



CHINO BASIN WATERMASTER

THIRTY-FIFTH ANNUAL REPORT

FISCAL YEAR 2011-12



ADAPTING TO A CHANGING WATER LANDSCAPE

HISTORY OF PROBLEM SOLVING IN A CHANGING WATER LANDSCAPE

EARLY 1970s

EARLY 1970s

Conflict and lack of management threaten water supplies, water quality and the local economy.

1978

Watermaster created. Water project planning and funding are initiated to manage the Basin.

1978

LATE 1990s

Optimum Basin Management Program provides detailed blueprint to ensure quality and supply.

LATE 1990s

2000 & 2007

Peace (I) and Peace II Agreements result from years of negotiations, making possible effective collaboration. The result is hundreds of millions of dollars in cost-savings and other benefits.

2001 & 2007

2008-2010

The Recharge Master Plan Update (RMPU) is a critical step to ensure long-term water quality and supply.

2008-2010

2010-2012

Recent achievements make it possible to monitor, protect and improve water supply and quantity more effectively:

- **Improved working relationships** that allow stakeholders to work through Watermaster to resolve complex challenges.
- **Regional partnerships** enable the development of more cost-effective projects involving many Parties that solve difficult water supply challenges.
- **Extensive facilities**, including desalters, recharge basins, pipelines and channels that allow Watermaster Parties to collect, treat, spread and move water.
- **Unique regulatory and management tools**, such as hydraulic control and maximum benefit.

2010-2012

ADAPTING TO A CHANGED WATER LANDSCAPE

A Message from Chino Basin Watermaster

Recent Achievements Allow Us to Monitor, Protect and Expand Water Supply and Quality More Effectively Than Ever Before:

Watermaster was formed to bring together all the stakeholder groups in the Basin to work collaboratively to meet the water needs of the region.

Together, we have effectively developed water supplies to meet demands and help protect water quality. We have succeeded for decades, but today the water world is changing—and we are changing with it.

For example, current forecasts show water demand rising in coming years, but at a slower rate than previously expected. Therefore, we are rethinking our recharge capacity needs. We may not need to build all the previously envisioned projects—and are seeking to only build the most effective mix of projects in the future that lower costs or distribute benefits more equitably to the stakeholders.

To enhance our ability to work together effectively, we have carried out a number of administrative improvements that increase transparency, including: changed our financial reserve policy to decrease reserves and return unneeded funds to parties; and improved our care with budgeting for unexpected expenses by tracking and reporting such expenses more regularly.

There are many other achievements described in this report. However, we have found that our greatest asset is not water, or pipelines or treatment plants, but our well-practiced ability to collaborate and resolve complex challenges together. These resources include our highly-evolved institutional and governance systems, as well as physical interconnections among our water systems that allow us to develop creative and effective solutions.

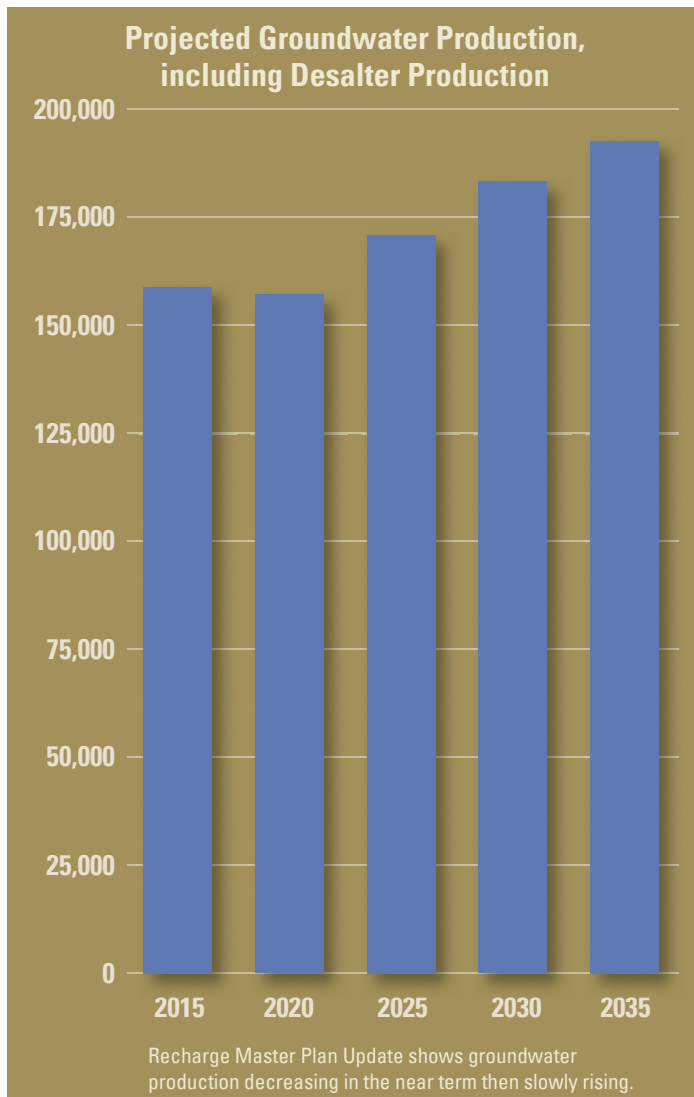
Chino Basin Watermaster

SLOWDOWN IN WATER DEMAND GROWTH LEADS TO PLANNING REASSESSMENT

Watermaster and its partners throughout the region have systematically improved and refined water supply management and planning—developing ever more secure water supplies, helping to improve water quality and keeping costs low. Watermaster is successfully navigating current challenges with an eye toward flexibility and cost-effectiveness.

WATER DEMAND MODERATING

Water Demand Will Continue to Increase in the Future, But the Trend is Lower Than Estimated Previously. Compared to the early 2000's water demand has slowed and even decreased, partly because of the impaired economy, and also because of an increasing conservation ethic.



WATER SOURCES CHANGING, WATERMASTER IS RESPONDING

Water Trend: Slower Increases in Water Demand, Decrease in Replenishment Water and Increase in Purchase of Direct-use Imported Water. The groundwater production projections for 2012 are substantially less than previously assumed, primarily due to conservation and an increase in the direct use of imported water, as some Appropriators find it more cost-effective to import water than to use groundwater.

Watermaster Actions to Ensure Long Term Water Supply. Another trend is dramatic decreases in availability of imported replenishment-rate water and an increase in purchase of imported water for direct use. To ensure availability of long-term water supplies, Watermaster is working closely with Appropriators as well as with IEUA, Three Valleys Municipal Water District, Western Municipal Water District, and the Water Facilities Authority, seeking opportunities to increase non-traditional, supplemental water supplies to replace replenishment-rate water over the long-term. Supplemental supplies might include: Metropolitan Tier I and Tier II service waters, non-IEUA recycled water, and other imported supplies from the Central Valley, the Colorado River, and other areas.

Fast Action on Pre-Emptive Replenishment a Success. Over the past five years, replenishment-rate water has been virtually unavailable. When MWD offered for sale replenishment-rate water in 2011 on a first-come, first-served basis, Watermaster was the first to respond. By acting quickly Watermaster was able to obtain 33,100 acre-feet of water at a favorable cost during the 2011 calendar year.

WATERMASTER AND ITS PARTNERS STRIVE TO DEVELOP A BALANCED WATER SUPPLY AT THE LOWEST COST, WITH THE MOST SUSTAINABLE ENVIRONMENTAL APPROACH.

DEVELOPING SUPPLY RELIABILITY AND COST SAVINGS THROUGH RECHARGE

Although enough recharge capacity exists to meet projected demands, Parties are considering additional, cost-effective recharge projects. A review process is underway as part of the current Recharge Master Plan Update Amendment to reassess which projects are most cost-effective, and the order and timing in which they should be developed. Key considerations for developing future recharge projects include:

- 1. Cost Savings Compared to Imported Water.** There may be opportunities to develop replenishment water at a lower long-term cost than MWD imported water.
- 2. Help Localized Areas with Groundwater Decline.** There are localized areas with more production than recharge, and some decline in water levels, particularly in Management Zone 3 (MZ-3). Additional recharge may be cost-effective to remedy this situation.
- 3. Preservation of Safe Yield.** There is expected to be a long-term decline in Safe Yield, which could be partially made up with recharge. The question is what is the best way

to enhance sustainability, yield, and cost in each area. As recommended by the Court, Watermaster has begun developing a technically defensible approach to estimating Safe Yield.

The bottom line is that there may be no groundwater basin in California better able to withstand a drought or cutback in imported supplies. Still, there are likely many opportunities to develop new sources at lower cost in areas such as MZ-3, while increasing overall supply and cost equity for Basin users.



Victoria Recharge Basin.

DEVELOPING NEW WATER SUPPLY TOOLS AND AGREEMENTS

ENABLING FASTER IMPLEMENTATION AND MORE FLEXIBLE WATER SUPPLY PROGRAMS

Evaluating Who Pays What Share of New Projects.

In the past, large programs were paid for by the Parties based on each pumper's share of the Operating Safe Yield. However, some pumpers don't need the additional water or reliability to be developed by future projects. There are other stakeholders that have little or no share of the Operating Safe Yield that do want the water and are willing to pay for it. New financing methodologies will be explored to respond to this new need.

Exploring How to Allocate New Yield from New Recharge.

A number of Parties want to conduct recharge themselves, but allocation of recharge credits is based on the share of Operating Safe Yield and some Parties that want to recharge and receive credit beyond their share. The Appropriators are exploring this issue.

Helping Develop a New Water Source Through MS4 Permits. There is a requirement for retention and onsite infiltration of stormwater at new developments to be enforced through a new County Municipal Separate Storm Sewer Systems (MS4) permit. This is a potentially new source and Watermaster is contemplating how to quantify potentially new water created as a result of these permits.

Developing Preemptive Replenishment Water Policies. Periodically there may be replenishment water available at a reasonable cost and the Parties may choose to take advantage of that to extend the regional water supply. Watermaster plans to develop mechanisms and policies to take that water when it is available and distribute it fairly to solve both local and Basin wide water needs.

Developing New Storage Agreements. Watermaster stakeholders began discussing storage agreements and developing a way for Watermaster Parties to gain approval of storage agreements so that Parties may be allowed to store future supplemental water when supplies are available.



The Watermaster Board of Directors.

Historical overpumping of groundwater led to land subsidence and ground fissuring in southwestern Chino Basin in an area called Management Zone-1 (MZ-1). In response, Watermaster has been implementing the Subsidence Management Plan since 2007. The program has successfully mitigated the problem to-date with negligible subsidence and no further fissuring observed. The land subsidence program was expanded in 2010 to cover the entire Basin.

PURVIEW OF THE MZ-1 TECHNICAL COMMITTEE EXPANDED TO ENCOMPASS THE ENTIRE BASIN

Because there has been minor compaction found in some areas of the Basin, Watermaster formed the new Land Subsidence Committee (LSC) from the former MZ-1 Technical Committee. The goal is to take a more cautious and thorough approach to the potential for subsidence in all parts of the Basin. The Committee continues to implement elements of the MZ-1 Plan, and it assessed future monitoring priorities and funding support for monitoring.

1. Expanded the Extensometer System.

Watermaster completed installation and calibration of the Daniels Street Horizontal Extensometer. The Chino Creek Well Field (CCWF) Vertical Cable Extensometer project located South of Chino Airport was also advanced: a location was found, agreements were negotiated, and the facilities were constructed and calibrated.

2. Carried-Out Ongoing, Analysis and Monitoring of Land Subsidence Technical Programs. The vertical and cable extensometers at Ayala Park were compared to validate use of the more cost-effective cable system for application in other parts of the Basin. Also, data from the alternate InSAR satellite system was evaluated to detect potential land surface displacement.

3. Continued to Implement the MZ-1 Managed Area Monitoring Program.

The goals this year were to: (1) evaluate the Guidance Criteria; (2) confirm existence of the Riley Barrier; (3) test Aquifer Storage and Recovery feasibility in the Managed Area; and (4) work toward evaluating the effect of groundwater production and injection on subsidence and recovery in the Managed Area.

4. Satisfied the Supplemental Water Obligation. With this year's expedited recharge of replenishment water, the cumulative Peace II Agreement MZ-1 supplemental water obligation of 32,500 acre-feet has been more than satisfied, leaving credit for future years.



Daniels Street horizontal extensometer under construction.

RECHARGE MASTER PLAN UPDATE IS THIS YEAR'S HIGHEST PRIORITY

COLLABORATIVE TURNER RECHARGE BASIN PROJECT UNDERWAY

***\$4.5 million Construction Savings,
and Shows Benefits of Increasingly
Flexible Water Planning Strategy***

Watermaster operates under a variety of long-range plans, as well as legal and regulatory requirements. Nonetheless, Watermaster has always managed to remain flexible and cost-effective in its programs and is increasing that flexibility.

A recent example is the Turner Basin, a collaborative recharge project that is saving millions of dollars and will provide water at a cost lower than virtually any other recent source. The Watermaster cost share of \$166,236 could potentially be recovered in a single year. Additionally, this project could potentially support Watermaster in demonstrating to the Court that unanticipated and opportunistically implemented projects should be considered as a reason for reprioritization and delaying other less cost-effective projects that might have been required by previous Court Orders.

Description of the Project. Watermaster and IEUA are working together to develop two new retention facilities at the Turner Basin that could recharge about 300 acre-feet each year. 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.

Advancing the Groundwater Recharge Master Plan Update Amendment is the highest priority activity of the 2011-12 fiscal year so that the Amendment can be completed as required by the Court. This is a comprehensive program to enhance water supply reliability and improve groundwater quality in wells throughout the Basin by increasing the recharge of storm water, imported water, and recycled water.

BACKGROUND ON THE GROUNDWATER RECHARGE PROGRAM

Recharge Program is Collaborative. Watermaster, IEUA, Chino Basin Water Conservation District (CBWCD), and San Bernardino County Flood Control District (SBCFCD) jointly sponsor the Chino Basin Groundwater Recharge Program.

Recycled Water Recharge Rate Costs Substantially Less than Imported Water. According to IEUA, the historical and projected recycled water recharge rate ranges from about \$200 to \$300 per acre-foot less than the replenishment water cost set by Metropolitan over the 2011 through 2015 period. Because it is so cost-effective, all available recycled water is generally used.

TREND OF INCREASED STORAGE MAY DELAY NEED FOR IMPORTED REPLENISHMENT WATER

Some of the planning scenarios in the Recharge Master Plan show the amount of groundwater in storage rising dramatically by as much as 427,000 acre-feet. There are numerous potential reasons for this, including increased long-term conservation and Appropriators storing water for future replenishment because it may cost less over the long term to increase use of imported water in the near term and store more now.

***THE RECHARGE ACTIVITIES UNDERWAY INCLUDE:
COMPLETION OF THE RECHARGE MASTER PLAN UPDATE
AMENDMENT, DEVELOPMENT OF AN IMPLEMENTATION PLAN
TO ADDRESS BALANCE ISSUES WITHIN THE CHINO BASIN
SUBZONES, AND THE DEVELOPMENT OF A FINANCING PLAN.***

HIGHLIGHTS OF THIS YEAR'S RECHARGE ACTIVITIES

Refining Project Priorities to Match Updated Water Demand Forecasts. Watermaster is working to determine which of the recharge projects identified in the 2010 Recharge Master Plan Update (RMPU), and perhaps other recharge projects, should be implemented based on current projected needs.

Recharge Master Plan Update Steering Committee Convened and Preparing for the Future. The Steering Committee was reformed in January 2012 to include all stakeholders and has met twice per month since February 2012. In order to finalize the Recharge Master Plan Update Amendment, the Committee and stakeholders worked on a wide variety of initiatives, including:

1. Evaluating recharge mechanisms available to meet current and projected recharge and replenishment needs, including MS4 permits.
2. Undertaking the identification of areas within the Basin with the potential for production sustainability challenges and other water management challenges that can be addressed by recharge or production management.
3. Identifying options for ensuring production sustainability through the term of the Peace Agreements.
4. Developing the monitoring, reporting, and accounting practices that will be required to estimate local project stormwater recharge and New Yield.

Based on these analyses, the Parties will review and recommend implementation

of the selected options, and develop recommended implementation and financing plans for these options.

Completed Sections One through Four of the Final Draft Recharge Master Plan Update Amendment. In these sections, updated estimates of groundwater production and projections of replenishment obligations were used.

Over 41,000 Acre-Feet of Water Recharged. Water was recharged at 20 recharge basins across all management zones, including about 9,300 acre-feet of stormwater, 23,500 acre-feet of imported water, and 8,500 acre-feet of recycled water.

Recharge Related Monitoring Carried Out. Watermaster and IEUA collect weekly water quality samples from recharge basins that are actively recharging recycled water and from lysimeters installed within those recharge basins. Monitoring wells located down-gradient of the recharge basins were sampled quarterly at a minimum.



Turner Recharge Basin.

WATER QUALITY AND ENVIRONMENTAL PROTECTION

Watermaster possesses unparalleled technical understanding of the groundwater basin and extensive data and computer models to track and design groundwater cleanup plans and options. These resources are used to support the Regional Water Quality Control Board and others that are responsible for cleanup.

PROVIDING TECHNICAL SUPPORT TO GROUNDWATER CLEANUP PROGRAMS

Chino Airport Support.

Watermaster participates in meetings with the involved Potentially Responsible Parties, their consultants and counsel, the Regional Board, and Chino Basin Desalter Authority (CDA) in order to identify remedies for plume mitigation. The Watermaster groundwater model was used to estimate the hydraulic control that would be achieved after the CDA Chino Creek Well Field is completed. Watermaster prepares maps of the concentration data for the plume. Watermaster also assists those

responsible for cleanup by collecting and sharing groundwater quality and level data from wells in and around the plume.

Finding Common Ground for the

South Archibald Plume. Watermaster continued to work with the potentially responsible parties (PRPs) associated with the Ontario International Airport. The discussions include meetings with the PRPs and their consultants, counsel, the Regional Board, and Chino Desalter Authority. The goal is to find common ground, and develop a joint remedy for desalting and plume mitigation.

Support for Numerous Other Cleanup Programs.

Watermaster continues to collect groundwater quality data and provide technical analyses related to several other pollutant plumes in the Chino Basin, with the ultimate objective of having their negative impact on basin water quality substantially reduced. This includes plumes believed to be associated with Alumax Aluminum Recycling, the California Institute for Men, Crown Coach, GE Test Cell and Flatiron, Kaiser Steel, Milliken Landfill, Upland Landfill and the Stringfellow sites.

PROACTIVELY PROTECTING HABITAT

Helped Advance Prado Basin Habitat Sustainability Program. The Prado Basin Habitat Sustainability Program is jointly sponsored by IEUA, Watermaster and Orange County Water District (OCWD). The purpose is to identify if

reoperation and hydraulic control are impacting habitat, and if so, how to mitigate it. The approximately \$500,000 program includes development of the Prado Basin Habitat Sustainability Adaptive Management Plan,

construction and installation of up to 17 monitoring wells at nine separate sites, and United States Bureau of Reclamation (USBR) vegetation monitoring studies.

CARRIED OUT SALT MANAGEMENT PROGRAM

There are several elements of the Salt Management Program summarized below. The effectiveness of these programs is assessed through modeling of groundwater flows and verified by monitoring salt concentrations at nine HCMP multi-port wells, strategically placed between the desalter well fields, and several wells along the Santa Ana River.

1. **Conducted Pilot Study on Brine Minimization.** A contract was let to carry-out a pilot study of brine minimization to conserve Santa Ana Regional Interceptor (SARI) line capacity, and create more product water by squeezing out the brine.
2. **Monitored the Groundwater Recharge Program.** The concentration of salts and nitrates from recycled water were managed through monitoring by recharge basin lysimeters and at downstream wells as part of the Groundwater Recharge Program.
3. **Tracked the Conversion of Agriculture to Urban Land Uses.** Agriculture tends to concentrate salts through evapotranspiration of water.

WELL CONSTRUCTION, ABANDONMENT AND DESTRUCTION MONITORING

In recent years, the County of San Bernardino and Watermaster have increased their interaction on this important issue to ensure that Watermaster is notified when Parties obtain permits to construct, abandon, or destroy wells.

Sought New Monitoring Wells from the State. Watermaster continues to obtain water level and groundwater quality monitoring at sixteen wells owned by the State of California at the Chino Institute for Men. Watermaster is seeking to take possession of the wells, since they are no longer needed by the State, as occurred previously for several Alcoa Wells.

EFFECTIVELY MANAGING SALTS IS CRITICAL TO MAXIMIZING USE OF BOTH RECYCLED WATER AND GROUNDWATER.



DESALTERS BRING WATER QUALITY AND SUPPLY BENEFITS

The desalters are one of the key aspects of the water supply and water quality successes of Watermaster, helping to provide a wide range of benefits and long-term cost savings.

DESALTERS CLEAN WATER IN CONTAMINATED AREAS AND IMPROVE THE WATER SUPPLY	
Desalters Provide Hydraulic Control	By pumping out water and lowering groundwater levels, water stops flowing out of the Basin and into the Santa Ana River, keeping water in-Basin for local use.
Desalters Remove Contaminants	Using a variety of advanced treatment techniques, desalters remove nitrates and other salts and contaminants from the groundwater.
Desalters Allow for Increased Recharge of Recycled Water	By creating hydraulic control, additional, sustainable and low-cost recycled water can be recharged into the groundwater.
Desalters Increase Local Water Independence	The 400,000 acre-feet of water that will be pumped out in order to lower groundwater levels is water that will be available to Basin water users without a replenishment obligation.
Desalters Save Money	Desalters will provide as much as several hundred million dollars in long-term savings.

PROGRESS AND NEED FOR DESALTER PROGRAM

In 2011-12, the desalters treated a total of about 29,000 acre-feet of water that was impaired by high total dissolved solids or total inorganic nitrogen. This raw water was purified with a variety of treatment techniques and supplied to the CDA member agencies to meet the need for high quality water supply needs in expanding urban areas of the southern Chino Basin.

Without expansion of the CDA, the potential for adverse downstream impacts would likely have grown as a result of agricultural land conversion and the resulting decrease in pumping in the impaired southern area. Furthermore, increased groundwater losses from the Basin (loss of hydraulic control) will decrease Safe Yield. The continued operation of the CDA facilities and eventual expansion to a planned annual capacity of approximately 40,000 acre-feet per year will be necessary to achieve effective hydraulic control.



BY 2015 APPROXIMATELY 40,000 ACRE-FEET DESALTER CAPACITY

By 2015, CDA capacity is expected to increase to approximately 40,000 acre feet per year through completion of the Chino Creek Well Field and expansion of the existing desalters.

KEY ACCOMPLISHMENTS OF 2011-2012 DESALTER PROGRAMS

Received \$51 Million Grant for Desalters. In June 2012, a partner to the project, Western Municipal Water District, was awarded a \$51 million state grant for the desalter expansion project. Grants and collaborative arrangements with agencies like Western Municipal lower costs and provide benefits for local agencies.

2010 Desalter Expansion Plans Underway. Well sites have been located and wells have already been drilled or are under construction.

Construction Contracts Issued for Final Wells Needed for Hydraulic Control. Chino Basin Desalter Authority issued a contract for construction of the Chino Creek Well Field. These wells will eventually allow Watermaster to achieve hydraulic control and comply with Optimum Basin Management Plan objectives.



Desalter I pumps in foreground with reverse osmosis cartridges in the background.

MONITORING: ESSENTIAL TOOL FOR QUALITY AND SUPPLY MANAGEMENT

Watermaster carries out extensive monitoring programs to provide the data needed to ensure the effectiveness of its many water quality and supply programs.

GROUNDWATER LEVEL MONITORING

The current groundwater level monitoring program is comprised of about 700 wells. At about 500 of these wells, water levels are measured by well owners, usually monthly, and Watermaster collects these water level data quarterly.

The remaining 200 wells, measured by Watermaster, are used to assess hydraulic control, land subsidence, groundwater recharge, and basin-wide groundwater elevations.

GROUNDWATER QUALITY MONITORING

The groundwater quality monitoring program assembles results from Watermaster's sampling, as well as from various regional efforts, and then integrates the data to provide a comprehensive assessment of groundwater quality:

- **Conducted Cooperative Chino Basin Data Collection Program (CBDC).** This cooperative basin-wide data collection program relies on others to supply groundwater quality data, which are routinely collected, quality controlled, and loaded into Watermaster's relational database, and used to create detailed maps and for building computer models.
- **Carried Out Annual Key Well Water Quality Monitoring Program.** About 100 private wells in the southern portion of the Basin, and 10 monitoring wells in the northern portion of the Basin near contamination plumes, are sampled annually or triennially. The Key Well Program contributes data for triennial ambient water assessment, hydraulic control assessment, the Biannual State of the Basin Report, and other Chino Basin groundwater studies.
- **Sampled Monthly at Four Near-River Wells and Nine Hydraulic Control Multi-Port Monitoring Wells** strategically placed between the Chino Basin Desalter well fields and the Santa Ana River. Results are used to analyze the effect of desalter pumping over time by comparing water quality of the native groundwater and the Santa Ana River.

WATERMASTER INITIATED PLANS TO ELIMINATE UNNECESSARY MONITORING IN ORDER TO SAVE FUNDS AND PERSONNEL RESOURCES FOR MORE COST-EFFECTIVE USES.



Measuring water quality in a monitoring well located in a street vault in Management Zone 3.

PRODUCTION MONITORING

Most Active Wells Are Metered.

Watermaster staff reads agricultural groundwater production results quarterly, and enters it into the database. Agricultural minimum user well production data are collected annually and added to the database. Appropriative and Non-Agricultural well owners report their meter reads quarterly, and Watermaster enters the data into the database.

SURFACE WATER MONITORING

There are two areas of focus for surface water monitoring: recharge basins and water quality along the Santa Ana River.

- **Sampled Water Quality and Quantity in Recharge Basins.** Watermaster and IEUA estimate the volume of stormwater recharged, as well as imported and recycled water quantities and quality using pressure transducers and staff gauges. The goal is to calculate the blended water quality in each recharge basin, the surface water-groundwater interactions, and the dilution of recycled water.

- **Monitored Surface Water in the Santa Ana River (SAR)** measures flow and select water quality parameters to assess whether Chino Basin groundwater might impact Santa Ana River water quality. These data, combined with groundwater modeling, assess the extent and integrity of hydraulic control.

WATERMASTER'S EXTENSIVE MONITORING PROGRAM TRACKS ABOUT 1,000 PRODUCTION AND MONITORING WELLS ACROSS THE BASIN.



Obtaining a water quality sample at a monitoring well located in Management Zone 3.

Watermaster Board

Agricultural Pool Representatives

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

Non-Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Bob Bowcock	Calmat Co., a Division of Vulcan Materials Co.
Alternate: Brian Geye	California Speedway Corp. (Auto Club Speedway)

Appropriative Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
W.C. "Bill" Kruger (Jan. - Sept.)	Chino Hills, City of
Peter Rogers (Sept.-Dec.)	Chino Hills, City of
James Curatalo , Vice-Chair	Fontana Union Water Company
Alternate: Kathy Tieg	
Paula Lantz , Secretary/Treasurer	Pomona, City of
Alternate: Danielle Soto	

Municipal Water District Representatives

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

Staff

Peter Kavounas, PE
General Manager
(Sept.-Dec.)

Ken Jeske
Interim Chief Executive Officer
(Jan.-Sept.)

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

Danielle Maurizio, PE
Assistant General Manager

Joseph Joswiak, MBA
Chief Financial Officer

Gerald Greene, Denv, PE, QEP
Senior Environmental Engineer
(Jan.-May)

Jim Theirl
Water Resource Engineer

Frank Yoo
GIS & Database Specialist

Justin Nakano
Environmental Specialist

Sherri Molino
Executive Assistant

Janine Wilson
Accountant

Bianca Ruiz
TLC Staffing
(Aug.-Dec.)

Alexandra Perez
Office Specialist
(Jan.-Aug.)

Advisory Committee

Agricultural Pool Representatives

<i>REGULAR MEMBERS</i>	<i>REPRESENTING</i>
Carol Boyd/Helen Arens	State
Julie Cavender	State
Nathan deBoom	Dairy
Glen Durrington	Crops
Robert Feenstra	Dairy
Pete Hall	State
John Huitsing	Dairy
Gene Koopman	Dairy
Jeff Pierson , Chair	Crops
Rob Vanden Heuvel	Dairy

Non-Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Brian Geye , 2nd Vice-Chair	California Speedway Corp. (Auto Club Speedway)
Curtis Aaron (Feb.-Oct.)	California Steel Industries, Inc. (CSI)
Ken Jeske (Nov.-Dec.)	California Steel Industries, Inc. (CSI)
Alternate: Dennis Poulsen	
Tom O'Neill	Ontario, City of (Non-Ag)
Alternate: Michael Sigsbee	

Appropriative Pool Representatives

Ron Craig	Chino Hills, City of
Alternate: Mike Maestas	
Dave Crosley	Chino, City of
Marty Zvirbulis	Cucamonga Valley Water District
Josh Swift	Fontana Union Water Company
Robert Young	Fontana Water Company
Tom Harder	Jurupa Community Services District
Alternate: Robert Tock	
Mark Kinsey	Monte Vista Water District
Scott Burton	Ontario, City of
Alternate: Dennis Mejia	
Raul Garibay (Jan.-Nov.)	Pomona, City of
Curtis Aaron (Dec.)	Pomona, City of
Charles Moorrees	San Antonio Water Company (Minor Rep)
Alternate: Teri Layton	
J. Arnold Rodriguez	Santa Ana River Water Company (Minor Rep)
Rosemary Hoerning , Vice-Chair	Upland, City of

Agricultural Pool Committee

REGULAR MEMBERS	REPRESENTING
Nathan deBoom	Dairy
Glen Durrington	Crops
Robert Feenstra , Chair	Dairy
John Huitsing	Dairy
Gene Koopman	Dairy
Jeff Pierson , Vice-Chair	Crops
Rob Vanden Heuvel	Dairy
Helen Arens (July-Dec.)	State of California
Julie Cavender	State of California-CIM
Pete Hall	State of California-CIM
Jennifer Novak (Jan.-Mar.)	State of California

ALTERNATES	REPRESENTING
Peter Hettinga	Dairy
Dan Hostetler	Crops
Syp Vander Dussen	Dairy
Carol Boyd (July-Dec.)	State of California
Robert Nobles	State of California
Brian Pahel	State of California

Non-Agricultural Pool Committee

REPRESENTATIVE	MEMBER ENTITY
Mark Ward	Ameron International Corp.
—	Southern Service Co. (Angelica)
David Penrice	Aqua Capital Management LP
Brian Geye , Vice-Chair	California Speedway Corp. (Auto Club Speedway)
Curtis Aaron (Feb.-Oct.)	California Steel Industries, Inc. (CSI)
Ken Jeske (Nov.-Dec.)	California Steel Industries, Inc. (CSI)
Alternate: Dennis Poulsen	CCG Ontario, LLC (Catellus)
—	General Electric Co. (GE)
Lisa Hamilton	GenOn West, LP
Bob Lawhn	Kaiser Ventures Inc.
—	KCO, LLC / The Koll Company
Gerald Yahr	Loving Savior of the Hills Lutheran Church
—	Hamner Park Associates
David Starnes	(Swan Lake Mobile Home Park)
Alternate: Michael Alder	Ontario, City of (Non-Ag)
Tom O'Neill	Praxair, Inc.
Alternate: Michael Sigsbee	
Curtis Stubbings	Riboli Family/San Antonio Winery
Alternate: Roger Han	San Bernardino, County of (Chino Airport)
Steve Riboli	Southern California Edison Co. (SCE)
James Jenkins	Space Center Mira Loma, Inc.
Jorge Rosa, Jr.	
Tom Cruikshank	Sunkist Growers, Inc.
Alternate: Patti Jett	Calmat Co., a Division of Vulcan Materials Co.
—	West Venture Development Co.
Bob Bowcock , Chair	
Alternate: Kevin Sage	
—	

Appropriative Pool Committee

REPRESENTATIVE	MEMBER ENTITY
Kevin Sage	Arrowhead Mountain Spring Water*
Dave Crosley	Chino, City of
Ron Craig	Chino Hills, City of
Alternate: Mike Maestas	
Marty Zvirbulis , Chair	Cucamonga Valley Water District
Alternate: Jo Lynne Russo-Pereyra	
Chuck Hays	Fontana, City of*
Josh Swift	Fontana Union Water Company
Robert Young	Fontana Water Company
Ben Lewis	Golden State Water Company*
Eldon Horst (Jan.-Apr.)	Jurupa Community Services District
Todd Corbin (May-Dec.)	Jurupa Community Services District
Alternate: Tom Harder	
Justin Brokaw	Marygold Mutual Water Company*
Van Jew	Monte Vista Irrigation Company*
Alternate: Justin Scott-Coe	
Mark Kinsey	Monte Vista Water District
Alternate: Justin Scott-Coe	
Geoff Kamansky	Niagara Bottling, LLC*
Robert Young	Nicholson Trust*
Bill Thompson	Norco, City of*
Scott Burton , Vice-Chair	Ontario, City of
Alternate: Dennis Mejia	
Raul Garibay (Jan.-Nov.)	Pomona, City of
Curtis Aaron (Dec.)	Pomona, City of
Charles Moorrees	San Antonio Water Company*
Alternate: Teri Layton	
Phil Krause	San Bernardino, County of (Shooting Park)*
J. Arnold Rodriguez	Santa Ana River Water Company*
Rosemary Hoerning	Upland, City of
Rosemary Hoerning	West End Consolidated Water Co.*
A.W. "Butch" Araiza (Jan-July)	West Valley Water District*
Shaun Stone (Aug.-Dec.)	West Valley Water District*

* Minor Producer

WATERMASTER INCLUDES REPRESENTATION OF 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

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COURT HEARINGS AND ORDERS FISCAL YEAR 2011-2012

During the fiscal year 2011-12, 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
June 29, 2012	<ul style="list-style-type: none">• Order Post Appeal [Regarding Paragraph 31]
June 15, 2012	<ul style="list-style-type: none">• Supplemental Order after Hearing on Motion for Approval of Watermaster Resolution 2010-04
June 13, 2012	<ul style="list-style-type: none">• Court of Appeal Remittitur [Regarding Paragraph 31]
April 10, 2012	<ul style="list-style-type: none">• Court of Appeal Opinion [Regarding Paragraph 31]
December 16, 2011	<ul style="list-style-type: none">• Order Granting Ex Parte Motion to Request a 180-Day Extension of Time Re Filing of Recharge Master Plan Status Report
November 1, 2011	<ul style="list-style-type: none">• Notice of Rulings [Regarding October 28, 2011 Hearing: Approving Watermaster Resolution 2010-04, Confirming General Electric as a member of the Non-Agricultural Pool, and Requesting Resubmittal of the Restated Judgment]
October 28, 2011	<ul style="list-style-type: none">• Watermaster Court Hearing [Regarding Watermaster Resolution 2010-04, Confirmation of General Electric as a member of the Non-Agricultural Pool, and Restated Judgment]

RESOLUTIONS CALENDAR YEAR 2012

Resolution	Adopted	Summary of Resolution
12-07	November 15, 2012	<p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2012-2013</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective November 15, 2012 as shown on Exhibit "A" (Summary of Assessments). • Pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.
12-05	September 27, 2012	<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, General Manager/Secretary, Assistant General Manager, and Chief Financial Officer.
12-04	April 26, 2012	<p><i>Approving Membership in the ACWA Joint Powers Insurance Authority, Consenting to Join the Health Benefits Program of the ACWA Joint Powers Insurance Authority, Ratifying the Action of the ACWA Health Benefits Authority Board of Directors to Terminate the Health Benefits Authority Joint Powers Agreement, and Authorizing and Directing the Chino Basin Watermaster to Execute All Necessary Documents</i></p> <p>The Directors of Chino Basin Watermaster hereby:</p> <ul style="list-style-type: none"> • Agree that the JPIA Agreement and the HBA Memorandum of Understanding referred to in the recitals are incorporated in the resolution by reference. • Approve the Agency's membership in the Association of California Water Agencies Joint Powers Insurance Authority. • Consent to join JPIA's Employee Benefits Program and acknowledge, represent, and agree that all terms and conditions of the HBA Memorandum of Understanding apply to the provision of the Agency's Existing Employee Benefits Coverage through JPIA. • Authorize and direct the Agency's Chief Financial Officer to cooperate fully with HBA and JPIA in the execution of any other documents and in the completion of any additional actions that may be necessary or appropriate for the purpose of ensuring that the Agency's Existing Employee Benefits Coverage continues without lapse through JPIA. • Ratify the action of the HBA Board of Directors to terminate the HBA Agreement, to be effective as provided in Article 22 of the HBA Agreement. • Direct the Secretary of the Board of the Agency to immediately send a certified copy of this resolution to: Association of California Water Agencies Health Benefits Authority, 4600 Northgate Blvd, Suite 100, Sacramento, California, 95834.
12-03	January 26, 2012	<p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2011-2012</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective January 26, 2012 as shown on Exhibit "A" (Summary of Assessments). • Pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.

12-02

January 26,
2012

Authorizing Investment of Monies in the Local Agency Investment Fund

- 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.

12-01

January 26,
2012

Establishing a Watermaster Investment Policy

- 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 11-01 is rescinded in its entirety.
-

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Production Year ¹	Appropriative	Non-Agricultural	Agricultural
11-12			Tad Nakase (TDN Land Company)
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.

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, 2012)

<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, 2012)

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron International Corp. ^A	125.00	97.858
San Bernardino, County of (Chino Airport)	171.00	133.870
Vulcan Materials Company ^B	-	-
Kaiser Ventures, Inc. ^C	-	-
West Venture Development Co. ^D	-	-
Southern California Edison Co. ^E	-	-
GenOn West, LP ^F	1,219.29	954.540
Space Center Mira Loma, Inc.	133.00	104.121
Angelica Corp. ^G	24.00	18.789
Sunkist Growers, Inc. ^H	-	-
Mobile Community Management Co. (Swan Lake MHP) ^I	593.00	464.240
Praxair, Inc. ^J	1.28	1.000
Quaker Chemical Company ^K	-	-
California Steel Industries, Inc. (CSI) ^{L,U}	1,660.56	1,300.000
General Electric Company ^M	-	-
Auto Club Speedway ^N	1,277.36	1,000.000
Loving Savior of the Hills Lutheran Church ^O	-	-
CCG Ontario, LLC ^P	-	-
KCO, LLC / The Koll Company ^Q	-	-
Riboli Family / San Antonio Winery ^R	-	-
Ontario, City of (Non-Ag) ^S	2,973.44	2,327.807
Aqua Capital Management LP ^{T,U}	1,211.08	948.118
Total	9,389.00	7,350.343

^A Ameron Steel Producers, Inc. changed its name to Ameron International Corp in 1996.

^B 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.

^C Kaiser Steel Corporation became Kaiser Resources and then Kaiser Ventures, 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.

^D The property and associated water rights owned by Red Star Fertilizer were transferred to Anaheim Citrus and then to West Venture Development Co. After subdividing and selling the property, West Venture went out of business in 91-92 and disclaimed any interest in the water rights, requesting that their disposition be determined by the Court.

^E 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 of (Non-Ag).

^F 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.

^G Southern Service Company became Angelica Rental Service in FY 90-91, then later changed its name to Angelica Corp.

^H On May 22, 2008, Sunkist permanently transferred 22.000 AF SY to KCO/Koll. On October 23, 2008 Sunkist permanently transferred 1,873.402 AF SY to Ontario, City of (Non-Ag).

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

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

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

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

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

^N 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.

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

^P 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.

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

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

^S Ontario, City of (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 of (Non-Ag). On May 28, 2009, Koll's 22.000 AF SY was permanently transferred to Ontario, City of (Non-Ag). On May 27, 2010, Praxair permanently transferred 426.446 AF SY to Ontario, City of (Non-Ag). On March 24, 2011, SCE permanently transferred 27.959 AF SY to Ontario, City of (Non-Ag).

^T Aqua Capital Management LP 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.

^U As of June 30, 2012, an ongoing dispute existed between Aqua Capital Management and CSI concerning allocation of the right attributed to Aqua Capital Management. This dispute was subsequently resolved pursuant to a February 2013 settlement and the terms of that settlement will be reflected in subsequent Annual Reports.

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
11-12	79,343 ²⁵	34,353	4,415	118,111

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.

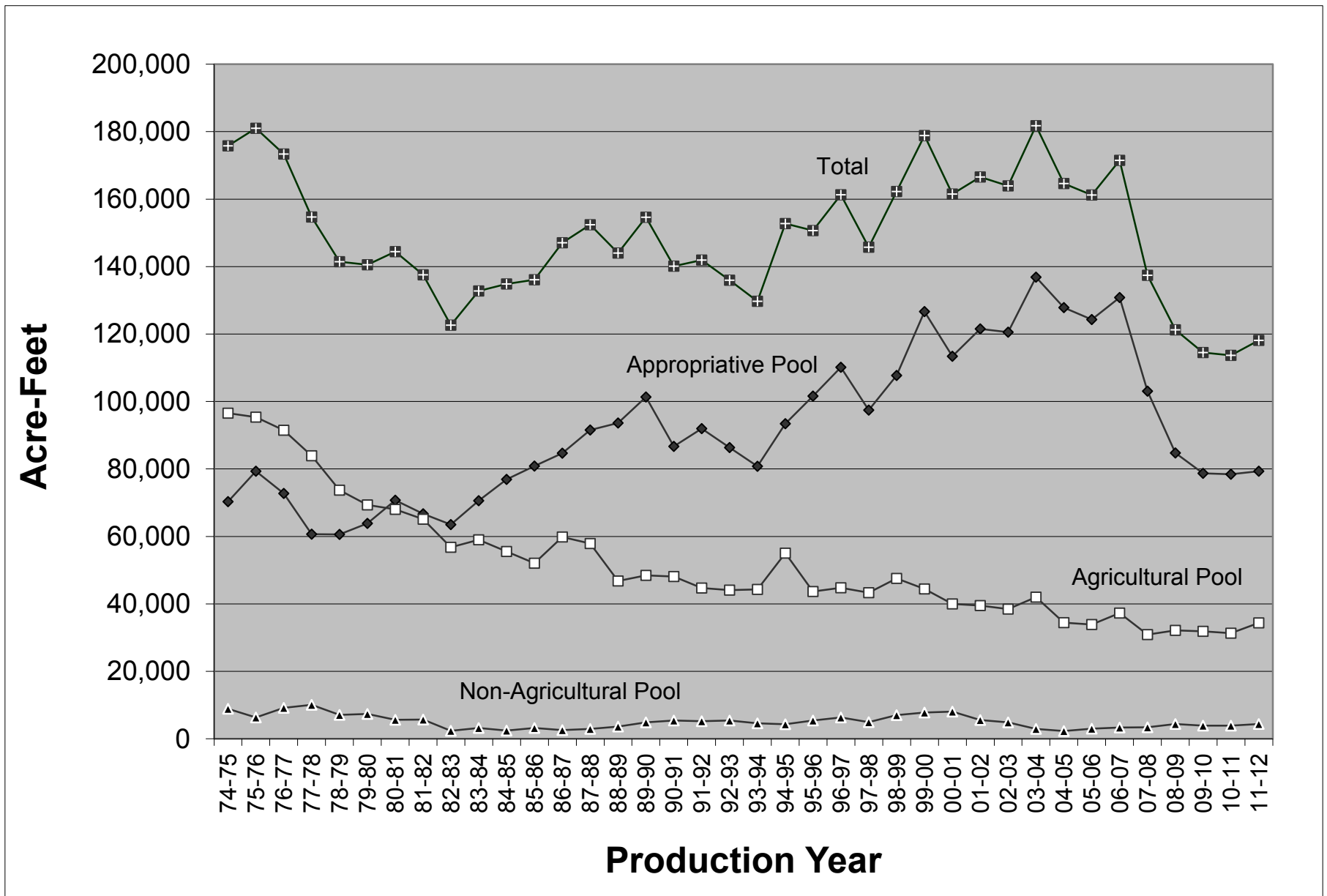
²² Does not include 32,920 AF Desalter production or 82.6 AF Dept. of Toxic Substances Control (DTSC) production.

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.

²⁵ Does not include 28,379 AF Desalter production or 88.8 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	27,928	38,399 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	28,863	45,343
03-04	17,510 ⁵	N/A	23,312	40,822
04-05	19,013	N/A	29,336	48,350
05-06	20,370	N/A	28,530	48,900
06-07	22,158	N/A	23,346	45,505
07-08	22,461	N/A	29,429	51,890
08-09	22,730	N/A	27,927	50,657
09-10	22,943	N/A	28,002	50,945
10-11	23,033	N/A	28,425	51,458
11-12	23,237	N/A	25,210	48,447

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 Extractions ²	Other Imported Supplies ³	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
11-12	118,111	171,808	289,919

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 2011-2012
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD & MWDSC Imported Deliveries	Recycled Water	Total
Chino, City of	-	-	-	9,130.0	9,130.0
Chino Hills, City of	-	-	-	2,302.6	2,302.6
Cucamonga Valley Water District ¹	5,933.2	4,070.4	-	2,901.7	12,905.3
Inland Empire Utilities Agency ²	-	-	-	514.8	514.8
Fontana Water Company ³	23,053.0	12,673.9	-	-	35,727.0
Jurupa Community Services District ⁴	1,316.9	-	-	753.8	2,070.7
Marygold Mutual Water Company ⁵	-	-	-	-	-
MWDSC ⁶	-	-	52,831.3	-	52,831.3
Monte Vista Water District	-	-	-	638.3	638.3
Ontario, City of	-	-	-	10,734.4	10,734.4
Pomona, City of ⁷	4,019.0	2,940.9	1,165.9	-	8,125.8
San Antonio Water Company ⁸	6,985.2	1,733.2	-	-	8,718.4
San Bernardino, County of	-	-	-	1,449.9	1,449.9
State of California, CIM ⁹	-	-	-	1,237.5	1,237.5
Upland, City of ¹⁰	9,911.0	2,164.0	-	813.2	12,888.2
West End Consolidated Water Company ¹¹	5,449.0	-	-	-	5,449.0
West Valley Water District ¹²	7,085.0	-	-	-	7,085.0
Total	63,752.3	23,582.4	53,997.2	30,476.2	171,808.2

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 29,238.7 AF of recycled water as follows: 8,274.1 AF to the City of Chino, 1,566.1 AF to the City of Chino Hills, 1,018.9 AF to Cucamonga Valley Water District, 514.8 AF to IEUA, 287.8 AF to Monte Vista Water District, 7,493.0 AF to Ontario, 1,449.9 AF to San Bernardino County, and 0.0 AF to the City of Upland. Additionally, recycled water groundwater recharge in the amount of 8,634.0 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 3,913.5 AF of groundwater from Six Basins and 105.5 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁸ An amount of 1,733.2 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1,071.4 AF from San Antonio Tunnel, 4,738.6 AF from Cucamonga Basin, and 1,175.2 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 2011-2012
(ACRE-FEET)

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills ²	Total
July	1,063	-	1,040	327	394	2,824
August	1,029	110	1,052	334	535	3,060
September	756	506	1,107	328	842	3,539
October	313	-	204	260	172	949
November	180	-	813	188	16	1,197
December	184	-	997	158	19	1,358
January	336	-	907	137	1	1,381
February	211	321	912	131	214	1,789
March	182	491	959	152	250	2,034
April	352	11	879	134	245	1,621
May	828	-	982	256	438	2,504
June	1,014	-	956	336	927	3,233
Total	6,448	1,439	10,808	2,741	4,053	25,489

Month	Reliant	Fontana Water Co.	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-19	CB-07	CB-16	Sub-Total		
July	-	180	-	2,815	2,815	237	6,056
August	-	63	-	2,845	2,845	246	6,214
September	-	241	-	3,592	3,592	193	7,565
October	-	19	-	1,568	1,568	96	2,632
November	-	3	-	721	721	21	1,942
December	-	202	-	1,428	1,428	-	2,989
January	-	0	3	1,870	1,873	15	3,269
February	-	40	39	1,450	1,489	6	3,324
March	-	147	-	1,717	1,717	13	3,912
April	-	179	-	1,973	1,973	4	3,777
May	-	123	-	2,992	2,992	108	5,727
June	-	-	-	3,133	3,133	227	6,592
Total	-	1,197	42	26,103	26,145	1,166	53,997

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 2011-2012
(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	-	-	-	-	-	-	-	-	-	-	-	-	-
Chino Hills, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Cucamonga Valley Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
Jurupa Community Services District	-	-	-	-	-	-	-	-	-	-	-	-	-
Monte Vista Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
Ontario, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Pomona, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Upland, City of	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Storage / (Withdrawals)	-	-	-	-	-	-	-	-	-	-	-	-	-
Replenishment (and Preemptive Replenishment) Deliveries													
Watermaster Obligation = 1,238.791 AF +0.000 AF (CURO) = 1,238.791 AF													
Direct*													
ASR (Monte Vista Water District)	305.0	251.0	332.6	-	-	-	-	-	-	-	-	-	888.6
CB-11 (Deer Creek)	-	54.5	144.9	-	-	-	-	-	-	-	-	-	199.4
CB-13 (San Sevaine)	1,587.3	11.2	205.6	-	-	-	-	-	-	-	-	-	1,804.1
CB-14 (Etiwanda)	-	445.6	453.2	-	-	-	-	-	-	-	-	-	898.8
CB-15 (Day Creek)	350.7	569.1	519.3	-	-	-	-	-	-	-	-	-	1,439.1
CB-18 (Etiwanda Inter-tie)	787.4	354.6	1,046.2	-	-	-	-	-	-	-	-	-	2,188.2
CB-20 (West Cucamonga)	475.5	496.5	485.2	-	-	-	-	-	-	-	-	-	1,457.2
OC-59 (San Antonio)	5,185.9	5,206.4	4,757.8	-	-	-	-	-	-	-	-	-	15,150.1
	8,691.8	7,388.9	7,944.8	-	-	-	-	-	-	-	-	-	24,025.5
In-Lieu													
Service Connections													
CB-12	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Parties													
	-	-	-	-	-	-	-	-	1,238.8	-	-	-	1,238.8
Purchased from Cyclic Account													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Replenishment	8,691.8	7,388.9	7,944.8	-	-	-	-	-	1,238.8	-	-	-	25,264.3

* Direct replenishment deliveries during FY 2011-2012 were purchased as preemptive replenishment by Fontana Water Company (13,020.0 acre-feet) and Niagara Bottling LLC (3,906.0 acre-feet) and credited to their "New" Supplemental Storage accounts; and as desalter preemptive replenishment by City of Chino (1,416.470 acre-feet), City of Ontario (3,322.247 acre-feet), and Jurupa Community Services District (2,360.783 acre-feet), which were credited to their "Desalter Preemptive Replenishment" accounts.

**SUMMARY OF STORMWATER RECHARGE
FISCAL YEAR 2011-2012
(ACRE-FEET)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
MANAGEMENT ZONE 1:													
San Antonio Channel / CB-59													
Upland	-	-	-	29	31	8	20	27	60	47	-	-	222
College Heights	-	-	-	4	-	-	-	-	-	-	-	-	4
Montclair 1, 2 3 & 4	-	-	-	78	152	22	60	83	176	132	-	-	703
Brooks	2	2	12	18	50	16	45	50	103	64	1	-	363
West Cucamonga Channel / CB-20													
15th Street	-	-	-	-	-	-	-	-	-	-	-	-	-
8th Street	7	8	6	39	135	71	56	112	220	168	3	3	828
7th Street	3	3	2	4	3	5	1	42	61	55	22	18	219
MANAGEMENT ZONE 2:													
Cucamonga / Deer Creek Channels													
Turner 1 & 2	16	22	2	-	81	88	146	221	295	258	14	20	1,163
Turner 3 & 4	-	3	41	63	66	69	86	109	126	88	40	25	716
Day Creek Channel													
Lower Day	2	4	1	23	15	11	15	22	26	35	2	2	158
Etiwanda Channel													
Etiwanda Debris Basin	-	-	-	42	5	7	7	9	23	7	-	-	100
Victoria	4	1	-	30	25	9	11	4	18	96	20	3	221
Minor Drainage													
Grove	-	-	-	55	85	23	47	36	99	46	4	5	400
San Sevaine Channel													
San Sevaine 1, 2, 3 & 4	-	-	-	30	30	14	31	30	68	57	-	-	260
San Sevaine 5	-	-	-	9	2	6	24	24	92	19	-	-	176
West Cucamonga Channel													
Ely 1, 2 & 3	18	16	19	215	211	36	89	95	247	135	3	12	1,096
West Fontana Channel													
Hickory	-	4	32	17	11	1	49	59	53	30	-	2	258
MANAGEMENT ZONE 3:													
Day Creek Channel													
Wineville	-	-	-	-	-	-	-	-	-	-	-	-	-
Riverside	-	-	-	-	-	-	-	-	-	-	-	-	-
DeClez Channel													
DeClez	81	3	6	74	120	56	87	46	184	133	7	1	798
RP3 Cell 1, 3, & 4	64	13	35	116	97	67	63	155	169	177	56	46	1,058
RP3 Cell 2	16	18	12	22	25	11	41	21	53	43	5	14	281
Etiwanda Channel													
Etiwanda Conservation	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Channel													
Jurupa	-	-	-	-	-	-	-	-	-	-	-	-	-
West Fontana Channel													
Banana	31	-	-	20	30	18	48	21	44	35	-	-	247
Totals	244	97	168	888	1,174	538	926	1,166	2,117	1,625	177	151	9,271

APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		Ag Pool SY Reallocation			Replen
		\$8.76 AF/Admin	\$41.84 AF/OBMP	AF Total Reallocation	\$300,871.99 \$6.21 AF/Admin	\$1,437,466.99 \$29.67 AF/OBMP	AF/15%
Arrowhead Mtn Spring Water Co	369.040	3,232.79	15,440.63	0.000	0.00	0.00	0.00
Chino Hills, City Of	3,401.160	29,794.16	142,304.53	1,945.656	12,083.25	57,729.79	70.42
Chino, City Of	0.000	0.00	0.00	7,757.201	48,175.13	230,164.83	0.00
Cucamonga Valley Water District	14,948.728	130,950.86	625,454.78	2,389.188	14,837.75	70,889.88	309.52
Desalter Authority	28,378.933	0.00	0.00	0.000	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,305.619	20,529.13	98,081.41	0.00
Fontana Water Company	5,694.480	49,883.64	238,257.04	721.605	4,481.44	21,410.83	117.91
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Golden State Water Company	745.735	6,532.64	31,201.55	212.680	1,320.82	6,310.45	15.44
Jurupa Community Services District	15,916.835	139,431.47	665,960.38	12,112.427	75,222.71	359,389.26	329.56
Marygold Mutual Water Company	1,174.962	10,292.67	49,160.41	338.871	2,104.52	10,054.68	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	349.930	2,173.20	10,382.81	0.00
Monte Vista Water District	9,911.649	86,826.05	414,703.39	2,542.214	15,788.10	75,430.33	205.22
Niagara Bottling, LLC	1,349.170	11,818.73	56,449.27	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	1.985	12.33	58.90	0.00
Norco, City Of	0.000	0.00	0.00	104.355	648.08	3,096.33	0.00
Ontario, City Of	13,698.422	119,998.18	573,141.98	7,114.180	44,181.72	211,085.68	283.63
Pomona, City Of	11,420.171	100,040.70	477,819.95	5,800.217	36,021.52	172,098.93	0.00
San Antonio Water Company	172.368	1,509.94	7,211.88	779.261	4,839.50	23,121.55	3.57
San Bernardino County Shtg Prk	14.788	129.54	618.73	0.000	0.00	0.00	0.31
Santa Ana River Water Company	0.000	0.00	0.00	672.920	4,179.09	19,966.29	0.00
Upland, City Of	525.025	4,599.22	21,967.05	1,475.151	9,161.24	43,769.38	10.87
West End Consolidated Water Com pany	0.000	0.00	0.00	490.015	3,043.18	14,539.29	0.00
West Valley Water District	0.000	0.00	0.00	333.199	2,069.29	9,886.39	0.00
	107,721.466	695,040.58	3,319,691.58	48,446.674	300,871.99	1,437,466.99	1,346.44
	1A	1B	1C	1D	1E	1F	1G

Irrigation Assessments		85/15 Water Transaction Activity				ASSESSMENTS DUE			
\$515.95 AF/85%	\$607.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Other Adjustments	Total Production Based	Recharge Debt Payment	Total Due	
0.00	224,007.28	0.00	0.00	(5,924.38)	0.00	236,756.32	0.00	236,756.32	
0.00	0.00	0.00	16,522.50	(12.38)	0.00	258,492.28	19,295.63	277,787.91	
0.00	0.00	0.00	0.00	0.00	0.00	278,339.95	36,862.62	315,202.57	
0.00	0.00	0.00	72,619.46	(54.43)	0.00	915,007.82	33,074.64	948,082.46	
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	118,610.54	58,407.98	177,018.53	
0.00	0.00	(315,905.47)	27,663.23	(1,145.33)	0.00	24,763.28	10.02	24,773.30	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	3,622.71	(2.72)	0.00	49,000.90	3,757.91	52,758.81	
0.00	0.00	0.00	77,322.43	(57.95)	0.00	1,317,597.86	18,834.66	1,336,432.52	
0.00	0.00	0.00	0.00	0.00	0.00	71,612.27	5,987.61	77,599.88	
0.00	0.00	0.00	0.00	0.00	0.00	12,556.01	6,183.02	18,739.03	
0.00	0.00	0.00	48,149.83	(36.09)	0.00	641,066.83	44,077.81	685,144.64	
0.00	409,473.10	0.00	0.00	(9,751.99)	0.00	467,989.11	0.00	467,989.11	
0.00	0.00	0.00	0.00	0.00	0.00	71.22	35.07	106.30	
0.00	0.00	0.00	0.00	0.00	0.00	3,744.41	1,843.88	5,588.29	
0.00	0.00	0.00	66,545.60	(49.87)	0.00	1,015,186.91	103,928.83	1,119,115.74	
0.00	0.00	0.00	0.00	0.00	0.00	785,981.10	102,485.79	888,466.89	
0.00	0.00	0.00	837.35	(0.63)	0.00	37,523.15	13,768.99	51,292.15	
7,629.87	0.00	0.00	71.84	(217.10)	0.00	8,233.18	0.00	8,233.18	
0.00	0.00	0.00	0.00	0.00	0.00	24,145.37	11,890.04	36,035.41	
0.00	0.00	0.00	2,550.52	(1.91)	0.00	82,056.36	26,064.88	108,121.24	
0.00	0.00	0.00	0.00	0.00	0.00	17,582.47	8,658.23	26,240.70	
0.00	0.00	0.00	0.00	0.00	0.00	11,955.68	5,887.40	17,843.07	
7,629.87	633,480.38	(315,905.47)	315,905.47	(17,254.77)	0.00	6,378,273.04	501,054.99	6,879,328.04	
1H	1I	1J	1K	1L	1M	1N	1O	1P	

APPROPRIATIVE POOL WATER PRODUCTION SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Water Production Summary

	Percent of Operating Safe Yield	Carryover Beginning Balance	Carryover Storage Loss	Prior Year Adjust- ments	Assigned Share of Operating Safe Yield	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	0.000	251.033	2,111.422	1,945.656	0.000
Chino, City Of	7.357%	4,033.857	0.000	466.967	4,033.857	7,757.201	0.000
Cucamonga Valley Water District	6.601%	294.156	0.000	423.870	3,619.454	2,389.188	9,527.411
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	0.000	0.000	0.000	6,391.736	3,305.619	(9,697.355)
Fontana Water Company	0.002%	0.000	0.000	0.000	1.000	721.605	4,971.875
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	0.000	41.134	411.476	212.680	0.000
Jurupa Community Services District	3.759%	2,061.118	0.000	41.222	2,061.118	12,112.427	1,000.000
Marygold Mutual Water Company	1.195%	567.406	0.000	78.636	655.317	338.871	16.000
Monte Vista Irrigation Company	1.234%	676.759	0.000	42.947	676.759	349.930	0.000
Monte Vista Water District	8.797%	4,589.927	0.000	88.747	4,823.954	2,542.214	715.050
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	0.000	674.585
Nicholson Trust	0.007%	0.171	0.000	0.212	4.000	1.985	(5.000)
Norco, City Of	0.368%	201.545	0.000	24.180	201.545	104.355	0.000
Ontario, City Of	20.742%	11,373.816	0.000	1,033.720	11,373.816	7,114.180	1,643.000
Pomona, City Of	20.454%	11,215.852	0.000	1,038.472	11,215.852	5,800.217	219.678
San Antonio Water Company	2.748%	928.773	0.000	169.928	1,506.888	779.261	(2,065.372)
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	170.392	0.000	76.756	1,301.374	672.920	(1,138.944)
Upland, City Of	5.202%	1,182.963	0.000	321.754	2,852.401	1,475.151	(9.266)
West End Consolidated Water Compa ny	1.728%	947.714	0.000	94.770	947.714	490.015	0.000
West Valley Water District	1.175%	644.317	0.000	77.316	644.317	333.199	15.000
	100.00%	41,411.664	0.000	4,271.664	54,834.000	48,446.674	5,866.662

Less Desalter Authority Production

Total Less Desalter Authority Production

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p2: 1) Watermaster is making a one-time adjustment to Carryover losses, consistent with the loss provisions of the Peace Agreements. (The adjustment for the pa
2) New Yield is allocated to the Appropriators based on their % OSY. Production Years 2003/2004 through 2007/2008 each allocated 12,000 AF total, and 2008/20
3) During Production Year 2011/2012, MVWD received 682.2 AF and Ontario received 784.5 AF of in lieu replenishment-rate water (which remain in their Annual/C

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	369.040	0.000	369.040	0.000	369.040	0.000	0.000	0.000
0.000	6,419.533	3,401.160	0.000	3,401.160	0.000	0.000	3,018.373	2,111.422	906.951
0.000	16,291.882	0.000	0.000	0.000	0.000	0.000	16,291.882	4,033.857	12,258.025
0.000	16,254.079	14,948.728	0.000	14,948.728	0.000	0.000	1,305.351	1,305.351	0.000
0.000	0.000	28,378.933	0.000	28,378.933	0.000	28,378.933	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	5,694.480	5,694.480	0.000	5,694.480	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	1,076.766	745.735	0.000	745.735	0.000	0.000	331.031	331.031	0.000
0.000	17,275.885	15,916.835	0.000	15,916.835	0.000	0.000	1,359.049	1,359.049	0.000
0.000	1,656.230	1,174.962	0.000	1,174.962	0.000	0.000	481.268	481.268	0.000
0.000	1,746.395	0.000	0.000	0.000	0.000	0.000	1,746.395	676.759	1,069.636
0.000	12,759.892	9,911.649	0.000	9,911.649	0.000	0.000	2,848.243	2,848.243	0.000
0.000	674.585	1,349.170	0.000	1,349.170	0.000	674.585	0.000	0.000	0.000
0.000	1.368	0.000	0.000	0.000	0.000	0.000	1.368	1.368	0.000
0.000	531.624	0.000	0.000	0.000	0.000	0.000	531.624	201.545	330.079
0.000	32,538.532	13,698.422	0.000	13,698.422	0.000	0.000	18,840.110	11,373.816	7,466.294
0.000	29,490.071	11,420.171	0.000	11,420.171	0.000	0.000	18,069.900	11,215.852	6,854.048
0.000	1,319.478	172.368	0.000	172.368	0.000	0.000	1,147.110	1,147.110	0.000
0.000	0.000	14.788	0.000	14.788	14.788	0.000	0.000	0.000	0.000
0.000	1,082.498	0.000	0.000	0.000	0.000	0.000	1,082.498	1,082.498	0.000
0.000	5,823.003	525.025	0.000	525.025	0.000	0.000	5,297.978	2,852.401	2,445.577
0.000	2,480.213	0.000	0.000	0.000	0.000	0.000	2,480.213	947.714	1,532.499
0.000	1,714.149	0.000	0.000	0.000	0.000	0.000	1,714.149	644.317	1,069.831
0.000	154,830.663	107,721.466	0.000	107,721.466	14.788	29,422.558	76,546.542	42,613.601	33,932.940
		28,378.933		28,378.933		28,378.933			
		79,342.533		79,342.533		1,043.625			

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st six years is shown in Column [2D]--See Appendix A.)
09 through 2011/2012 each allocated 0 AF
arryover/Excess Carryover accounts), and they had unpumped production rights in excess of those amounts.

APPROPRIATIVE POOL SUPPLEMENTAL STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Local Supplemental Storage Account Summary

	Reference <i>Production + Exchanges (RW Agencies Only)</i>	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	3,401.160	1,751.950	(35.039)	736.500	0.000	2,453.411	5,270.346	
Chino, City Of	0.000	1,994.046	(39.880)	855.900	0.000	2,810.066	1,157.367	
Cucamonga Valley Water District	14,948.728	4,335.381	(86.707)	1,882.800	0.000	6,131.474	11,767.104	
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	1,528.462	
Jurupa Community Services District	15,916.835	1,010.165	(20.203)	753.800	0.000	1,743.762	0.000	
Marygold Mutual Water Company	-	0.000	0.000	0.000	0.000	0.000	1,680.021	
Monte Vista Irrigation Company	-	0.000	0.000	0.000	0.000	0.000	6,214.464	
Monte Vista Water District	9,911.649	836.186	(16.723)	350.500	0.000	1,169.963	3,715.550	
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	13,698.422	7,998.698	(159.973)	3,241.400	0.000	11,080.125	8,858.427	
Pomona, City Of	-	0.000	0.000	0.000	0.000	0.000	12,007.753	
San Antonio Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	
San Bernardino County Shtg Prk	-	0.000	0.000	0.000	0.000	0.000	0.000	
Santa Ana River Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	
Upland, City Of	525.025	1,944.639	(38.892)	813.200	0.000	2,718.947	6,385.875	
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	
	58,401.819	19,871.065	(397.417)	8,634.100	0.000	28,107.748	58,585.369	

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- p4: 1) The first 3,000 AF of City of Fontana's recharged recycled water transfers to the City of Ontario, and the City of Montclair's recharged recycled water transfers to MV
 2) FWC's and Niagara's July-Sept 2011 preemptive replenishment amounts were placed into their "New" Supplemental Storage accounts (FWC = 13,020 AF, Niagara = 3,9 obligations.
 3) SAWCO recharged 101 AF of non-native water during Production Year 2011/2012. It is placed in SAWCO's "New" Supplemental Storage account.

Quantified (Pre 7/1/2000) Account				New (Post 7/1/2000) 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
(105.406)	0.000	0.000	5,164.940	0.000	0.000	0.000	0.000	0.000	7,618.351
(23.147)	0.000	0.000	1,134.220	2,120.076	(42.401)	0.000	0.000	2,077.675	6,021.961
(235.342)	0.000	0.000	11,531.762	2,570.746	(51.414)	0.000	0.000	2,519.332	20,182.568
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	0.030	0.000	13,020.000	(4,966.875)	8,053.155	8,053.155
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(30.569)	0.000	0.000	1,497.893	62.940	(1.258)	0.000	0.000	61.682	1,559.575
0.000	0.000	0.000	0.000	1,083.237	(21.664)	0.000	0.000	1,061.573	2,805.335
(33.600)	0.000	0.000	1,646.421	105.215	(2.104)	0.000	0.000	103.111	1,749.532
(124.289)	0.000	0.000	6,090.175	355.604	(7.112)	0.000	0.000	348.492	6,438.667
(74.311)	0.000	0.000	3,641.239	2,333.948	(46.678)	0.000	0.000	2,287.270	7,098.472
0.000	0.000	0.000	0.000	1,421.654	(28.433)	3,906.000	(674.585)	4,624.636	4,624.636
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	106.049	(2.120)	0.000	0.000	103.929	103.929
(177.168)	0.000	0.000	8,681.259	5,289.705	(105.794)	0.000	0.000	5,183.911	24,945.295
(240.155)	0.000	0.000	11,767.598	1,716.475	(34.329)	0.000	0.000	1,682.146	13,449.744
0.000	0.000	0.000	0.000	1,091.897	(21.837)	101.000	0.000	1,171.060	1,171.060
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	529.377	(10.587)	0.000	0.000	518.790	518.790
(127.717)	0.000	0.000	6,258.158	0.000	0.000	0.000	0.000	0.000	8,977.105
0.000	0.000	0.000	0.000	497.963	(9.959)	0.000	0.000	488.004	488.004
0.000	0.000	0.000	0.000	338.603	(6.772)	0.000	0.000	331.831	331.831
(1,171.704)	0.000	0.000	57,413.665	19,623.519	(392.462)	17,027.000	(5,641.460)	30,616.597	116,138.010

28,107.748 + 30,616.597 = 58,724.345

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

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WD.
06 AF). In October 2012, FWC transferred 4,966.875 AF and Niagara transferred 674.585 AF to offset their Production Year 2011/2012 overproduction

APPROPRIATIVE POOL EXCESS CARRY OVER ACCOUNT SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Local Excess Carry Over Storage Account Summary

	Excess Carry Over Account (ECO)					Ending Balance
	Beginning Balance	2% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	
Arrowhead Mtn Spring Water Co	0.000	0.000	56.410	0.000	0.000	56.410
Chino Hills, City Of	8,934.276	(178.685)	966.895	0.000	906.951	10,629.437
Chino, City Of	29,840.033	(596.800)	1,510.832	0.000	12,258.025	43,012.090
Cucamonga Valley Water District	42,002.400	(840.048)	3,908.742	0.000	0.000	45,071.094
Desalter Authority	0.001	0.000	0.000	0.000	0.000	0.001
Fontana Union Water Company	0.000	0.000	1,956.917	0.000	0.000	1,956.917
Fontana Water Company	0.000	0.000	(2,838.750)	4,966.875	0.000	2,128.125
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	1,053.151	(21.063)	246.463	0.000	0.000	1,278.551
Jurupa Community Services District	6,704.079	(134.081)	3,584.030	0.000	0.000	10,154.028
Marygold Mutual Water Company	656.888	(13.137)	223.497	0.000	0.000	867.248
Monte Vista Irrigation Company	1,964.229	(39.284)	37.214	0.000	1,069.636	3,031.795
Monte Vista Water District	651.597	(13.031)	3,310.457	0.000	0.000	3,949.023
Niagara Bottling, LLC	0.000	0.000	(479.567)	674.585	0.000	195.018
Nicholson Trust	0.000	0.000	1.175	0.000	0.000	1.175
Norco, City Of	2,211.959	(44.239)	61.778	0.000	330.079	2,559.577
Ontario, City Of	18,541.629	(370.832)	6,430.145	0.000	7,466.294	32,067.236
Pomona, City Of	13,045.765	(260.915)	5,485.590	0.000	6,854.048	25,124.488
San Antonio Water Company	8,109.061	(162.181)	621.202	0.000	0.000	8,568.082
San Bernardino County Shtg Prk	0.000	0.000	3.546	0.000	0.000	3.546
Santa Ana River Water Company	209.724	(4.194)	424.155	0.000	0.000	629.685
Upland, City Of	6,325.148	(126.502)	1,255.665	0.000	2,445.577	9,899.888
West End Consolidated Water Comp	1,875.780	(37.515)	290.088	0.000	1,532.499	3,660.852
West Valley Water District	3,948.169	(78.963)	197.253	0.000	1,069.831	5,136.290
	146,073.889	(2,921.470)	27,263.737	5,641.460	33,932.940	209,980.556

p3: Credits to Appropriators per the Paragraph 31 Settlement Agreements (See Appendix B) are applied to Column [3C].

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APPROPRIATIVE POOL OTHER STORAGE ACCOUNTS SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Other Storage and Replenishment Accounts Summary

Desalter Replenishment:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
Re-Operation Offset: Pre-Peace II Desalters	81,524.257	0.000	0.000	(53,175.879)	28,348.378
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	4,273.054	(4,273.054)	0.000
City of Chino Preemptive Replenishment:	0.000	0.000	1,416.470	0.000	1,416.470
City of Ontario Preemptive Replenishment:	0.000	0.000	3,322.247	0.000	3,322.247
Jurupa CSD Preemptive Replenishment:	0.000	0.000	2,360.783	0.000	2,360.783
	5A	5B	5C	5D	5E

Storage and Recovery:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
MWD DYY / CUP	0.000	0.000	0.000	0.000	0.000
	5F	5G	5H	5I	5J

- p5: 1) "Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000,000 AF. It will potentially need adjustment following the current modeling work (i.e. New Yield from Santa Ana River inflow) and will be adjusted in the next Assessment Package. The 29,070 AF correction required by Condition Subsequent 7 is included. (See Appendix C.)
 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.
 4) Per Paragraph 31 Settlement Agreements, 4,273.054 AF of water was deemed as desalter dedication on 6/30/2007 (and is accounted for in this Assessment Package).
 5) Chino, Ontario, and JCSD Preemptive Replenishment Agreement water is shown. Per the Agreements, no losses are deducted against these accounts.

APPROPRIATIVE POOL WATER TRANSACTION SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

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	(169.944)	0.000	169.944	0.000
Cucamonga Valley Water District	9,527.411	0.000	0.000	9,527.411
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(9,697.355)	0.000	0.000	(9,697.355)
Fontana Water Company	5.000	0.000	4,966.875	4,971.875
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	1,000.000	0.000	0.000	1,000.000
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	(169.944)	0.000	169.944	0.000
Monte Vista Water District	332.428	212.678	169.944	715.050
Niagara Bottling, LLC	0.000	0.000	674.585	674.585
Nicholson Trust	(5.000)	0.000	0.000	(5.000)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	1,393.056	80.000	169.944	1,643.000
Pomona, City Of	0.000	219.678	0.000	219.678
San Antonio Water Company	(2,065.372)	0.000	0.000	(2,065.372)
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,169.944)	31.000	0.000	(1,138.944)
Upland, City Of	(169.944)	160.678	0.000	(9.266)
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
	(1,189.608)	735.034	6,321.236	5,866.662
	6A	6B	6C	6D

p6: Column [6A] does not equal zero because 1,189.608 AF was transferred from Appropriate Pool Parties to Watermaster toward the replenishment obligation.

APPROPRIATIVE POOL WATER TRANSACTION DETAIL PRODUCTION YEAR 2011-2012



Chino Basin Watermaster Assessment Breakdown 2012-2013 Water Transaction Detail

Assessment Year 2012-2013 (Production Year 2011-2012)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:		
						85%	15%	WM Pays
Chino Basin Watermaster	Aqua Capital Management Storage Account	3/26/2012	16.394	560.00	\$9,180.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Auto Club Speedway Storage Account	3/26/2012	16.394	560.00	\$9,180.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Chino, City Of Storage Account	3/26/2012	169.944	560.00	\$95,168.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Cucamonga Valley Water District Annual Account	3/26/2012	169.944	560.00	\$95,168.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Monte Vista Irrigation Company Storage Account	3/26/2012	169.944	560.00	\$95,168.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Monte Vista Water District Storage Account	3/26/2012	169.944	560.00	\$95,168.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
	Ontario City Non-Ag Storage Account	3/26/2012	16.394	560.00	\$9,180.64			
	<i>To partially fulfill Watermaster's replenishment obligation.</i>							
Ontario, City Of Storage Account	3/26/2012	169.944	560.00	\$95,168.64				
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Santa Ana River Water Company Annual Account	3/26/2012	169.944	560.00	\$95,168.64				
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Upland, City Of Annual Account	3/26/2012	169.944	560.00	\$95,168.64				
<i>To partially fulfill Watermaster's replenishment obligation.</i>								

**APPROPRIATIVE POOL WATER TRANSACTION DETAIL CONT.
PRODUCTION YEAR 2011-2012**



**Chino Basin Watermaster Assessment Breakdown
2012-2013 Water Transaction Detail**

Assessment Year 2012-2013 (Production Year 2011-2012)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:			
						85%	15%	WM Pays	
Fontana Water Company	Fontana Water Company Annual Account	6/30/2012	4,966.875	423.59	\$2,103,918.58	\$1,788,330.79	\$315,587.79	Fontana Water Company	
	<i>Amount of preemptive replenishment purchased by FWC and used in this Assessment Package to offset overproduction.</i>								
	Nicholson Trust Annual Account	6/27/2012	5.000	423.58	\$2,117.90	\$1,800.22	\$317.69	Fontana Water Company	
Jurupa Community Services District	Santa Ana River Water Company Annual Account	5/29/2012	1,000.000	392.00	\$392,000.00				
Monte Vista Water District	San Antonio Water Company Annual Account	2/14/2012	500.000	466.00	\$233,000.00				
	San Antonio Water Company Annual Account	2/2/2012	2.372	183.00	\$434.08				
<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>									
Ontario, City Of	San Antonio Water Company Annual Account	6/1/2012	782.000	183.00	\$143,106.00				
	San Antonio Water Company Annual Account	8/22/2011	781.000	183.00	\$142,923.00				
<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>									
					9,276.037	\$3,711,221.96	\$1,790,131.01	\$315,905.47	
						Total Credits	\$315,905.47		

p7: FWC's and Niagara's July-Sept 2011 preemptive replenishment amounts were placed into their "New" Supplemental Storage accounts (FWC = 13,020 AF, Niagara = 3,906 AF). In October 2012, FWC transferred 4,966.875 AF and Niagara transferred 674.585 AF to offset their Production Year 2011/2012 overproduction obligations. FWC's 4,966.875 AF was subject to the 85/15 Rule.

**APPROPRIATIVE POOL RECURRING WATER TRANSACTION DETAIL
PRODUCTION YEAR 2011-2012**



**Chino Basin Watermaster Assessment Breakdown
2012-2013 Water Transaction Detail**

Assessment Year 2012-2013 (Production Year 2011-2012)

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	<i>Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.</i>
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	<i>Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.</i>
Fontana Union Water Company Annual Account - New Yield	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	<i>Transfer FUWC New Yield to CVWD.</i>
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	<i>Transfer FUWC Share of Safe Yield to CVWD.</i>

APPROPRIATIVE POOL ANALYSIS OF THE APPLICATION OF THE 85/15 RULE TO WATER TRANSFERS PRODUCTION YEAR 2011-2012



Chino Basin Watermaster Assessment Breakdown 2012-2013 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2012-2013 (Production Year 2011-2012)

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	Aqua Capital Management	3/26/2012	16.394	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Auto Club Speedway	3/26/2012	16.394	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Chino, City Of	3/26/2012	169.944	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Cucamonga Valley Water District	3/26/2012	169.944	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Monte Vista Irrigation Company	3/26/2012	169.944	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Monte Vista Water District	3/26/2012	169.944	No	No	No	0.000
		<i>To partially fulfill Watermaster's replenishment obligation.</i>						
		Ontario City Non-Ag	3/26/2012	16.394	No	No	No	0.000
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Ontario, City Of	3/26/2012	169.944	No	No	No	0.000		
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Santa Ana River Water Company	3/26/2012	169.944	No	No	No	0.000		
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Upland, City Of	3/26/2012	169.944	No	No	No	0.000		
<i>To partially fulfill Watermaster's replenishment obligation.</i>								
Fontana Water Company	(4,971.875)	Fontana Water Company	6/30/2012	4,966.875	Yes	Yes	No	4,966.875
		<i>Amount of preemptive replenishment purchased by FWC and used in this Assessment Package to offset overproduction.</i>						
		Nicholson Trust	6/27/2012	5.000	Yes	Yes	No	5.000
Jurupa Community Services District	359.050	Santa Ana River Water Company	5/29/2012	1,000.000	Yes	Yes	No	0.000
Monte Vista Water District	2,345.871	San Antonio Water Company	2/14/2012	500.000	Yes	Yes	No	0.000
		San Antonio Water Company	2/2/2012	2.372	Yes	Yes	Yes	0.000
		<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>						

p8: 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.

**APPROPRIATIVE POOL ANALYSIS OF THE APPLICATION OF THE 85/15 RULE TO WATER TRANSFERS CONT.
PRODUCTION YEAR 2011-2012**



**Chino Basin Watermaster Assessment Breakdown
2012-2013 Analysis of the Application of the 85/15 Rule to Water Transfers**

Assessment Year 2012-2013 (Production Year 2011-2012)

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
Ontario, City Of	17,277.110	San Antonio Water Company	6/1/2012	782.000	Yes	Yes	Yes	0.000
		San Antonio Water Company	8/22/2011	781.000	Yes	Yes	Yes	0.000

p8: 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 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

Watermaster Replenishment Cost	\$593.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$12.00
Pre-purchased Credit	\$0.00
Total Replenishment Cost per acre foot	\$607.00

Replenishment Obligation:	AF @ \$607.00	15%	85%	Total
Appropriative - 100	1,043.625			\$633,480.38
Appropriative - 15/85	14.788	\$1,346.45	\$7,629.87	\$8,976.32
Non-Agricultural - 100	38.719			\$23,502.43
	1,097.132			\$665,959.12

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessment	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	369.040			-	-
Chino Hills, City Of	3,401.160	3,401.160	5.230%	\$70.42	\$16,522.50
Chino, City Of	0.000	0.000	0.000%	-	\$0.00
Cucamonga Valley Water District	14,948.728	14,948.728	22.988%	\$309.52	\$72,619.46
Desalter Authority	28,378.933			-	-
Fontana Union Water Company	0.000	0.000	0.000%	-	\$0.00
Fontana Water Company	5,694.480	5,694.480	8.757%	\$117.91	\$27,663.23
Fontana, City Of	0.000			-	-
Golden State Water Company	745.735	745.735	1.147%	\$15.44	\$3,622.71
Jurupa Community Services District	15,916.835	15,916.835	24.476%	\$329.56	\$77,322.43
Marygold Mutual Water Company	1,174.962			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	-	\$0.00
Monte Vista Water District	9,911.649	9,911.649	15.242%	\$205.22	\$48,149.83
Niagara Bottling, LLC	1,349.170			-	-
Nicholson Trust	0.000	0.000	0.000%	-	\$0.00
Norco, City Of	0.000	0.000	0.000%	-	\$0.00
Ontario, City Of	13,698.422	13,698.422	21.065%	\$283.63	\$66,545.60
Pomona, City Of	11,420.171			-	-
San Antonio Water Company	172.368	172.368	0.265%	\$3.57	\$837.35
San Bernardino County Shtg Prk	14.788	14.788	0.023%	\$0.31	\$71.84
Santa Ana River Water Company	0.000	0.000	0.000%	-	\$0.00
Upland, City Of	525.025	525.025	0.807%	\$10.87	\$2,550.52
West End Consolidated Water Co	0.000	0.000	0.000%	-	\$0.00
West Valley Water District	0.000	0.000	0.000%	-	\$0.00
** Fee assessment total is 15% of appropriate 15/85 replenishment	107,721.466	65,029.190	**	\$1,346.44	\$315,905.47

2L

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p9: The "Watermaster Replenishment Cost" listed is MWD's 2013 Tier 1 Full Service Untreated Rate.

**WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO)
PRODUCTION YEAR 2011-2012**



Assessment Year 2012-2013 (Production Year 2011-2012)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	0.000	2012 Rate \$607.00
Appropriative - 15/85	0.000	2011 Rate \$574.00
Non-Agricultural - 100	0.000	
	0.000	

Pool 3 Appropriative

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	85/15 Producers					Total	
					Percent	15%	85%	100%			
Arrowhead Mtn Spring Water Co	0.000	\$5,924.38	(\$5,924.38)	369.040						(\$5,924.38)	(\$5,924.38)
Chino Hills, City Of	0.000	\$0.00	\$0.00	3,401.160	3,401.160	5.230%	(\$12.38)	\$0.00			(\$12.38)
Chino, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Cucamonga Valley Water District	0.000	\$0.00	\$0.00	14,948.728	14,948.728	22.988%	(\$54.43)	\$0.00			(\$54.43)
Desalter Authority	0.000	\$0.00	\$0.00	28,378.933							\$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	\$1,323.06	(\$1,323.06)	5,694.480	5,694.480	8.757%	(\$20.73)	(\$1,124.60)			(\$1,145.33)
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	745.735	745.735	1.147%	(\$2.72)	\$0.00			(\$2.72)
Junupa Community Services District	0.000	\$0.00	\$0.00	15,916.835	15,916.835	24.476%	(\$57.95)	\$0.00			(\$57.95)
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	1,174.962						\$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	9,911.649	9,911.649	15.242%	(\$36.09)	\$0.00			(\$36.09)
Niagara Bottling, LLC	0.000	\$9,751.99	(\$9,751.99)	1,349.170						(\$9,751.99)	(\$9,751.99)
Nicholson Trust	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Norco, 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	13,698.422	13,698.422	21.065%	(\$49.87)	\$0.00			(\$49.87)
Pomona, City Of	0.000	\$0.00	\$0.00	11,420.171						\$0.00	\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	172.368	172.368	0.265%	(\$0.63)	\$0.00			(\$0.63)
San Bernardino County Shtg Prk	0.000	\$255.35	(\$255.35)	14.788	14.788	0.023%	(\$0.05)	(\$217.05)			(\$217.10)
Santa Ana River Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00			\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	525.025	525.025	0.807%	(\$1.91)	\$0.00			(\$1.91)
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	\$17,254.78	(\$17,254.78)	107,721.466	65,029.190	**	(\$236.76)	(\$1,341.65)	(\$15,676.37)	(\$17,254.77)	

p10: There are no AF Outstanding Obligations, and the \$ Outstanding Obligations are reconciled on these two pages.

**WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO) CONT.
PRODUCTION YEAR 2011-2012**



Assessment Year 2012-2013 (Production Year 2011-2012)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate	
Appropriative - 100	0.000	2012 Rate	\$607.00
Appropriative - 15/85	0.000	2011 Rate	\$574.00
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
Angelica Textile Service	0.000	\$544.36	(\$544.36)
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
Ccg Ontario, Llc	0.000	\$0.00	\$0.00
General Electric Company	0.000	\$3.01	(\$3.01)
GenOn West, LP	0.000	\$0.00	\$0.00
Kaiser Ventures Inc	0.000	\$0.00	\$0.00
KCO, LLC / The Koll 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
Praxair Inc	0.000	\$0.00	\$0.00
San Antonio Winery	0.000	\$166.01	(\$166.01)
San Bernardino Cty (Chino Airport)	0.000	\$0.00	\$0.00
Southern California Edison Company	0.000	\$0.00	\$0.00
Space Center Mira Loma 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	\$713.38	(\$713.38)

p10: There are no AF Outstanding Obligations, and the \$ Outstanding Obligations are reconciled on these two pages.

APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY PRODUCTION YEAR 2011-2012



Chino Basin Watermaster Assessment Breakdown 2012-2013 Land Use Conversion Summary

Assessment Year 2012-2013 (Production Year 2011-2012)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(34,353.325)
Early Transfer	(32,800.000)
Total Conversions	(23,236.604)
Under(Over) Production:	(7,589.929)

	Prior Converted	Acres Converted @ 1.3 aff/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 aff/ac		Total Land Use Conversations Acre-Feet
		Acres	Acre Feet		Acres	Acre Feet	
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	2,235.991	4,471.982	6,559.392
Cucamonga Valley Water District	0.000	460.280	598.364	598.364	0.000	0.000	598.364
Fontana Water Company	0.000	0.000	0.000	0.000	417.000	834.000	834.000
Jurupa Community Services District	0.000	2,756.920	3,583.996	3,583.996	4,596.540	9,193.080	12,777.076
Monte Vista Water District	0.000	28.150	36.595	36.595	9.240	18.480	55.075
Ontario, City Of	209.400	527.044	685.157	894.557	265.397	530.794	1,425.351
	405.635	5,897.410	7,666.633	8,072.268	7,582.168	15,164.336	23,236.604

APPROPRIATIVE POOL AGRICULTURAL POOL REALLOCATION SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 3 Agricultural Pool Reallocation Summary

	Reallocation of Agricultural Pool Safe Yield					
	% Share of Operating Safe Yield	32,800 AF Early Transfer	Land Use Conver- sions	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	(304.818)	1,945.656
Chino, City Of	7.357%	2,413.096	6,559.392	8,972.488	(1,215.287)	7,757.201
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(374.304)	2,389.188
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	(517.877)	3,305.619
Fontana Water Company	0.002%	0.656	834.000	834.656	(113.051)	721.605
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	(33.320)	212.680
Jurupa Community Services District	3.759%	1,232.952	12,777.076	14,010.028	(1,897.601)	12,112.427
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(53.089)	338.871
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(54.822)	349.930
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(398.277)	2,542.214
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	(0.311)	1.985
Norco, City Of	0.368%	120.704	0.000	120.704	(16.349)	104.355
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(1,114.547)	7,114.180
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(908.695)	5,800.217
San Antonio Water Company	2.748%	901.344	0.000	901.344	(122.083)	779.261
San Bernardino County Shtg 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	(105.424)	672.920
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(231.105)	1,475.151
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(76.769)	490.015
West Valley Water District	1.175%	385.400	0.000	385.400	(52.201)	333.199
	100.000%	32,800.000	23,236.604	56,036.604	(7,589.930)	48,446.674
	12A	12B	12C	12D	12E	12F

NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012) **Pool 2 Assessment Fee Summary**

	Non-Agricultural Pool			Replenishment Assessments			Other Adjustments	Total Assessments Due
	AF Production	\$8.76 AF/Admin	\$41.84 AF/OBMP	AF Exceeding Safe Yield	\$607.00 Per AF	CURO Adjustment		
Ameron Inc	46,790	409.88	1,957.69	0.000	0.00	0.00	0.00	2,367.57
Angelica Textile Service	45,606	399.51	1,908.16	28,696	17,418.47	(544.36)	0.00	19,181.78
Aqua Capital Management	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Auto Club Speedway	447,335	3,918.65	18,716.50	0.000	0.00	0.00	0.00	22,635.15
California Steel Industries Inc	1,361,618	11,927.77	56,970.10	0.000	0.00	0.00	0.00	68,897.87
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
General Electric Company	0.000	0.00	0.00	0.000	0.00	(3.01)	0.00	(3.01)
GenOn West, LP	135,720	1,188.91	5,678.52	0.000	0.00	0.00	0.00	6,867.43
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
KCO, LLC / The Koll Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Loving Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Ontario City Non-Ag	1,844,259	16,155.71	77,163.80	0.000	0.00	0.00	0.00	93,319.50
Praxair Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
San Antonio Winery	10,023	87.80	419.36	10,023	6,083.96	(166.01)	0.00	6,425.11
San Bernardino Cty (Chino Airport)	121,892	1,067.77	5,099.96	0.000	0.00	0.00	0.00	6,167.73
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.	93,708	820.88	3,920.74	0.000	0.00	0.00	0.00	4,741.62
Sunkist Growers Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Swan Lake Mobile Home Park	307,936	2,697.52	12,884.04	0.000	0.00	0.00	0.00	15,581.56
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
	4,414,887	38,674.41	184,718.87	38,719	23,502.43	(713.38)	0.00	246,182.33
	13A	13B	13C	13D	13E	13F	13G	13H

p13: 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 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 2 Water Production Summary

	Percent of Safe Yield	Carryover Beginning Balance	Carryover Storage Loss	Prior Year Adjustments	Assigned Share of Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
										Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron Inc	1.330%	97.858	0.000	11.742	97.858	(9.786)	197.672	46.790	0.000	150.882	97.858	53.024
Angelica Textile Service	0.260%	0.000	0.000	0.000	18.789	(1.879)	16.910	45.606	28.696	0.000	0.000	0.000
Aqua Capital Management	12.900%	948.118	0.000	113.769	948.118	(94.811)	1,915.194	0.000	0.000	1,915.194	948.118	967.075
Auto Club Speedway	13.600%	1,000.000	0.000	120.000	1,000.000	(100.000)	2,020.000	447.335	0.000	1,572.665	1,000.000	572.665
California Steel Industries Inc	17.690%	1,154.266	0.000	136.530	1,300.000	(130.000)	2,460.796	1,361.618	0.000	1,099.178	1,099.178	0.000
CCG Ontario, Llc	0.000%	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	0.000	0.000	0.000	0.000	0.000	0.000
GenOn West, LP	12.990%	954.540	0.000	114.540	954.540	(95.454)	1,928.166	135.720	0.000	1,792.446	954.540	837.906
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	0.000
KCO, LLC / The Koll Company	0.000%	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	0.000
Ontario City Non-Ag	31.658%	2,327.807	0.000	275.422	2,327.807	(232.781)	4,698.255	1,844.259	0.000	2,853.996	2,327.807	526.189
Praxair Inc	0.014%	1.000	0.000	0.000	1.000	(0.100)	1.900	0.000	0.000	1.900	1.000	0.899
San Antonio Winery	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	10.023	10.023	0.000	0.000	0.000
San Bernardino Cty (Chino Airport	1.820%	10.710	0.000	11.539	133.870	(13.387)	142.732	121.892	0.000	20.840	20.840	0.000
Southern California Edison Comp	0.000%	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.	1.420%	0.003	0.000	0.000	104.121	(10.412)	93.711	93.708	0.000	0.003	0.003	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	0.000
Swan Lake Mobile Home Park	6.320%	464.240	0.000	55.704	464.240	(46.424)	937.760	307.936	0.000	629.824	464.240	165.583
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	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	0.000
	100.00%	6,958.542	0.000	839.246	7,350.343	(735.034)	14,413.096	4,414.887	38.719	10,036.928	6,913.584	3,123.341
	14A	14B	14C	14D	14E	14F	14G	14H	14I	14J	14K	14L

p14: 1) Watermaster is making a one-time adjustment to Carryover losses, consistent with the loss provisions of the Peace Agreements. (The adjustment for the past six years is shown in Column [14D]- See Appendix A.)

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 STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2011-2012



Assessment Year 2012-2013 (Production Year 2011-2012)

Pool 2 Local Storage Account Summary

	Local Storage Account			
	Beginning Balance	2% Storage Loss	Transfers To / (From)	Ending Balance
Ameron Inc	2,110,394	(42,207)	(1,803,913)	264,274
Angelica Textile Service	0.000	0.000	0.000	0.000
Aqua Capital Management	11,309,101	(226,182)	(7,628,402)	3,454,517
Auto Club Speedway	2,730,841	(54,616)	(779,271)	1,896,954
California Steel Industries Inc	2,916,322	(58,326)	23,201	2,881,197
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	7,237,774	(144,755)	(4,860,717)	2,232,302
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	15,067,067	(301,341)	(12,403,266)	2,362,460
Praxair Inc	4,374,775	(87,495)	(4,226,505)	60,775
San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	169,731	(3,394)	(166,337)	0.000
Southern California Edison Company	196,066	(3,921)	(192,145)	0.000
Space Center Mira Loma Inc.	0.001	0.000	0.000	0.001
Sunkist Growers Inc	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	3,225,715	(64,514)	(2,325,960)	835,241
Vulcan Materials Company	5,496	(0,109)	0.000	5,387
West Venture Development	0.000	0.000	0.000	0.000
	49,343,283	(986,860)	(34,363,315)	13,993,108
	15A	15B	15C	15D

p15: 1) Debits to Non-Ag Parties per the Paragraph 31 Settlement Agreements (See Appendix D), are applied to Column [15C].

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.

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
12-13	35.88	50.60	50.60	607.00

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 2011-2012

	FY 09-10 June Actual	FY 10-11 December Actual	FY 10-11 Approved Budget	FY 10-11 Amended Budget	FY 11-12 Approved Budget	FY 11-12 Amended Budget	Current vs. Proposed
Ordinary Income							
4000 Mutual Agency Revenue	111,000	111,000	148,410	148,410	411,000	705,777	557,367
4110 Appropriative Pool Assessments	7,178,987	6,165,079	6,153,067	6,153,067	5,844,797	5,919,796	(233,271)
4120 Non-Agricultural Pool Assessments	225,016	343,090	355,003	355,003	252,380	306,179	(48,824)
4730 Prorated Interest Income	43,420	13,929	175,010	175,010	150,010	150,010	(25,000)
4900 Miscellaneous Income	188	-	-	-	-	-	-
Total Income	7,558,612	6,633,098	6,831,490	6,831,490	6,658,187	7,081,762	250,272
Administrative Expenses							
6010 Salary Costs	492,090	233,911	464,944	492,544	472,976	592,976	100,432
6020 Office Building Expense	102,742	48,757	101,196	101,196	103,369	103,369	2,173
6030 Office Supplies & Equip.	45,639	11,533	33,500	33,500	28,500	28,500	(5,000)
6040 Postage & Printing Costs	82,056	34,108	78,300	78,300	66,180	66,180	(12,120)
6050 Information Services	139,782	75,953	142,200	160,200	148,020	148,020	(12,180)
6060 WM Special Contract Services	96,259	18,380	75,000	29,000	34,000	66,000	37,000
6070 Watermaster Legal Services	-	-	-	-	202,555	202,555	202,555
6080 Insurance Expense	15,986	15,863	17,575	17,575	19,036	19,036	1,461
6110 Dues and Subscriptions	16,100	16,916	30,000	30,000	30,000	30,000	-
6150 Field Supplies & Equipment	1,168	62	1,800	1,800	1,600	1,600	(200)
6170 Travel & Transportation	28,828	13,836	33,160	33,160	21,970	21,970	(11,190)
6190 Conferences & Seminars	21,302	12,139	23,000	23,000	17,500	17,500	(5,500)
6200 Advisory Committee Expenses	17,921	8,720	22,470	22,470	54,051	54,051	31,581
6300 Watermaster Board Expenses	43,074	23,845	50,603	50,603	101,246	101,246	50,643
6500 Education Fund Expenditures	-	375	375	375	375	375	-
8300 Appropriative Pool Administration	22,733	31,356	90,043	90,043	50,280	159,271	69,228
8400 Agricultural Pool Administration	186,478	95,973	223,147	223,147	351,829	351,829	128,682
8500 Non-Agricultural Pool Administration	6,596	64,475	161,666	161,666	101,713	161,495	(171)
9400 Depreciation Expense	29,103	-	-	-	-	-	-
9500 Allocated G&A Expenditures	(423,428)	(211,488)	(488,129)	(488,129)	(720,599)	(720,599)	(232,470)
Total Administrative Expenses	924,428	494,715	1,060,850	1,060,450	1,084,601	1,405,374	344,924
6900 Optimum Basin Mgmt Program	1,559,618	750,645	1,197,734	1,556,534	935,026	1,033,094	(523,440)
6950 Cooperative Efforts	9,000	-	10,000	10,000	10,000	10,000	-
9501 Allocated G&A Expenditures	141,999	52,841	142,656	142,656	216,375	216,375	73,719
Total General OBMP Expenses	1,710,617	803,486	1,350,390	1,709,190	1,161,401	1,259,469	(449,721)
OBMP Implementation Projects							
7101 Production Monitoring	104,977	46,779	104,219	102,819	104,900	95,900	(6,919)
7102 In-Line Meter Installation/Maintenance	48,657	7,802	66,679	66,679	66,363	92,560	25,881
7103 Groundwater Quality Monitoring	161,349	107,652	202,996	202,996	203,960	200,557	(2,439)
7104 Groundwater Level Monitoring	363,253	103,499	336,282	287,282	276,432	310,806	23,524
7105 Recharge Basin Water Quality Monitoring	3,679	771	4,280	4,280	3,592	3,592	(688)
7106 Water Level Sensors Install	-	-	-	-	-	-	-
7107 Ground Level Monitoring	354,982	217,950	815,620	657,620	904,443	962,500	304,880
7108 Hydraulic Control Monitoring Program	500,863	133,021	493,700	412,700	459,784	447,078	34,378
7109 Recharge & Well Monitoring Program	9,113	7,124	8,440	9,440	11,160	2,232	(7,208)
7200 OBMP Pgm Element 2 - Comp Recharge	1,530,608	412,778	1,011,022	946,022	1,341,785	1,282,132	336,110
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	71,798	69,864	90,111	134,111	93,383	81,764	(52,347)
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	90,244	12,057	91,955	91,955	70,067	74,457	(17,498)
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	163,488	43,941	146,180	116,180	88,942	115,942	(238)
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	29,338	18,760	64,250	45,250	45,773	45,773	523
7700 Inactive Well Protection Program	-	-	1,412	1,412	1,413	1,413	1
7690 Recharge Improvement Debt Payment	890,006	637,198	700,964	700,964	450,964	450,964	(250,000)
9502 Allocated G&A Expenditures	294,429	158,647	345,473	345,473	504,224	504,224	158,751
Total OBMP Implementation Projects	4,616,783	1,977,841	4,483,583	4,125,183	4,627,185	4,671,894	546,711
Total Expenses	7,251,828	3,276,042	6,894,823	6,894,823	6,873,187	7,336,737	441,914
Net Ordinary Income	306,784	3,357,057	(63,333)	(63,333)	(215,000)	(254,975)	(191,642)
Other Income							
4225 Interest Income	34,990	4,632	-	-	-	-	-
4210 Approp Pool-Replenishment	4,887,364	3,594,458	-	-	-	-	-
4220 Non-Ag Pool-Replenishment	9,478	27,546	-	-	-	-	-
4230 Groundwater Recharge Activity	-	-	-	-	-	-	-
4600 Groundwater Sales	2,176,962	2,244,496	-	-	-	-	-
Total Other Income	7,108,795	5,871,132	-	-	-	-	-
Other Expense							
5010 Groundwater Recharge	7,728,299	183,732	-	-	-	-	-
5105 Purchase of Non-Ag Pool Water	2,166,022	-	-	-	-	-	-
Total Other Expense	9,894,321	183,732	-	-	-	-	-
9900 To / (From) Reserves	(2,478,034)	9,044,457	-	-	-	(39,975)	-
Net Other Income	(307,492)	(3,357,057)	-	-	-	39,975	-
Net Income	(709)	(0)	(63,333)	(63,333)	(215,000)	(215,000)	(191,642)



Chino Basin Watermaster

Annual Financial Report

For the Fiscal Years Ended June 30, 2012 and 2011

Our Mission Statement

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

**Chino Basin Watermaster
Board of Directors as of June 30, 2012**

<u>Name</u>	<u>Title</u>	<u>Current Term Ending or Ongoing</u>
Bob G. Kuhn	Chair	Ongoing
James Curatalo	Vice-Chair	Ongoing
Paula Lantz	Secretary/Treasurer	January 2013
Bill Kruger	Member	Ongoing
Steve Elie	Member	Ongoing
Robert Bowcock	Member	Ongoing
Charles D. Field	Member	Ongoing
Paul Hofer	Member	Ongoing
Geoffrey Vanden Heuvel	Member	Ongoing

**Chino Basin Watermaster
Peter Kavounas PE, General Manager
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, 2012 and 2011

**Chino Basin Watermaster
Annual Financial Report
For the Fiscal Years Ended June 30, 2012 and 2011**

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Introductory Section



December 20, 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, 2012 and 2011, 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 General Manager 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 tempered economic growth within the region. The economic outlook for the Southern California region is one of cautious growth due a prolonged real estate correction, the financial down turn that may impact customers and suppliers.

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, CPA's has conducted the audit of the Watermaster's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

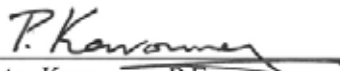
Other References

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.

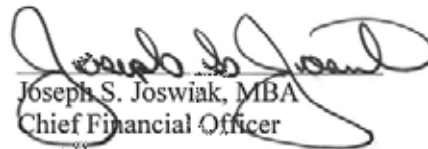
Acknowledgements

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,

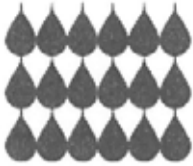


Peter Kavounas, P.E.
General Manager



Joseph S. Joswiak, MBA
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, 2012 and 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 audits.

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 audits 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 audits provide 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, 2012 and 2011, and the respective changes in net assets and cash flows for the years 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 December 20, 2012, on our consideration of the Watermaster'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 28.

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 on pages 1 through 3 and the supplemental information on pages 26 through 27 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 & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's - An Accountancy Corporation
Cypress, California
December 20, 2012

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

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, 2012 and 2011. 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 25.44% or \$1,971,906 to \$5,779,083 in fiscal year 2012 as the result of operations. In 2011, the Watermaster's net assets decreased 7.11% or \$602,977 to \$7,750,989 as the result of operations.
- The Watermaster's operating revenues increased 24.98% or \$4,056,475 in 2012 primarily due to a 38.93% or \$3,744,339 increase in replenishment water revenues that was offset by a \$282,641 decrease in administrative assessments. In 2011, the Watermaster's operating revenues increased 11.29% or \$1,647,301 primarily due to a \$2,543,323 increase in replenishment water revenues that was offset by a \$895,834 decrease in administrative assessments
- The Watermaster's operating expenses increased 16.35% or \$2,758,955 in 2012 primarily due to a \$487,196 decrease in optimum basin management plan costs that was offset by a \$1,871,747 increase in groundwater replenishment costs. In 2011, the Watermaster's operating expenses decreased 1.59% or \$272,346 primarily due to a \$1,431,931 decrease in optimum basin management plan costs that was offset by a \$1,096,924 increase in 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, 2012 and 2011

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 25.

Statement of Net Assets

Condensed Statements of Net Assets				
	<u>2012</u>	<u>As Restated 2011</u>	<u>Change</u>	<u>Percentage Change</u>
Assets:				
Current assets	\$ 6,294,709	11,075,096	(4,780,387)	-43.16%
Capital assets, net	15,377	26,190	(10,813)	-41.29%
Total assets	<u>\$ 6,310,086</u>	<u>11,101,286</u>	<u>(4,791,200)</u>	<u>-43.16%</u>
Liabilities:				
Current liabilities	\$ 339,880	3,135,711	(2,795,831)	-89.16%
Non-current liabilities	191,123	214,586	(23,463)	-10.93%
Total liabilities	<u>531,003</u>	<u>3,350,297</u>	<u>(2,819,294)</u>	<u>-84.15%</u>
Net assets:				
Invested in capital assets	15,377	26,190	(10,813)	-41.29%
Unrestricted	5,763,706	7,724,799	(1,961,093)	-25.39%
Total net assets	<u>5,779,083</u>	<u>7,750,989</u>	<u>(1,971,906)</u>	<u>-25.44%</u>
Total liabilities and net assets	<u>\$ 6,310,086</u>	<u>11,101,286</u>	<u>(4,791,200)</u>	<u>-43.16%</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 \$5,779,083 and \$7,750,989 as of June 30, 2012 and 2011, 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, 2012 and 2011

Statement of Net Assets, continued

At the end of fiscal years 2012 and 2011, the Watermaster showed a positive balance in its unrestricted net assets of \$5,763,706 and \$7,724,799, 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

	<u>2012</u>	<u>As Restated 2011</u>	<u>Change</u>	<u>Percentage Change</u>
Revenues:				
Operating revenues	20,292,772	16,236,297	4,056,475	24.98%
Non-operating revenues	12,557	65,086	(52,529)	-80.71%
Total revenues	20,305,329	16,301,383	4,003,946	24.56%
Expenses:				
Operating expense	19,633,211	16,874,256	2,758,955	16.35%
Depreciation	10,814	20,699	(9,885)	-47.76%
Non-operating expense	2,633,210	9,292	2,623,918	28238.46%
Total expenses	22,277,235	16,904,247	5,372,988	31.78%
Change in net assets	(1,971,906)	(602,864)	(1,369,042)	227.09%
Net assets, beginning of year	7,750,989	8,353,853	(602,864)	-7.22%
Net assets, end of year	5,779,083	7,750,989	(1,971,906)	-25.44%

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 \$1,971,906 and \$602,864 for the fiscal years ended June 30, 2012 and 2011, respectively.

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

The Watermaster's operating revenues increased 24.98% or \$4,056,475 in 2012 primarily due to a 38.93% or \$3,744,339 increase in replenishment water revenues that was offset by a \$282,641 decrease in administrative assessments.

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

The Watermaster's operating expenses increased 16.35% or \$2,758,955 in 2012 primarily due to a \$487,196 decrease in optimum basin management plan costs that was offset by a \$1,871,747 increase in groundwater replenishment costs.

In 2011, the Watermaster's operating expenses decreased 1.59% or \$272,346 primarily due to a \$1,431,931 decrease in optimum basin management plan costs that was offset by a \$1,096,924 increase in groundwater replenishment costs.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Capital Asset Administration

At the end of fiscal year 2012 and 2011, the Watermaster's investment in capital assets amounted to \$15,377 and 26,190 (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, 2012.

Changes in capital assets in 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2012</u>
Capital assets:				
Depreciable assets	273,808	-	(5,690)	268,118
Accumulated depreciation	(247,618)	(10,813)	5,690	(252,741)
Total capital assets	<u>26,190</u>	<u>(10,813)</u>	<u>-</u>	<u>15,377</u>

Changes in capital assets in 2011 were as follows:

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

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, 2012 and 2011**

<i>Assets</i>		As Restated
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,080,768	7,187,623
Accrued interest receivable	5,867	14,729
Accounts receivable	169,174	3,750,628
Prepaid expenses	38,900	122,116
Total current assets	6,294,709	11,075,096
Non-current:		
Capital assets, net (note 3)	15,377	26,190
Total non-current assets	15,377	26,190
Total assets	\$ 6,310,086	11,101,286
<i>Liabilities</i>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 286,110	3,064,607
Accrued salaries and benefits	15,917	21,868
Long-term liabilities – due within one year:		
Compensated absences (note 4)	36,755	48,798
Pension related debt (note 5)	1,098	438
Total current liabilities	339,880	3,135,711
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	68,260	90,625
Pension related debt (note 5)	122,863	123,961
Total non-current liabilities	191,123	214,586
Total liabilities	531,003	3,350,297
Net assets: (note 7)		
Investment in capital assets, net of related debt	15,377	26,190
Unrestricted	5,763,706	7,724,799
Total net assets	5,779,083	7,750,989
Total liabilities and net assets	\$ 6,310,086	11,101,286

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, 2012 and 2011

	<u>2012</u>	<u>As Restated 2011</u>
Operating revenues:		
Administrative assessments	\$ 6,225,528	6,508,169
Replenishment water revenue	13,361,467	9,617,128
Other revenue	<u>705,777</u>	<u>111,000</u>
Total operating revenue	<u>20,292,772</u>	<u>16,236,297</u>
Operating expenses:		
Groundwater replenishment and other water purchases	12,862,992	10,991,245
Optimum basin management plan	5,382,665	4,895,469
Watermaster administration	784,832	535,379
Pool, advisory, and board administration	<u>602,722</u>	<u>452,163</u>
Total operating expense	<u>19,633,211</u>	<u>16,874,256</u>
Operating loss before depreciation	659,561	(637,959)
Depreciation expense	<u>(10,814)</u>	<u>(20,699)</u>
Operating income (loss)	<u>648,747</u>	<u>(658,658)</u>
Non-operating revenues(expense):		
Reserve distribution	(2,623,938)	-
Investment earnings	12,557	65,086
Interest expense	<u>(9,272)</u>	<u>(9,292)</u>
Total non-operating revenues	<u>(2,620,653)</u>	<u>55,794</u>
Change in net assets	(1,971,906)	(602,864)
Net assets at beginning of year	<u>7,750,989</u>	<u>8,353,853</u>
Net assets at end of year	<u>\$ 5,779,083</u>	<u>7,750,989</u>

See accompanying notes to the basic financial statements

Chino Basin Watermaster
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>As Restated 2011</u>
Cash flows from operating activities:		
Cash received from stakeholders	\$ 23,874,226	12,486,469
Cash paid to employees for salaries and wages	(1,049,676)	(892,464)
Cash paid to vendors and suppliers for materials and services	<u>(23,935,175)</u>	<u>(15,046,026)</u>
Net cash used in operating activities	<u>(1,110,625)</u>	<u>(3,452,021)</u>
Cash flows from investing activities:		
Principal payments on pension related debt	(438)	(113)
Interest paid on pension related debt	(9,272)	(9,292)
Investment earnings received	<u>13,480</u>	<u>71,015</u>
Net cash provided by investing activities	<u>3,770</u>	<u>61,610</u>
Net decrease in cash	(1,106,855)	(3,390,411)
Cash and cash equivalent at the beginning of year	<u>7,187,623</u>	<u>10,578,034</u>
Cash and cash equivalent at the end of year	<u>\$ 6,080,768</u>	<u>7,187,623</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ <u>648,747</u>	<u>(658,658)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	10,814	20,699
Reserve distribution	(2,623,938)	-
Other, net	7,938	-
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	3,581,454	(3,749,828)
Prepaid expenses	83,216	(106,823)
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	(2,778,497)	1,094,334
Accrued salaries and benefits	(5,951)	3,078
Compensated absences	<u>(34,408)</u>	<u>(54,823)</u>
Total adjustments	<u>(1,759,372)</u>	<u>(2,793,363)</u>
Net cash used in operating activities	<u>\$ (1,110,625)</u>	<u>(3,452,021)</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	<u>\$ 6,791</u>	<u>13,450</u>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011**

(1) 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 2011-2012 expenses are based on the 2010-2011 production volume.

Production volume	Fiscal Year 2012	
	Acre Feet	Percentage
Appropriative Pool	78,410	68.982%
Agricultural Pool	31,342	27.574%
Non-agricultural Pool	3,915	3.444%
Total production volume	113,667	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, 2012 and 2011

(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, 2012 and 2011

(1) 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, 2012.

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, 2012 and 2011

(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:

Cash and cash equivalents	\$	6,080,768		7,187,623
Total cash and cash equivalents	\$	6,080,768		7,187,623

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

Cash on hand	\$	500		500
Deposits with financial institutions		613,634		141,907
Investments		5,466,634		7,045,216
Total cash and investments	\$	6,080,768		7,187,623

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

Deposits held with the California Local Agency Investment Fund	268 days	237 days
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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, 2012 and 2011**

(2) Cash and Investments, continued

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 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, 2012 and 2011, 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 contain 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, 2012 and 2011

(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, 2012 and 2011, respectively.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

(3) Capital Assets

Changes in capital assets for 2012 were as follows:

	<u>Balance</u> <u>2011</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>2012</u>
Depreciable assets:				
Computer equipment	\$ 117,590	-	-	117,590
Furniture and fixtures	42,291	-	(5,690)	36,601
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>273,808</u>	<u>-</u>	<u>(5,690)</u>	<u>268,118</u>
Accumulated depreciation:				
Computer equipment	(96,089)	(8,469)	-	(104,558)
Furniture and fixtures	(42,292)	-	5,690	(36,602)
Leasehold improvements	(18,757)	(2,344)	-	(21,101)
Vehicles and equipment	(90,480)	-	-	(90,480)
Total accumulated depreciation:	<u>(247,618)</u>	<u>(10,813)</u>	<u>5,690</u>	<u>(252,741)</u>
Total capital assets, net	<u>\$ 26,190</u>			<u>15,377</u>

There were no capital assets additions during the fiscal year.

Changes in capital assets for 2011 were as follows:

	<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>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)	(8,469)	-	(96,089)
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 capital assets additions during the fiscal year.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

(4) Compensated Absences

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

<u>Balance</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2012</u>	<u>Current</u>	<u>Long Term</u>
\$ 139,423	101,582	(135,990)	105,015	36,755	68,260

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

(5) Pension Related Debt – CalPERS Side-Fund

As of June 30, 2003, CalPERS implemented risk-pooling for the Watermaster’s agent multiple-employer public employee defined benefit pension plan. As a result, the Watermaster’s defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate (for fiscal year 2013 and beyond CalPERS reduced the rate to 7.50%). CalPERS actuarially calculated the amount needed to bring the Watermaster into the cost sharing multiple-employer plan on an equal basis with other governmental agencies that all had less than 100 active and retired employees combined.

The reason that CalPERS switched these governmental agencies into the cost sharing multiple-employer plan was to smooth the annual costs related to the pension benefit over a longer period of time resulting in a lower cost of service to the governmental agencies.

A portion of the Watermaster’s annual required contribution to CalPERS are actuarially determined and shared by all governmental agencies within the cost sharing risk pool. Also, the Watermaster is required to make systematic payments to pay-down the CalPERS Side-Fund, as well. The responsibility for paying-down the Watermaster’s CalPERS Side-Fund is specific to the Watermaster and is not shared by all governmental agencies within the cost sharing risk pool. Therefore, the CalPERS Side-Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The following long-term debt has been recorded on the Watermaster’s financial statements as the Watermaster is making systematic payments to CalPERS each payroll period. The annualized repayment schedule is as follows:

Future long-term debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,487	8,835	10,322
2014	1,920	8,712	10,632
2015	2,395	8,555	10,950
2016	2,914	8,365	11,279
2017	3,484	8,133	11,617
2018-2022	27,984	35,545	63,529
2023-2027	52,308	21,340	73,648
2028-2030	30,371	2,274	32,645
Total	122,863	101,759	224,622
Less current	(1,487)		
Total non-current	\$ 121,376		

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

(6) Defined Benefit Pension Plan

Plan Description

The Watermaster 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 Watermaster. 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 2012, 2011 and 2010 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 2012, 2011 and 2010, 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:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>APC Percentage of Payroll</u>
2009-2010	165,298	100%	11.417%
2010-2011	163,231	100%	14.298%
2011-2012	184,073	100%	14.978%

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

(7) Net Assets

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

	2012	2011
Net investment in capital assets:		
Capital assets, net	\$ 15,377	26,190
Total net investment in capital assets	15,377	26,190
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and deposits	38,900	122,116
Total non-spendable net assets	38,900	122,116
Spendable net assets are designated as follows:		
Undesignated net assets reserve	5,724,806	7,602,683
Total spendable net assets	5,724,806	7,602,683
Total unrestricted net assets	5,763,706	7,724,799
Total net assets	\$ 5,779,083	7,750,989

(8) 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, 2012:

- 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, 2012 and 2011

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, 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, 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 December 15, 2011. 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 June 15, 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. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

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

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 December 15, 2011. 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 December 15, 2011. 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. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 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. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 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. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

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

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

(10) Adjustment to Net Assets – Pension Related Debt

During a review of the Watermaster's employee pension plan administered by CalPERS, the Watermaster determined that a Side Fund obligation specific to the Agency was not recorded in the Watermaster's accounts in compliance with the provisions of *Governmental Accounting Standards Board Statement No. 27*. As a result, previously recorded net assets of \$7,875,388 and \$8,478,365 have been adjusted to \$7,750,989 and \$8,353,853 as of June 30, 2011 and 2010, respectively. The effect of this adjustment is summarized in the table below:

The adjustments to net assets are as follows:

Net assets at July 1, 2009, as previously stated	\$ <u>10,995,966</u>
Effect of adjustment to reduce pension related debt	(124,512)
Change in net assets at June 30, 2010, as previously stated	<u>(2,517,601)</u>
Net assets at June 30, 2010, as restated	8,353,853
Effect of adjustment to reduce pension related debt	113
Change in net assets at June 30, 2011, as previously stated	<u>(602,977)</u>
Net assets at June 30, 2011, as restated	\$ <u><u>7,750,989</u></u>

(11) 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.

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.

(11) Subsequent Events

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of December 20, 2012, which is the date the financial statements were available to be issued.

Supplemental Information Section

Chino Basin Watermaster
Combining Schedule of Revenue, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2012

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Operations		Education Funds	Grand Totals	Budget 2011-2012
			Appropriative Pool	Agricultural Pool	Non-Agricultural Pool	Groundwater Replenishment	SB 222 Funds			
Administrative revenues:										
Administrative assessments	\$ -	-	5,919,372	-	306,156	-	-	-	6,225,528	6,225,975
Interest revenue	-	-	16,365	1,786	572	-	-	-	18,723	150,010
Mutual agency project revenue	705,777	-	-	-	-	-	-	-	705,777	705,777
Total revenues	705,777	-	5,935,737	1,786	306,728	-	-	-	6,950,028	7,081,762
Administrative & project expenditures:										
Watermaster administration	701,102	-	-	-	-	-	-	-	701,102	529,607
Watermaster board-advisory committee	173,179	-	-	-	-	-	-	-	173,179	190,297
Ag Pool misc. expense - Ag Fund	-	-	-	99	-	-	-	-	99	-
Pool administration	-	-	165,285	174,082	184,246	-	-	-	523,613	551,095
Optimum basin management administration	-	1,284,879	-	-	-	-	-	-	1,284,879	1,327,469
OBMP project costs	-	3,909,650	-	-	-	-	-	-	3,909,650	4,276,930
Debt service	-	178,135	-	-	-	-	-	-	178,135	450,964
Education funds use	-	-	-	-	-	-	-	375	375	375
Mutual agency project costs	-	10,000	-	-	-	-	-	-	10,000	10,000
Total administrative/OBMP expenses	874,281	5,382,664	165,285	174,082	184,246	-	-	375	6,781,032	7,336,737
Net administrative/OBMP expenses:	(168,504)	(5,382,664)								
Allocate net admin expenses to pools	\$ 168,504	-	116,238	46,463	5,803	-	-	-	-	-
Allocate net OBMP expenses to pools	-	5,204,529	3,590,218	1,435,076	179,235	-	-	-	-	-
Allocate debt service to app pool	-	178,135	178,135	-	-	-	-	-	-	-
Agricultural expense transfer*	-	-	1,655,621	(1,655,621)	-	-	-	-	-	-
Total expenses			5,705,497	99	369,284			375	6,781,032	7,336,737
Net administrative income			230,240	1,687	(62,556)			(375)	168,996	(254,975)
Other income/(expense)										
Replenishment water assessments	-	-	-	-	-	714,284	-	-	714,284	-
Non-Ag stored water purchases	-	-	2,377,250	-	-	-	-	-	2,377,250	-
Interest revenue	-	-	-	-	-	(6,168)	-	-	(6,168)	-
MWD water purchases	-	-	-	-	-	10,269,933	-	-	10,269,933	-
Non-Ag stored water purchases	-	-	(1,874,191)	-	-	-	-	-	(1,874,191)	-
MWD water purchases	-	-	-	-	-	(10,963,654)	-	-	(10,963,654)	-
Groundwater replenishment	-	-	-	-	-	(25,146)	-	-	(25,146)	-
Interest expense - CALPERS	-	-	(8,953)	-	(319)	-	-	-	(9,272)	-
Refund - excess reserves	-	-	(1,957,901)	-	(81,757)	-	-	-	(2,039,658)	-
Refund - recharge debt	-	-	(584,280)	-	-	-	-	-	(584,280)	-
Net other income			(2,048,075)	-	(82,076)	(10,751)	-	-	(2,140,902)	-
Net transfers to/(from) reserves			(1,817,835)	1,687	(144,632)	(10,751)	-	(375)	(1,971,906)	(254,975)
Net Assets July 1, 2011			6,802,453	475,807	278,474	35,374	158,251	630	7,750,989	
Net Assets, End of Period			4,984,618	477,494	133,842	24,623	158,251	255	5,779,083	5,779,083
2010/2011 assessable production			78,410,414	31,342,082	3,914,499				113,666,995	
2010/2011 production percentages			68.983%	27.574%	3.444%				100.000%	

* Fund balance transfer as agreed to in the Peace Agreement

Chino Basin Watermaster
Combining Schedule of Revenue, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Operations		Education Funds	Grand Totals	Budget 2010-2011
			Appropriative Pool	Agricultural Pool	Non-Agricultural Pool	Groundwater Replenishment	SB 222 Funds			
Administrative revenues:										
Administrative assessments	\$ -	-	6,165,079	-	343,090	-	-	-	6,508,169	-
Interest revenue	(272)	-	33,547	2,324	1,327	-	-	4	36,930	6,508,070
Mutual agency project revenue	111,000	-	-	-	-	-	-	-	111,000	175,010
Grant income	-	-	-	-	-	-	-	-	-	148,410
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	110,728	-	6,198,626	2,324	344,417	-	-	4	6,656,099	6,831,490
Administrative & project expenditures:										
Watermaster administration	564,995	-	-	-	-	-	-	-	564,995	512,546
Watermaster board-advisory committee	68,732	-	-	-	-	-	-	-	68,732	73,073
Pool administration	-	-	51,778	186,152	145,903	-	-	-	383,833	474,856
Optimum basin management administration	-	1,626,892	-	-	-	-	-	-	1,626,892	1,350,390
OBMP project costs	-	2,901,787	-	-	-	-	-	-	2,901,787	3,772,619
Debt service	-	366,790	-	-	-	-	-	-	366,790	700,964
Education funds use	-	-	-	-	-	-	-	375	375	375
Mutual agency project costs	-	-	-	-	-	-	-	-	-	10,000
Total administrative/OBMP expenses	633,727	4,895,469	51,778	186,152	145,903	-	-	375	5,913,404	6,894,823
Net administrative/OBMP expenses:	(522,999)	(4,895,469)								
Allocate net admin expenses to pools	\$ 522,999	-	359,641	145,507	17,851	-	-	-	-	-
Allocate net OBMP expenses to pools	-	4,528,679	3,114,151	1,259,958	154,570	-	-	-	-	-
Allocate debt service to app pool	-	366,790	366,790	-	-	-	-	-	-	-
Agricultural expense transfer*	-	-	1,591,617	(1,591,617)	-	-	-	-	-	-
Total expenses			5,483,977	-	318,324			375	5,913,404	6,894,823
Net administrative income			714,649	2,324	26,093			(371)	742,695	(63,333)
Other income/(expense)										
Replenishment water assessments						3,622,004			3,622,004	-
Non-Ag stored water purchases			2,244,496						2,244,496	-
Interest revenue						28,158			28,158	-
MWD water purchases						3,750,628			3,750,628	-
Non-Ag stored water purchases			(2,255,436)						(2,255,436)	-
MWD water purchases						(3,750,628)			(3,750,628)	-
Groundwater replenishment						(4,984,780)			(4,984,780)	-
Net other income			(10,940)	-	-	(1,334,618)	-	-	(1,345,558)	-
Net transfers to/(from) reserves			703,709	2,324	26,093	(1,334,618)	-	(371)	(602,863)	(63,333)
Net Assets July 1, 2010			6,098,744	473,483	252,381	1,369,992	158,251	1,001	8,353,852	
Net Assets, End of Period			6,802,453	475,807	278,474	35,374	158,251	630	7,750,989	7,750,989
2009/2010 assessable production			78,733,238	31,854,766	3,907,911				114,495,915	
2009/2010 production percentages			68.765%	27.822%	3.413%				100.000%	

* Fund balance transfer as agreed to in the Peace 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, 2012, and have issued our report thereon dated December 20, 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 & Company, CPA's - An Accountancy Corporation
Cypress, California
December 20, 2012

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THIRTY-FIFTH ANNUAL REPORT

FISCAL YEAR 2011-12

