



CHINO BASIN WATERMASTER

THIRTY-FOURTH ANNUAL REPORT

FISCAL YEAR 2010-11



DEVELOPING INDEPENDENCE FROM IMPORTED WATER

A MESSAGE FROM CHINO BASIN WATERMASTER

End of Statewide Drought. *The 2010-2011 fiscal year brought many changes to Chino Basin Watermaster and its partners. Rainfall data showed that 2007-2009 was the twelfth driest three-year period in the state's history. The next year had improved rainfall, though it was still below average. This fiscal year, California experienced the second wettest year on record, filling the State's surface reservoirs and allowing the Governor to officially proclaim an end to California's drought.*

Replenishment Water Available for First Time Since 2007—Watermaster is First to Place an Order. *As a result of the State's plentiful water supply, Metropolitan Water District of Southern California made imported water available at the replenishment rate for the first time since 2007. Watermaster took full advantage of the water that was available for purchase.*

Personnel Changes, but Spirit of Collaboration Continues. *There were many key changes in the fiscal year. Notably, Watermaster CEO, Kenneth Manning, left in March 2011. There were also leadership changes at Basin partner agencies, such as the Inland Empire Utilities Agency's appointment of Tom Love as General Manager. Change can bring opportunity and Watermaster stakeholders continue to carry on the tradition of collaboration within the Basin.*

Focus on Cost-Effectiveness and Working Together. *With the economic downturn continuing, a drop in growth, and with water use trends on the decline, the amount of new water supplies needed in the future may be less than previously thought. As a result, Watermaster and its partners are evaluating how to best implement the 2010 Recharge Master Plan Update and other programs to most cost-effectively meet water supply and water quality goals.*

As always, Watermaster is utilizing the best scientific and technology tools, forward thinking, and collaborative decision-making to steer its way into the future on behalf of all water users in the region.

*Chino Basin Watermaster
Board of Directors and Staff*

WATERMASTER'S HISTORY OF PROBLEM SOLVING

FROM CONFLICT TO PEACE AND BEYOND

Over many years, Watermaster has developed an effective, consensus-based governance structure that has allowed stakeholders to actively participate in decision-making through participation in various committees, pools and the Board of Directors.

Early 1970s and Before: Conflict Over Water Supplies

Basin stakeholders had endured decades of conflict over water supplies, but this began to change in 1974 when they signed a Memorandum of Agreement. Within a year, the state authorized a \$2 assessment per acre-foot of water to help support this effort by funding development of a Chino Groundwater Plan.

1978: Watermaster Provides a Permanent Forum

By 1978 a permanent structure was created by the San Bernardino Superior Court when it formed Watermaster. In subsequent years, Watermaster developed a governance structure, technical understanding and funding to manage the Basin.

Late 1990s: Optimum Basin Management Program, a Major Technical Advance

In the late 1990s, Watermaster developed a detailed program consisting of hundreds of specific actions designed to resolve Basin water supply and quality challenges. This program, required by the Court, is being systematically implemented and continually refined.

2000 and 2007: Peace Agreements

Represent a Major Institutional Advance

Following years of negotiation, Basin stakeholders and the Court approved the Peace (I) Agreement in 2000, formalizing and making permanent the Watermaster governance structure. In 2007, a more profound level of collaboration became possible through signing of the Peace II Agreement that provides hundreds of millions of dollars in cost-savings and other benefits through basin reoperation.

*1974 and 1975:
First Region-
Wide Agreement*

*1978:
Watermaster Provides
a Permanent Forum*



1970

1980

1990

*Early 1970s and Before:
Conflict Over Water Supplies*



2008-2010: Recharge Master Plan Update Development

The most important single initiative of the past two years was the 2010 Recharge Master Plan Update. Work on the Plan was initiated at the 2008 Strategic Planning Conference. During the rest of the year and through 2009 the Recharge Master Plan Update was developed and finalized. Implementation of the Recharge Master Plan Update will begin during the 2012-2013 fiscal year.

2010 and Beyond: Increasing Capabilities and Successfully Managing Water Supply and Quality

Watermaster will continue to work in many arenas to increase water management capabilities and successes with more technical sophistication, better cost effectiveness and continually improved results. The lower than expected water demand provides opportunity to further update the Recharge Master Plan and implement it in a cost-effective manner to meet needs.

What distinguishes progress in 2010-2011, and in recent years, are achievements that build on each other to make it possible to monitor, protect, and expand our water supply and quality in ways that simply could not be achieved in the past.

- **Improved working relationships** and governance tools through Watermaster that allow stakeholders to work together and resolve complex challenges in a sustained way.
- **Regional partnerships** that make it possible to plan and implement large, cost-effective projects involving multiple parties, and that utilize multiple sources: recycled water, stormwater, imported water and groundwater.
- **Extensive physical facilities:** desalters, recharge basins, pipelines and channels that allow Watermaster to collect, spread and move water.
- **Unique regulatory and management tools:** such as hydraulic control and maximum benefit that will provide up to 140,000 acre-feet of new water and a massive avoidance of wastewater treatment costs.



COMPREHENSIVE MONITORING SUPPORTS EFFECTIVE MANAGEMENT

Watermaster carries out extensive monitoring programs that help manage the Basin water supply and water quality with improved cost-effectiveness and sustainability. It is a big job, with hundreds of wells being monitored across 220 square miles.

GROUNDWATER LEVEL MONITORING FROM APPROXIMATELY 900 WELLS

The current groundwater level monitoring program is comprised of approximately 900 wells. Most are measured by well owners and collected via the Chino Basin Data Collection (CBDC) program. The remaining 200 wells are primarily in the southern Chino Basin where water levels are measured manually once per month or with a pressure transducer every 15 minutes. Groundwater level monitoring helps manage hydraulic control, land subsidence, desalter impacts on private wells, and more.

EXTENSIVE GROUNDWATER QUALITY MONITORING PROGRAM FROM APPROXIMATELY 750 WELLS

1. *Annual key well water quality monitoring program* consisting of approximately 120 wells, targeting primarily privately-owned agricultural wells in the southern portion of Chino Basin. About 60 wells are sampled each year.
2. *Annual desalter water quality sampling at nine monitoring well clusters* strategically placed between the Chino Basin desalter well fields and the Santa Ana River to analyze the effect of desalter pumping.
3. *Chino Basin Data Collection program*, in which stakeholders supply groundwater quality data to Watermaster from about 670 wells.

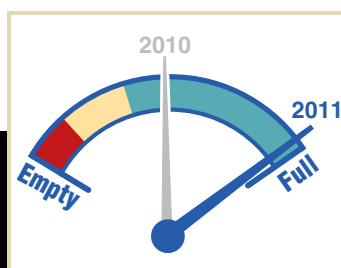
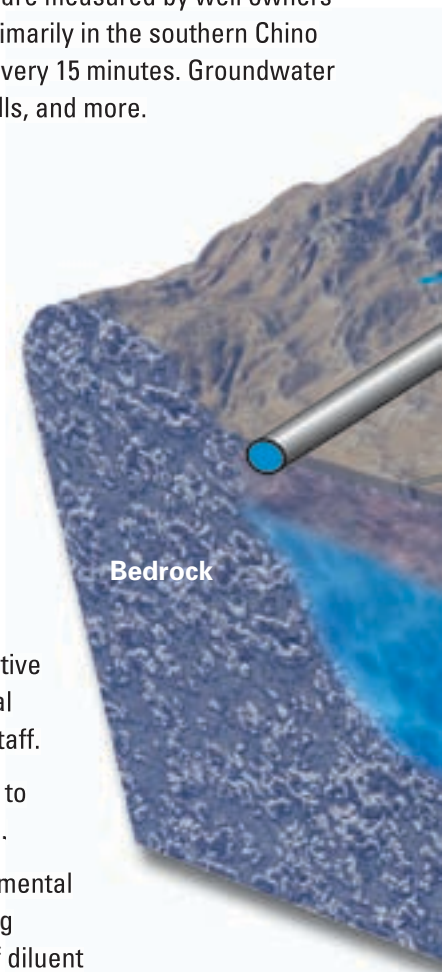
OTHER MONITORING ACTIVITIES

Groundwater-Production Monitoring from Approximately 750 Active Production Wells. Appropriate Pool and Non-Agricultural Pool Parties report well production data quarterly. All active Agricultural Pool wells, except for minimum user wells, are now metered and read quarterly by Watermaster staff.

Alcoa Monitoring Wells Transferred to Watermaster. The transfer of three Alcoa monitoring wells to Watermaster was finalized to preserve the wells for the regional groundwater monitoring program.

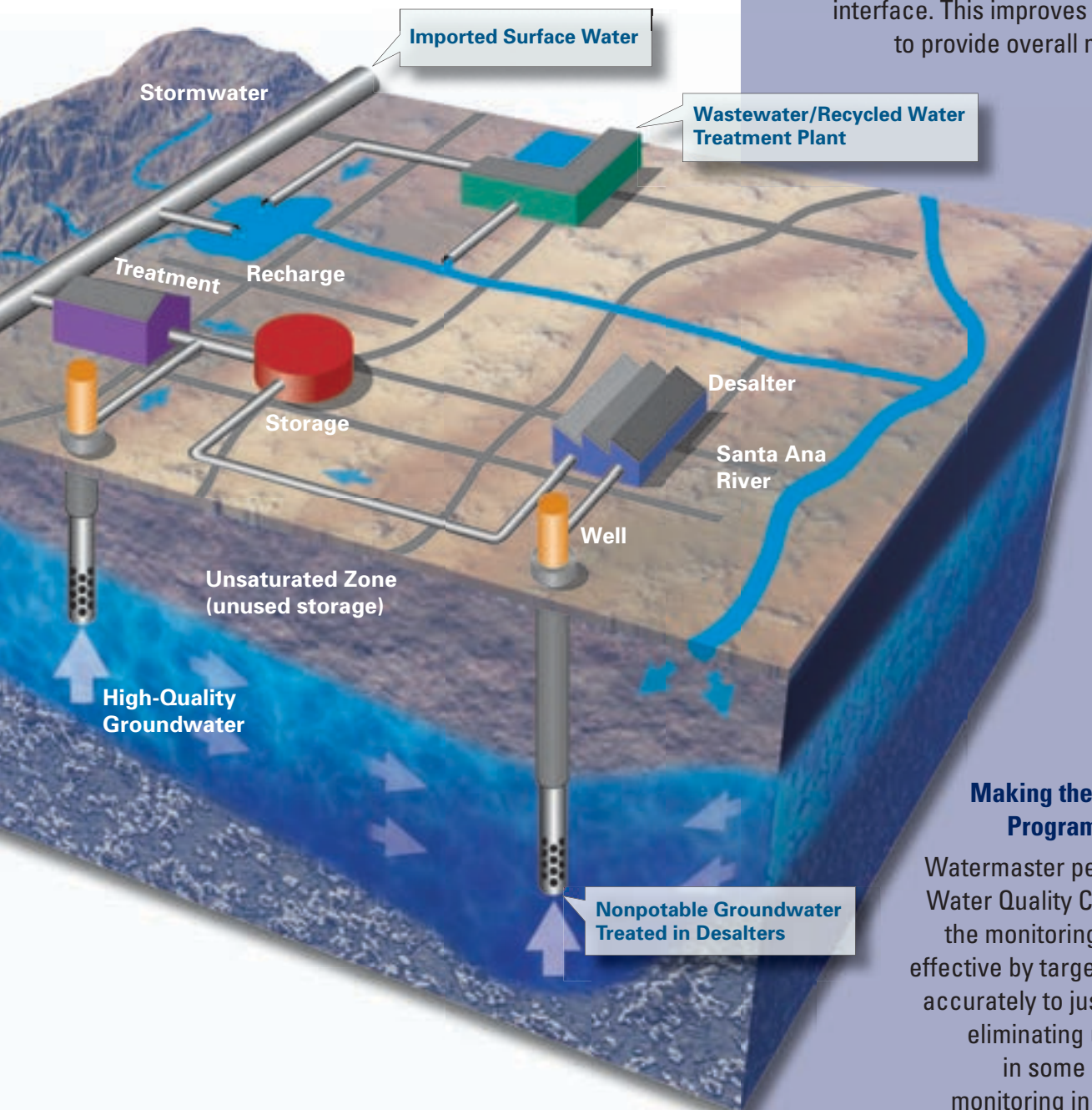
Surface Water Monitoring for Recharge. Watermaster measures the quantity of storm and supplemental water entering the recharge basins. Pressure transducers are used to measure water levels during recharge. Imported water quality data are also obtained. These data are used in the accounting of diluent water for the Chino Basin Recycled Water Groundwater Recharge Program.

Bi-Weekly Surface Water Monitoring. To assess hydraulic control, Watermaster measures the discharge of the River and water quality parameters to determine where the River is gaining flow from the Basin and/or losing flow into the Basin. Water quality measurements, including monthly sampling at four near-river wells, are combined with discharge data from permanent USGS stream gauges and watermaster treatment plant data.



Near record rainfall in 2011 filled Southern California storage reservoirs.

CHINO GROUNDWATER BASIN: TWO TRILLION GALLONS, 750 PRODUCTION WELLS, ONE MILLION RESIDENTS



Data from 1,000 Wells in a Single Database

All the data from about 1,000 monitoring and production wells across the Basin are checked by staff and uploaded to a centralized relational database with a map-based interface. This improves Watermaster's ability to provide overall management of water supply and quality.

Making the Massive Monitoring Program More Cost Effective

Watermaster petitioned the Regional Water Quality Control Board to make the monitoring program more cost-effective by targeting monitoring more accurately to just where it is needed, eliminating unneeded monitoring in some areas and increasing monitoring in other areas. The end result will be cost-savings and better data collection while meeting Basin management requirements.

COLLABORTIVE RECHARGE: KEY TO SOLVING LONG-TERM WATER

The recharge program is a comprehensive, ongoing water supply program to enhance water supply reliability and improve the groundwater quality in drinking water wells throughout the Chino Basin by increasing groundwater recharge of stormwater, imported water and recycled water.

2010-2011: A YEAR OF RECORDS

Drought Ends with California's Second Wettest Year on Record, filling the State's surface reservoirs and allowing the Governor to officially proclaim an end to California's drought.

Record Rainfall Capture. The total rainfall captured in December alone was over 7,200 acre-feet. The December 2010 storms brought enough rain to fill all of the recharge basins overlying the Chino Basin. This was a record month for rainfall, as well as for water captured and recharged.

First Imported Replenishment Water Available Since 2007. Watermaster moved quickly to purchase as much imported replenishment water as it could.

Second Highest Stormwater Recharge in History. Approximately 17,000 acre-feet of stormwater were recharged during the fiscal year, the second-highest year on record.

Recycled Water Recharge. Approximately 8,000 acre-feet of recycled water were recharged during the fiscal year, the highest recorded, despite large amounts of stormwater and imported water recharge competing for space.

RECHARGE MASTER PLAN BACKGROUND


The Chino Basin Groundwater Recharge Program is jointly sponsored by Chino Basin Watermaster, Inland Empire Utilities Agency (IEUA), Chino Basin Water Conservation District, and the San Bernardino County Flood Control District.

The recharge program has multiple sources of water—imported, recycled and storm—and is managed by Watermaster. In addition, Watermaster holds the water right permits to divert, percolate and store stormwater. Operation of the facilities is handled by IEUA, which defers to County Flood Control during storm periods. Watermaster and IEUA have a joint recharge permit from the Regional Water Quality Control Board for the recharge of imported, storm and recycled water.

Watermaster is Working with IEUA, Ontario and SANBAG to Save \$4.5 Million

Watermaster and IEUA are working together to develop two new retention facilities at the Turner Basin. The City of Ontario and San Bernardino Associated Governments (SANBAG) agreed to spend \$4.5 million to dig out 175,000 cubic yards of soil to form a new water retention basin. In exchange they are keeping the soil for a railroad crossing project.

There is also discussion of enlarging the 5th retention basin east of Archibald. The project, which is being managed by IEUA with the support of Watermaster parties, is promising to increase groundwater recharge by several hundred acre-feet per year.



A collaborative agreement is saving \$4.5 million on construction of the Turner Exchange Basin.

SUPPLY CHALLENGES

Watermaster Provides a Cooperative Forum to Identify Better Ways to Balance the Basin

In the southeast end of the Basin near the desalters, the shallow Jurupa well field is being drawn down and the local water utility wants it recharged. Recharging this part of the Basin will be evaluated as a part of continued Recharge Master Plan updating. Aquifer storage and recovery wells, improving spreading facilities in that area, relocating pumping, and water exchanges will be reviewed. It may be cost-effective to import potable water to the area, allowing the local water provider to pump less water rather than having water brought in to recharge the groundwater Basin. The options will be evaluated with an implementation plan in 2012 and financing option in 2013.

SOME COMMON WATER TERMS HAVE A SPECIFIC MEANING IN THE CHINO BASIN:

Replenishment means recharge to offset or mitigate production by a Party in excess of their production right.

Recharge is a process of putting water into the Basin to accomplish replenishment or to store water.

Recharge programs help refill the Basin, ensuring that pumps like the one shown here always have ample supplies to draw on.



MILESTONES ACHIEVED IN PROGRESS TOWARD WATER INDEPENDENCE

Watermaster continued to make progress toward its commitment to expand desalters and obtain hydraulic control through a variety of coordinated and collaborative efforts with partner agencies.

Completion of the Peace II SEIR

The Subsequent Environmental Impact Report (SEIR) for Peace II was circulated for public review in the last fiscal year. The final report was completed in September 2010 by IEUA. This marks another important step in the implementation of the critically important Peace II Agreement that benefits all Watermaster parties.

INTERLOCKING INITIATIVES PROVIDE MASSIVE BENEFITS

Many of the programs carried out by Watermaster have been built incrementally upon the others. They work synergistically to provide the greatest water supply and water quality benefits at the lowest reasonable cost to stakeholders.

Peace II Provides the Governance Framework and Agreements Needed to Bring Many Far-Sighted Plans and Programs Together to provide massive water quality, water supply and financial benefits.

Maximum Benefit Approach Allows Vastly Increased Recycled Water Use by convincingly demonstrating to regulators that increasing recycled water recharge will not impact beneficial uses of the water.

Hydraulic Control Required to Implement Maximum Benefit. In order to be regulated under the maximum benefit approach, Watermaster is required by regulators to maintain hydraulic control and stop water from leaking out of the Basin.

Basin Reoperation was Developed to Achieve Both Hydraulic Control and Maximum Benefit. Pumping down groundwater levels in the Basin, over decades, achieves hydraulic control and also allows more recycled water to be added in the north part of the Basin, achieving maximum benefit.

Desalters Achieve Hydraulic Control and Other Benefits

- **Hydraulic Control** – Desalters pump out water, lowering groundwater levels so water stops flowing out of the Basin and into the Santa Ana River, keeping water in-Basin for local use.
- **Removes Contamination** – The desalters provide a very high level of treatment, removing contaminants from the Basin that had built up over decades.
- **Increased Recharge of Recycled Water** – The desalters remove large amounts of salts from the groundwater, ensuring maximum benefit by allowing increased recharge of recycled water.
- **New Water Supply Increases Local Water Independence** – The 400,000 acre-feet of water that will be pumped out to lower groundwater levels is new water that will be available to basin water users without the replenishment obligation.
- **Massive Cost Savings** – An independent economic analysis suggested that the long-term benefits may total hundreds of millions of dollars to the region.

FINAL ACTIONS AND FUNDING APPROVED TO OBTAIN HYDRAULIC CONTROL

The southwest portion of the Basin is the only remaining area where desalter wells are not pumping enough groundwater to achieve hydraulic control. A number of steps were taken or approved that will allow Watermaster and its partners to achieve full hydraulic control.

Planning has continued between the Chino Desalter Authority (CDA) and Western Municipal Water District (WMWD) to expand the Chino desalters by 11,800 acre-feet per year (10.5 MGD). The program will improve hydraulic control and provide new water supplies. At least six wells are being constructed with three already begun. Completion of these wells will satisfy commitments of the Basin Plan, and the Peace II Agreement to achieve hydraulic control.

Local Resources Program Grant to Expand Desalter II Facilities. On June 14, 2011, the Metropolitan Water District of Southern California (MWD) Board approved a Local Resources Program (LRP) grant for the desalters. This local subsidy will make it possible to complete the final build-out of the desalters, including the Chino Creek Well Field, to achieve hydraulic control.

PEACE II IS RESULTING IN IMPROVED FLEXIBILITY IN MANAGING THE BASIN'S WATER SUPPLY, AND HUNDREDS OF MILLIONS OF DOLLARS IN LONG-TERM COST SAVINGS.

COMPLETING THE CHINO CREEK WELL FIELD IS THE FINAL MAJOR STEP NEEDED TO ACHIEVE HYDRAULIC CONTROL. THIS IS A MAJOR MILESTONE THAT WILL SATISFY COMMITMENTS OF THE BASIN PLAN AND THE PEACE II AGREEMENTS.

Facilitated Development and Regulatory Approval of Implementation Schedule and Well Locations. Watermaster worked with the involved parties to develop a realistic implementation schedule that was approved by the Regional Water Quality Control Board in June 2010. Raw water will be drawn from existing CDA II wells, along with possible additional new wells, if needed. In addition, a new Chino Creek Well Field (CCWF), required for the hydraulic control

commitment associated with maximum benefit, will provide additional raw water to the Chino I Desalter, enabling some existing wells to direct production to the expanded Chino II Desalter facility. The well field locations were approved by Watermaster.

Actions to Minimize Subsidence. Watermaster must ensure that pumping at the Chino Creek Well Field does not cause land subsidence. To accomplish this, Watermaster conducted a subsidence study, is requiring that wells be located in the shallow aquifer, and is expanding its subsidence monitoring program in this area. These steps were approved in the 2010-2011 fiscal year.



View of a desalter well being drilled.

COLLABORATIVE PROGRAMS PROVIDE FOR A RELIABLE, COST EFFECTIVE

THE CUMULATIVE UNMET REPLENISHMENT OBLIGATION IS FULLY SATISFIED

In years when Watermaster cannot purchase replenishment water, an unmet replenishment obligation is created by pumpers that take more than their water rights. The sum of these obligations becomes the Cumulative Unmet Replenishment Obligation (CURO). In recent years, when no imported replenishment water was available, a concern developed that the replenishment obligation could get too large to achieve—leading to a perpetual overdraft of the Basin. As a result, Watermaster began working with stakeholders to resolve the policy, water supply and financial issues of the CURO.

WATERMASTER'S APPROACH IS TO UTILIZE TECHNICAL AND MANAGEMENT TECHNIQUES THAT ARE GUIDED BY RESEARCH, FACTUAL KNOWLEDGE, FORWARD THINKING, AND COLLABORATIVE GOVERNANCE.

The CURO was fully satisfied in May 2011 by purchasing water from Appropriators. In the next fiscal year Watermaster will be re-evaluating its recharge needs based on the recently updated Urban Water Management Plans (UWMPs) from the Appropriators.

DECISIVE ACTION TO PURCHASE PREEMPTIVE REPLENISHMENT WATER

Replenishment Water Became Available for the First Time Since 2007. As a result of the State's abundant water supply this fiscal year, the MWD was able to make 225,000 acre-feet of water available at the replenishment rate to groundwater agencies, for the first time in four years. Watermaster set a goal to recharge 50,000 acre-feet of this water to meet future replenishment needs and was the first agency, via IEUA, to place an order. As of June 30, over 8,000 acre-feet of imported water have been

recharged. More is expected to be recharged through December 2011 until the 225,000 acre-feet supply is depleted. The first 26,000 acre-feet of replenishment water recharged will be placed into storage accounts for Fontana Water Company (20,000 acre-feet) and Niagara Bottling LLC (6,000 acre-feet) as preemptive replenishment. The concept of preemptive replenishment, which will offset future overproduction, has been contemplated during the last few years, but this is the first application of it.

Long-Term Replenishment Needs Being Evaluated. Because of factors such as successful conservation efforts, and slower growth than expected due to the economy, long-term replenishment demands are lower than previously estimated. Watermaster is currently in the process of reevaluating long-term water demands and how to most cost-effectively meet them.



Watermaster staff in the field.

WATER SUPPLY

OTHER IMPORTANT ACTIONS IN 2010-2011

Legal: Judgment Restated.

Watermaster is preparing a restated Judgment at the request of the Court. The reason is that portions of the Judgment have been superseded by amendments. This leads to confusion, since there is no way to know what the governing language is without going through the various documents. The plan is to add footnotes to the Judgment that references portions that have been superseded. Ultimately, perhaps, the Judgment, Rules and Regulations, Peace (I) Agreement, and Peace II Agreement will be cross-referenced with one-another.

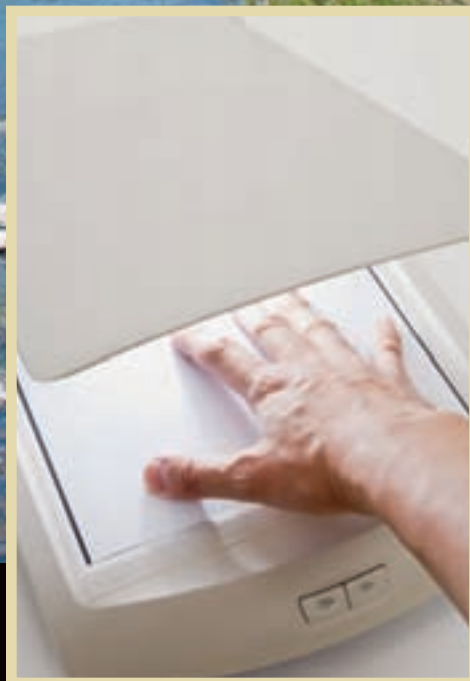
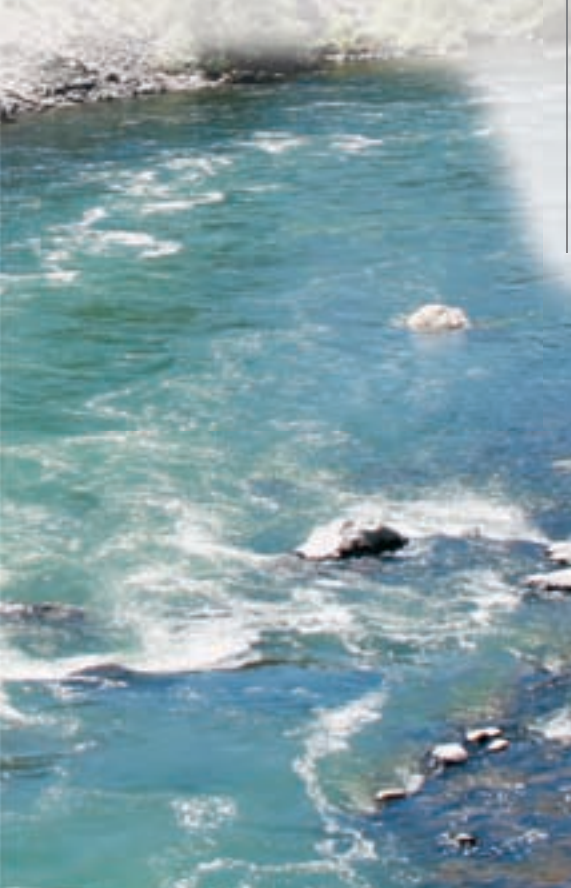
Participate in Watershed Action Plan.

Watermaster is participating in the Watershed Action Plan (WAP). The WAP group is working on the new MS-4 stormwater permit implementation for San Bernardino County. One of the watershed principles is the retention of stormwater and infiltration on-site and the potential participation in a regional solution to improve water supply and quality.

Digitizing Old Documents for Cost-Efficiency and Reliability. In the 2010-2011 fiscal year, Watermaster began a program to scan all of the old hard copy documents that date back to the 1970s, and even earlier. These are irreplaceable documents that are being archived for long-term safe keeping. Because they are referred to frequently, they are scanned into the file management system as text for easy search-ability. This effort will continue over several years until completed.

ALL WATER EXTRACTED FROM DRY YEAR YIELD PROGRAM

The Dry Year Yield Program (DDY) provided the MWD the right to store groundwater in the Basin as a hedge against drought, in exchange for paying the costs of developing the facilities that deliver the stored water. In spring 2010, the MWD made the final call on the remaining stored water, and as of spring 2011, all of the water in the Dry-Year Yield storage account was extracted, leaving the account with a zero balance. Discussions with the MWD are underway regarding changes to the program in the future.



Watermaster is scanning, digitizing and archiving old documents.

PROGRESS ON WATER QUALITY AND SUBSIDENCE MANAGEMENT

Watermaster's role in water quality is to provide detailed monitoring data, review plans and cleanup options, support the Regional Water Quality Control Board, and help bring stakeholders together to develop solutions.

CLEANUP PROGRESS ON CONTAMINATION PLUMES

Finding Common Ground for the Archibald South Plume.

Watermaster monitored the collaborative progress made by involved parties associated with the Archibald South Plume, including parties that had been located at Ontario International Airport and the City of Ontario. The parties continue to refine the delineation of the plume with an eye towards near-term future remediation.

Establishing Long-Term Monitoring for the California

Institute for Men Site. Watermaster continued to coordinate with the State on a Memorandum of Understanding that would allow Watermaster to continue to use monitoring wells at this former plume that has been remediated.

Chino Airport. Watermaster has been working with the San Bernardino County Department of Airports on a joint remedy, desalting and plume mitigation. Watermaster presented groundwater model results, as well as a letter report of modeling results of the Peace II alternative with updated well locations for the Chino Creek Well Field, along with pumping rates for all Chino desalter wells. When completed and in operation, these wells will achieve hydraulic control and will not conflict with the Optimum Basin Management Plan (OBMP) goal to minimize or abate permanent subsidence.

Sought Cost Savings in Monitoring Wells. Watermaster pursued an alternative well location for one of the County's monitoring wells at Chino Airport with the goal of lowering costs to Watermaster while meeting County needs.

Flatiron Plume. There are three main plumes under remediation, but progress had halted because of problems getting a permit to discharge the treated water.

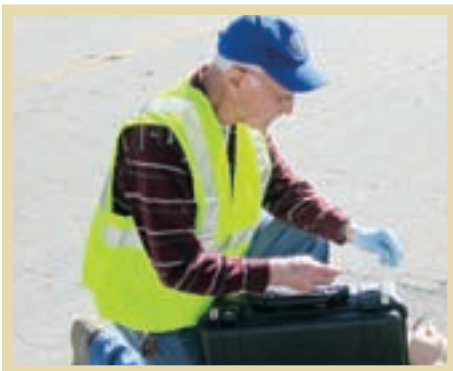
Watermaster helped facilitate a solution that involves injecting the highly treated water into the ground for later use. Final regulatory approval has not been obtained, but Watermaster is hopeful this will provide a win/win, cost-saving, water supply solution for all involved parties.



Watermaster gathers extensive groundwater quality data and uses it to support groundwater cleanup programs.

OTHER QUALITY IMPROVEMENT ACTIONS

Participating in Perchlorate Contamination Study. Watermaster actively participates on a Technical Advisory Committee overseeing a collaborative project funded by the Department of Defense that seeks to determine the source of the widespread, low-level perchlorate in groundwater in Management Zone (MZ) 3 and the Rialto-Colton Basin, and to develop a cost-effective and environmentally appropriate solution. Watermaster has provided an extensive groundwater elevation and groundwater quality data to the co-principal investigators on this project.



Management Plan for MZ-1. Because of the historical occurrence of pumping-induced land subsidence and ground fissuring in southwestern Chino Basin (southern MZ-1), the OBMP called for the development and implementation of a Management Plan for MZ-1. The Interim Plan was implemented in 2007. Watermaster has continued implementation of the Interim MZ-1 Plan, and expanded monitoring to avoid the 1990s-era land subsidence that made the ground crack.

Groundwater monitoring equipment and meters.



Formation of Land Subsidence Monitoring Committee. It was determined that the land subsidence is not just isolated to MZ-1, and so the Board of Directors approved the formation of the Land Subsidence Committee in December 2010. Its first meeting was held on January 20, 2011. The committee has expanded its monitoring scope to include areas around the CCWF to monitor (and potentially mitigate) for adverse impacts caused by drawdown around this well field.



Watermaster's inclusive governance structure provides opportunities for stakeholders to participate in decision-making.

WATERMASTER GOVERNANCE AND MEMBERSHIP – CALENDAR YEAR 2011

Watermaster Board

Agricultural Pool Representatives

MEMBER	REPRESENTING
Paul Hofer	Crops
Alternates: Bob Feenstra/Jeff Pierson	
Geoffrey Vanden Heuvel	Dairy
Alternates: Jeff Pierson/Bob Feenstra	

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Alternate: Ken Jeske	California Steel Industries (CSI)

Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Tom Haughey , Secretary/Treasurer	Chino, City of
Alternate: Earl Elrod	
Paula Lantz	Pomona, City of
Alternate: Danielle Soto	
Ken Willis , Chair	West End Consolidated Water Company
Alternates: Tom Thomas	

Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
Steve Elie	Inland Empire Utilities Agency
Alternate: Terry Catlin	
Bob Kuhn , Vice-Chair	Three Valleys Municipal Water District
Alternate: David DeJesus	
Charles Field	Western Municipal Water District
Alternate: John Rossi	

Staff

Kenneth R. Manning, (Jan.-Feb.)
Chief Executive Officer

Desi Alvarez, PE, (May-Dec.)
Chief Executive Officer

Danielle Maurizio, PE,
Senior Engineer

Ben Pak, (Jan.-July)
Senior Project Engineer

Gerald Greene,
Denv, PE, QEP, (Aug.-Dec.)
Senior Environmental Engineer

Joseph Joswiak, MBA,
Chief Financial Officer

Jim Theirl,
Water Resource Engineer

Frank Yoo,
GIS Specialist

Justin Nakano,
Environmental Specialist

Sherri Molino,
Executive Assistant

Janine Wilson,
Accountant

Alexandra Perez,
Office Specialist

Maricha Ramirez,
(Jan.-Feb.)
Office Assistant

Advisory Committee

Agricultural Pool Representatives

REGULAR MEMBERS	REPRESENTING
Nathan deBoom	Dairy
Glen Durrington	Crops
Robert Feenstra	Dairy
Pete Hall	State
Michael Hughes	State
Gene Koopman	Dairy
Jennifer Novak	State
Jeff Pierson , Vice-Chair	Crops
Rob Vanden Heuvel	Dairy

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Brian Geye	Auto Club Speedway
Alternate: Bob Bowcock	Vulcan Materials Company (Calmat Division)
Ken Jeske , Chair	California Steel Industries (CSI)
Alternate: Dennis Poulsen	
Scott Burton	Ontario City Non-Ag)
Alternate: Tom O'Neill	

Appropriative Pool Representatives

John Mura	Chino Hills, City of
Alternate: Ron Craig	
Dave Crosley	Chino, City of
Marty Zvirbulis	Cucamonga Valley Water District
Josh Swift	Fontana Union Water Company
Robert Young , 2nd Vice-Chair	Fontana Water Company
Tom Harder	Jurupa Community Services District
Alternate: Robert Tock	
Mark Kinsey	Monte Vista Water District
Mohamed El-Amamy	Ontario, City of
Raul Garibay	Pomona, City of
Charles Moorrees	San Antonio Water Company (Minor Rep)
J. Arnold Rodriguez	Santa Ana River Water Company (Minor Rep)
Anthony La**	Upland, City of
Shaun Stone**	
Rosemary Hoerning**	

Municipal Water Districts

Tom Love	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
John Rossi	Western Municipal Water District

** Served Partial Year

Agricultural Pool Committee

REGULAR MEMBERS

Julie Cavender
Nathan deBoom
Glen Durrington
Robert Feenstra, Chair
Pete Hall
John Huitsing
Gene Koopman
Robert Nobles
Jennifer Novak
Jeff Pierson, Vice-Chair
Rob Vanden Heuvel

REPRESENTING

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

ALTERNATES

Peter Hettinga
Michael Hughes
Dan Hostetler
Brian Pahel
Syp Vander Dussen

REPRESENTING

Dairy
 State of California
 Crops
 State of California
 Dairy

Non-Agricultural Pool Committee

REPRESENTATIVE

Mark Ward
 —
David Penrice
Brian Geye
Ken Jeske, Vice-Chair
 Alternate: **Dennis Poulsen**
 —
Lisa Hamilton
Bob Lawhn
 —
Gerald Yahr
 —
David Starnes
 Alternate: **Michael Alder**
Scott Burton
 Alternate: **Tom O'Neill**
Curtis Stubbings
 Alternate: **Roger Han**
Steve Riboli
James Jenkins
Jorge Rosa, Jr.
Michael Thies
 Alternate: **Tom Cruikshank**
Ted Leaman
 Alternate: **John Ayers**
Bob Bowcock, Chair
 Alternate: **Kevin Sage**
 —

MEMBER ENTITY

Ameron Inc.
 Angelica Textile Service
 Aqua Capital Management LP
 Auto Club Speedway
 California Steel Industries (CSI)
 CCG Ontario, LLC (Catellus)
 General Electric Company
 Genon Electric
 Kaiser Ventures Inc.
 KCO LLC / The Koll Company
 Loving Savior of the Hills
 Mobile Community Management
 (Swan Lake Mobile Home Park)
 Ontario City Non-Ag
 Praxair Inc.
 San Antonio Winery
 San Bernardino County Department of Airports
 Southern California Edison
 Space Center Mira Loma Inc.
 Sunkist Growers Inc.
 Vulcan Materials Company
 (Calmat Division)
 West Venture Development

Appropriative Pool Committee

REPRESENTATIVE

Patrick Bauer
Dave Crosley
John Mura, Chair
 Alternate: **Ron Craig**
Marty Zvirbulis, Vice-Chair
Chuck Hays
Josh Swift
Robert Young
Ben Lewis
Eldon Horst
 Alternate: **Robert Tock**
Justin Brokaw
Mark Kinsey
Mark Kinsey
 Alternate: **Justin Scott-Coe**
Geoff Kamansky
Robert Young
Bill Thompson
Mohamed El-Amamy
Raul Garibay
Charles Moorrees
 Alternate: **Teri Layton**
Phil Krause
J. Arnold Rodriguez
Anthony La**
Shaun Stone**
Rosemary Hoerning**
Anthony La**
Shaun Stone**
Rosemary Hoerning**
A.W. "Butch" Araiza

MEMBER ENTITY

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

* Minor Producer
 ** Served Partial Year

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, the State, and other property owners.
- Non-Agricultural Pool to represent commercial and industrial producers.
- Appropriative Pool to represent cities, water districts, and water companies.

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Appendices

A - AA

COURT HEARINGS AND ORDERS FISCAL YEAR 2010-2011

During the fiscal year 2010-11, several hearings were held relating to implementation of the Optimum Basin Management Program (OBMP). Hearings and orders were as follows:

Hearing Date	Primary Subject Matter
February 3, 2011	<ul style="list-style-type: none"> • Court of Appeal Order Regarding Paragraph 31 Appeal Briefing Schedule
January 26, 2011	<ul style="list-style-type: none"> • Order Granting Motion to Re-Appoint Nine Member Watermaster Board for a Further Five-Year Term
January 21, 2011	<ul style="list-style-type: none"> • Chino Basin Watermaster Court Hearing – Regarding Motion to Re-Appoint Nine Member Board for a Further Five-Year Term
December 6, 2010	<ul style="list-style-type: none"> • Court of Appeal Order Setting Time and Attendance Requirements Regarding Settlement Conference
November 29, 2010	<ul style="list-style-type: none"> • Court of Appeal Order Regarding Settlement Conference Program
October 11, 2010	<ul style="list-style-type: none"> • Order Approving Watermaster Compliance with Condition Subsequent Number Eight and Approving Procedures to Be Used To Allocate Surplus Agricultural Pool Water in the Event of Decline in Safe Yield
October 8, 2010	<ul style="list-style-type: none"> • Chino Basin Watermaster Court Hearing – Regarding Non-Agricultural Pool Pooling Plan and Recharge Master Plan Update • Order Approving Watermaster Compliance with Condition Subsequent Number Eight and Approving Procedures to Be Used To Allocate Surplus Agricultural Pool Water in the Event of Decline in Safe Yield
September 16, 2010	<ul style="list-style-type: none"> • Court of Appeal Order Regarding Non-Agricultural Pool Paragraph 31 Motion Appeal

RESOLUTIONS CALENDAR YEAR 2011

Resolution	Adopted	Summary of Resolution
11-05	August 25, 2011	<p><i>To Tax Defer Member Paid Contributions - For Employer Pick-Up</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 to the Public Employees' Retirement System on behalf of its employees who are members of the Public Employees Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691. • The contributions made by the Chino Basin Watermaster to the Public Employees' Retirement System, although designated as employee contributions, are being paid by the Chino Basin Watermaster in lieu of contributions by the employees who are members of the Public Employees' Retirement System. • Employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Chino Basin Watermaster to the Public Employees' Retirement System. • The Chino Basin Watermaster shall pay to the Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary. • The amount of the contributions designated as employee contributions and paid by the Chino Basin Watermaster to the Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the Public Employees' Retirement Law (California Government Code sections 20000, et seq.). • The contributions designated as employee contributions made by Chino Basin Watermaster to the Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the Public Employees' Retirement System.
Revised 11-02	May 26, 2011	<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 16429.3 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 Chief Financial Officer.
11-02	January 27, 2011	<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 Chief Financial Officer.
11-01	January 27, 2011	<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 Executive Officer (and his/her designees) 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 09-01 is rescinded in its entirety.

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Production Year ¹	Appropriative	Non-Agricultural	Agricultural
10-11			Restorative Justice Center (dba Community Garden Project of RC)
09-10			Rafael Treto Guillermo Hurtado
08-09		City of Ontario Aqua Capital Management	Michael Y. Park
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 27th day of January 2011, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

By: /s/ Ken Jeske
Chair

By: /s/ Kenneth Willis
Chair

ATTEST:

By: /s/ Tom Haughey
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	5,271.7	3,670.067	6.693
City of Norco	289.5	201.545	0.368
City of Ontario	16,337.4	11,373.816	20.742
City of Pomona	16,110.5	11,215.852	20.454
City of Upland	4,097.2	2,852.401	5.202
Cucamonga County Water District	4,431.0	3,084.786	5.626
Jurupa Community Services District	1,104.1	768.655	1.402
Monte Vista County Water District	5,958.7	4,148.344	7.565
West San Bernardino County Water District	925.5	644.317	1.175
Etiwanda Water Company	768.0	534.668	0.975
Feldspar Gardens Mutual Water Company	68.3	47.549	0.087
Fontana Union Water Company	9,188.3	6,396.736	11.666
Marygold Mutual Water Company	941.3	655.317	1.195
Mira Loma Water Company	1,116.0	776.940	1.417
Monte Vista Irrigation Company	972.1	676.759	1.234
Mutual Water Company of Glen Avon Heights	672.2	467.974	0.853
Park Water Company	236.1	164.369	0.300
Pomona Valley Water Company	3,106.3	2,162.553	3.944
San Antonio Water Company	2,164.5	1,506.888	2.748
Santa Ana River Water Company	1,869.3	1,301.374	2.373
Southern California Water Company	1,774.5	1,235.376	2.253
West End Consolidated Water Company	1,361.3	947.714	1.728
Total	78,763.8	54,834.000	100.000

APPROPRIATIVE RIGHTS (AS OF JUNE 30, 2011)

<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	5,794.25	4,033.857	7.356
City of Chino Hills ^B	3,032.86	2,111.422	3.851
City of Norco	289.50	201.545	0.368
City of Ontario	16,337.40	11,373.816	20.742
City of Pomona	16,110.50	11,215.852	20.454
City of Upland	4,097.20	2,852.401	5.202
Cucamonga Valley Water District ^C	5,199.00	3,619.454	6.601
Jurupa Community Services District ^D	2,960.60	2,061.118	3.759
Monte Vista Water District ^E	6,929.15	4,823.954	8.797
West Valley Water District ^F	925.50	644.317	1.175
Fontana Union Water Company ^G	9,181.12	6,391.736	11.657
Fontana Water Company ^H	1.44	1.000	0.002
Los Serranos County Club ^I	-	-	-
Marygold Mutual Water Company	941.30	655.317	1.195
Monte Vista Irrigation Company	972.10	676.759	1.234
Niagara Bottling, LLC ^J	-	-	-
Nicholson Trust ^K	5.75	4.000	0.007
San Antonio Water Company	2,164.50	1,506.888	2.748
Santa Ana River Water Company	1,869.30	1,301.374	2.373
Golden State Water Company ^L	591.05	411.476	0.750
West End Consolidated Water Company	1,361.30	947.714	1.728
San Bernardino County (Shooting Park) ^M	-	-	-
Arrowhead Mountain Springs Water Company ^N	-	-	-
City of Fontana ^O	-	-	-
Total	78,763.82	54,834.000	100.000

^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 City of Chino Hills incorporated in 1991 and assumed the responsibility for providing the public services formerly provided by WW#8.

WW#8 acquired a portion of the rights of Park and Pomona Valley Water Companies in 1983.

^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 in 1979 (776.940 AF OSY), Feldspar Gardens in 1988 (47.549AF OSY) and Mutual Water Company of Glen Avon Heights in 1997 (467.974 AF OSY).

^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 01-02, 5.000 AF OSY was reassigned: 1.000 AF to FWC and 4.000 AF to the Nicholson Trust.

^H FWC intervened in 1989 and was assigned 1.000 AF OSY as a result of a permanent transfer of water rights from FUWC.

^I Los Serranos intervened into the Appropriative Pool in 1990 with 0.000 AF OSY, and it was later determined that they are not within the Basin.

^J Niagara Bottling intervened in FY 02-03 with 0.000 AF OSY.

^K Nicholson Trust intervened in FY 01-02 and was assigned 4.000 AF OSY as a result of a permanent transfer of water rights from FUWC.

^L GSWC permanently transferred 823.900 AF 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 Agricultural Pool in 1985.

^N Arrowhead intervened in 1992 with 0.000 AF OSY.

^O City of Fontana intervened in 1996 with 0.000 AF OSY.

**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	97.858
County of San Bernardino (Airport)	171	133.870
Conrock Company	406	317.844
Kaiser Steel Corporation	3,743	2,930.274
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Space Center, Mira Loma	133	104.121
Southern Service Co. dba Blue Seal Linen	24	18.789
Sunkist Growers, Inc.	2,393	1,873.402
Carlsberg Mobile Home Properties, Ltd '73	593	464.240
Union Carbide Corporation	546	427.446
Quaker Chemical Co.	-	-
Total	9,409	7,366.000

NON-AGRICULTURAL RIGHTS (AS OF JUNE 30, 2011)

<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	97.858
County of San Bernardino (Airport)	171.00	133.870
Vulcan Materials Company ^A	-	-
Kaiser Steel Corporation ^B	-	-
West Venture Development Co. ^C	-	-
Southern California Edison Co. ^D	-	-
GenOn West, LP ^E	1,219.29	954.540
Space Center, Mira Loma	133.00	104.121
Angelica Rental Service ^F	24.00	18.789
Sunkist Growers, Inc. ^G	-	-
Swan Lake Mobile Home Park ^H	593.00	464.240
Praxair ^I	1.28	1.000
Quaker Chemical Company ^J	-	-
California Steel Industries ^{K, T}	1,660.56	1,300.000
General Electric Company ^L	-	-
Auto Club Speedway ^M	1,277.36	1,000.000
Loving Savior of the Hills Lutheran Church ^N	-	-
CCG Ontario LLC ^O	-	-
KCO, LLC/The Koll Company ^P	-	-
San Antonio Winery ^Q	-	-
Ontario City Non-Ag ^R	2,973.44	2,327.807
Aqua Capital Management ^{S, T}	1,211.08	948.118
Total	9,389.00	7,350.343

^A Conrock became Calmat and in FY 99-00 became Vulcan Materials Co. On July 23, 2009, Vulcan permanently transferred its 317.844 AF SY to Aqua Capital Management.

^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 Red Star Fertilizer became Anaheim Citrus then was acquired by West Venture Development. West Venture went out of business in 91-92 and abandoned its rights to production in FY 90-91.

^D A portion of SCE was sold in FY 98-99; SCE retained 27.959 AF SY. On March 24, 2011, SCE permanently transferred 27.959 AF SY to Ontario City Non-Ag.

^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 SY. Reliant Energy, Etiwanda changed its name to RRI Energy West, Inc. in FY 08-09. RRI Energy West, Inc. changed its name to GenOn West, LP in FY 10-11.

^F Southern Service Company became Angelica Rental Service in FY 90-91.

^G On May 22, 2008, Sunkist permanently transferred 22.000 AF SY to Koll. On October 23, 2008 Sunkist permanently transferred 1,873.402 AF SY to Ontario City Non-Ag.

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

^I Union Carbide Corp. became Praxair, Inc. On May 27, 2010, Praxair permanently transferred 426.446 AF SY to Ontario City Non-Ag.

^J Quaker Chemical Company went out of business in FY 93-94.

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

^L General Electric Company intervened in FY 95-96 with 0.000 AF SY.

^M California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Catellus permanently transferred 525.000 AF SY to Speedway. California Speedway changed its name to Auto Club Speedway in FY 07-08.

^N Loving Savior of the Hills Lutheran Church intervened in FY 00-01 with 0.000 AF SY.

^O CCG Ontario LLC intervened in FY 00-01. Kaiser sold its last property holdings and all its remaining water rights to CCG Ontario LLP on August 16, 2000. On December 18, 2009, CCG Ontario permanently transferred its 630.274 AF SY to Aqua Capital Management.

^P KCO/Koll intervened in FY 07-08 after purchasing land from Sunkist. On May 22, 2008, Sunkist permanently transferred 22.000 AF SY to Koll. On May 28, 2009, the 22.000 AF SY was permanently transferred to Ontario City Non-Ag.

^Q San Antonio Winery intervened in FY 07-08 with 0.000 AF SY.

^R Ontario City Non-Ag intervened in FY 08-09 after purchasing land from Sunkist. On October 23, 2008, Sunkist permanently transferred 1,873.402 AF SY to Ontario City Non-Ag. On May 28, 2009, Koll's 22.000 AF SY was permanently transferred to Ontario City Non-Ag. On May 27, 2010, Praxair permanently transferred 426.446 AF SY to Ontario City Non-Ag. On March 24, 2011, SCE permanently transferred 27.959 AF SY to Ontario City Non-Ag.

^S Aqua Capital Management intervened in FY 08-09 after purchasing land from CCG Ontario. On December 18, 2008, CCG Ontario permanently transferred 630.274 AF SY to Aqua Capital. On July 23, 2009, Vulcan permanently transferred 317.844 AF SY to Aqua Capital.

^T A dispute has arisen between Aqua Capital Management and CSI concerning allocation of the right attributed to Aqua Capital Management.

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

Production 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
08-09	84,716 ²²	32,143	4,394	121,253
09-10	78,733 ²³	31,855	3,908	114,496
10-11	78,410 ²⁴	31,342	3,914	113,667

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.

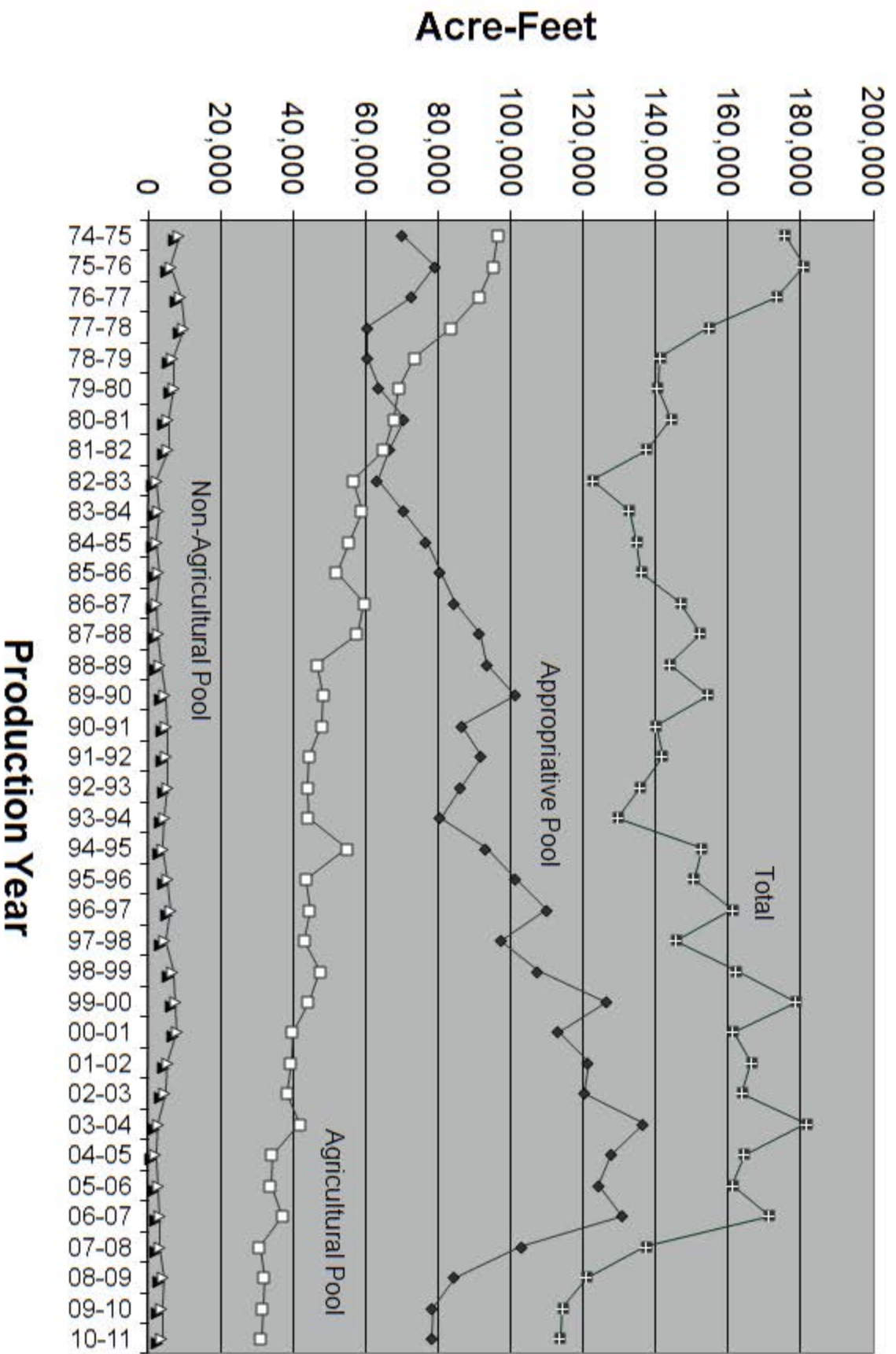
²¹ Does not include 26,972 AF Desalter production or 81.1 AF Dept. of Toxic Substances Control (DTSC) production.

²² Does not include 32,920 AF Desalter production or 82.6 AF Dept. of Toxic Substances Control (DTSC) production.

²³ Does not include 28,517 AF Desalter production or 85.1 AF Dept. of Toxic Substances Control (DTSC) production.

²⁴ Does not include 29,319 AF Desalter production or 87.3 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)**

Production 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	23,346	45,505
08-09	22,730	N/A	27,927	50,657
09-10	22,731	N/A	28,214	50,945
10-11	23,033	N/A	28,425	51,458

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)

Production 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
08-09	121,253	131,819 ⁴	253,072
09-10	114,496	144,354	258,849
10-11	113,667	154,760	268,427

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 2010-2011
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD & MWDSC Imported Deliveries	Recycled Water	Total
Chino, City of	-	-	-	7,299.8	7,299.8
Chino Hills, City of	-	-	-	2,350.1	2,350.1
Cucamonga Valley Water District ¹	3,284.9	4,902.5	-	2,401.6	10,588.9
Inland Empire Utilities Agency ²	-	-	-	520.2	520.2
Fontana Water Company ³	17,908.7	13,856.1	1,394.1	-	33,158.9
Jurupa Community Services District ⁴	1,227.3	-	-	403.0	1,630.3
Marygold Mutual Water Company ⁵	-	-	-	-	-
MWDSC ⁶	-	-	46,786.1	-	46,786.1
Monte Vista Water District	-	-	-	641.9	641.9
Ontario, City of	-	-	-	9,027.4	9,027.4
Pomona, City of ⁷	4,005.0	3,236.9	1,216.8	-	8,458.7
San Antonio Water Company ⁸	4,946.9	4,623.4	-	-	9,570.3
San Bernardino, County of	-	-	-	1,250.7	1,250.7
State of California, CIM ⁹	-	-	-	972.5	972.5
Upland, City of ¹⁰	6,967.0	4,176.0	-	789.3	11,932.3
West End Consolidated Water Company ¹¹	3,751.0	-	-	-	3,751.0
West Valley Water District ¹²	6,821.0	-	-	-	6,821.0
Total	48,911.8	30,794.8	49,397.0	25,656.4	154,760.0

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 24,683.9 AF of recycled water as follows: 7,472.9 AF to the City of Chino, 1,631.4 AF to the City of Chino Hills, 733.6 AF to Cucamonga Valley Water District, 520.2 AF to IEUA, 303.6 AF to Monte Vista Water District, 5,743.6 AF to Ontario, 1,250.7 AF to San Bernardino County, and 0.0 AF to the City of Upland. Additionally, recycled water groundwater recharge in the amount of 8,028.0 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. Imported deliveries are via both IEUA/MWD and SBVMWD.

⁴ Imported groundwater produced from Rubidoux Basin. Recycled 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 3,802.7 AF of groundwater from Six Basins and 202.3 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁸ An amount of 4,623.4 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 239.5 AF from San Antonio Tunnel, 3,970.7 AF from Cucamonga Basin, and 736.7 AF from Six Basins.

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

¹⁰ Imported groundwater produced from Six Basins. Surface water deliveries are from the San Antonio Water Company and treated at 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 2010-2011
(ACRE-FEET)

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills ²	Total
July	474	1,028	983	379	1,028	3,892
August	519	1,091	1,467	366	1,091	4,534
September	498	1,000	1,418	316	990	4,222
October	153	581	1,068	161	581	2,543
November	-	184	697	177	392	1,450
December	25	31	533	133	274	994
January	64	86	487	136	332	1,104
February	4	51	430	170	275	930
March	85	-	441	144	57	727
April	357	-	581	136	82	1,155
May	420	-	852	233	182	1,687
June	754	10	868	270	254	2,155
Total	3,353	4,061	9,824	2,620	5,536	25,393

Month	Reliant	Fontana Water Co.	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-19	CB-07	CB-16	Sub-Total		
July	-	216	-	2,641	2,641	196	6,946
August	-	307	-	2,900	2,900	270	8,011
September	-	296	-	2,367	2,367	271	7,156
October	-	233	-	1,209	1,209	119	4,105
November	-	72	-	1,241	1,241	60	2,822
December	-	-	-	1,705	1,705	40	2,739
January	-	-	-	1,703	1,703	11	2,818
February	-	-	-	658	658	29	1,617
March	-	-	-	672	672	-	1,399
April	-	-	-	952	952	26	2,132
May	-	43	-	1,735	1,735	64	3,529
June	-	229	-	2,214	2,214	131	4,729
Total	-	1,398	-	19,995	19,995	1,217	48,003

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 2010-2011
(ACRE-FEET)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Conjunctive Use, All Parties - Storage													
Direct													
Monte Vista Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Lieu													
Chino Basin Watermaster	-	-	-	-	-	-	-	-	-	-	-	-	-
Chino, City of	-	-	-	-	(17.1)	-	-	-	-	-	-	-	(17.1)
Chino Hills, City of	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3
Cucamonga Valley Water District	(1,002.9)	-	-	-	-	-	-	-	-	-	-	20.1	(982.8)
Jurupa Community Services District	(155.0)	(165.0)	(160.0)	(170.0)	(92.5)	-	-	-	-	-	-	14.9	(727.6)
Monte Vista Water District	(510.0)	(510.0)	(545.0)	(545.0)	(540.4)	(400.0)	-	-	-	-	-	61.2	(2,989.2)
Ontario, City of	-	(1,900.0)	(686.6)	(298.7)	(436.6)	(408.8)	-	-	-	-	-	74.8	(3,655.9)
Pomona, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Upland, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
	(1,667.9)	(2,575.0)	(1,391.6)	(1,013.7)	(1,086.6)	(808.8)	-	-	-	-	-	171.4	(8,372.2)
Total Storage / (Withdrawals)	(1,667.9)	(2,575.0)	(1,391.6)	(1,013.7)	(1,086.6)	(808.8)	-	-	-	-	-	171.4	(8,372.2)
Replenishment (and Preemptive Replenishment) Deliveries													
Watermaster Obligation = 4,521.401 AF + 4,367.684 AF (CURO) = 8,889.085 AF													
Direct*													
ASR (Monte Vista Water District)	-	-	-	-	-	-	-	-	-	-	-	185.5	185.5
CB-11 (Deer Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-13 (San Sevaine)	-	-	-	-	-	-	-	-	-	-	455.4	675.1	1,130.5
CB-14 (Etiwanda)	-	-	-	-	-	-	-	-	-	-	215.9	-	215.9
CB-15 (Day Creek)	-	-	-	-	-	-	-	-	-	-	412.6	480.9	893.5
CB-18 (Etiwanda Inter-tie)	-	-	-	-	-	-	-	-	-	-	300.9	591.1	892.0
CB-20 (West Cucamonga)	-	-	-	-	-	-	-	-	-	-	218.0	408.1	626.1
OC-59 (San Antonio)	-	-	-	-	-	-	-	-	-	-	2,044.0	3,086.5	5,130.5
	-	-	-	-	-	-	-	-	-	-	3,646.8	5,427.2	9,074.0
In-Lieu													
Service Connections													
CB-12	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Appropriators													
	-	-	-	-	-	-	-	-	-	-	8,889.1	-	8,889.1
Purchased from Cyclic Account													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Replenishment	-	-	-	-	-	-	-	-	-	-	12,535.9	5,427.2	17,963.1

* Direct replenishment deliveries during FY 2010-2011 were purchased as preemptive replenishment by Fontana Water Company (6,980.0 acre-feet) and Niagara Bottling LLC (2,094.0 acre-feet) and credited to their "New" Supplemental Storage accounts.

**SUMMARY OF STORMWATER RECHARGE
FISCAL YEAR 2010-2011
(ACRE-FEET)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
MANAGEMENT ZONE 1:													
San Antonio Channel / CB-59													
Brooks	1	1	1	24	44	282	-	122	141	1	10	1	628
College Heights	-	-	-	1	-	315	223	-	54	-	-	-	593
Montclair 1, 2 3 & 4	-	-	-	41	70	901	325	215	199	-	11	-	1,762
Upland	-	-	-	7	38	722	318	90	133	-	-	-	1,308
West Cucamonga Channel / CB-20													
15th Street	-	-	-	-	-	-	-	-	-	-	-	-	-
7th Street	17	19	5	4	24	96	8	60	71	-	1	7	312
8th Street	13	9	31	85	163	403	102	216	179	24	32	14	1,271
MANAGEMENT ZONE 2:													
Cucamonga / Deer Creek Channels													
Turner 1 & 2	23	53	57	90	141	365	190	233	264	76	138	90	1,720
Turner 3 & 4	95	84	54	55	39	161	1	50	49	-	-	-	588
Day Creek Channel													
Lower Day	2	1	1	17	11	351	17	91	152	56	3	1	703
Etiwanda Channel													
Etiwanda Debris Basin	-	-	-	8	31	698	-	90	294	90	2	-	1,213
Victoria	3	2	2	15	34	242	18	72	59	5	6	3	461
Minor Drainage													
Grove	-	-	-	65	60	94	68	59	61	-	24	-	431
San Sevaine Channel													
San Sevaine 1, 2, 3 & 4	-	-	-	86	63	385	1	94	68	-	2	-	699
San Sevaine 5	-	-	-	9	18	192	12	49	65	-	5	-	350
West Cucamonga Channel													
Ely 1, 2 & 3	-	-	-	29	127	572	104	323	236	3	13	8	1,415
West Fontana Channel													
Hickory	-	-	12	13	36	149	12	79	70	-	-	-	371
MANAGEMENT ZONE 3:													
Day Creek Channel													
Riverside	-	-	-	-	-	-	-	-	-	-	-	-	-
Wineville	-	-	-	-	-	-	-	-	-	-	-	-	-
DeClez Channel													
DeClez	3	8	2	45	95	313	52	196	138	2	14	9	877
RP3 Cell 1, 3, & 4	-	-	5	42	117	644	220	211	306	134	52	28	1,759
RP3 Cell 2	7	6	20	29	29	100	15	104	108	8	10	6	442
Etiwanda Channel													
Etiwanda Conservation	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Channel													
Jurupa	-	-	-	-	-	-	-	-	-	-	-	-	-
West Fontana Channel													
Banana	-	-	-	5	16	51	10	41	26	-	-	-	149
Totals	164	183	190	670	1,156	7,036	1,696	2,395	2,673	399	323	167	17,052

APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		Ag Pool SY Reallocation			Replen
		\$8.60	\$40.54	AF Total Reallocation	\$269,610.99	\$1,270,708.99	AF/15%
		AF/Admin	AF/IOBMP		\$5.24	\$24.69	
Arrowhead Mtn Spring Water Co	408,457	3,512.73	16,558.85	0.000	0.00	0.00	0.00
Chino Hills, City Of	1,766,644	15,193.14	71,619.75	2,074.125	10,857.27	51,218.73	254.53
Chino, City Of	673,146	5,789.06	27,289.34	8,219.830	43,067.36	202,981.62	96.98
Cucamonga Valley Water District	19,334,924	166,280.35	783,837.82	2,546,942	13,344.57	62,894.54	2,785.72
Desalter Authority	29,318,718	0.00	0.00	0.000	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,523.884	18,463.20	87,019.28	0.00
Fontana Water Company	8,348,452	71,796.70	338,446.28	769,252	4,030.45	18,996.02	1,202.82
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Golden State Water Company	443,945	3,817.93	17,997.53	226,723	1,187.90	5,598.73	63.96
Jurupa Community Services District	13,501,295	116,111.15	547,342.54	12,774,147	66,929.46	315,446.56	1,945.23
Marygold Mutual Water Company	1,107,368	9,523.36	44,892.70	361,246	1,892.73	8,920.66	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	373,035	1,954.50	9,211.78	0.00
Monte Vista Water District	8,669,574	76,278.34	359,572.53	2,710,072	14,199.28	66,922.89	1,277.90
Niagara Bottling, LLC	1,344,692	11,564.35	54,513.81	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	2,116	11.09	52.25	0.00
Norco, City Of	0.000	0.00	0.00	111,246	582.87	2,747.12	0.00
Ontario, City Of	10,604,065	91,194.97	429,888.84	7,583,917	39,735.53	187,278.30	1,527.80
Pomona, City Of	10,527,824	90,539.29	426,797.96	6,183,196	32,396.52	152,688.70	0.00
San Antonio Water Company	716,095	6,158.42	29,030.49	830,714	4,352.48	20,513.77	103.17
San Bernardino County Shlg Pk	17,605	151.40	713.71	0.000	0.00	0.00	2.54
Santa Ana River Water Company	12,514	107.62	507.32	717,352	3,758.53	17,714.39	1.80
Upland, City Of	733,813	6,310.79	29,748.78	1,572,552	8,229.30	38,832.82	105.73
West End Consolidated Water Com	0.000	0.00	0.00	522,370	2,736.93	12,899.48	0.00
West Valley Water District	0.000	0.00	0.00	355,200	1,861.05	8,771.36	0.00
	107,729,132	674,329.57	3,178,758.25	51,457,819	269,610.99	1,270,708.99	9,368.19
	1A	1B	1C	1D	1E	1F	1G

Irrigation Assessments		85/15 Water Transaction Activity				ASSESSMENTS DUE			
\$487.90 AF/85%	\$574.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Other Adjustments	Total Production Based	Recharge Debt Payment	Total Due	
0.00	234,454.32	0.00	0.00	(2,631.34)	0.00	251,894.55	0.00	251,894.55	
0.00	0.00	0.00	13,139.10	67.43	0.00	162,359.94	17,366.62	179,726.56	
0.00	0.00	0.00	5,009.40	25.69	0.00	284,256.45	33,177.42	317,433.87	
0.00	0.00	0.00	143,800.02	737.94	0.00	1,173,680.95	29,768.13	1,203,449.09	
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	105,482.48	52,566.87	158,051.35	
44,495.97	0.00	(444,065.00)	62,090.12	4,475.14	0.00	101,469.49	0.02	101,478.51	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	3,301.76	16.94	0.00	31,984.75	3,382.23	35,366.98	
0.00	0.00	0.00	100,413.46	10,464.86	0.00	1,158,653.25	16,951.74	1,175,604.98	
0.00	0.00	0.00	0.00	0.00	0.00	65,229.45	5,389.02	70,618.47	
0.00	0.00	0.00	0.00	0.00	0.00	11,166.27	5,564.90	16,731.17	
0.00	0.00	(39,525.00)	65,965.86	338.52	0.00	545,030.32	39,671.30	584,701.62	
0.00	385,926.60	0.00	0.00	(9,934.41)	0.00	442,070.36	0.00	442,070.36	
0.00	0.00	0.00	0.00	0.00	0.00	63.34	31.57	94.91	
0.00	0.00	0.00	0.00	0.00	0.00	3,329.99	1,659.55	4,989.54	
0.00	0.00	0.00	78,865.64	404.72	0.00	828,895.98	93,538.95	922,434.93	
0.00	0.00	0.00	0.00	0.00	0.00	702,422.49	92,240.18	794,662.67	
0.00	0.00	0.00	5,325.83	27.33	0.00	65,511.48	12,392.49	77,903.97	
8,589.48	0.00	0.00	130.93	(42.74)	0.00	9,545.32	0.00	9,545.32	
0.00	0.00	0.00	93.07	0.48	0.00	22,183.20	10,701.38	32,884.58	
0.00	0.00	0.00	5,457.60	28.01	0.00	88,723.02	23,459.15	112,182.17	
0.00	0.00	0.00	0.00	0.00	0.00	15,636.41	7,792.66	23,429.06	
0.00	0.00	0.00	0.00	0.00	0.00	10,632.41	5,298.83	15,931.24	
53,086.45	620,380.92	(483,590.00)	483,590.00	3,978.55	0.00	6,080,221.91	450,963.99	6,531,185.90	
1H	1I	1J	1K	1L	1M	1N	1O	1P	

APPROPRIATIVE POOL WATER PRODUCTION SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Water Production Summary

	Percent of Operating Safe Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% 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)	2,074.125	0.000
Chino, City Of	7.357%	4,033.857	4,033.857	0.000	(80.677)	8,219.830	(4,055.720)
Cucamonga Valley Water District	6.601%	3,619.454	3,619.454	0.000	(72.389)	2,546.942	9,915.620
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	6,391.736	0.000	0.000	0.000	3,523.884	(9,915.620)
Fontana Water Company	0.002%	1.000	0.000	0.000	0.000	769.252	7,487.000
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	411.476	411.476	0.000	(8.229)	226.723	0.000
Jurupa Community Services District	3.759%	2,061.118	2,061.118	0.000	(41.222)	12,774.147	1,100.000
Marygold Mutual Water Company	1.195%	655.317	655.317	0.000	(13.106)	361.246	16.000
Monte Vista Irrigation Company	1.234%	676.759	0.000	0.000	0.000	373.035	0.000
Monte Vista Water District	8.797%	4,823.954	1,406.635	0.000	(28.132)	2,710.072	4,546.972
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	0.000	672.346
Nicholson Trust	0.007%	4.000	1.077	0.000	(0.021)	2.116	(7.000)
Norco, City Of	0.368%	201.545	201.545	0.000	(4.030)	111.246	0.000
Ontario, City Of	20.742%	11,373.816	11,373.816	0.000	(227.476)	7,583.917	92.145
Pomona, City Of	20.454%	11,215.852	11,215.852	0.000	(224.317)	6,183.196	219.678
San Antonio Water Company	2.748%	1,506.888	1,506.888	0.000	(30.137)	830.714	(2,169.484)
San Bernardino County Shrg Pnt	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301.374	194.166	0.000	(3.883)	717.352	(2,026.102)
Upland, City Of	5.202%	2,852.401	1,825.707	0.000	(36.514)	1,572.552	(4,297.370)
West End Consolidated Water Compa	1.728%	947.714	0.000	0.000	0.000	522.370	0.000
West Valley Water District	1.175%	644.317	644.317	0.000	(12.886)	355.200	15.000
	100.00%	54,834.000	41,262.647	0.000	(825.247)	51,457.919	1,593.465

Less Desalter Authority Production

Total Less Desalter Authority Production

p2: Watermaster Party DIYY accounting is on a July 1 - June 30 fiscal year.

2A **2B** **2C** **2D** **2E** **2F** **2G**

New Yield	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	0.000	408.457	0.000	408.457	0.000	408.457	0.000	0.000	0.000
0.000	6,254.740	1,766.644	0.000	1,766.644	0.000	0.000	4,488.096	2,111.422	2,376.674
0.000	12,151.146	689.932	(16.786)	673.146	0.000	0.000	11,478.000	4,033.857	7,444.143
0.000	19,629.081	20,317.710	(982.786)	19,334.924	0.000	0.000	294.156	294.156	0.000
0.000	0.000	29,318.718	0.000	29,318.718	0.000	29,318.718	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	8,257.252	8,348.453	0.000	8,348.452	91.200	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	1,041.445	443.945	0.000	443.945	0.000	0.000	597.500	411.476	186.024
0.000	17,955.161	14,228.882	(727.586)	13,501.296	0.000	0.000	4,453.865	2,061.118	2,392.747
0.000	1,674.774	1,107.368	0.000	1,107.368	0.000	0.000	567.406	567.406	0.000
0.000	1,049.793	0.000	0.000	0.000	0.000	0.000	1,049.793	676.759	373.034
0.000	13,459.501	11,858.760	(2,989.186)	8,869.574	0.000	0.000	4,589.927	4,589.927	0.000
0.000	672.348	1,344.692	0.000	1,344.692	0.000	672.348	0.000	0.000	0.000
0.000	0.171	0.000	0.000	0.000	0.000	0.000	0.171	0.171	0.000
0.000	510.306	0.000	0.000	0.000	0.000	0.000	510.306	201.545	308.761
0.000	30,196.218	14,259.954	(3,655.888)	10,604.066	0.000	0.000	19,592.152	11,373.816	8,218.336
0.000	28,610.261	10,527.824	0.000	10,527.824	0.000	0.000	18,082.436	11,215.852	6,866.584
0.000	1,644.869	716.095	0.000	716.095	0.000	0.000	928.773	928.773	0.000
0.000	0.000	17.605	0.000	17.605	17.605	0.000	0.000	0.000	0.000
0.000	182.906	12.514	0.000	12.514	0.000	0.000	170.392	170.392	0.000
0.000	1,916.776	733.813	0.000	733.813	0.000	0.000	1,182.963	1,182.963	0.000
0.000	1,470.084	0.000	0.000	0.000	0.000	0.000	1,470.084	947.714	522.370
0.000	1,645.948	0.000	0.000	0.000	0.000	0.000	1,645.948	644.317	1,001.631
0.000	148,322.778	116,101.366	(8,372.232)	107,729.132	108.805	30,399.521	71,101.968	41,411.664	29,690.304
		29,318.718		29,318.718		29,318.718			
		86,782.648		78,410.414		1,080.803			
2H	2I	2J	2K	2L	2M	2N	2O	2P	2Q

APPROPRIATIVE POOL SUPPLEMENTAL STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Supplemental Storage Account Summary

	Reference Production + Exchanges (RW Agencies Only)	Recharged/Recycled Account					Ending Balance	Beginning Balance
		Beginning Balance	2% Storage Loss	Current Recharged/ Recycled	Transfer to ECO Account			
Arrowhead Mtn Spring Water Co	-	0.000	0.000	0.000	0.000	0.000	0.000	
Chino Hills, City Of	1,755,644	1,054,336	(21,065)	718,700	0.000	1,751,966	5,377,904	
Chino, City Of	673,148	1,190,945	(23,819)	828,900	0.000	1,994,046	1,180,988	
Cucamonga Valley Water District	19,334,924	2,721,813	(54,438)	1,998,000	0.000	4,335,387	12,007,248	
Desalter Authority	-	0.000	0.000	0.000	0.000	0.000	0.000	
Fontana Union Water Company	-	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	
Fontana, City Of	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	0.000	1,059,655	
Jurupa Community Services District	13,501,296	615,157	(12,391)	463,000	0.000	1,010,166	0.000	
Marygold Mutual Water Company	-	0.000	0.000	0.000	0.000	0.000	1,714,307	
Monte Vista Irrigation Company	-	0.000	0.000	0.000	0.000	0.000	6,341,289	
Monte Vista Water District	6,892,574	508,048	(10,160)	338,300	0.000	806,188	2,791,877	
Niagara Bottling, LLC	-	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	
Norco, City Of	-	0.000	0.000	0.000	0.000	0.000	0.000	
Ontario, City Of	10,604,065	4,311,121	(96,222)	3,283,600	0.000	7,998,699	9,039,211	
Pomona, City Of	-	0.000	0.000	0.000	0.000	0.000	12,252,809	
San Antonio Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	
San Bernardino County Shlg Pk.	-	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	
Upland, City Of	733,812	1,178,915	(23,578)	789,300	0.000	1,944,640	6,516,198	
West End Consolidated Water Company	-	0.000	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	
	55,481,462	12,084,780	(241,692)	8,028,900	0.000	16,871,068	59,780,964	

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pt. FWC's and Niagara's May and June 2011 prescriptive replenishment amounts were placed into their "New" Supplemental Storage accounts. In January 2012, FWC tran

Qualified (Pre 7/1/2009) Account				Non-Qualified (Post 7/1/2009) Account					Combined
2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Ending Balance
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(107.588)	0.000	0.000	5,270,546	0.000	0.000	0.000	0.000	0.000	7,022,296
(23.019)	0.000	0.000	1,157,367	2,183,342	(40,288)	0.000	0.000	2,120,076	5,271,485
(240,144)	0.000	0.000	11,787,154	2,623,230	(52,484)	0.000	0.000	2,570,746	18,873,232
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	0.031	0.000	6,980,000	(6,980,000)	0.031	0.031
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(31,193)	0.000	0.000	1,528,452	84,224	(1,284)	0.000	0.000	82,940	1,591,402
0.000	0.000	0.000	0.000	1,105,343	(22,106)	0.000	0.000	1,083,237	2,093,403
(34,286)	0.000	0.000	1,880,021	107,362	(2,147)	0.000	0.000	105,215	1,785,236
(126,825)	0.000	0.000	9,214,454	362,861	(7,267)	0.000	0.000	355,594	6,570,064
(75,827)	0.000	0.000	3,718,550	2,281,579	(47,631)	0.000	0.000	2,233,948	6,889,684
0.000	0.000	0.000	0.000	0.000	0.000	2,084,000	(672,946)	1,421,054	1,421,054
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	108,213	(2,164)	0.000	0.000	106,049	106,049
(189,784)	0.000	0.000	8,858,427	5,267,658	(107,953)	0.000	0.000	5,159,705	22,148,931
(245,656)	0.000	0.000	12,067,783	1,751,505	(58,800)	0.000	0.000	1,716,475	13,734,228
0.000	0.000	0.000	0.000	808,058	(18,181)	300,000	0.000	1,091,857	1,091,897
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	540,180	(10,803)	0.000	0.000	529,377	529,377
(139,322)	0.000	0.000	6,385,873	0.000	0.000	0.000	0.000	0.000	6,350,515
0.000	0.000	0.000	0.000	508,125	(10,162)	0.000	0.000	497,963	497,963
0.000	0.000	0.000	0.000	345,513	(6,910)	0.000	0.000	338,603	338,603
(1,195,813)	0.000	0.000	58,595,249	18,287,204	(388,338)	9,374,000	(7,652,346)	19,623,525	88,079,957

19,871,006 + 16,633,520 = 36,494,586

Must not exceed 100,000 AF per Peace Agreements I and II.

4H 4I 4J 4K 4L 4M 4N 4O 4P 4Q

Item 5, 560,000 AF and Niagara transferred 572,346 AF to offset their Production Year 2010-2011 overproduction obligations.

**APPROPRIATIVE POOL EXCESS CARRY OVER ACCOUNT SUMMARY
PRODUCTION YEAR 2010-2011**



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Excess Carry Over Account Summary

	Excess Carry Over Account (ECO)					
	Beginning Balance	2% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	6,691,430	(133,828)	0.000	0.000	2,376,674	8,934,276
Chino, City Of	22,852,948	(457,058)	0.000	0.000	7,444,143	29,840,033
Cucamonga Valley Water District	42,859,591	(857,191)	0.000	0.000	0.000	42,002,400
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	(6,980,000)	6,980,000	0.000	0.000
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	884,823	(17,696)	0.000	0.000	186,024	1,053,151
Jurupa Community Services District	4,399,318	(87,986)	0.000	0.000	2,392,747	6,704,079
Marygold Mutual Water Company	670,293	(13,405)	0.000	0.000	0.000	656,888
Monte Vista Irrigation Company	1,623,668	(32,473)	0.000	0.000	373,034	1,964,229
Monte Vista Water District	1,175,098	(23,501)	(500,000)	0.000	0.000	651,597
Niagara Bottling, LLC	0.000	0.000	(672,346)	672,346	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	1,942,038	(38,840)	0.000	0.000	308,761	2,211,959
Ontario, City Of	10,533,973	(210,679)	0.000	0.000	8,218,335	18,541,629
Pomona, City Of	8,310,562	(166,211)	(1,965,170)	0.000	6,866,584	13,045,765
San Antonio Water Company	8,274,552	(165,491)	0.000	0.000	0.000	8,109,061
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	214,004	(4,280)	0.000	0.000	0.000	209,724
Upland, City Of	6,076,681	(121,533)	370,000	0.000	0.000	6,325,148
West End Consolidated Water Comp	1,381,030	(27,620)	0.000	0.000	522,370	1,875,780
West Valley Water District	3,006,671	(60,133)	0.000	0.000	1,001,631	3,948,169
	120,896,680	(2,417,925)	(9,747,516)	7,652,346	29,890,303	146,073,888

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APPROPRIATIVE POOL OTHER STORAGE ACCOUNTS SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Other Storage Accounts Summary

Desalter Replenishment:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
Re-Operation Offset: Pre-Peace II Desalters	139,359,706	0.000	0.000	(29,318,718)	110,040,988
Re-Operation Offset: Peace II Expansion	175,000,000	0.000	0.000	0.000	175,000,000
Non-Ag Dedication	0.000	0.000	0.000	0.000	0.000
	5A	5B	5C	5D	5E

Storage and Recovery:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
MWD DYY / CUP	8,543,093	(170,861)	0.000	(8,372,232)	0.000
	5F	5G	5H	5I	5J

Chino Basin Watermaster:

	June 30, 2007 Storage Balance	June 30, 2008 Storage Loss	June 30, 2009 Storage Loss	June 30, 2010 Storage Loss	Ending Balance
Holding Account	0.000	0.000	0.000	0.000	0.000
	5K	5L	5M	5N	5O

p5: 1) "Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000,000 AF. It will need adjustment following the current modeling work and will be adjusted in the next Assessment Package.
 2) "Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000,000 AF. 3) There is no loss assessed on the native Basin water allocated to offset Desalter production as a result of Basin Reoperation as approved in the Peace II Agreement.

APPROPRIATIVE POOL WATER TRANSACTION SUMMARY PRODUCTION YEAR 2010-2011



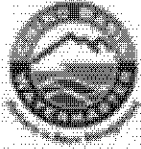
Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Water Transaction Summary

Water Transactions				
	Assigned Rights	General Transfer	Transfers To / (From) ECO Account	Total Water Transactions
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	(4,055.720)	0.000	0.000	(4,055.720)
Cucamonga Valley Water District	9,915.620	0.000	0.000	9,915.620
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(9,915.620)	0.000	0.000	(9,915.620)
Fontana Water Company	507.000	0.000	6,980.000	7,487.000
Fontana, City Of	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000
Jurupa Community Services District	1,100.000	0.000	0.000	1,100.000
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000
Monte Vista Water District	3,834.294	212.678	500.000	4,546.972
Niagara Bottling, LLC	0.000	0.000	672.346	672.346
Nicholson Trust	(7.000)	0.000	0.000	(7.000)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	12.145	80.000	0.000	92.145
Pomona, City Of	(1,965.170)	219.678	1,965.170	219.678
San Antonio Water Company	(2,169.484)	0.000	0.000	(2,169.484)
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(2,057.102)	31.000	0.000	(2,026.102)
Upland, City Of	(4,068.048)	160.678	(370.000)	(4,297.370)
West End Consolidated Water Company	0.000	0.000	0.000	0.000
West Valley Water District	0.000	15.000	0.000	15.000
	(8,889.085)	735.034	9,747.516	1,593.465
	6A	6B	6C	6D

p6: Column 6A does not equal zero because 8,889.085 AF were transferred from Parties to Watermaster toward the CURO.

APPROPRIATIVE POOL WATER TRANSACTION DETAIL PRODUCTION YEAR 2010-2011



Chino Basin Watermaster Assessment Breakdown 2011-2012 Water Transaction Detail

Assessment Year 2011-2012 (Production Year 2010-2011)

To:	From:	Date of Submital	Quantity	\$/ Acre Feet	Total \$	If 85/15 Rule Applies:			
						85%	15%	WMC Pays	
Chino Basin Watermaster	Chino, City Of Annual Account	3/1/2011	4,055,728	\$27.00	\$2,137,364.44				
	<i>To partially fulfill Watermaster's replenishment obligation / CURD</i>								
	Ontario, City Of Annual Account	3/1/2011	47,855	\$27.00	\$29,219.85				
	<i>To partially fulfill Watermaster's replenishment obligation/CURD</i>								
	Pomona, City Of Storage Account	3/1/2011	1,589,170	\$27.00	\$640,654.50				
	<i>To partially fulfill Watermaster's replenishment obligation / CURD</i>								
	Santa Ana River Water Company Annual Account	3/1/2011	857,192	\$27.00	\$504,382.75				
<i>To partially fulfill Watermaster's replenishment obligation / CURD</i>									
	Upland, City Of Annual Account	3/1/2011	2,233,238	\$27.00	\$1,176,916.43				
<i>To partially fulfill Watermaster's replenishment obligation / CURD</i>									
Fontana Water Company	Fontana Water Company Annual Account	6/30/2011	8,660,000	423.58	\$2,606,646.33	\$2,313,146.38	\$443,456.95	Fontana Water Company	
	<i>Amount of preemptive replenishment purchased by FWC and used in this Assessment Package to offset overproduction.</i>								
	Monte Vista Water District Storage Account	2/10/2011	600,000	\$27.00	\$283,500.00	\$223,975.00	\$39,525.00	Monte Vista Water District	
	Nicholson Trust Annual Account	6/21/2011	7,000	\$41.00	\$3,787.00	\$3,218.05	\$568.95	Fontana Water Company	
Juanga Community Services District	Santa Ana River Water Company Annual Account	4/26/2011	1,100,000	428.30	\$450,230.00				
Monte Vista Water District	San Antonio Water Company Annual Account	1/26/2011	274,294	183.00	\$99,186.82				
	<i>85/15 Rule does not apply- method of utilizing SAWCO stores.</i>								
	San Antonio Water Company Annual Account	1/26/2011	60,000	466.00	\$27,960.00				
	Upland, City Of Annual Account	7/15/2010	4,000,000	368.00	\$1,565,600.00				
Ontario, City Of	San Antonio Water Company Annual Account	1/26/2011	60,000	466.00	\$27,960.00				

**APPROPRIATIVE POOL WATER TRANSACTION DETAIL CONT.
PRODUCTION YEAR 2010-2011**



**Chino Basin Watermaster Assessment Breakdown
2011-2012 Water Transaction Detail**

Assessment Year 2011-2012 (Production Year 2010-2011)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:		
						85%	15%	WM Pays
Upland, City Of	Pomona, City Of Storage Account	1/18/2011	370,000	0.00	\$0.00			
	<i>Exchange between Six Basins and Chino Basin water, from Pomona's ECO Account to Upland's ECO Account.</i>							
	San Antonio Water Company Annual Account	1/26/2011	880,000	468.00	\$410,080.00			
	San Antonio Water Company Annual Account	2/1/2011	895,190	183.00	\$163,819.77			
	<i>85/15 Rules does not apply—method of utilizing SAIWCO shares.</i>							
			24,015,569		\$10,598,726.70	\$2,740,343.33	\$483,590.00	
					Total Credits		\$483,590.00	

**APPROPRIATIVE POOL RECURRING WATER TRANSACTION DETAIL
PRODUCTION YEAR 2010-2011**



**Chino Basin Watermaster Assessment Breakdown
2011-2012 Water Transaction Detail**

Assessment Year 2011-2012 (Production Year 2010-2011)

Applied Recurring Transactions:

From:	To:	Quantity	\$/ Acre Feet	
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.
Fontana Union Water Company Annual Account - New Yields	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	Transfer FUWC New Yield to CVWD.
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	Transfer FUWC Share of Safe Yield to CVWD.

APPROPRIATIVE POOL ANALYSIS OF THE APPLICATION OF THE 85/15 RULE TO WATER TRANSFERS PRODUCTION YEAR 2010-2011



Chino Basin Watermaster Assessment Breakdown 2011-2012 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2011-2012 (Production Year 2010-2011)

To	(Over)/Under Production Excluding Water Transfer(s)	From	Date of Submittal	Transfer Quantity	Is Buyer an 85/15 Party?	Is Transfer Being Placed into Annual Account?	Is Purpose of Transfer Utilization of SAWCO Shares?	Amount of Transfer Eligible for 85/15 Rule	
Chino Basin Watermaster	0.000	Chino, City Of	3/1/2011	4,055.720	No	No	No	0.000	
		<i>To partially fulfill Watermaster's replenishment obligation / CURO.</i>							
		Ontario, City Of	3/1/2011	47.855	No	No	No	0.000	
		<i>To partially fulfill Watermaster's replenishment obligation/CURO.</i>							
		Pomona, City Of	3/1/2011	1,595.170	No	No	No	0.000	
		<i>To partially fulfill Watermaster's replenishment obligation / CURO.</i>							
Fontana Water Company	(7,578,200)	Santa Ana River Water Company	3/1/2011	957.102	No	No	No	0.000	
		<i>To partially fulfill Watermaster's replenishment obligation / CURO.</i>							
		Upland, City Of	3/1/2011	2,233.238	No	No	No	0.000	
		<i>To partially fulfill Watermaster's replenishment obligation / CURO.</i>							
Fontana Water Company	(7,578,200)	Fontana Water Company	5/20/2011	6,980.000	Yes	Yes	No	6,980.000	
		<i>Amount of preemptive replenishment purchased by FWC and used in this Assessment Package to offset overproduction.</i>							
		Monte Vista Water District	2/10/2011	500.000	Yes	Yes	No	500.000	
		Nicholson Trust	6/21/2011	7.000	Yes	Yes	No	7.000	
Jurupa Community Services District	3,353.865	Santa Ana River Water Company	4/26/2011	1,100.000	Yes	Yes	No	0.000	
Monte Vista Water District	255.633	San Antonio Water Company	1/28/2011	274.294	Yes	Yes	Yes	0.000	
		<i>85/15 Rules does not apply—method of utilizing SAWCO shares.</i>							
		San Antonio Water Company	1/26/2011	60.000	Yes	Yes	No	0.000	
		Upland, City Of	7/15/2010	4,000.000	Yes	Yes	No	0.000	
Ontario, City Of	19,580.008	San Antonio Water Company	1/26/2011	60.000	Yes	Yes	No	0.000	
Upland, City Of	5,641.011	Pomona, City Of	1/18/2011	370.000	Yes	Yes	No	0.000	
		<i>Exchange between Six Basins and Chino Basin water, from Pomona's ECO Account to Upland's ECO Account.</i>							
		San Antonio Water Company	1/26/2011	880.000	Yes	Yes	No	0.000	
		San Antonio Water Company	2/1/2011	895.190	Yes	Yes	Yes	0.000	
<i>85/15 Rules does not apply—method of utilizing SAWCO shares.</i>									

pl: The column titled "(Over)/Under Production Excluding Water Transfer(s)" excludes water transfers between Appropriators and to Watermaster, but includes the "10% Non-Ag Haircut" water to the seven Appropriators.

WATERMASTER REPLENISHMENT CALCULATION PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

Watermaster Replenishment Cost	\$560.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$12.00
Pre-purchased Credit	\$0.00
Total Replenishment Cost per acre foot	\$574.00

Replenishment Obligation:	AF @ \$574.00	15%	85%	Total
Appropriative - 100	1,080.803			\$620,380.92
Appropriative - 15/85	108.805	\$9,368.11	\$53,085.96	\$62,454.07
Non-Agricultural - 100	49.183			\$28,231.04
	1,238.791			\$711,066.03

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessments	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	408.457			-	-
Chino Hills, City Of	1,766.644	1,766.644	2.717%	\$254.53	\$13,139.10
Chino, City Of	673.146	673.146	1.035%	\$96.98	\$5,006.40
Cucamonga Valley Water District	19,334.924	19,334.924	29.736%	\$2,785.72	\$143,800.02
Desalter Authority	29,318.718			-	-
Fontana Union Water Company	0.000	0.000	0.000%	\$0.00	\$0.00
Fontana Water Company	8,348.452	8,348.452	12.839%	\$1,202.82	\$62,090.12
Fontana, City Of	0.000			-	-
Golden State Water Company	443.945	443.945	0.683%	\$63.96	\$3,301.76
Jurupa Community Services District	13,501.296	13,501.296	20.764%	\$1,945.23	\$100,413.46
Marygold Mutual Water Company	1,107.368			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	\$0.00	\$0.00
Monte Vista Water District	8,869.574	8,869.574	13.641%	\$1,277.90	\$65,965.86
Niagara Bottling, LLC	1,344.692			-	-
Nicholson Trust	0.000	0.000	0.000%	\$0.00	\$0.00
Norco, City Of	0.000	0.000	0.000%	\$0.00	\$0.00
Ontario, City Of	10,604.065	10,604.065	16.308%	\$1,527.80	\$78,865.84
Pomona, City Of	10,527.824			-	-
San Antonio Water Company	716.095	716.095	1.101%	\$103.17	\$5,325.83
San Bernardino County Shtg Prk	17.605	17.605	0.027%	\$2.54	\$130.93
Santa Ana River Water Company	12.514	12.514	0.019%	\$1.80	\$93.07
Upland, City Of	733.813	733.813	1.129%	\$105.73	\$5,457.60
West End Consolidated Water Co	0.000	0.000	0.000%	\$0.00	\$0.00
West Valley Water District	0.000	0.000	0.000%	\$0.00	\$0.00
** Fee assessment total is 15% of Appropriate 15/85 replenishment	107,729.132	65,022.073	**	\$9,368.19	\$483,590.00

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ps: The "Watermaster Replenishment Cost" listed is MWD's 2012 Tier 1 Full Service Untreated Rate.

WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO) PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	0.000	2011 Rate \$574.00
Appropriative - 15/85	0.000	2010 Rate \$541.00
Non-Agricultural - 100	0.000	
	0.000	

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	AF Production and Exchanges					Total	
					\$/15 Producers	Percent	15%	85%	100%		
Arrowhead Min Spring Water Co	0.000	\$2,831.34	(\$2,831.34)	408.457						(\$2,831.34)	(\$2,831.34)
Chino Hills, City Of	0.000	\$0.00	\$0.00	1,766.844	1,766.844	2.717%	\$67.43	\$0.00			\$67.43
Chino, City Of	0.000	\$0.00	\$0.00	673.146	673.146	1.039%	\$25.69	\$0.00			\$25.69
Cusumonga Valley Water District	0.000	\$0.00	\$0.00	19,334.924	19,334.924	29.739%	\$737.94	\$0.00			\$737.94
Devater Authority	0.000	\$0.00	\$0.00	29,318.719							\$0.00
Fontana Union Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Fontana Water Company	0.000	(\$4,890.01)	\$4,890.01	8,348.452	8,348.452	12.832%	\$318.63	\$4,156.51			\$4,475.14
Fontana, City Of	0.000	\$0.00	\$0.00	0.000						\$0.00	\$0.00
Golden State Water Company	0.000	\$0.00	\$0.00	443.945	443.945	0.683%	\$16.54	\$0.00			\$16.54
Jurupa Community Services District	0.000	(\$11,705.37)	\$11,705.37	73,501.296	73,501.296	20.764%	\$515.29	\$8,948.56			\$10,464.85
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	1,107.368						\$0.00	\$0.00
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Monte Vista Water District	0.000	\$0.00	\$0.00	8,869.574	8,869.574	13.641%	\$338.52	\$0.00			\$338.52
Niagara Betting, LLC	0.000	\$9,934.41	(\$9,934.41)	1,344.699						(\$9,934.41)	(\$9,934.41)
Nicholsin Trust	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Novato, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Ontario, City Of	0.000	\$0.00	\$0.00	10,604.065	10,604.065	16.308%	\$404.72	\$0.00			\$404.72
Pomona, City Of	0.000	\$0.00	\$0.00	10,527.824						\$0.00	\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	718.099	718.099	1.101%	\$27.33	\$0.00			\$27.33
San Bernardino County Shig Pk	0.000	\$51.07	(\$51.07)	17.605	17.605	0.277%	\$6.67	(\$43.41)			(\$43.74)
Santa Ana River Water Company	0.000	\$0.00	\$0.00	12.314	12.314	0.019%	\$4.48	\$0.00			\$4.48
Upland, City Of	0.000	\$0.00	\$0.00	733.813	733.813	1.129%	\$28.01	\$0.00			\$28.01
West End Consolidated Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
West Valley Water District	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Pool 3 Appropriative Total	0.000	(\$3,978.54)	\$3,978.54	167,729.132	65,022.073	**	\$2,481.64	\$14,062.66	(\$12,581.75)		\$3,978.55

p10: The AF Outstanding Obligations were satisfied during the previous FY by Watermaster purchasing water from Appropriators, but the \$ Outstanding Obligations are reconciled on these two pages.

**WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO) CONT.
PRODUCTION YEAR 2010-2011**



Assessment Year 2011-2012 (Production Year 2010-2011)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

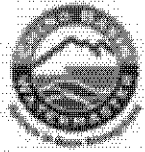
Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	0.000	2011 Rate \$574.00
Appropriative - 15/85	0.000	2010 Rate \$541.00
Non-Agricultural - 100	0.000	
	0.000	

Pool 2 Non-Agricultural

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
Ameron Inc.	0.000	\$0.00	\$0.00
Argonica Textile Service	0.000	\$384.37	(\$384.37)
Aqua Capital Management	0.000	\$0.00	\$0.00
Auto Club Speedway	0.000	\$0.00	\$0.00
California Steel Industries Inc.	0.000	\$0.00	\$0.00
Cog Ontario, Ltd.	0.000	\$0.00	\$0.00
General Electric Company	0.000	\$91.88	(\$91.88)
GenOn West, LP	0.000	\$0.00	\$0.00
Kaiser Ventures Inc.	0.000	\$0.00	\$0.00
KOD, LLC / The Kohl Company	0.000	\$0.00	\$0.00
Loving Savior Of The Hills	0.000	\$0.00	\$0.00
Ontario City Non-Ag.	0.000	\$0.00	\$0.00
Proxar Inc.	0.000	\$0.00	\$0.00
San Antonio Winery	0.000	\$275.24	(\$275.24)
San Bernardino City (China Airport)	0.000	\$0.00	\$0.00
Southern California Edison Company	0.000	\$0.00	\$0.00
Space Center Missy Lorey Inc.	0.000	\$0.00	\$0.00
Sunkist Growers Inc.	0.000	\$0.00	\$0.00
Swan Lake Mobile Home Park	0.000	\$0.00	\$0.00
Vulcan Materials Company	0.000	\$0.00	\$0.00
West Venture Development	0.000	\$0.00	\$0.00
Pool 2 Non-Agricultural Total	0.000	\$761.29	(\$761.29)

p10: The AF Outstanding Obligations were satisfied during the previous FY by Watermaster purchasing water from Appropriators, but the \$ Outstanding Obligations are reconciled on these two pages.

APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY PRODUCTION YEAR 2010-2011



Chino Basin Watermaster Assessment Breakdown 2011-2012 Land Use Conversion Summary

Assessment Year 2011-2012 (Production Year 2010-2011)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Sale Yield	82,800,000
Agricultural Total Pool Production	(31,342,082)
Early Transfer	(32,800,000)
Total Conversions	(23,033,044)
Under(Over) Production:	(4,375,126)

	Prior Converted	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agmt. 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	870.266	871.346	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.759	1,891.175	2,087.410	2,209.101	4,418.202	6,505.612
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
Juniper Community Services District	0.000	2,758.920	3,583.996	3,583.996	4,521.650	9,043.300	12,627.296
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	295.397	530.794	1,425.351
	465.635	5,897.410	7,668.633	8,072.368	7,480.388	14,960.776	23,033.044

APPROPRIATIVE POOL AGRICULTURAL POOL REALLOCATION SUMMARY PRODUCTION YEAR 2010-2011

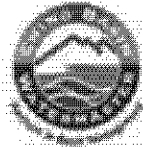


Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 3 Agricultural Pool Reallocation Summary

	Reallocation of Agricultural Pool Safe Yield					
	% Share of Operating Safe Yield	32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	Net Ag Pool Reallocation
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	2,250.474	(176.349)	2,074.125
Chino, City Of	7.357%	2,413.096	6,505.612	8,918.708	(698.878)	8,219.830
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(216.550)	2,546.942
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	(299.612)	3,523.884
Fontana Water Company	0.002%	0.656	834.000	834.656	(65.404)	769.252
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	246.000	0.000	246.000	(19.277)	226.723
Jurupa Community Services District	3.759%	1,232.952	12,627.296	13,860.248	(1,086.101)	12,774.147
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(30.714)	361.246
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(31.717)	373.035
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(230.419)	2,710.072
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	(0.180)	2.116
Norco, City Of	0.368%	120.704	0.000	120.704	(9.458)	111.246
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(644.810)	7,583.917
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(525.716)	6,183.196
San Antonio Water Company	2.748%	901.344	0.000	901.344	(70.630)	830.714
San Bernardino County Shg 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	(60.992)	717.352
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(133.704)	1,572.552
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(44.414)	522.370
West Valley Water District	1.175%	385.400	0.000	385.400	(30.200)	355.200
	100.000%	32,800.000	23,033.044	55,833.044	(4,375.125)	51,457.919
	12A	12B	12C	12D	12E	12F

NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011) Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Registration Assessments				Total Assessments Due
	AF Production	\$8.60 AF Admin	\$46.54 AF O&M	AF Exceeding Safe Yield	\$374.00 Per AF	EURO Adjustment	Other Adjustments	
Amenon Inc	27,753	238.58	1,125.11	0.000	0.00	0.00	0.00	1,363.78
Angelica Textile Service	54,417	468.18	2,207.04	37.531	21,542.79	(284.37)	0.00	23,803.55
Aqua Capital Management	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Auto Club Speedway	448,854	3,860.14	18,198.54	0.000	0.00	0.00	0.00	22,058.68
California Steel Industries Inc	1,084,920	9,330.31	43,982.56	0.000	0.00	0.00	0.00	53,312.87
COG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
General Electric Company	0.207	1.78	8.29	0.207	118.82	(91.58)	0.00	37.31
GenCo West, LP	326,075	2,801.44	13,305.16	0.000	0.00	0.00	0.00	16,106.60
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
KCO, LLC / The Kist Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Living Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Ontario City Non-Ag	1,368,717	11,770.97	58,487.79	0.000	0.00	0.00	0.00	67,258.75
Procell Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
San Antonio Winery	11,443	98.43	453.58	11,443	6,568.43	(275.24)	0.00	6,986.60
San Bernardino City (Chino Airport)	158,588	1,363.86	6,429.16	0.000	0.00	0.00	0.00	7,793.01
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Space Center Mira Loma Inc	93,709	805.87	3,798.84	0.000	0.00	0.00	0.00	4,604.71
Sunkist Growers Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Swan Lake Mobile Home Park	337,793	2,905.58	13,664.13	0.000	0.00	0.00	0.00	16,569.71
Vulcan Materials Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
	1,914,499	13,864.68	158,893.79	49.183	28,331.04	(791.26)	0.00	219,629.22
	13A	13B	13C	13D	13E	13F	13G	13H

p13: 1) The Quiering (Non-Agricultural) Pool's approval of the assessment package was made without prejudice to its legal claims pursuant to its Paragraph 37 Motion. 2) A dispute has arisen between Aqua Capital Management and California Steel Industries concerning allocation of the right attributed to Aqua Capital Management in this Assessment Package.

NON-AGRICULTURAL POOL WATER PRODUCTION SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 2 Water Production Summary

	Carryover Beginning Balance	Prior Year Adjustments	2% Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Rights	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
									Total Under-Produced	Carryover Next Year Begin Bal	To Local Storage Account
Ameron Inc	97,858	0.000	(1,957)	97,858	(9,790)	183,973	27,753	0.000	156,229	97,858	58,367
Angelica Tipton Service	0.000	0.000	0.000	18,789	(1,879)	18,910	54,441	37,531	0.000	0.000	0.000
Aqua Capital Management	948,118	0.000	(18,962)	948,118	(94,817)	1,782,463	0.000	0.000	1,782,463	948,118	834,345
Auto Club Speedway	1,000,000	0.000	(20,000)	1,000,000	(100,000)	1,880,000	448,854	0.000	1,431,146	1,000,000	431,146
California Steel Industries Inc	1,081,007	0.000	(21,828)	1,000,000	(130,000)	2,238,187	1,084,920	0.000	1,154,268	1,154,268	0.000
CDG Ontario, Ltd	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	0.207	0.207	0.000	0.000	0.000
GenOn West, LP	954,540	0.000	(18,090)	954,540	(90,454)	1,754,538	328,075	0.000	1,456,461	954,540	511,921
Kaiser Ventures Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KCO, LLC / The Roof Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ontario City Non-Ag	2,327,807	0.000	(48,556)	2,327,807	(233,783)	4,316,277	1,388,717	0.000	3,607,560	2,327,807	879,753
Procar Inc	0.000	0.000	(0,018)	0.000	(0,100)	1,791	0.000	0.000	1,791	0.000	0.781
San Antonio Winery	0.000	0.000	0.000	0.000	0.000	0.000	11,445	11,445	0.000	0.000	0.000
San Bernardino City (China Airport)	49,811	0.000	(0,998)	133,870	(13,587)	189,298	168,588	0.000	19,710	19,710	0.000
Southern California Edison Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Space Center Mira Loma Inc	0.000	0.000	0.000	104,121	(10,412)	93,710	83,758	0.000	0.000	0.000	0.000
Sunkist Growers Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	484,240	0.000	(8,284)	484,240	(48,424)	873,773	337,793	0.000	334,979	484,240	70,739
Vulcan Materials Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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
	6,934,283	0.000	(138,883)	7,350,343	(738,034)	13,410,907	3,914,499	49,193	9,546,985	6,934,342	2,587,647
	14A	14B	14C	14D	14E	14F	14G	14H	14I	14J	14K

1) Ontario City Non-Ag permanently transferred all (27,800 AF) of SCE's safe yield.
 2) The Overlying (Non-Agricultural) Pools approval of the assessment package was made without prejudice to its legal claims pursuant to its Paragraph 31 Motion.
 3) A dispute has arisen between Aqua Capital Management and California Steel Industries concerning allocation of the right attributed to Aqua Capital Management in this Assessment Package.

NON-AGRICULTURAL POOL STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2010-2011



Assessment Year 2011-2012 (Production Year 2010-2011)

Pool 2 Storage Account Summary

	Local Storage Account			
	Carryover Beginning Balance	2% Storage Loss	Transfers To / (From)	Ending Balance
Ameron Inc	2,093,910	(41,878)	58,362	2,110,394
Angelica Textile Service	0.000	0.000	0.000	0.000
Aqua Capital Management	10,709,741	(214,194)	813,554	11,309,101
Auto Club Speedway	2,348,627	(48,932)	431,148	2,730,841
California Steel Industries Inc	2,975,838	(59,516)	0.000	2,916,322
CCG Ontario, Llc	0.000	0.000	0.000	0.000
General Electric Company	0.000	0.000	0.000	0.000
GenOn West, LP	6,863,115	(137,262)	511,921	7,237,774
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
KCO, LLC / The Koll Company	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000
Ontario City Non-Ag	14,680,932	(293,618)	679,753	15,067,067
Praxair Inc	4,463,259	(89,265)	0.781	4,374,775
San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	173,194	(3,463)	0.000	169,731
Southern California Edison Company	200,067	(4,001)	0.000	196,066
Space Center Mira Loma Inc.	0.000	0.000	0.000	0.000
Sunkist Growers Inc	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	3,219,363	(64,387)	70,739	3,225,715
Vulcan Materials Company	5,608	(0,112)	0.000	5,496
West Venture Development	0.000	0.000	0.000	0.000
	47,731,654	(954,628)	2,566,256	49,343,282
	15A	15B	15C	15D

p15: 1) Aqua Capital transferred 21,215 AF of water to Watermaster during the previous FY toward replenishment obligations. Although the transfer was displayed on Page 7A, the water was not withdrawn from their account. To correct that, 21,215*0.98=20,791 AF has been withdrawn from their storage account this year.

2) Ontario City Non-Ag purchased 72,347 AF of SCE's stored water.

3) The Overlying (Non-Agricultural) Pool's approval of the assessment package was made without prejudice to its legal claims pursuant to its Paragraph 31 Motion.

4) A dispute has arisen between Aqua Capital Management and California Steel Industries concerning allocation of the right attributed to Aqua Capital Management in this Assessment Package.

HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

Assessment Year	Agricultural Pool ¹ (\$/AF)	Non-Ag Pool (\$/AF)	Appropriative Pool ² (\$/AF)	Gross Replenishment 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
08-09	29.93	50.24	50.24	309.00
09-10	32.50	51.21	51.21	380.00
10-11	30.90	49.41	49.41	541.00
11-12	29.93	49.14	49.14	574.00

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 2010-2011

	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 09-10 Amended Budget	FY 10-11 Approved Budget	Current vs. Proposed
Ordinary Income						
4000 Mutual Agency Revenue	\$51,217	\$111,000	\$148,410	\$148,410	\$148,410	\$0
4110 Appropriative Pool Assessments	7,993,307	7,115,654	7,185,411	7,185,411	6,153,067	-1,032,344
4120 Non-Agricultural Pool Assessments	172,817	225,016	155,427	155,427	205,003	49,576
4730 Prorated Interest Income	123,949	20,844	191,540	191,540	175,010	-16,530
4900 Miscellaneous Income	1,028	0	0	0	0	0
Total Income	8,342,318	7,472,514	7,680,788	7,680,788	6,681,490	-999,298
Administrative Expenses						
6010 Salary Costs	493,409	244,694	487,838	487,838	464,944	-22,894
6020 Office Building Expense	94,093	47,238	102,500	102,500	103,196	696
6030 Office Supplies & Equip.	44,822	19,903	46,500	46,500	40,500	-6,000
6040 Postage & Printing Costs	70,332	33,639	84,300	84,300	78,300	-6,000
6050 Information Services	142,730	67,913	148,500	148,500	147,200	-1,300
6060 WM Special Contract Services	69,660	68,136	98,000	98,000	75,000	-23,000
6080 Insurance Expense	15,713	15,934	16,730	16,730	17,575	845
6110 Dues and Subscriptions	10,053	17,205	17,000	17,000	16,000	-1,000
6150 Field Supplies & Equipment	1,091	271	2,800	2,800	1,800	-1,000
6170 Travel & Transportation	36,287	14,905	37,800	37,800	33,160	-4,640
6190 Conferences & Seminars	24,133	11,593	26,500	26,500	23,000	-3,500
6200 Advisory Committee Expenses	17,033	9,314	18,078	18,078	22,470	4,392
6300 Watermaster Board Expenses	41,232	18,882	43,823	43,823	50,603	6,780
6500 Education Fund Expenditures	375	0	375	375	375	0
8300 Appropriative Pool Administration	20,294	13,864	23,069	23,069	26,710	3,641
8400 Agricultural Pool Administration	167,194	70,569	200,114	200,114	223,147	23,033
8500 Non-Agricultural Pool Administration	5,117	2,891	6,677	6,677	11,666	4,989
9400 Depreciation Expense	0	0	0	0	0	0
9500 Allocated G&A Expenditures	-472,182	-234,302	-488,230	-488,230	-488,129	101
Total Administrative Expenses	781,386	422,649	872,374	872,374	847,517	-24,857
General OBMP Expenditures						
6900 Optimum Basin Mgmt Program	1,765,585	655,248	1,399,371	1,568,880	1,197,734	-201,637
6950 Cooperative Efforts	10,000	0	10,000	10,000	10,000	0
9501 Allocated G&A Expenditures	164,541	74,567	148,448	148,448	142,656	-5,792
Total General OBMP Expenses	1,940,126	729,815	1,557,819	1,727,328	1,350,390	-207,429
7000 OBMP Implementation Projects						
7101 Production Monitoring	108,441	49,881	107,047	107,047	104,219	-2,828
7102 In-Line Meter Installation/Maintenance	55,732	20,440	56,179	56,179	66,679	10,500
7103 Groundwater Quality Monitoring	183,368	111,425	214,362	214,362	202,996	-11,366
7104 Groundwater Level Monitoring	378,889	175,844	366,956	366,956	336,282	-30,674
7105 Recharge Basin Water Quality Monitoring	4,812	2,659	43,912	43,912	4,280	-39,632
7106 Water Level Sensors Install	0	0	0	0	0	0
7107 Ground Level Monitoring-MZ1	396,028	85,367	550,059	381,406	815,620	265,561
7108 Hydraulic Control Monitoring Program	600,571	188,615	567,022	533,543	493,700	-73,322
7109 Recharge & Well Monitoring Program	0	2,413	9,152	9,152	8,440	-712
7200 OBMP Pgm Element 2 - Comp Recharge	1,263,711	923,590	1,478,560	1,492,772	1,017,022	-461,538
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	80,713	31,911	96,003	85,694	72,111	-23,892
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	241,019	63,880	91,985	120,705	91,955	-30
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	70,454	76,635	163,727	163,727	154,180	-9,547
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	28,359	28,317	29,550	29,550	68,250	38,700
7700 Inactive Well Protection Program	0	0	5,066	5,066	1,412	-3,654
7690 Recharge Improvement Debt Payment	1,261,894	567,042	1,131,233	1,131,233	700,964	-430,269
9502 Allocated G&A Expenditures	309,220	159,735	339,782	339,782	345,473	5,691
Total OBMP Implementation Projects	4,983,211	2,487,754	5,250,595	5,081,086	4,483,583	-767,012
Total Expenses	7,704,723	3,640,218	7,680,788	7,680,788	6,681,490	-999,298
Net Ordinary Income	637,595	3,832,296	0	0	0	0
Other Income						
4225 Interest Income	54,889	13,504	0	0	0	0
4210 Approp Pool-Replenishment	6,427,596	4,887,365	0	0	0	0
4220 Non-Ag Pool-Replenishment	10,047	9,478	0	0	0	0
4230 Groundwater Recharge Activity	0	0	0	0	0	0
4600 Groundwater Sales	0	2,176,962	0	0	0	0
Total Other Income	6,492,532	7,087,309	0	0	0	0
Other Expense						
5010 Groundwater Recharge	2,326,075	1,019,746	0	0	0	0
Total Other Expense	2,326,075	1,019,746	0	0	0	0
Net Other Income	4,166,457	6,067,563	0	0	0	0
9900 From / (To) Reserves	-4,804,052	-10,139,076	0	0	0	0
Net Income	\$0	-\$239,217	\$0	\$0	\$0	\$0



Chino Basin Watermaster

Annual Financial Report

For the Fiscal Years Ended June 30, 2011 and 2010

Our Mission Statement

“The Chino Basin Watermaster is a consensus-based organization facilitating development and utilization of the Chino groundwater basin”

<u>Name</u>	<u>Title</u>	<u>Current Term Ending or Ongoing</u>
Kenneth Willis	Chairman	December 2011
Bob G. Kuhn	Vice-Chair	Ongoing
Tom Haughey	Secretary/Treasurer	December 2011
Robert Bowcock	Member	Ongoing
Geoffrey Vanden Heuvel	Member	Ongoing
Paul Hofer	Member	Ongoing
Charles D. Field	Member	Ongoing
Paula Lantz	Member	Ongoing
Steve Elie	Member	Ongoing

**Chino Basin Watermaster
Ken Jeske, Interim CEO
9641 San Bernardino Road
Rancho Cucamonga, California 91730
(909) 484-3888 – www.cbwm.org**

Chino Basin Watermaster
Annual Financial Report
For the Fiscal Years Ended June 30, 2011 and 2010

**Chino Basin Watermaster
Annual Financial Report
For the Fiscal Years Ended June 30, 2011 and 2010**

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Introductory Section



January 26, 2012

Board of Directors
Chino Basin Watermaster

Introduction

It is our pleasure to submit the Annual Financial Report for the Chino Basin Watermaster (Watermaster) for the fiscal years ended June 30, 2011 and 2010, following guidelines set forth by the Governmental Accounting Standards Board. Watermaster staff prepared this financial report. The Watermaster is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the Watermaster's financial position and activities.

This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Supplemental. The Introductory section offers general information about the Watermaster's organization and current Watermaster activities and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the Watermaster's basic financial statements, and the Watermaster's audited basic financial statements with accompanying Notes. The Supplemental section includes combining revenue and expense schedules.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Watermaster's MD&A can be found immediately after the Independent Auditor's Report.

Watermaster Structure and Leadership

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, special districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Chief Executive Officer administers the day-to-day operations of the Watermaster in accordance with policies and procedures established by the Board of Directors. The Watermaster employs nine regular and one part-time employee. The Watermaster's three Pools, the Advisory Committee and the Board of Directors meet each month.

Watermaster Mission and Services

Chino Basin Watermaster's mission is "To manage the Chino Groundwater Basin in the most beneficial manner and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment", Case No. RCV 51010 (formerly Case No. SCV 164327). 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. The Watermaster is progressively and actively implementing the Basin's Optimum Basin Management Program which includes extensive monitoring, further developing recharge capabilities, storage and recovery projects, managing salt loads, developing new yield such as reclaimed and storm water recharge and continuing to work with other agencies and entities to enhance this significant natural resource.

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).

Economic Condition and Outlook

The Watermaster's office is located in the City of Rancho Cucamonga in San Bernardino County which has experienced significant economic growth and also recession within the region. The economic outlook for the Southern California region is one of cautious growth due to the prolonged real estate correction, the financial crisis that may impact customers, suppliers, and the ongoing California State budget challenges which are projected to continue in the future.

Internal Control Structure

Watermaster management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the Watermaster are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Watermaster's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The Watermaster's Board of Directors annually adopts an operating budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Watermaster's enterprise operations. The budget and reporting treatment applied to the Watermaster is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, Watermaster's ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. Watermaster funds are invested in the State Treasurer's Local Agency Investment Fund and an institutional checking account.

Water Rates and Watermaster Revenues

The Judgment prescribes Watermaster's authority 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.

Audit and Financial Reporting

State Law requires the Watermaster to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Charles Z. Fedak & Company, CPAs has conducted the audit of the Watermaster's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.


Acknowledgements

Preparation of this report was accomplished by the combined efforts of Watermaster staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the Watermaster. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the Chino Basin Watermaster's fiscal policies.

Respectfully submitted,



Ken Jeske
Interim CEO


Joseph S. Joswiak
Chief Financial Officer

Financial Section



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
Christopher J. Brown, CPA

Charles Z. Fedak & Company

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Independent Auditor's Report

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

We have audited the accompanying financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2011, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Watermaster's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative financial information as of June 30, 2010 was audited by other auditors whose report dated October 11, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. 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 respective financial position of the Chino Basin Watermaster as of June 30, 2011, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits. That report can be found on page 26.

Accounting principals generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Independent Auditor's Report, continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watermaster's basic financial statements as a whole. The introductory section and the supplemental information on pages 24 through 25 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Charles Z. Fedak and Company CPAs - An Accountancy Corporation

Charles Z. Fedak and Company, CPAs - An Accountancy Corporation
Cypress, California
January 26, 2012

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Chino Basin Watermaster (Watermaster) provides an introduction to the financial statements of the Watermaster for the fiscal years ended June 30, 2011 and 2010. The two year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The Watermaster's net assets decreased 7.11% or \$602,977 to \$7,875,388 in fiscal year 2011 as the result of operations. In 2010, the Watermaster's net assets decreased 22.90% or \$2,517,601 to \$8,478,365 as the result of operations.
- The Watermaster's operating revenues increased 11.29% or \$1,647,301 in 2011 primarily due to a 35.95% or \$2,543,323 increase in replenishment water revenues that was offset by a 12.10% or \$895,834 decrease in administrative assessments. In 2010, the Watermaster's operating revenues decreased 0.5% or \$65,988 to \$14,588,996.
- The Watermaster's operating expenses decreased 1.59% or \$272,346 in 2011 primarily due to a 22.63% decrease in optimum basin management plan costs that was offset by a 11.09% increase in groundwater replenishment costs. In 2010, the Watermaster's operating expenses increased 71.4% or \$7,144,738 to \$17,156,007 due to increased groundwater replenishment costs.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows provide information about the activities and performance of the Watermaster using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the Watermaster's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Watermaster and assessing the liquidity and financial flexibility of the Watermaster. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Watermaster's operations over the past year and can be used to determine if the Watermaster has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Watermaster's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Watermaster

One of the most important questions asked about the Watermaster's finances is, "Is the Watermaster better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Watermaster in a way that helps answer this question.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Financial Analysis of the Watermaster, continued

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Watermaster's *net assets* and changes in them. You can think of the Watermaster's net assets – the difference between assets and liabilities – as one way to measure the Watermaster's financial health, or *financial position*. Over time, *increases or decreases* in the Watermaster's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in federal and state water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 13 through 23.

Statement of Net Assets

Condensed Statements of Net Assets				
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Percentage Change</u>
Assets:				
Current assets	\$ 11,075,096	10,614,785	460,311	4.34%
Capital assets, net	26,190	46,889	(20,699)	-44.14%
Total assets	<u>\$ 11,101,286</u>	<u>10,661,674</u>	<u>439,612</u>	<u>4.12%</u>
Liabilities:				
Current liabilities	\$ 3,135,273	2,057,049	1,078,224	52.42%
Non-current liabilities	90,625	126,260	(35,635)	-28.22%
Total liabilities	<u>3,225,898</u>	<u>2,183,309</u>	<u>1,042,589</u>	<u>47.75%</u>
Net assets:				
Invested in capital assets	26,190	46,889	(20,699)	-44.14%
Unrestricted	7,849,198	8,431,476	(582,278)	-6.91%
Total net assets	<u>7,875,388</u>	<u>8,478,365</u>	<u>(602,977)</u>	<u>-7.11%</u>
Total liabilities and net assets	<u>\$ 11,101,286</u>	<u>10,661,674</u>	<u>439,612</u>	<u>4.12%</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Watermaster, assets of the Watermaster exceeded liabilities by \$7,875,388 and \$8,478,365 as of June 30, 2011 and 2010, respectively.

The Watermaster's investment in capital assets is comprised of capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Watermaster uses these capital assets to provide services to customers within the Watermaster's service area; consequently, these assets are not available for future spending.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Statement of Net Assets, continued

At the end of fiscal years 2011 and 2010, the Watermaster showed a positive balance in its unrestricted net assets of \$7,849,198 and \$8,431,476, respectively, which may be utilized in future years. See note 7 for further discussion.

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2011	2010	Change	Percentage Change
<i>Operations:</i>				
Operating revenues	16,236,297	14,588,996	1,647,301	11.29%
Operating expenses	16,383,661	17,156,007	(272,346)	-1.59%
Net loss from operations	(647,364)	(2,567,011)	1,919,647	-74.78%
Depreciation	20,698	29,101	(8,404)	-28.88%
Operating loss	(668,063)	(2,596,114)	1,928,051	-74.27%
<i>Non-operating:</i>				
Interest earnings	65,086	78,213	(13,127)	-17.10%
Total non-operating revenues	65,086	78,213	(13,127)	-17.10%
Change in net assets	(602,977)	(2,517,601)	1,914,624	-76.05%
Net assets, beginning of year	8,478,365	10,995,966	(2,517,601)	-23.90%
Net assets, end of year	7,875,388	8,478,365	(602,977)	-7.11%

The statement of revenues, expenses and changes of net assets shows how the Watermaster's net assets changed during the fiscal years. In the case of the Watermaster, net assets decreased by \$602,977 and \$2,517,601 for the fiscal years ended June 30, 2011 and 2010, respectively.

A closer examination of the sources of changes in net assets reveals that:

The Watermaster's operating revenues increased 11.29% or \$1,647,301 in 2011 primarily due to a 35.95% or \$2,543,323 increase in replenishment water revenues that was offset by a 12.10% or \$895,834 decrease in administrative assessments.

In 2010, the Watermaster's operating revenues decreased 0.5% or \$65,988 to \$14,588,996 primarily due to a 9.9% or \$636,162 increase in replenishment water revenues and a 100.0% or \$111,188 increase in miscellaneous revenue that was offset by a 9.3% or \$762,121 decrease in administrative assessments and a 100.0% or \$51,217 decrease in mutual agency project revenue.

The Watermaster's operating expenses decreased 1.59% or \$272,346 in 2011 primarily due to a 22.63% decrease in Optimum Basin Management Plan costs that was offset by a 11.09% increase in groundwater replenishment costs.

In 2010, the Watermaster's operating expenses increased 71.4% or \$7,144,738 to \$17,156,007 due to increased Groundwater replenishment costs.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Capital Asset Administration

At the end of fiscal year 2011 and 2010, the Watermaster's investment in capital assets amounted to \$26,190 and \$46,889 (net of accumulated depreciation), respectively. This investment in capital assets includes leasehold improvements, office equipment, and vehicles. There were no major capital assets additions during the year ended June 30, 2011.

Changes in capital assets in 2011 were as follows:

	Balance 2010	Additions	Disposals/ Transfers	Balance 2011
Capital assets:				
Depreciable assets	273,808	-	-	273,808
Accumulated depreciation	(226,919)	(20,699)	-	(247,618)
Total capital assets	46,889	(20,699)	-	26,190

Changes in capital assets in 2010 were as follows:

	Balance 2009	Additions	Disposals/ Transfers	Balance 2010
Capital assets:				
Depreciable assets	250,992	22,816	-	273,808
Accumulated depreciation	(197,816)	(29,193)	-	(226,919)
Total capital assets	53,176	(6,387)	-	46,889

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Watermaster's current financial position, net assets or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the Watermaster's funding sources, customers, stakeholders and other interested parties with an overview of the Watermaster's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Watermaster's Chief Financial Officer at 9641 San Bernardino Road, Rancho Cucamonga, CA 91730.

Basic Financial Statements

**Chino Basin Watermaster
Statement of Net Assets
June 30, 2011 and 2010**

<i>Assets</i>	2011	2010
Current assets:		
Cash and cash equivalents (note 2)	\$ 7,187,623	10,578,034
Accrued interest receivable	14,729	20,658
Accounts receivable	3,750,628	800
Prepaid expenses	122,116	15,293
Total current assets	11,075,096	10,614,785
Non-current:		
Capital assets, net (note 3)	26,190	46,889
Total non-current assets	26,190	46,889
Total assets	\$ 11,101,286	10,661,674
<i>Liabilities</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,064,607	1,970,273
Accrued salaries and benefits	21,868	18,790
Long-term liabilities – due within one year:		
Compensated absences (note 4)	48,798	67,986
Total current liabilities	3,135,273	2,057,049
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	90,625	126,260
Total non-current liabilities	90,625	126,260
Total liabilities	3,225,898	2,183,309
Net assets: (note 6)		
Investment in capital assets, net of related debt	26,190	46,889
Unrestricted	7,849,198	8,431,476
Total net assets	7,875,388	8,478,365
Total liabilities and net assets	\$ 11,101,286	10,661,674

See accompanying notes to the basic financial statements

Chino Basin Watermaster
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues:		
Administrative assessments	\$ 6,508,169	7,404,003
Replenishment water revenue	9,617,128	7,073,805
Other revenue	111,000	111,188
Total operating revenue	16,236,297	14,588,996
Operating expenses:		
Groundwater replenishment and other water purchases	10,991,245	9,894,321
Optimum basin management plan	4,895,469	6,327,400
Watermaster administration	544,784	657,236
Pool, advisory, and board administration	452,163	277,050
Total operating expense	16,883,661	17,156,007
Operating loss before depreciation	(647,364)	(2,567,011)
Depreciation expense	(20,699)	(29,103)
Operating loss	(668,063)	(2,596,114)
Non-operating revenues:		
Interest earnings	65,086	78,513
Total non-operating revenues	65,086	78,513
Change in net assets	(602,977)	(2,517,601)
Net assets at beginning of year	8,478,365	10,995,966
Net assets at end of year	\$ 7,875,388	8,478,365

See accompanying notes to the basic financial statements

Chino Basin Watermaster
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from stakeholders	\$ 12,486,469	14,765,511
Cash paid to employees for salaries and wages	(892,464)	(900,275)
Cash paid to vendors and suppliers for materials and services	(15,055,431)	(14,708,441)
Net cash used in operating activities	<u>(3,461,426)</u>	<u>(843,205)</u>
Cash flows from capital financing activities:		
Acquisition of capital assets	-	(22,816)
Net cash used in capital financing activities	<u>-</u>	<u>(22,816)</u>
Cash flows from investing activities:		
Interest earnings received	71,015	78,513
Net cash provided by investing activities	<u>71,015</u>	<u>78,513</u>
Net decrease in cash	(3,390,411)	(787,508)
Cash and cash equivalent at the beginning of year	10,578,034	11,365,542
Cash and cash equivalent at the end of year	\$ <u>7,187,623</u>	<u>10,578,034</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (668,063)	(2,596,114)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	20,699	29,103
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	(3,749,828)	176,513
Prepaid expenses	(106,823)	18,170
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	1,094,334	1,581,185
Accrued salaries and benefits	3,078	(61,124)
Compensated absences	(54,823)	9,060
Total adjustments	<u>(2,793,363)</u>	<u>1,752,909</u>
Net cash used in operating activities	\$ <u>(3,461,426)</u>	<u>(843,205)</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	\$ <u>13,450</u>	<u>-</u>
See accompanying notes to the basic financial statements.		

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(I) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the 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. Weiner 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 2010-11 expenses are based on the 2009-2010 production volume.

Production volume	Fiscal Year 2010	
	Acre Feet	Percentage
Appropriative Pool	78,733	68.765%
Agricultural Pool	31,855	27.822%
Non-agricultural Pool	3,908	3.413%
Total production volume	114,496	100.000%

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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

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

B. Basis of Accounting and Measurement Focus

The Watermaster reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Watermaster is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as replenishment water revenues and groundwater replenishment, result from exchange transactions associated with the principal activity of the Watermaster. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Watermaster's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as the Watermaster, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The Watermaster has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

D. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Watermaster's cash is invested in interest bearing accounts. The Watermaster considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(I) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets, continued

3. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable and Allowance for Uncollectible Accounts

The Watermaster extends credit to customers in the normal course of operations. Management has determined that all amounts are considered collectable. As a result, the Watermaster has not recorded an allowance for doubtful accounts at June 30, 2011.

5. Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Compensated Absences

The Watermaster's policy is to permit employees to accumulate earned vacation up to a total of 320 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time.

7. Water Production Assessments

Water Production Assessment categories include: Administration, Optimal Basin Management Program, Special Projects, and Water Replenishment. Assessments are billed on a yearly basis.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

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

9. Budgetary Policies

The Watermaster adopts an annual operational budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

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

D. Assets, Liabilities and Net Assets, continued

10. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Investment in Capital Assets, net of related debt** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted or investment in capital assets, net of related debt*.

(2) Cash and Investments

Cash and investments as of June 30, are classified in the Statements of Net Assets as follows:

	2011	2010
Cash and cash equivalents	\$ 7,187,623	10,578,034
Total cash and cash equivalents	\$ 7,187,623	10,578,034

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

	2011	2010
Cash on hand	\$ 500	500
Deposits with financial institutions	141,907	693,604
Investments	7,045,216	9,973,930
Total cash and investments	\$ 7,187,623	10,578,034

As of June 30, the Watermaster's authorized deposits had the following maturities:

	2011	2010
Deposits held with the California Local Agency Investment Fu	237 days	203 days

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

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

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(2) Cash and Investments, continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates of deposit (negotiable or placed)	3 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

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 California Government Code and the Watermaster's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local 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. Of the Watermaster's bank balances, up to \$250,000 at June 30, 2011 and 2010, were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Watermaster's name.

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 Code and the Watermaster's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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 Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(2) Cash and Investments, continued

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 matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

Credit Risk

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

Concentration of Credit Risk

The Watermaster's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Watermaster's investments at June 30, 2011 and 2010, respectively.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(3) Capital Assets

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2011</u>
Depreciable assets:				
Computer equipment	\$ 117,590	-	-	117,590
Furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>273,808</u>	<u>-</u>	<u>-</u>	<u>273,808</u>
Accumulated depreciation:				
Computer equipment	(87,620)	(3,469)	-	(91,089)
Furniture and fixtures	(42,292)	-	-	(42,292)
Leasehold improvements	(16,413)	(2,344)	-	(18,757)
Vehicles and equipment	(80,594)	(9,886)	-	(90,480)
Total accumulated depreciation:	<u>(226,919)</u>	<u>(20,699)</u>	<u>-</u>	<u>(247,618)</u>
Total capital assets, net	<u>\$ 46,889</u>			<u>26,190</u>

There were no major capital assets additions during the fiscal year.

Changes in capital assets for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2010</u>
Depreciable assets:				
Computer equipment	\$ 94,774	22,816	-	117,590
Furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>250,992</u>	<u>22,816</u>	<u>-</u>	<u>273,808</u>
Accumulated depreciation:				
Computer equipment	(74,055)	(13,565)	-	(87,620)
Furniture and fixtures	(36,953)	(5,339)	-	(42,292)
Leasehold improvements	(14,068)	(2,345)	-	(16,413)
Vehicles and equipment	(72,740)	(7,854)	-	(80,594)
Total accumulated depreciation:	<u>(197,816)</u>	<u>(29,103)</u>	<u>-</u>	<u>(226,919)</u>
Total capital assets, net	<u>\$ 53,176</u>			<u>46,889</u>

Major capital assets additions during the year include upgrades to computer equipment.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(4) Compensated Absences

The changes to compensated absences balances at June 30, were as follows:

Balance			Balance		
2010	Additions	Deletions	2011	Current	Long Term
\$ 194,246	118,816	(173,639)	139,423	48,798	90,625

Balance			Balance		
2009	Additions	Deletions	2010	Current	Long Term
\$ 185,186	102,238	(93,178)	194,246	67,986	126,260

(5) Defined Benefit Pension Plan

Plan Description

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the Agency. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

Funding Policy

The Watermaster participates in the 2.5% at 55 Risk Pool. Participants are required to contribute 8% 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.

Also, the Watermaster is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension costs (APC) percentage of payroll for fiscal years 2011, 2010 and 2009 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For Fiscal years 2011, 2010 and 2009, the Watermaster's annual contributions for the CalPERS plan were equal to the Agencies required and actual contributions for each fiscal year as follows:

Three Year Trend Information:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll
2008-2009	176,576	100%	-	11.346%
2009-2010	163,298	100%	-	11.417%
2010-2011	163,231	100%	-	14.298%

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(6) Net Assets

Calculation of net assets as of June 30, were as follows:

	<u>2011</u>	<u>2010</u>
Net investment in capital assets:		
Capital assets, net	\$ 26,190	46,889
Total net investment in capital assets	<u>26,190</u>	<u>46,889</u>
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and deposits	<u>122,116</u>	<u>15,293</u>
Total non-spendable net assets	<u>122,116</u>	<u>15,293</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	<u>7,727,082</u>	<u>8,416,183</u>
Total spendable net assets	<u>7,727,082</u>	<u>8,416,183</u>
Total unrestricted net assets	<u>7,849,198</u>	<u>8,431,476</u>
Total net assets	<u>\$ 7,875,388</u>	<u>8,478,365</u>

(7) Risk Management

The Watermaster is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Watermaster is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the Watermaster as of June 30, 2011:

- **Commercial General Liability:** \$2,000,000 General Aggregate Limit (Other than Products/Completed Operations); \$2,000,000 Products/Completed Operations Aggregate Limit (Any One Person or Organization); \$1,000,000 Personal and Advertising Injury Limit; \$1,000,000 Each Occurrence Limit; \$100,000 Rented To You Limit; \$5,000 Medical Expenses Limit (Any One Person).
- **Commercial Excess Liability:** Limits of Liability are \$10,000 Retained Limit, \$4,000,000 Each Occurrence, \$4,000,000 General Aggregate Limit, \$4,000,000 Products/Completed Operations to Aggregate.
- **Automobile:** \$1,000,000 Combined Bodily Injury and Property Damage Single Limit (Each Accident); \$500,000 Uninsured Motorists Single Limit. \$500 deductible for Comprehensive and \$1,000 deductible for Collision.
- **Property:** \$525,000 with liability limits varying by property type with a \$1,000 deductible.
- **Crime coverage:** \$50,000 per claim with a \$1,000 deductible.
- **Director and Officer/Crisis Management:** \$5,000 to \$50,000 with liability limits varying by type of coverage.
- **Workers compensation:** \$2,000,000 each accident or each employee by disease.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No.60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No.61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 64

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions — an amendment of GASB Statement No. 53*. This standard is designed to improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

(9) Commitments and Contingencies

Grant Awards

Grant funds received by the Watermaster are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Watermaster believes that such disallowances, if any, would not be significant.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2011 and 2010

(9) Commitments and Contingencies, continued

Litigation

In the ordinary course of operations, the Watermaster is subject to claims and litigation from outside parties. After consultation with legal counsel, the Watermaster believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(10) Subsequent Events

Events occurring after June 30, 2011 have been evaluated for possible adjustment to the financial statements or disclosure as of January 26, 2012, which is the date the financial statements were available to be issued.

Supplemental Information Section

Clear Lake Watermaster
Combining Schedule of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	Watermaster Administration	Driftless Basin Management	Pool Administration and Special Projects			Groundwater Operations		Education Funds	Grand Totals	Balance 2010-2011
			Appropriative Fund	Agricultural Fund	Non-Agricultural Fund	Groundwater Replacement	SG 222 Funds			
Administrative revenues:										
Administrative assessment	\$ -	-	6,161,679	-	343,696	-	-	-	6,505,375	6,166,679
Interest revenue	(272)	-	81,947	2,316	1,427	-	-	-	83,418	175,649
Metrol agency project revenue	111,999	-	-	-	-	-	-	-	111,999	168,489
Grant income	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Total revenues	111,727	-	6,199,626	2,324	345,123	-	-	-	6,596,699	6,831,499
Administrative & project expenditures:										
Watermaster administration	563,198	-	-	-	-	-	-	-	563,198	311,333
Watermaster board advisory committee	68,713	-	-	-	-	-	-	-	68,713	73,073
Pool administration	-	-	31,778	186,132	183,960	-	-	-	391,870	474,856
Optimum basin management administration	-	1,656,392	-	-	-	-	-	-	1,656,392	1,199,399
ORMP project costs	-	2,963,287	-	-	-	-	-	-	2,963,287	3,772,619
Debt service	-	366,796	-	-	-	-	-	-	366,796	760,964
Educative funds fee	-	-	-	-	-	-	375	-	375	375
Metrol agency project costs	-	-	-	-	-	-	-	-	-	(8,026)
Total administrative/ORMP expenses	631,911	4,895,468	32,776	186,132	183,960	-	375	-	5,913,512	6,994,823
Net administrative/ORMP expense:										
	(520,184)	(4,895,468)								
Allocate net admin expenses to pools	\$ -	-	399,739	146,239	17,883	-	-	-	-	-
Allocate net ORMOP expenses to pools	-	4,528,679	1,114,134	(259,938)	124,370	-	-	-	-	-
Allocate debt service to app pool	-	366,796	366,796	-	-	-	-	-	-	-
Agricultural expense transfer*			1,497,649	(1,207,629)						0
Total expenses			3,494,024	-	318,733		375		4,813,177	4,994,823
Net administrative income:										
			714,542	2,324	26,889		(375)		743,282	(62,833)
Other income/expense:										
Replacement water assessments						3,622,064			3,622,064	-
Non-ag annual water purchases			2,294,496						2,294,496	-
Interest revenue						28,138			28,138	-
MWD water purchases						3,790,628			3,790,628	-
Non-ag annual water purchases			(2,255,436)						(2,255,436)	-
MWD water purchases						(2,750,628)			(2,750,628)	-
Groundwater replacement						(4,984,282)			(4,984,282)	-
Net other income:			(10,840)			(1,314,618)			(1,314,618)	-
Net resources (addition) reserves:										
			703,702	2,324	26,889	(1,314,618)		(375)	(602,526)	(62,833)
Net Assets July 1, 2010										
			4,318,026	473,483	326,613	1,369,962	158,244	1,821	6,586,149	-
Net Assets, End of Period										
			4,922,428	475,807	353,502	35,344	148,319	626	5,935,746	7,875,346
2009/2010 ascertainable production										
			78,715,239	33,854,566	3,897,911				114,467,716	
2009/2010 production percentages										
			44.763%	27.822%	3.417%				100.000%	

* Fund balance transfer as agreed to in the Trust Agreement

Clatsop Basin Watermaster
Combining Schedule of Revenue, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2019

	Watermaster Administration	Optimum Basic Measurement	Fund Administration and Special Projects			Groundwater Operations		Education Funds	Grant Totals	Budget 2009-2010
			Appropriative Fund	Agricultural Fund	Non-Agricultural Fund	Groundwater Replacement	GRF Funds			
Administrative revenues:										
Administrative assessments	\$ -	-	7,174,993	-	229,859	-	-	-	7,404,852	7,340,000
Interest revenue	-	-	39,259	2,764	1,794	-	-	-	43,817	191,340
Mutual agency project income	-	-	-	-	-	-	-	-	-	148,410
Grant income	-	-	-	-	-	-	-	-	-	-
Other	111,000	-	100	-	-	-	-	-	111,100	-
Total revenues	111,000	-	7,214,352	2,764	231,653	-	-	-	7,618,714	7,680,750
Administrative & project expenditures:										
Watermaster administration	406,338	-	-	-	-	-	-	-	406,338	390,230
Watermaster board advisory committee	41,245	-	-	-	-	-	-	-	41,245	41,245
Fund administration	-	-	21,533	186,478	6,596	-	-	-	219,607	229,300
Optimum basic management administration	-	1,710,617	-	-	-	-	-	-	1,710,617	1,477,850
GRF project costs	-	3,726,780	-	-	-	-	-	-	3,726,780	4,109,363
Debt service	-	895,056	-	-	-	-	-	-	895,056	1,174,237
Education fund costs	-	-	-	-	-	-	-	-	-	375
Mutual agency project costs	-	-	-	-	-	-	-	-	-	10,000
Total administrative/GRF expenses	547,483	6,332,463	21,533	186,478	6,596	-	-	-	7,206,749	7,680,750
Net administrative GRF expense:										
	(636,943)	(6,327,403)								
Allocate net admin expenses to pools	\$ 636,943	-	444,761	108,792	23,390	-	-	-	-	-
Allocate net GRF expense to pools	-	5,617,197	1,708,546	1,841,866	197,651	-	-	-	-	-
Allocate debt service to app pool	-	895,056	895,056	-	-	-	-	-	-	-
Agricultural expense transfer*	-	-	1,754,625	(1,754,625)	-	-	-	-	-	-
Total expense	-	-	6,957,027	-	226,717	-	-	-	7,206,749	7,680,750
Net administrative income										
			368,166	2,764	43	-	-	-	367,911	-
Other income (expense):										
Replacement water assessment	-	-	-	-	-	7,973,803	-	-	7,973,803	-
Interest revenue	-	-	-	-	-	34,994	-	-	34,994	-
Water purchases	-	-	-	-	-	-	-	-	-	-
Balance adjustment	-	-	-	-	-	-	-	-	-	-
Other water purchases	-	-	18,800	-	-	(2,700,461)	-	-	(2,164,022)	-
Groundwater replacement	-	-	-	-	-	(2,700,200)	-	-	(2,700,200)	-
Net other income	-	-	18,800	-	-	(2,700,461)	-	-	(2,781,528)	-
Net transfers to (from) reserves:										
			276,045	2,764	43	(2,700,461)	-	-	(2,517,611)	-
Net Assets July 1, 2009			1,945,967	476,719	216,472	4,166,437	558,281	988	10,955,066	
Net Assets End of Period			6,219,014	479,483	245,820	1,465,976	279,281	1,001	8,478,795	8,478,795
2009/2008 assessable production			84,716,490	32,342,764	4,793,990				121,253,244	
2009/2008 production percentages			69.867%	76.709%	1.824%				100.000%	

* Fund balance transfer as agreed to in the Phase Agreement

Report on Internal Controls and Compliance



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

We have audited the basic financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Watermaster's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Watermaster's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Watermaster's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

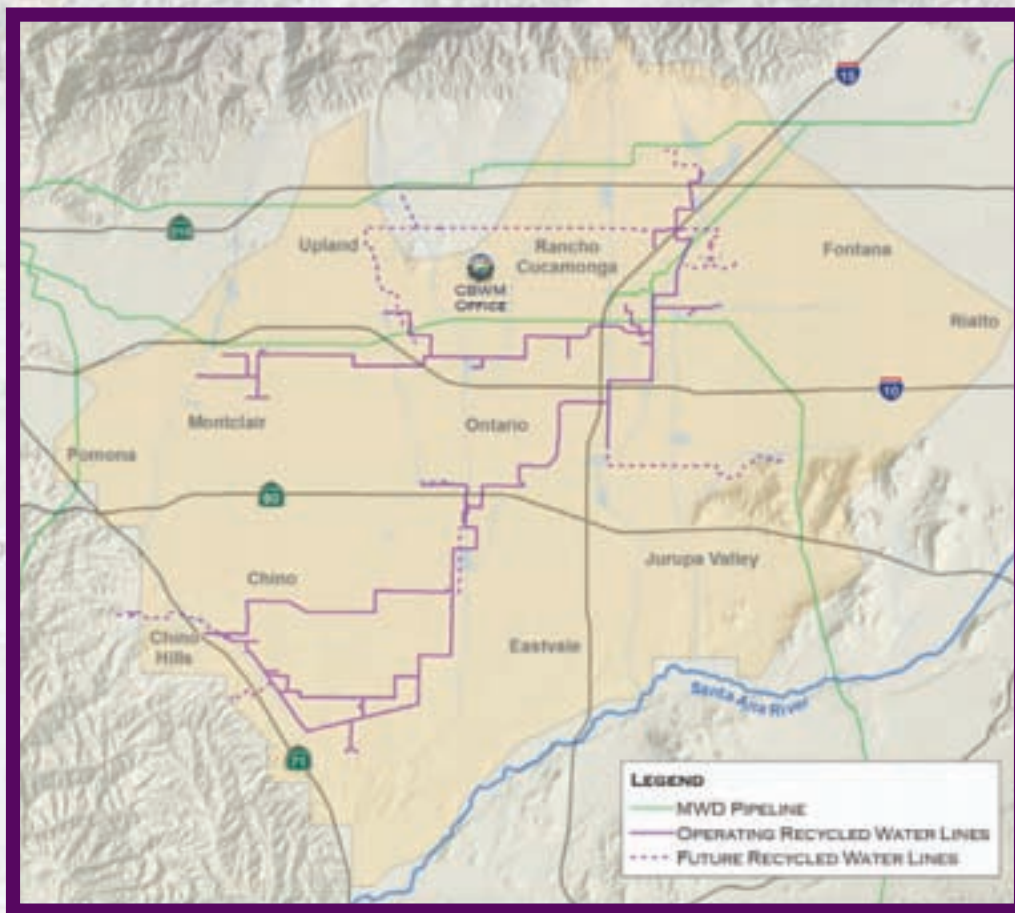
Charles Z. Fedak and Company, CPAs - An Accountancy Corporation
Cypress, California
January 26, 2012

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THIRTY-FOURTH ANNUAL REPORT

FISCAL YEAR 2010-11



CHINO BASIN WATERMASTER ADJUDICATED BOUNDARY