. The receivable is in dispute and the amount that is expected to be received is not determinable at this time.

SUPPLEMENTARY INFORMATION

CHINO BASIN WATERMASTER

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

For the period July 1, 2006 through June 30, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues										
Administrative Assessments			7,480,677		122,298				7,602,975	\$7,540,370
Interest Revenue			161,051	20,700	4,370			63	186,184	181,500
Mutual Agency Project Revenue		237,370							237,370	145,500
Miscellaneous Income			35,013		41				35,054	-
Total Revenues	-	237,370	7,676,741	20,700	126,709	-	-	63	8,061,583	7,867,370
Administrative & Project Expenditures										
Watermaster Administration	534,931								534,931	627,797
Watermaster Board-Advisory Committee	54,884								54,884	60,645
Pool Administration			20,280	137,820	6,561				164,661	162,333
Optimum Basin Mgmt Administration		2,462,439							2,462,439	2,852,337
OBMP Project Costs		4,022,898							4,022,898	4,153,883
Education Funds Use								375	375	375
Mutual Agency Project Costs	-	10,000							10,000	10,000
Total Administrative/OBMP Expenses	589,815	6,495,337	20,280	137,820	6,561			375	7,250,188	7,867,370
Net Administrative/OBMP Income	(589,815)	(6,257,967)								
Allocate Net Admin Income To Pools	589,815		449,956	128,272	11,587				-	-
Allocate Net OBMP Income To Pools		6,257,967	4,774,055	1,360,969	122,943				-	-
Agricultural Expense Transfer			1,612,751	(1,612,751)					-	-
Total Expenses			6,857,043	14,309	141,091	-	-	375	7,250,188	7,867,370
Net Administrative Income			819,698	6,391	(14,382)			(312)	811,395	-
Other Income/(Expense)										
Replenishment Water Purchases						3,402,393			3,402,393	-
MZ1 Supplemental Water Assessments									-	-
Water Purchases									-	-
Balance Adjustment			370,656		1,011	(371,667)			-	-
Groundwater Replenishment						(3,325,123)			(3,325,123)	-
Net Other Income			370,656	-	1,011	(294,397)	-	-	77,270	-
Net Transfers To/(From) Reserves			1,190,354	6,391	(13,371)	(294,397)	-	(312)	888,665	-
Working Capital, July 1, 2007			4,222,862	475,604	156,528	294,397	158,251	1,655	5,309,297	
Working Capital, End Of Period			5,413,216	481,995	143,157	-	158,251	1,343	6,197,962	
06/07 Assessable Production			130,826,204	37,295,410	3,369,080				171,490,694	
06/07 Production Percentages			76.288%	21.748%	1.965%				100.000%	

CHINO BASIN WATERMASTER

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

For the period July 1, 2006 through June 30, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			232,105	15,893	8,225			88	256,311	136,500
Mutual Agency Project Revenue		142,149							142,149	138,000
Total Revenues	-	142,149	8,032,395	15,893	131,437	-	-	88	8,321,962	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	781,608								781,608	601,598
Watermaster Board-Advisory Committee	51,554								51,554	52,123
Pool Administration			21,947	90,413	6,053				118,413	118,245
Optimum Basin Mgmt Administration		2,373,383							2,373,383	1,855,795
OBMP Project Costs		5,234,522							5,234,522	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	843,162	7,607,905	21,947	90,413	6,053			375	8,569,855	7,722,405
Net Administrative/OBMP Income	(843,162)	(7,465,756)								
Allocate Net Admin Income To Pools	843,162		650,069	177,270	15,823				-	0
Allocate Net OBMP Income To Pools		7,465,756	5,756,023	1,569,631	140,102				-	0
Agricultural Expense Transfer			1,826,464	(1,826,464)					-	0
Total Expenses			8,254,504	10,850	161,977	-	-	375	8,569,855	7,722,405
Net Administrative Income			(222,109)	5,043	(30,540)			(287)	(247,893)	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(3,536,201)			(3,536,201)	0
Net Other Income			-	-	-	(845,218)	-	-	(845,218)	0
Net Transfers To/(From) Reserves			(222,109)	5,043	(30,540)	(845,218)	-	(287)	(1,093,111)	(139,700)
Working Capital, July 1, 2006			4,444,971	470,561	187,068	1,139,615	158,251	1,942	6,402,408	
Working Capital, End Of Period			4,222,862	475,604	156,528	294,397	158,251	1,655	5,309,297	
05/06 Assessable Production			124,315.140	33,899.960	3,025.832				161,240.932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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THIRTY-FIRST ANNUAL REPORT

Fiscal Year 2007-08



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