



36TH ANNUAL REPORT

FISCAL YEAR 2012-13

REDUCING DEPENDENCE ON IMPORTED WATER

DEVELOPING COLLABORATIVE WATER SOLUTIONS FOR NEARLY FORTY YEARS

1970s

Conflicts over water threaten supply reliability, water quality, and the regional economy.

1978

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

1999

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

2000 & 2007

Peace (I) and Peace II Agreements make effective collaboration possible, resulting in hundreds of millions of dollars in cost-savings and other benefits.

2008-2010

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

2010-2012

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

- *Improved working relationships and regional partnerships empower Watermaster stakeholders* to resolve complex challenges and implement more cost-effective projects.
- *Unique regulatory and management tools*, such as hydraulic control and maximum benefit, enhance the capability of *extensive facilities*, including desalters, recharge basins, pipelines and channels to collect, treat, spread and move water effectively.

2012-2013

Progress on the *Safe Yield Recalculation and The 2013 Amendment to the 2010 Recharge Master Plan Update (RMPUA)* will help ensure long-term water supply reliability.



HIGHLIGHT OF A SUCCESSFUL YEAR: PROGRESS ON RECHARGE MASTER PLAN

A Message from Chino Basin Watermaster

Integration of Basin Resources – Surface Water, Stormwater, Recycled Water, and Groundwater – Maximizes the Reliability and Quality of Regional Water Supplies

The highest priority for 2012-2013 was to make progress toward completing the The 2013 Amendment to the 2010 Recharge Master Plan Update (RMPUA) on-time as required by the court that oversees Watermaster. This effort highlights the many strengths of Watermaster.

On the TECHNICAL SIDE, the RMPUA required updates to the current computer groundwater model – a sophisticated and critical tool in nearly all of Watermaster’s many water supply and quality programs.

On the WATER MANAGEMENT SIDE, recharge is a core feature of Watermaster’s Optimum Basin Management Program that will save hundreds of millions of dollars over time.

On the COLLABORATION SIDE, the RMPUA was developed in partnership with Inland Empire Utilities Agency and included many other stakeholders, showcasing Watermaster’s ability to collaborate, and to evaluate, compromise and settle on productive plans.

While Watermaster’s advanced water management capabilities and technical tools like satellite imaging and extensometers are important, the organization is ultimately powered by the success of its relationships and collaborative processes through its Pools, Advisory Committee, and Board.

Based on the growing strength of our relationships both within the organization and among our neighbors, we expect continuing success at managing the Basin and ensuring a secure, reliable, and high-quality water supply for the entire region.

Peter Kavounas, PE
General Manager, Chino Basin Watermaster

ADAPTING TO CHANGING WATER SUPPLY CIRCUMSTANCES

IMPORTED WATER NOT AVAILABLE FOR REPLENISHMENT

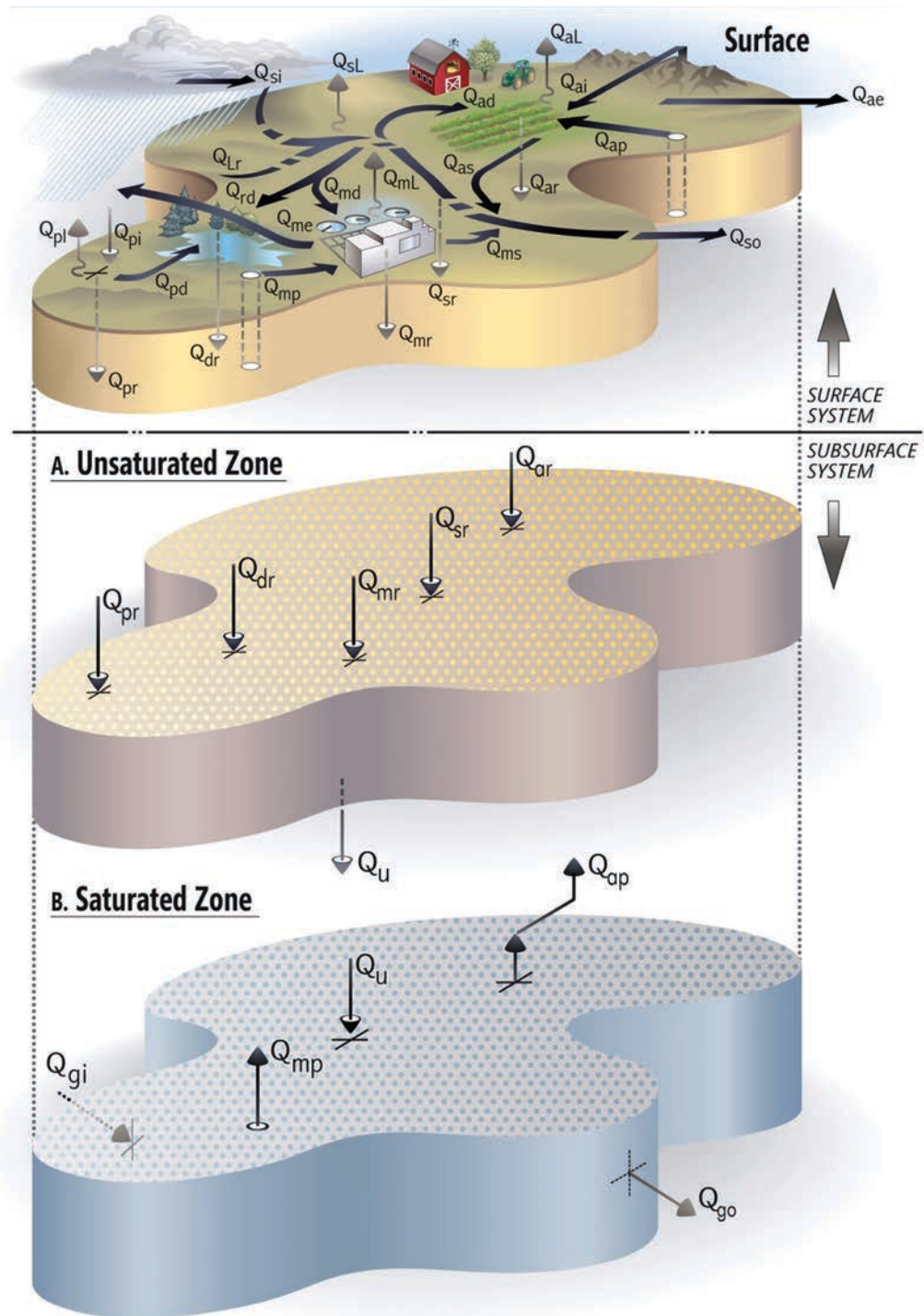
Imported water was once a key source of replenishment, however Metropolitan Water District (MWD) has not offered replenishment-rate water since 2011, and officially canceled the program at the end of calendar year 2013. This is an example of the diminishing reliability of imported water and the importance of Watermaster's many programs that enhance regional water supply independence.

Changes in Use Make Loss of Replenishment Water Manageable.

Increased long-term conservation, Appropriators storing water for their own future replenishment obligations, the increased availability of recycled water for direct uses and recharge, and purchasing more imported water in place of groundwater appear to have vastly decreased the need for replenishment water. In addition, Inland Empire Utilities Agency (IEUA) received a 30,000 acre-foot expansion of the amount of Tier 1 water it can purchase.

PROGRESS ON UPDATE TO THE COMPUTER GROUNDWATER MODEL

One key tool for evaluating the Basin is the Groundwater Model. Watermaster began a multi-year update to its groundwater computer model in 2011. The primary goal was to ensure it would accurately make evaluations required by the Judgment, the Peace Agreements, and the Watermaster Rules and Regulations, such as the Safe Yield Reset calculation.



This image shows some of the complexity of the surface water and groundwater processes that occur in the Basin that are simulated with Watermaster's updated surface water and groundwater computer models.

SAFE YIELD CALCULATION

Periodically, Watermaster is required to determine the Safe Yield of the groundwater Basin. This is the long-term average annual quantity of ground water that can be produced from the Basin, not accounting for some inputs like replenishment water, under the prevailing cultural conditions without causing an undesirable result. Preliminary steps needed to calculate the Safe Yield are underway, including a forensic exercise of data collection and the model update. Stakeholder workshops are scheduled for summer 2013.

MONITORING AND UNDERSTANDING THE GROUNDWATER IS A CHALLENGE BECAUSE IT IS UNDERGROUND, VARIES AT DIFFERENT DEPTHS, IS PUMPED OUT AND RECHARGED FROM ABOUT 1,000 LOCATIONS ON THE SURFACE, AND FLOWS THROUGH AND AROUND GEOLOGICAL FEATURES IN COMPLEX WAYS.

EXHIBIT “G” WATER OFFERED FOR SALE FOR THE FIRST TIME

Normally water cannot be moved between the Watermaster pools, such as the Appropriative and Non-Agricultural Pools. However, there is a provision to annually offer Non-Agricultural water to Appropriators through the Exhibit “G” process. Exhibit “G” Section 9 specifies that the price of the water is to be set at 92% of the then-prevailing MWD replenishment rate. Because replenishment-rate water is no longer available, Watermaster Parties developed and approved an alternative rate for this water, and this water was offered for sale for this first time. While no Exhibit “G” water was purchased this year, a structure has been set by this first offering and sales are expected in future years, providing increased water supply flexibility in the Basin.

Construction of Arizona Crossing at the Hickory Recharge Basin.



DESALTER EXPANSION ENSURES CONTINUED WATER SUPPLY AND QUALITY BENEFITS

The desalters are one of the central water management features used by Watermaster to provide numerous water quality, water supply, and cost saving benefits. What's more, they are a collaborative effort involving many parties both inside and from outside the Basin.

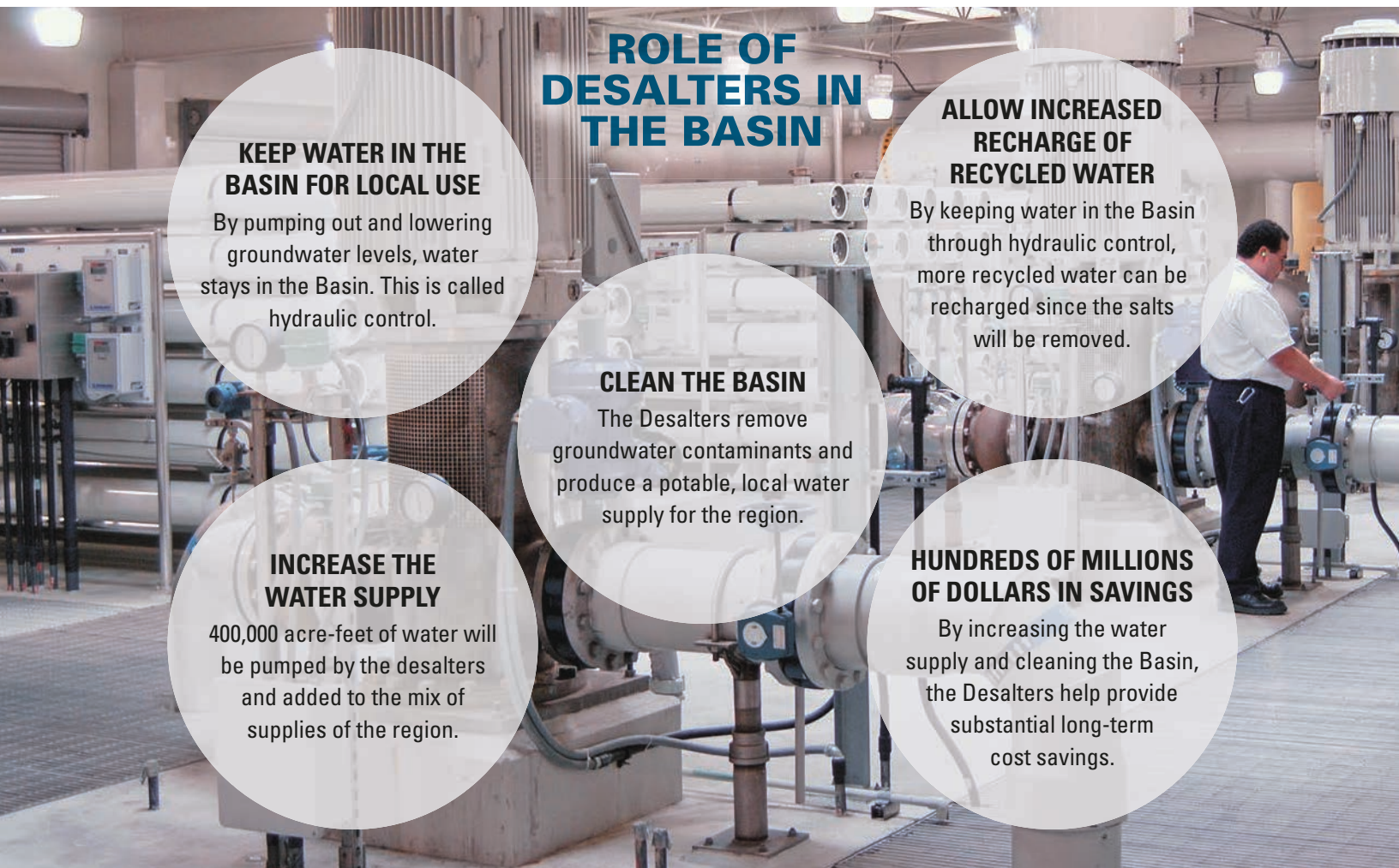
Hydraulic Control Helps Protect the Santa Ana River.

Operation of the desalters creates hydraulic control of Chino Basin groundwater. In addition to the benefits of hydraulic control described below, there is an additional critical benefit of preventing Chino Basin groundwater with high total dissolved solids (TDS) from entering the Santa Ana River, where there are strict limits on TDS set by the Regional Water Quality Control Board (RWQCB).

Planning continues to provide additional well water to both the Chino I and Chino II desalters. The expansion includes

additional new wells and expansion of the Chino II desalter treatment plant itself. Total capacity is planned to increase from approximately 30,000 acre-feet per year to approximately 40,000 acre-feet per year. Design contracts are underway for the necessary pipeline, well, and pump facilities.

\$70 Million in Grants to Pay for Expansion. In June 2012, the Western Municipal Water District was awarded a \$51 million grant from the California Department of Health for the desalter expansion project. To date, more than \$70 million in grant funds have been secured toward this expansion project.



ROLE OF DESALTERS IN THE BASIN

KEEP WATER IN THE BASIN FOR LOCAL USE

By pumping out and lowering groundwater levels, water stays in the Basin. This is called hydraulic control.

ALLOW INCREASED RECHARGE OF RECYCLED WATER

By keeping water in the Basin through hydraulic control, more recycled water can be recharged since the salts will be removed.

CLEAN THE BASIN

The Desalters remove groundwater contaminants and produce a potable, local water supply for the region.

INCREASE THE WATER SUPPLY

400,000 acre-feet of water will be pumped by the desalters and added to the mix of supplies of the region.

HUNDREDS OF MILLIONS OF DOLLARS IN SAVINGS

By increasing the water supply and cleaning the Basin, the Desalters help provide substantial long-term cost savings.

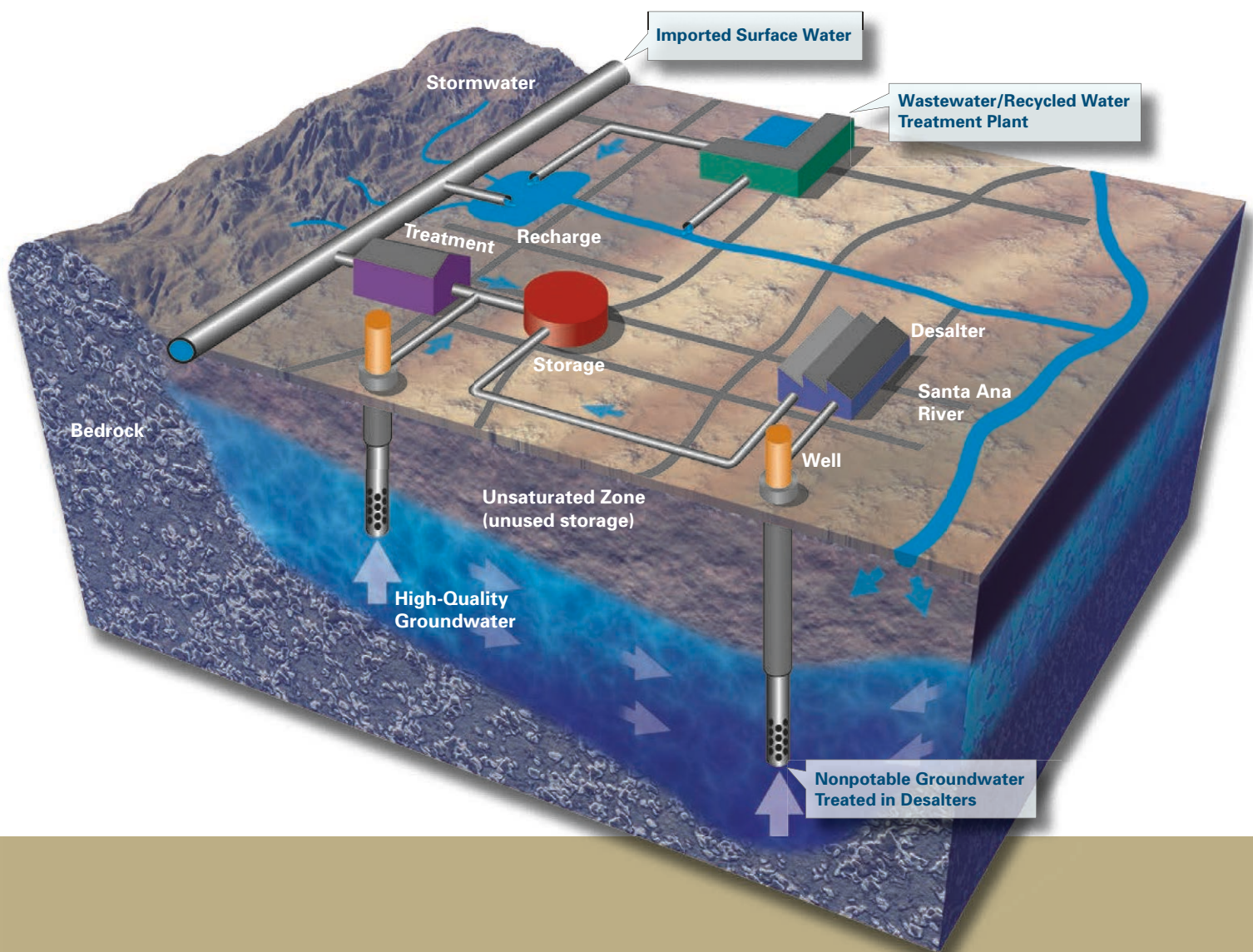
CHINO CREEK WELL FIELD (CCWF) WELL CONSTRUCTION WAS COMPLETED IN 2012. THE FIRST OF THE WELLS ARE EXPECTED TO BEGIN OPERATING IN 2014.

MAINTENANCE OF HYDRAULIC CONTROL AS AGRICULTURAL LAND USES CONVERT TO URBAN USES

Watermaster is finalizing an update to the groundwater model to determine if there is hydraulic control and, if not, how much expansion of the desalters would be needed to achieve it. This is needed because as agriculture in the southern area of the Basin transitions to urban uses, there is a decrease in groundwater production in this region, leaving more water in the ground, which could potentially then seep out of the Basin into the Santa Ana River, which is prohibited. Progress is routinely reported to the RWQCB.



View of the Chino I Desalter facility.



COMPREHENSIVE RECHARGE PROGRAM IMPROVES WATER SUPPLY INDEPENDENCE

FIVE-YEAR, \$50+ MILLION CAPITAL INVESTMENT PROGRAM

Various cost-effectiveness levels for recharge projects are being evaluated as part of the 2013 Amendment to the 2010 Recharge Master Plan Update (RMPUA), and will be set soon. The potential total capital expense for these exceeds \$57 million. IEUA, an active participant in the process, has indicated a willingness to jointly fund some of the projects.

Construction Complete by 2019. With approval of the program scheduled to be obtained in October 2013, construction is expected to take about five years and be complete in 2019.

The 2013 Amendment to the 2010 Recharge Master Plan Update (RMPUA) continues to be the highest priority of Watermaster for the second year in a row. This comprehensive program identifies how to maximize the cost-effective recharge of stormwater, imported water and recycled water to improve groundwater quality and supply reliability throughout the Basin.

RECHARGE MASTER PLAN NEARS COMPLETION OF THE RMPUA

Progress toward completion of the RMPUA continues. The Chino Basin Recharge Master Plan Update Amendment Steering Committee, consisting of all stakeholders, continued to meet and to identify additional cost-effective recharge opportunities.

Sections 1-4 Completed Last Year. In May 2012, Sections 1 through 4 were approved in Final Draft form. This year, the Board approved the Amendment schedule, as well as moved forward with the collection and development of cost and yield information for potential recharge projects on the approved list.

Sections 5-7 Completed This Year. Progress continued as scheduled this year with the following sections being completed and approved by Watermaster:

SECTION 5 addresses monitoring, reporting, and accounting practices that will be required to estimate local project stormwater recharge and New Yield.

SECTION 6 presents possible recharge options well beyond the Phase I through III projects identified in the 2010 Recharge Master Plan Update. The listing was expanded to identify any recharge opportunities at this time.

SECTION 7 describes the selection criteria used to evaluate and rank the various recharge options. Project selection criteria include: confidence in the recharge estimate; location; expandability to include supplemental water recharge; cost; water quality challenges, and institutional challenges.

THE 2013 AMENDMENT TO THE 2010 RECHARGE MASTER PLAN UPDATE (RMPUA) IS ON SCHEDULE FOR COMPLETION IN 2013 AS REQUIRED BY THE COURT.

PROGRESS ON ADDITIONAL RECHARGE PROJECTS OUTSIDE OF RMPU

Watermaster and IEUA jointly identified a series of recharge projects outside of the RMPUA effort, and jointly agreed to fund these projects, with Watermaster's share of the cost of these projects included in the budget adopted by Watermaster for fiscal year 2013-14.

Developing Fifth Retention Facility at Turner Basin.

Watermaster and IEUA continue to work together toward the creation of a fifth retention facility at the Turner Basin. Following completion, anticipated in 2015, the expansion project is projected to recharge an additional 300 acre-feet of storm runoff annually. This project is notable for a number of reasons:

LOWEST COST WATER SOURCE. This project will provide water at a lower cost than virtually any other source.

DEMONSTRATES BENEFITS OF FLEXIBILITY.

This project could help demonstrate to the Court that unanticipated projects should be reprioritized above Court-mandated projects if they are lower cost or provide other superior benefits.

SHOWS BENEFITS OF COLLABORATION. Millions of dollars in direct cost savings have been achieved by collaborating with many other agencies: IEUA, City of Ontario, San Bernardino Associated Governments, and others.

Planned Wineville Basin Proof-of-Concept. Watermaster and IEUA planned the Wineville Basin proof-of-concept investigation, which will determine the effective infiltration rate in the Wineville Basin that in turn can be used to estimate the long-term average annual stormwater recharge capability.

The Vulcan Groundwater Recharge Facility was formed by mining operations and is proposed to be converted to a groundwater recharge facility.



MONITORING PROGRAMS

Watermaster's extensive monitoring programs are designed to provide useful data on all aspects of water supply and quality in order to better manage the Basin.

Recharge Basin Water Quality and Quantity Sampling. Watermaster and IEUA estimate, track, and monitor the quantity and quality of recharge water to make sure it remains within required parameters. To accomplish this, up to 600 samples are taken from recharge basins that are recharging recycled water, lysimeters installed within recharge basins, and monitoring wells located down-gradient.

New Hydraulic Control Monitoring Program Lowers Costs. After demonstrating that the scope of the original monitoring program was greater than necessary, the RWQCB and State Office of Administrative Law approved an amendment to the Water Quality Control Plan for the Santa Ana River Basin (Basin Plan), a vastly scaled back hydraulic control monitoring program that will meet monitoring requirements at about \$250,000 in annual savings.



Watermaster staff performing groundwater level sampling.

LAND SURFACE MONITORING PROGRAM (SUBSIDENCE)

Past pumping of groundwater led to land subsidence and ground fissuring in parts of the Basin. In response, Watermaster developed and implemented a subsidence management program in Management Zone-1 (MZ-1), and has developed groundwater level related guidelines to prevent further subsidence.

EXAMPLES OF THE EXTENSIVE SUBSIDENCE MANAGEMENT ACTIVITIES INCLUDE:

Continued monitoring of production and water levels at wells across much of the western portion of Chino Basin.	Assisted the City of Chino Hills in required reporting for a grant to support an Aquifer Storage and Recovery feasibility project.
Monitored for land subsidence via remote sensing with radar satellites and traditional ground-level surveying.	Began to more closely monitor differential subsidence across the San Jose Fault in the Northwest MZ-1 Area.
Designed and constructed a new lower-cost extensometer at the Chino Creek Well Field.	Monitored horizontal strain across the historical zone of ground fissuring in Chino.

BECAUSE THE SUBSIDENCE MANAGEMENT PROGRAM HAS BEEN VERY EFFECTIVE, IT WAS EXPANDED TO THE ENTIRE BASIN.

GROUNDWATER LEVEL MONITORING

Watermaster's extensive, basin-wide groundwater level monitoring program has been refined over time to satisfy the evolving needs of Watermaster, IEUA, new regulatory requirements, and to increase efficiency.

The groundwater level monitoring program supports many Watermaster functions, such as the periodic reassessment of Safe Yield, the monitoring and management of land subsidence, the assessment of hydraulic control, the analysis of desalter pumping impacts at private wells, and the triennial recomputation of ambient water quality mandated by the Basin Plan.

The data are also used to update and re-calibrate Watermaster's computer-simulation groundwater-flow model, to understand direction of groundwater flow, to demonstrate hydraulic control, to interpret water quality data, and to identify areas of the Basin where recharge and discharge may not be in balance.

GROUNDWATER QUALITY MONITORING

This program takes Watermaster's own sampling data and owner-supplied well data from across the Basin, and integrates it into a single, useful database.

- 1. An Annual Key Well Water Quality Monitoring Program** consisting of approximately 110 wells that are otherwise not included in an established sampling program. Twenty wells are sampled annually, and the remaining wells are sampled every three years.
- 2. Hydraulic Control Monitoring Program (HCMP).** Annual sampling at nine HCMP multi-port monitoring wells strategically placed between the Chino Desalter well fields and the Santa Ana River are used to analyze the effect of desalter pumping over time on hydraulic control.
- 3. Quarterly sampling at four near-river wells** to characterize the interaction between the Santa Ana River and nearby groundwater.
- 4. A cooperative basin-wide data-collection effort** known as the Chino Basin Data Collection Program. This is a basin-wide program to collect, quality control, and load the combined data from municipal producers and governmental agencies into Watermaster's relational database. The data can be accessed online through HydroDaVESM to aid in the development of detailed maps and computer models, and for many other uses.

WIDE USES FOR WATER QUALITY DATA

- The triennial recomputation of ambient water quality mandated by the Basin Plan.
- Demonstrate that hydraulic control is being achieved.
- Monitor nonpoint source groundwater contamination, and plumes associated with point source discharges.
- Assessments of the overall condition of the groundwater basin.

GROUNDWATER PRODUCTION MONITORING

All active wells (except for minimum user wells) are now metered. Watermaster reads the agricultural production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

PRESERVED WELLS FOR MONITORING

An agreement was reached with the California Institution for Men (CIM) to allow Watermaster to continue monitoring groundwater level and groundwater quality from monitoring wells on the CIM property that were otherwise planned to be destroyed. Having a continuous quality record from the same wells is important to understanding groundwater over time.

MAXIMIZING RECHARGE AND STORAGE

GROUNDWATER RECHARGE PROGRAM MEETS GOALS

The Chino Basin Groundwater Recharge program is undertaken collaboratively by Watermaster, IEUA, the Chino Basin Water Conservation District, and the San Bernardino County Flood Control District. The program enhances water supply reliability and improves groundwater quality in local drinking water wells throughout the Basin by increasing recharge of stormwater, imported water, and recycled water.

Maximize Recycled Water and Low Cost Stormwater. The program is designed to maximize the recharge of recycled water because of its reliability, and of stormwater because it is locally controlled and is essentially free. This year, a total of 15,777 acre-feet of recycled water and stormwater were recharged into the Basin with no imported water recharge.

Meeting MZ-1 Recharge Requirement. Each year, Watermaster is required by the Peace II Agreement to recharge 6,500 acre-feet of supplemental water to improve water quality and production sustainability. That cumulative total has been more than met through this year.

STORAGE MANAGEMENT IMPROVES REGIONAL WATER SUPPLY INDEPENDENCE

Recent drought and changes in water use demonstrate the importance of local groundwater storage in continuing to improve the region's water supply independence from imported sources.

Dry Year Yield Amendments Being Negotiated. The Dry Year Yield account has been empty since April 2011 and there have been no "puts" or "takes" since then. Watermaster, IEUA, Three Valleys Municipal Water District, and MWD are negotiating potential amendments to the current contract that would meet future needs.



TOTAL SUPPLEMENTAL WATER RECHARGE CAPACITY, INCLUDING RECHARGE, IN-LIEU, AND WELL INJECTION IS UP TO 106,000 OR MORE ACRE-FEET PER YEAR. THIS IS MORE THAN ADEQUATE TO MEET ALL RECHARGE NEEDS.

East side Board educational tour.

PROTECTING AND ENHANCING WATER QUALITY AND THE ENVIRONMENT

ENGAGED IN GROUNDWATER CLEANUP PROGRAMS

Ensuring South Archibald Plume Meets Basin Objectives

Watermaster has engaged with the involved Parties for many years on cleanup of this contamination plume. Watermaster's role is to continue to monitor groundwater quality around the plume and track whether the multi-million dollar cleanup meets Basin quality objectives.

Watermaster Providing Support to Chino Airport Cleanup

The County of San Bernardino is responsible for defining the extent of the Airport contamination plume and preparing a remediation plan. To support this, Watermaster collected samples from monitoring wells and private wells in and around the plume area, and is sharing the data. Watermaster also used its groundwater model to estimate cleanup times and contaminant concentrations in the Chino Creek wellfield area.

The County installed groundwater monitoring wells and completed cleanup planning and analysis in 2012 and 2013. Groundwater remediation is planned to follow.

TRACKING POINT CONTAMINATION SOURCES

Watermaster continues to track monitoring programs and mitigation measures associated with other point sources in the Chino Basin, including: Alumax Aluminum Recycling, the CIM, Crown Coach, General Electric Test Cell and Flatiron, Kaiser Steel, Milliken Landfill, Upland Landfill, and the Stringfellow National Priorities List site.

PRADO BASIN HABITAT SUSTAINABILITY PROGRAM ADVANCES

The Prado Basin Habitat Sustainability Program is a joint program of IEUA, Watermaster and Orange County Water District. It is a mitigation requirement of the Peace II process. The goal of the program is to identify if re-operation and hydraulic control are impacting riparian habitat in the Prado Basin, and then develop and implement mitigation measures if needed. The approximately \$500,000 program includes the construction and sampling of new monitoring wells, and the development of an Adaptive Management Plan.

This program involves a large number of stakeholders and a large committee meeting was held in May 2013 to advance the program.

Cost Sharing for New Monitoring Wells

A cost-sharing plan was developed, as was site selection for up to 17 monitoring wells at nine separate sites. In addition, the Technical Specifications, the Sampling and Analysis Plan, and the Health and Safety Plan were prepared for the cone penetrometer test (CPT) and monitoring well installation.



FOCUS ON EFFICIENCY AND EFFECTIVENESS

SUPPORTING EFFECTIVE GOVERNANCE AND COLLABORATION

Refresh, Recharge, and Reunite Strategic Planning Workshop.

The Refresh, Recharge, and Reunite event was held in March 2013. It was designed as a new way to get stakeholders together and formulate priorities. It included an opportunity to be briefed on key issues in the Chino Basin and to gather input from the varying perspectives of the stakeholders about the role of Watermaster and priorities for the future.

Two Board Educational Tours. Board tours are designed to provide the Board with education on key topics in a lively and interesting way.

FALL OF 2012 TOUR ON EAST SIDE. This tour for directors and officers was held October 23, 2012. It focused on the east side of the Basin with tours of recharge basins and the Chino II Desalter.

SPRING OF 2013 TOUR OF WEST SIDE. This event provided directors and officers with insights on hydrogeology fundamentals and governance. It was held on March 12, 2013, and included tours of recharge basins and the extensometers with a focus on the west side of the Basin.

Participated in Many Other Events and Presentations.

Watermaster staff are active in reaching out among stakeholders and peer agencies to share information and collaborate. Each year the staff makes many presentations, participates in events and meets with many agencies.

RESTATED JUDGMENT WILL INCREASE EFFICIENCY

Over several decades since its founding, the Judgment governing Watermaster's actions have been updated and amended many times. In addition, the Peace (I) Agreement, Peace II Agreement, various Judgment amendments, and many other legal obligations have changed. These changes and additions were scattered across many separate documents and there was no systematic way to search for the most current requirements. Watermaster staff undertook a multi-year effort to gather all of them into a single document and obtained the court's approval of the resulting Restated Judgment.



The Watermaster Board.

YEAR OF MANAGEMENT TRANSITION FOR WATERMASTER

Ken Jeske served as interim CEO of Watermaster from January to September 2012 until Peter Kavounas was hired as the new General Manager.

It was also a year of transition for IEUA. This year, Joe Grindstaff was hired as General Manager. His leadership is helping usher in an even more effective era of collaboration to the region.

WEBSITE BROUGHT IN-HOUSE FOR COST EFFECTIVENESS

Website maintenance was brought in-house for cost savings and better control. In late 2012, Watermaster conducted an online survey to determine if its website is a useful tool for the Watermaster "family."

Over 66% of respondents said the website was overall excellent or very good. The survey gave insights into a number of areas that will be updated over time including: reports, calendar, meetings section, and more.



Watermaster Board

Agricultural Pool Representatives

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

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Bob Bowcock	Calmat Co., a Div. of Vulcan Materials Co.
Alternate: Ken Jeske California Steel Industries, Inc. (CSI)	

Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Peter Rogers , Secretary/Treasurer	Chino Hills, City of
Alternate: Ray Marquez	
James Curatalo , Vice-Chair	Fontana Union Water Company
Alternate: Kathy Tiegs	
Robert Craig	Jurupa Community Services District
Alternate: Jane Anderson	

Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
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

Danielle Maurizio, PE
Assistant General Manager

Joseph Joswiak, MBA
Chief Financial Officer

Frank Yoo
GIS & Database Specialist

Justin Nakano
Environmental Specialist

William McLaughlin
Field Operations Specialist
(Oct.-Dec.)

Anna Truong (Dec.)
Executive Assistant

Sherri Lynne Molino
(Jan.-May)
Executive Assistant

Janine Wilson
Accountant

Bianca Ruiz
Office Specialist

Advisory Committee

Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Carol Boyd	State
Nathan deBoom	Dairy
Glen Durrington	Crops
Robert Feenstra	Dairy
Pete Hall	State
John Huitsing	Dairy
Gene Koopman	Dairy
Jeff Pierson , 2nd Vice-Chair	Crops
Rob Vanden Heuvel	Dairy

Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Brian Geye , Vice-Chair	California Speedway Corp. (Auto Club Speedway)
Ken Jeske	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: Nadeem Majaj	
Dave Crosley	Chino, City of
Marty Zvirbulis	Cucamonga Valley Water District
Alternate: JoLynne Russo-Pereyra	
Alternate: John Bosler	
Robert Young	Fontana Union Water Company
Alternate: Josh Swift	
Seth Zielke	Fontana Water Company
Alternate: Josh Swift	
Todd Corbin	Jurupa Community Services District
Alternate: Robert Tock	
Alternate: Tom Harder	
Van Jew	Monte Vista Irrigation Company*
Mark Kinsey	Monte Vista Water District
Alternate: Justin Scott-Coe	
Bob Lawhn	NRG California South LP
Scott Burton	Ontario, City of
Alternate: Dennis Mejia	
Curtis Aaron	Pomona, City of
Alternate: Darron Poulsen	
Teri Layton	San Antonio Water Company*
Alternate: Charles Moorrees	
Rosemary Hoerning , Chair	Upland, City of

Agricultural Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
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
Pete Hall	State of California-CIM
Carol Boyd	State of California-CIM

<i>ALTERNATE REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Peter Hettinga	Dairy
Dan Hostetler	Crops
Syp Vander Dussen	Dairy
Helen Arens	State of California
Julie Cavender	State of California
Larry Dimock	State of California
Marilyn Levin	State of California

Non-Agricultural Pool Committee

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

Appropriative Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
Kevin Sage	Arrowhead Mountain Spring Water*
Dave Crosley	Chino, City of
Ron Craig	Chino Hills, City of
Alternate: Nadeem Majaj	
Marty Zvirbulis, Chair	Cucamonga Valley Water District
Alternate: Jo Lynne Russo-Pereyra	
Chuck Hays	Fontana, City of
Robert Young	Fontana Union Water Company
Alternate: Josh Swift	
Seth Zielke	Fontana Water Company
Alternate: Josh Swift	
Ben Lewis	Golden State Water Company*
Todd Corbin	Jurupa Community Services District
Alternate: Robert Tock	
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	
Curtis Aaron	Pomona, City of
Alternate: Darron Poulsen	
Teri Layton	San Antonio Water Company*
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.*
Thomas Crowley	West Valley Water District*
Alternate: A.W. "Butch" Araiza	

* 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 2012-2013**

During the fiscal year 2012-13, 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
December 21, 2012	• Order for Approval of Temporary Substitute Rate
September 27, 2012	• Order Adopting Restated Judgment, Approving Intervention of Tad Nakase (TDN Land Company) into the Chino Basin Judgment
July 20, 2012	• Ruling (Regarding CSI's Motion to Confirm Post-Judgment Orders and Enforce and Carry Out the Chino Basin Judgment)

RESOLUTIONS CALENDAR YEAR 2013

Resolution	Adopted	Summary of Resolution
2013-08	December 19, 2013	<p><i>In Support of the Association of California Water Agencies' Statewide Water Action Plan for California</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster Board of Directors does hereby support ACWA's Statewide Water Action Plan for California and encourage its adoption as the basis for statewide action by Governor Brown.
2013-07	November 21, 2013	<p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2013-2014</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective November 21, 2013 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 Restated Judgment.
2013-06	September 26, 2013	<p><i>Adoption of the 2013 Amendment to the 2010 Update of the Chino Basin Recharge Master Plan</i></p> <ul style="list-style-type: none"> • The 2013 Amendment to the 2010 Recharge Master Plan Update is based on sound technical analysis and adequately amends the 2010 Recharge Master Plan Update in light of changed economic, legislative, and hydrologic conditions within the State of California. • The 2013 Amendment to the 2010 Recharge Master Plan Update is responsive to the Court's order to develop the monitoring, reporting, and accounting practices that will be required to estimate local project stormwater recharge and new yield, and contains sufficient analysis responsive to the Court's direction to develop a financing plan and an implementation plan. • Watermaster adopts the 2013 Amendment to the 2010 Recharge Master Plan Update as the guidance document for the further development of the recharge facilities within the Chino Basin. • Pursuant to the Peace II Agreement Section 8.1. Watermaster and IEUA will update the Recharge Master Plan not less frequently than once every five years. As the development of the 2013 Amendment was, in effect, an update to the Plan, the Plan will be updated no later than 2018.
13-05	May 23, 2013	<p><i>Establishing ICMA Retirement Corporation as the Watermaster's 457 Deferred Compensation Plan Administrator</i></p> <ul style="list-style-type: none"> • The Employer hereby adopts the deferred compensation plan (the "Plan") in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust, referred to as Appendix A. • The Employer Executes the Declaration of Trust of the VantageTrust Company, referenced hereto as Appendix B, intending this execution to be operative with respect to any retirement of deferred compensation plan subsequently established by the Employer, if the assets of the plan are to be invested in the VantageTrust Company. • The assets of the Plan shall be in trust, with the Employer serving as trustee, for the exclusive benefit of the Plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. • The Employer hereby agrees to serve as trustee under the Plan. • The Chief Financial Officer shall be the coordinator for this program; shall receive necessary reports, notices, etc. from the ICMA Retirement Corporation or the VantageTrust Company; shall cast, on behalf of the employer, any required votes under the VantageTrust Company; Administrative duties to carry out the plan may be assigned to the appropriate departments, and is authorized to execute all necessary agreements with ICMA retirement Corporation incidental to the administration of the Plan.

13-04 March 28,
 2013 *Supporting the Nomination of Director Kathleen Tiegs as the Association of California Water Agencies Vice-President*

- The Board of Directors does hereby place its full and unreserved support of the nomination of Cucamonga Valley Water District Director Kathleen Tiegs as Vice-President of the Association of California Water Agencies for the 2014-2015 term.

13-02 January 24,
 2013 *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: Board Chair, Board Vice-Chair, Board Secretary/Treasurer, General Manager/Secretary, Assistant General Manager, and Chief Financial Officer.

13-01 January 24,
 2013 *Establishing a Watermaster Investment Policy*

- The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster General Manager (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 12-01 is rescinded in its entirety.
-

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Production Year ¹	Appropriative	Non-Agricultural	Agricultural
12-13			
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 Tw enty-Seventh Annual Report (Fiscal Year 2003-04) for interventions prior to 89-90.

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

PLEASE TAKE NOTICE that on this 24th day of January 2013, Chino Basin Watermaster hereby files this "**Notice of Intent**" to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE
CHAIRMAN**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS
CHAIRMAN**

Signature: /s/ Rosemary Hoerning

Signature: /s/ Bob Kuhn

**ATTEST:
CHINO BASIN WATERMASTER
BOARD OF DIRECTORS
SECRETARY/TREASURER**

Signature: /s/ Peter Rogers

**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, 2013)**

<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 Arrow head 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, 2013)

<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	1,660.56	1,615.137
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	1,211.08	632.981
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. ACM and CSI settled their water rights dispute in February 2013. The settlement agreement allocates one half of the right in dispute's Assigned Share of Safe Yield to each, effective July 1, 2007, and the parties allocated among themselves the quantities of water in storage related to the right.

^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 (ACM) 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. ACM and CSI settled their water rights dispute in February 2013. The settlement agreement allocates one half of the right in dispute's Assigned Share of Safe Yield to each, effective July 1, 2007, and the parties allocated among themselves the quantities of water in storage related to the right.

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 ¹⁴	8,084	161,475
01-02	121,489 ^{11, 15}	39,494 ¹⁵	5,548	166,531
02-03	120,557 ^{11, 16}	38,487 ^{11, 16}	4,853	163,897
03-04	136,834 ¹⁷	41,978 ¹⁷	2,915	181,727
04-05	127,811 ¹⁸	34,450 ¹⁸	2,327	164,588
05-06	124,315 ¹⁹	33,900 ¹⁹	3,026	161,241
06-07	130,826 ²⁰	37,295 ²⁰	3,369	171,491
07-08	103,078 ²¹	30,910 ²¹	3,440	137,427
08-09	84,716 ²²	32,143 ²²	4,394	121,253
09-10	78,733 ²³	31,855 ²³	3,908	114,496
10-11	78,410 ²⁴	31,342 ²⁴	3,914	113,667
11-12	79,343 ²⁵	34,353 ²⁵	4,415	118,111
12-13	96,434 ²⁶	34,458 ²⁶	4,736	135,628

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.

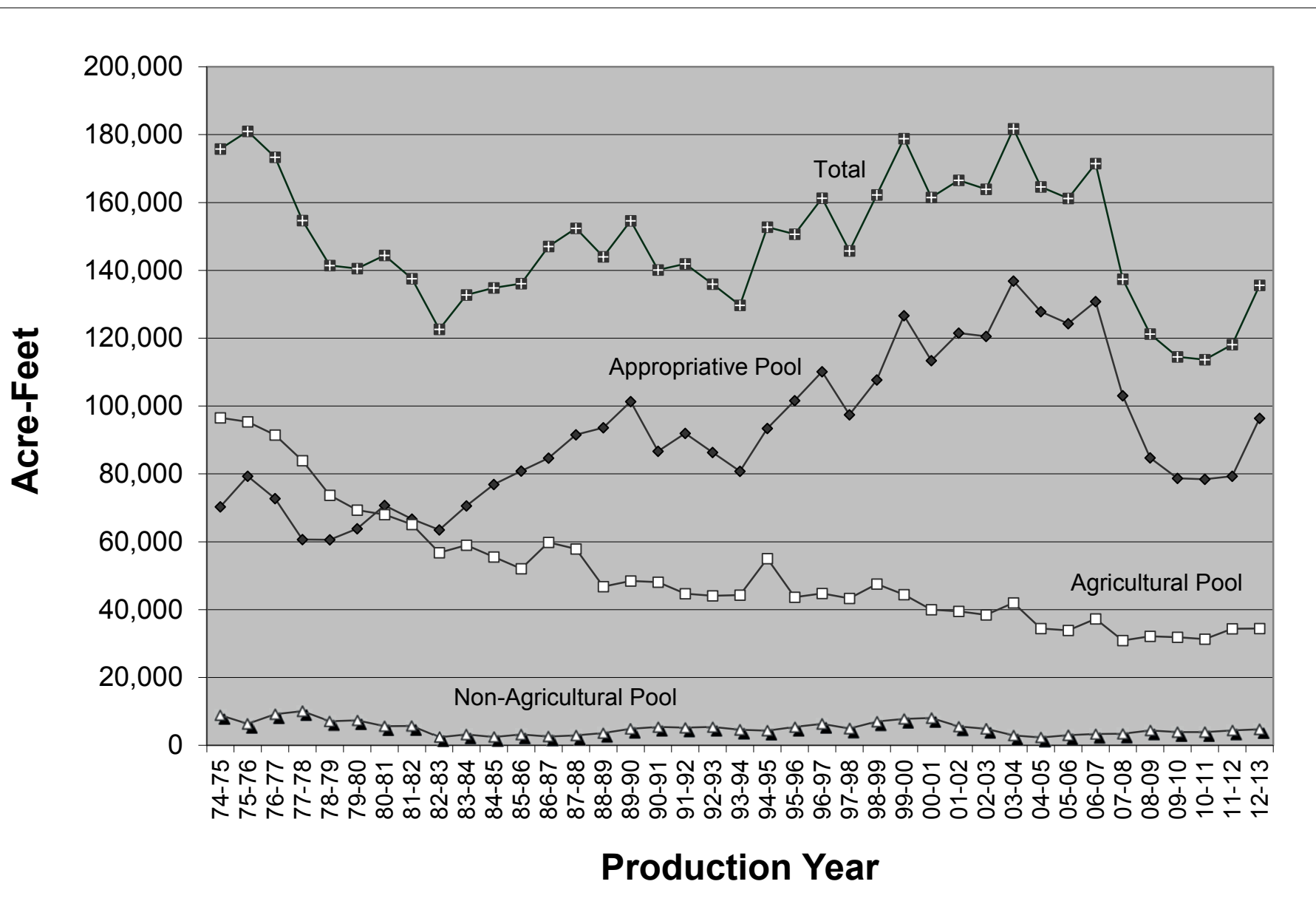
²³ Does not include 28,517 AF Desalter production or 85.1 AF Dept. of Toxic Substances Control (DTSC) production.

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.

²⁶ Does not include 27,062 AF Desalter production or 87.3 AF Dept. of Toxic Substances Control (DTSC) production.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL



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

Production Year	Land Use Conversions	Remaining 50% Allocated	Balance Available	Total Ag Pool Reallocated to Appropriators
83-84	297	297	25,762	26,355 ²
84-85	297	297	18,543	19,136
85-86	406	406	21,091	21,902
86-87	406	406	36,348	37,159
87-88	2,028	2,028	74,433	78,489 ³
88-89	406	406	24,124	24,935
89-90	406	406	35,227	36,038
90-91	406	406	33,569	34,380
91-92	406	406	33,904	34,715
92-93	406	406	37,307	38,118
93-94	406	406	37,897	38,708
94-95	3,246	406	34,850	38,502
95-96	5,855	5,855	16,067	27,778
96-97	6,310	6,310	26,541	39,161
97-98	7,213	7,213	23,565	37,991
98-99	8,511	8,511	22,433	39,455
99-00	10,471	N/A	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
12-13	23,773	N/A	24,569	48,342

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
12-13	135,628	154,870	290,498

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 2012-2013
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD & MWDSC Imported Deliveries	Recycled Water	Total
Chino, City of	-	-	-	10,013.9	10,013.9
Chino Hills, City of	-	-	-	2,799.6	2,799.6
Cucamonga Valley Water District ¹	6,420.7	2,080.7	-	3,645.1	12,146.5
Inland Empire Utilities Agency ²	-	-	-	870.8	870.8
Fontana Water Company ³	22,053.5	3,514.2	-	-	25,567.7
Jurupa Community Services District ⁴	1,257.4	-	-	573.6	1,831.0
Marygold Mutual Water Company ⁵	-	-	-	-	-
MWDSC ⁶	-	-	58,492.3	-	58,492.3
Monte Vista Water District	-	-	-	755.7	755.7
Ontario, City of	-	-	-	10,985.2	10,985.2
Pomona, City of ⁷	3,937.9	1,423.8	1,947.8	-	7,309.5
San Antonio Water Company ⁸	6,766.6	308.4	-	-	7,075.0
San Bernardino, County of	-	-	-	1,407.3	1,407.3
State of California, CIM ⁹	-	-	-	1,214.0	1,214.0
Upland, City of ¹⁰	2,098.8	32.6	-	1,267.8	3,399.2
West End Consolidated Water Company ¹¹	3,642.6	-	-	-	3,642.6
West Valley Water District ¹²	7,360.0	-	-	-	7,360.0
Total	53,537.5	7,359.7	60,440.1	33,533.0	154,870.3

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 21,840.0 AF of recycled water as follows: 8,957.2 AF to the City of Chino, 1,889.5 AF to the City of Chino Hills, 1,230.7 AF to Cucamonga Valley Water District, 870.8 AF to IEUA, 326.6 AF to Monte Vista Water District, 6,894.3 AF to Ontario, 1,407.3 AF to San Bernardino County, and 263.6 AF to the City of Upland. Additionally, recycled water groundwater recharge in the amount of 10,479.0 AF is shown as allocated within each service area. Recharged recycled water is placed into each Party's Supplemental Storage account.

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 Riverside 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 3762.8 AF of groundwater from Six Basins and 175.1 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁸ An amount of 308.4 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 0 AF from San Antonio Tunnel, 5,525.1 AF from Cucamonga Basin, and 1,241.5 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 2012-2013
(ACRE-FEET)

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills ²	Total
July	967	730	812	399	260	3,168
August	963	991	553	468	287	3,261
September	593	903	829	441	287	3,053
October	160	624	938	412	198	2,333
November	177	359	869	244	114	1,763
December	114	17	819	185	5	1,141
January	213	17	689	186	5	1,110
February	258	5	696	167	2	1,128
March	445	62	829	254	20	1,610
April	539	854	802	389	271	2,856
May	683	699	1,057	453	222	3,113
June	956	474	1,350	489	151	3,419
Total	6,067	5,737	10,244	4,085	1,822	27,954

Month	Reliant	Fontana Water Co.	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-19	CB-07	CB-16	Sub-Total		
July	-	48	75	2,626	2,701	343	6,259
August	-	44	253	2,819	3,072	372	6,749
September	-	-	227	3,215	3,442	278	6,773
October	-	311	188	2,988	3,177	135	5,955
November	-	194	90	1,338	1,428	59	3,444
December	-	-	-	1,279	1,279	-	2,420
January	-	74	-	1,257	1,257	24	2,465
February	-	261	-	487	487	28	1,904
March	-	519	273	835	1,108	59	3,295
April	-	354	170	2,349	2,519	139	5,869
May	-	1,109	196	3,015	3,211	219	7,652
June	-	1,033	246	2,665	2,911	292	7,655
Total	-	3,947	1,718	24,874	26,592	1,948	60,440

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 2012-2013
(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 = 1,097.132 AF +0.000 AF (CURO) = 1,097.132 AF													
Direct*													
ASR (Monte Vista Water District)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-11 (Deer Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-13 (San Sevaine)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-14 (Etiwanda)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-15 (Day Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-18 (Etiwanda Inter-tie)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-20 (West Cucamonga)	-	-	-	-	-	-	-	-	-	-	-	-	-
OC-59 (San Antonio)	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Lieu													
Service Connections													
CB-12	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Parties	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Cyclic Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Replenishment	-	-	-	-	-	-	-	-	-	-	-	-	-

**SUMMARY OF STORMWATER RECHARGE
FISCAL YEAR 2012-2013
(ACRE-FEET)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
MANAGEMENT ZONE 1:													
San Antonio Channel / CB-59													
Upland	-	-	-	-	5	61	23	18	12	-	-	-	119
College Heights	-	-	-	-	-	-	-	-	-	-	-	-	-
Montclair 1, 2, 3 & 4	-	2	-	2	26	101	24	10	18	-	21	-	204
Brooks	1	2	2	-	-	-	35	26	32	-	17	-	115
West Cucamonga Channel / CB-20													
15th Street	-	-	-	-	-	-	-	-	-	-	-	-	-
8th Street	5	17	13	29	66	278	51	89	65	24	43	12	692
7th Street	15	4	20	-	-	-	19	1	-	-	-	-	59
MANAGEMENT ZONE 2:													
Cucamonga / Deer Creek Channels													
Turner 1 & 2	83	36	31	61	61	290	149	116	48	-	-	-	875
Turner 3 & 4	25	36	31	22	30	47	15	25	14	-	-	-	245
Day Creek Channel													
Lower Day	1	1	1	-	8	61	15	13	5	-	-	1	106
Etiwanda Channel													
Etiwanda Debris Basin	-	-	-	-	1	15	14	2	1	-	-	-	33
Victoria	3	5	1	1	6	19	35	10	7	1	5	1	94
Minor Drainage													
Grove	3	3	2	3	22	58	27	24	11	-	22	2	177
San Sevaine Channel													
San Sevaine 1, 2, 3 & 4	-	1	-	1	6	44	10	4	3	4	4	-	77
San Sevaine 5	-	-	-	-	8	35	11	5	10	1	-	-	70
West Cucamonga Channel													
Ely 1, 2 & 3	7	7	5	5	9	335	72	37	63	1	23	4	568
West Fontana Channel													
Hickory	22	50	29	51	13	6	-	8	13	-	6	1	199
MANAGEMENT ZONE 3:													
Day Creek Channel													
Wineville	-	-	-	-	-	-	-	-	-	-	-	-	-
Riverside	-	-	-	-	-	-	-	-	-	-	-	-	-
DeClez Channel													
DeClez	1	10	15	134	21	168	48	58	61	4	6	4	530
RP3 Cell 1, 3, & 4	36	-	-	10	69	310	131	102	60	35	39	39	831
RP3 Cell 2	14	12	4	8	32	51	16	11	18	5	15	4	190
Etiwanda Channel													
Etiwanda Conservation	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Channel													
Jurupa	-	-	-	-	-	-	-	-	-	-	-	-	-
West Fontana Channel													
Banana	-	-	-	11	5	49	18	20	8	-	3	-	114
Totals	216	186	154	338	388	1,928	713	579	449	75	204	68	5,298

APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 3 Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		AF Total Reallocation	Ag Pool SY Reallocation		Replen AF/15%
		\$9.76	\$30.63		\$336,384.99	\$1,055,317.99	
		AF/Admin	AF/OBMP		\$6.96 AF/Admin	\$21.83 AF/OBMP	
Arrowhead Mtn Spring Water Co	412.606	4,027.03	12,638.12	0.000	0.00	0.00	0.00
Chino Hills, City Of	6,196.679	60,479.59	189,804.28	1,923.044	13,381.39	41,980.54	81.13
Chino, City Of	0.000	0.00	0.00	8,003.990	55,695.31	174,729.14	0.00
Cucamonga Valley Water District	18,739.950	182,901.91	574,004.67	2,361.421	16,431.81	51,550.42	245.37
Desalter Authority	27,061.678	0.00	0.00	0.000	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,267.201	22,734.63	71,323.83	0.00
Fontana Water Company	11,752.355	114,702.98	359,974.63	713.219	4,962.89	15,569.75	153.88
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Golden State Water Company	1,059.495	10,340.67	32,452.33	210.209	1,462.73	4,588.92	13.87
Jurupa Community Services District	16,898.552	164,929.87	517,602.65	12,051.603	83,860.40	263,089.57	221.26
Marygold Mutual Water Company	1,249.565	12,195.75	38,274.18	334.932	2,330.61	7,311.65	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	345.863	2,406.67	7,550.28	0.00
Monte Vista Water District	6,607.554	64,489.73	202,389.38	2,512.668	17,484.26	54,852.18	86.51
Niagara Bottling, LLC	999.541	9,755.52	30,615.94	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	1.962	13.65	42.83	0.00
Norco, City Of	0.000	0.00	0.00	103.142	717.71	2,251.62	0.00
Ontario, City Of	16,209.336	158,203.12	496,491.96	7,072.973	49,216.88	154,404.81	212.23
Pomona, City Of	12,227.671	119,342.07	374,533.56	5,732.807	39,891.41	125,148.64	0.00
San Antonio Water Company	1,539.694	15,027.41	47,160.83	770.204	5,359.42	16,813.75	20.16
San Bernardino County Shtg Prk	11.707	114.26	358.59	0.000	0.00	0.00	0.15
Santa Ana River Water Company	170.880	1,667.79	5,234.05	665.100	4,628.06	14,519.30	2.24
Upland, City Of	2,358.169	23,015.73	72,230.72	1,458.006	10,145.45	31,828.64	30.88
West End Consolidated Water Co	0.000	0.00	0.00	484.320	3,370.11	10,572.83	0.00
West Valley Water District	0.000	0.00	0.00	329.327	2,291.60	7,189.29	0.00
	123,495.432	941,193.43	2,953,765.88	48,341.991	336,384.99	1,055,317.99	1,067.68
	1A	1B	1C	1D	1E	1F	1G

p1: 1) VMWD elected to discontinue payment of the "Pomona Credit," effective FY 2012/2013. On 02/28/13, the Watermaster Board approved funding the paym paid to the City of Pomona in March 2013. The two years of assessments of "Pomona Credit" are shown in Columns [1N] and [1Q].
2) Recharge Improvement Project expenses [1P] is a new category. It is allocated on % OSY; based on the approved budget.

Fishing Assessments		85/15 Water Transaction Activity			ASSESSMENTS DUE					
\$516.80 AF/85%	\$608.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Total Production Based	Pomona Credit	Recharge Debt Payment	Recharge Imprvmt Project	Other Adjustments	Total Due
0.00	217,252.99	0.00	0.00	(115.29)	233,802.86	0.00	0.00	0.00	0.00	233,802.86
0.00	0.00	0.00	24,388.94	(0.05)	330,115.82	2,567.35	17,564.14	18,627.87	2,567.35	371,442.52
0.00	0.00	0.00	0.00	0.00	230,424.45	4,904.69	33,554.76	35,586.91	4,904.69	309,375.51
0.00	0.00	0.00	73,756.85	(0.16)	898,890.87	4,400.69	30,106.70	31,930.03	4,400.69	969,728.97
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	94,058.46	7,771.37	53,166.76	56,386.66	7,771.37	219,154.63
0.00	0.00	(252,468.00)	46,255.01	(0.10)	289,151.05	1.33	9.12	9.67	1.33	289,172.51
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	4,169.97	(0.01)	53,028.48	500.00	3,420.70	3,627.86	500.00	61,077.04
0.00	0.00	(68,475.00)	66,509.46	(0.14)	1,027,738.05	2,506.01	17,144.54	18,182.85	2,506.01	1,068,077.46
0.00	0.00	0.00	0.00	0.00	60,112.19	796.67	5,450.31	5,780.39	796.67	72,936.23
0.00	0.00	0.00	0.00	0.00	9,956.95	822.67	5,628.19	5,969.04	822.67	23,199.52
0.00	0.00	0.00	26,006.06	(0.06)	365,308.07	5,864.70	40,122.50	42,552.41	5,864.70	459,712.37
0.00	197,320.93	0.00	0.00	(210.74)	237,481.65	0.00	0.00	0.00	0.00	237,481.65
0.00	0.00	0.00	0.00	0.00	56.48	4.67	31.93	33.86	4.67	131.60
0.00	0.00	0.00	0.00	0.00	2,969.32	245.34	1,678.42	1,780.07	245.34	6,918.49
0.00	0.00	0.00	63,796.84	(0.14)	922,325.70	13,828.07	94,602.81	100,332.17	13,828.07	1,144,916.81
0.00	0.00	0.00	0.00	0.00	658,915.68	(53,030.93)	93,289.26	98,939.07	0.00	798,113.08
0.00	0.00	0.00	6,059.94	(0.01)	90,441.50	1,832.01	12,533.44	13,292.49	1,832.01	119,931.44
6,050.18	0.00	0.00	46.08	(3.92)	6,565.33	0.00	0.00	0.00	0.00	6,565.33
0.00	0.00	0.00	672.55	0.00	26,723.99	1,582.01	10,823.09	11,478.56	1,582.01	52,189.65
0.00	0.00	0.00	9,281.30	(0.02)	146,532.70	3,468.02	23,725.96	25,162.85	3,468.02	202,357.54
0.00	0.00	0.00	0.00	0.00	13,942.94	1,152.01	7,881.29	8,358.60	1,152.01	32,486.84
0.00	0.00	0.00	0.00	0.00	9,480.90	783.34	5,359.09	5,683.65	783.34	22,090.31
6,050.18	414,573.92	(320,943.00)	320,942.99	(330.64)	5,708,023.42	0.00	456,092.99	483,715.00	53,030.93	6,700,862.34
1H	1I	1J	1K	1L	1M	1N	1O	1P	1Q	1R

ment from existing Watermaster cash reserves in FY 2012/2013, with double appropriative assessments in FY 2013/2014. The FY 2012/2013 credit of \$53,030.93 was

APPROPRIATIVE POOL WATER PRODUCTION SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 3 Water Production Summary

	<i>Percent of Operating Safe Yield</i>	<i>Carryover Beginning Balance</i>	<i>Prior Year Adjust- ments</i>	<i>Assigned Share of Operating Safe Yield</i>	<i>Net Ag Pool Reallocation</i>	<i>Water Transaction Activity</i>	<i>Stormwater New Yield</i>
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	55.282	0.000
Chino Hills, City Of	3.851%	2,111.422	0.000	2,111.422	1,923.044	50.792	0.000
Chino, City Of	7.357%	4,033.857	0.000	4,033.857	8,003.990	0.000	0.000
Cucamonga Valley Water District	6.601%	1,305.351	0.000	3,619.454	2,361.421	11,453.724	0.000
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	6,391.736	3,267.201	(9,658.937)	0.000
Fontana Water Company	0.002%	0.000	0.000	1.000	713.219	11,038.136	0.000
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	331.031	0.000	411.476	210.209	106.778	0.000
Jurupa Community Services District	3.759%	1,359.049	0.000	2,061.118	12,051.603	1,426.783	0.000
Marygold Mutual Water Company	1.195%	481.268	0.000	655.317	334.932	16.000	0.000
Monte Vista Irrigation Company	1.234%	676.759	0.000	676.759	345.863	0.000	0.000
Monte Vista Water District	8.797%	2,848.243	0.000	4,823.954	2,512.668	2,219.600	0.000
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	675.000	0.000
Nicholson Trust	0.007%	1.368	0.000	4.000	1.962	(6.500)	0.000
Norco, City Of	0.368%	201.545	0.000	201.545	103.142	0.000	0.000
Ontario, City Of	20.742%	11,373.816	0.000	11,373.816	7,072.973	862.000	0.000
Pomona, City Of	20.454%	11,215.852	0.000	11,215.852	5,732.807	219.678	0.000
San Antonio Water Company	2.748%	1,147.110	0.000	1,506.888	770.204	(782.000)	0.000
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,082.498	0.000	1,301.374	665.100	(1,069.000)	0.000
Upland, City Of	5.202%	2,852.401	0.000	2,852.401	1,458.006	2,055.068	0.000
West End Consolidated Water Co	1.728%	947.714	0.000	947.714	484.320	0.000	0.000
West Valley Water District	1.175%	644.317	0.000	644.317	329.327	15.000	0.000
	100.00%	42,613.601	0.000	54,834.000	48,341.991	18,677.404	0.000

Less Desalter Authority Production

Total Less Desalter Authority Production

2A
2B
2C
2D
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2G

p2: 1) Stormwater New Yield [2G] is allocated to the Appropriators based on their % OSY. Production Years 2003/2004 through 2007/2008 each allocated 12,000
2) Column [2J], "Actual Fiscal Year Production," includes Voluntary Agreements and Assignments.

Other Adjustments	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	55.282	412.606	0.000	412.606	0.000	357.324	0.000	0.000	0.000
0.000	6,196.679	6,196.679	0.000	6,196.679	0.000	0.000	0.000	0.000	0.000
0.000	16,071.704	0.000	0.000	0.000	0.000	0.000	16,071.704	4,033.857	12,037.847
0.000	18,739.950	18,739.950	0.000	18,739.950	0.000	0.000	0.000	0.000	0.000
0.000	0.000	27,061.678	0.000	27,061.678	0.000	27,061.678	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	11,752.355	11,752.355	0.000	11,752.355	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	1,059.494	1,059.495	0.000	1,059.495	0.000	0.000	0.000	0.000	0.000
0.000	16,898.552	16,898.552	0.000	16,898.552	0.000	0.000	0.000	0.000	0.000
0.000	1,487.517	1,249.565	0.000	1,249.565	0.000	0.000	237.952	237.952	0.000
0.000	1,699.381	0.000	0.000	0.000	0.000	0.000	1,699.381	676.759	1,022.622
0.000	12,404.465	6,607.554	0.000	6,607.554	0.000	0.000	5,796.911	4,823.954	972.957
0.000	675.000	999.541	0.000	999.541	0.000	324.541	0.000	0.000	0.000
0.000	0.830	0.000	0.000	0.000	0.000	0.000	0.830	0.830	0.000
0.000	506.232	0.000	0.000	0.000	0.000	0.000	506.232	201.545	304.687
0.000	30,682.606	16,209.336	0.000	16,209.336	0.000	0.000	14,473.270	11,373.816	3,099.453
0.000	28,384.189	12,227.671	0.000	12,227.671	0.000	0.000	16,156.517	11,215.852	4,940.664
0.000	2,642.202	1,539.694	0.000	1,539.694	0.000	0.000	1,102.508	1,102.508	0.000
0.000	0.000	11.707	0.000	11.707	11.707	0.000	0.000	0.000	0.000
0.000	1,979.972	170.880	0.000	170.880	0.000	0.000	1,809.092	1,301.374	507.718
0.000	9,217.876	2,358.169	0.000	2,358.169	0.000	0.000	6,859.707	2,852.401	4,007.306
0.000	2,379.748	0.000	0.000	0.000	0.000	0.000	2,379.748	947.714	1,432.034
0.000	1,632.961	0.000	0.000	0.000	0.000	0.000	1,632.961	644.317	988.644
0.000	164,466.995	123,495.432	0.000	123,495.432	11.707	27,743.543	68,726.813	39,412.879	29,313.932
		<u>27,061.678</u>		<u>27,061.678</u>		<u>27,061.678</u>			
		96,433.754		96,433.754		681.865			

2H 2I 2J 2K 2L 2M 2N 2O 2P 2Q

AF, and 2008/2009 through 2012/2013 each allocated 0 AF.

APPROPRIATIVE POOL SUPPLEMENTAL STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

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	6,196.679	2,453.411	(49.068)	910.100	0.000	3,314.443	5,164.940	
Chino, City Of	0.000	2,810.066	(56.201)	1,056.700	0.000	3,810.565	1,134.220	
Cucamonga Valley Water District	18,739.950	6,131.474	(122.629)	2,414.400	0.000	8,423.245	11,531.762	
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	1,497.893	
Jurupa Community Services District	16,898.552	1,743.762	(34.875)	573.600	0.000	2,282.487	0.000	
Marygold Mutual Water Company	-	0.000	0.000	0.000	0.000	0.000	1,646.421	
Monte Vista Irrigation Company	-	0.000	0.000	0.000	0.000	0.000	6,090.175	
Monte Vista Water District	6,607.554	1,169.963	(23.399)	429.100	0.000	1,575.664	3,641.239	
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	16,209.336	11,080.125	(221.602)	4,090.900	0.000	14,949.423	8,681.259	
Pomona, City Of	-	0.000	0.000	0.000	0.000	0.000	11,767.598	
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	2,358.169	2,718.947	(54.378)	1,004.200	0.000	3,668.769	6,258.158	
West End Consolidated Water Co	-	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	
	67,010.240	28,107.748	(562.152)	10,479.000	0.000	38,024.596	57,413.665	

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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 (1,900.100 AF this fiscal year), and all of the City of Montclair's recharged recycled water transfers to the City of Ontario. 2) FWC's and Niagara's July-Sept 2011 preemptive replenishment amounts were previously placed into their "New" Supplemental Storage accounts. In October 2013, FWC

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
(103.298)	0.000	0.000	5,061.642	0.000	0.000	0.000	0.000	0.000	8,376.085
(22.684)	0.000	0.000	1,111.536	2,077.675	(41.553)	0.000	0.000	2,036.122	6,958.223
(230.635)	0.000	0.000	11,301.127	2,519.332	(50.386)	0.000	(1,794.787)	674.159	20,398.531
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	8,053.155	(161.063)	0.000	(5,446.073)	2,446.019	2,446.019
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(29.957)	0.000	0.000	1,467.936	61.682	(1.233)	0.000	0.000	60.449	1,528.385
0.000	0.000	0.000	0.000	1,061.573	(21.231)	0.000	0.000	1,040.342	3,322.829
(32.928)	0.000	0.000	1,613.493	103.111	(2.062)	0.000	0.000	101.049	1,714.542
(121.803)	0.000	0.000	5,968.372	348.492	(6.969)	0.000	0.000	341.523	6,309.895
(72.824)	0.000	0.000	3,568.415	2,287.270	(45.745)	0.000	0.000	2,241.525	7,385.604
0.000	0.000	0.000	0.000	4,624.636	(92.492)	0.000	(675.000)	3,857.144	3,857.144
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	103.929	(2.078)	0.000	0.000	101.851	101.851
(173.625)	0.000	0.000	8,507.634	5,183.911	(103.678)	0.000	0.000	5,080.233	28,537.290
(235.351)	0.000	0.000	11,532.247	1,682.146	(33.642)	0.000	0.000	1,648.504	13,180.751
0.000	0.000	0.000	0.000	1,171.060	(23.421)	0.000	0.000	1,147.639	1,147.639
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	518.790	(10.375)	0.000	0.000	508.415	508.415
(125.163)	0.000	0.000	6,132.995	0.000	0.000	0.000	0.000	0.000	9,801.764
0.000	0.000	0.000	0.000	488.004	(9.760)	0.000	0.000	478.244	478.244
0.000	0.000	0.000	0.000	331.831	(6.636)	0.000	0.000	325.195	325.195
(1,148.268)	0.000	0.000	56,265.397	30,616.597	(612.324)	0.000	(7,915.860)	22,088.413	116,378.406

38,024.596 + 22,088.413 = 60,113.009

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

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

ged recycled water transfers to MVWD.
transferred 5446.073 AF and Niagara transferred 675.000 AF to offset their Production Year 2012/2013 overproduction obligations.

APPROPRIATIVE POOL EXCESS CARRY OVER ACCOUNT SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

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	56.410	(1.128)	(55.282)	0.000	0.000	0.000
Chino Hills, City Of	10,629.437	(212.588)	(50.792)	0.000	0.000	10,366.057
Chino, City Of	43,012.090	(860.241)	0.000	0.000	12,037.847	54,189.696
Cucamonga Valley Water District	45,071.094	(901.421)	122.992	1,794.787	0.000	46,087.452
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	1,956.917	(39.138)	(1,917.779)	0.000	0.000	0.000
Fontana Water Company	2,128.125	(42.562)	(7,531.636)	5,446.073	0.000	0.000
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	1,278.551	(25.571)	(6.778)	0.000	0.000	1,246.202
Jurupa Community Services District	10,154.028	(203.080)	(326.783)	0.000	0.000	9,624.165
Marygold Mutual Water Company	867.248	(17.344)	0.000	0.000	0.000	849.904
Monte Vista Irrigation Company	3,031.795	(60.635)	0.000	0.000	1,022.622	3,993.782
Monte Vista Water District	3,949.023	(78.980)	0.000	0.000	972.957	4,843.000
Niagara Bottling, LLC	195.018	(3.900)	(675.000)	675.000	0.000	191.118
Nicholson Trust	1.175	(0.023)	0.000	0.000	0.000	1.152
Norco, City Of	2,559.577	(51.191)	0.000	0.000	304.687	2,813.073
Ontario, City Of	32,067.236	(641.344)	0.000	0.000	3,099.453	34,525.345
Pomona, City Of	25,124.488	(502.489)	(1,500.000)	0.000	4,940.664	28,062.663
San Antonio Water Company	8,568.082	(171.361)	(2,834.312)	0.000	0.000	5,562.409
San Bernardino County Shtg Prk	3.546	(0.070)	0.000	0.000	0.000	3.476
Santa Ana River Water Company	629.685	(12.593)	0.000	0.000	507.718	1,124.810
Upland, City Of	9,899.888	(197.997)	(2,000.000)	0.000	4,007.306	11,709.197
West End Consolidated Water Co	3,660.852	(73.217)	(1,167.000)	0.000	1,432.034	3,852.669
West Valley Water District	5,136.290	(102.725)	0.000	0.000	988.644	6,022.209
	209,980.555	(4,199.598)	(17,942.370)	7,915.860	29,313.932	225,068.379
	3A	3B	3C	3D	3E	3F

p3: FUWC's ECO account has a beginning balance of 1,956.917 AF and losses of 39.138 AF, as a result of the Non-Ag Paragraph 31 water transfer last year. This water has now been transferred to CVWD's ECO account.

APPROPRIATIVE POOL OTHER STORAGE AND REPLENISHMENT ACCOUNTS SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

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	28,348.378	0.000	0.000	(27,061.678)	1,286.700
Re-Operation Offset: Peace II Expansion	175,000.000	0.000	0.000	0.000	175,000.000
Non-Ag Dedication	0.000	0.000	0.000	0.000	0.000
City of Chino Preemptive Replenishment:	1,416.470	0.000	0.000	0.000	1,416.470
City of Ontario Preemptive Replenishment:	3,322.247	0.000	0.000	0.000	3,322.247
Jurupa CSD Preemptive Replenishment:	2,360.783	0.000	0.000	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. The account will need adjustment following the current modeling and Safe Yield Recalculation work (i.e. Santa Ana River Underflow New Yield - SARUNY) and will be adjusted in the next Assessment Package. The 29,070 AF correction required by Condition Subsequent 7 is included. (See Appendix)
- 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) 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 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

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	55.282	55.282
Chino Hills, City Of	0.000	0.000	50.792	50.792
Chino, City Of	0.000	0.000	0.000	0.000
Cucamonga Valley Water District	9,658.937	0.000	1,794.787	11,453.724
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(9,658.937)	0.000	0.000	(9,658.937)
Fontana Water Company	3,506.500	0.000	7,531.636	11,038.136
Fontana, City Of	0.000	0.000	0.000	0.000
Golden State Water Company	100.000	0.000	6.778	106.778
Jurupa Community Services District	1,100.000	0.000	326.783	1,426.783
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000
Monte Vista Water District	2,006.922	212.678	0.000	2,219.600
Niagara Bottling, LLC	0.000	0.000	675.000	675.000
Nicholson Trust	(6.500)	0.000	0.000	(6.500)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	782.000	80.000	0.000	862.000
Pomona, City Of	(1,500.000)	219.678	1,500.000	219.678
San Antonio Water Company	(3,616.312)	0.000	2,834.312	(782.000)
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,100.000)	31.000	0.000	(1,069.000)
Upland, City Of	(105.610)	160.678	2,000.000	2,055.068
West End Consolidated Water Co	(1,167.000)	0.000	1,167.000	0.000
West Valley Water District	0.000	15.000	0.000	15.000
	0.000	735.034	17,942.370	18,677.404

6A

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6D

p6: 1) There were no transfers from Appropriative Pool Parties to Watermaster toward the replenishment obligation during this fiscal year.
2) Transfers in Column [6B] include the annual transfer of 10 percent of the Non-Ag OSY to the seven Appropriator Parties, as stated in the Peace II Agreement.

**APPROPRIATIVE POOL WATER TRANSACTION DETAIL
PRODUCTION YEAR 2012-2013**



**Chino Basin Watermaster Assessment Breakdown
2013-2014 Water Transaction Detail**

Assessment Year 2013-2014 (Production Year 2012-2013)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:			
						85%	15%	WM Pays	
Fontana Water Company	Nicholson Trust Annual Account	4/17/2013	6.500	480.00	\$3,120.00	\$2,652.00	\$468.00	Fontana Water Company	
	Pomona, City Of Storage Account	6/26/2013	1,500.000	480.00	\$720,000.00	\$612,000.00	\$108,000.00	Fontana Water Company	
	Upland, City Of Storage Account	4/8/2013	2,000.000	480.00	\$960,000.00	\$816,000.00	\$144,000.00	Fontana Water Company	
Golden State Water Company	West End Consolidated Water Co Storage Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	6/5/2013	100.000	49.00	\$4,900.00				
Jurupa Community Services District	Santa Ana River Water Company Annual Account	3/11/2013	1,100.000	415.00	\$456,500.00	\$388,025.00	\$68,475.00	Jurupa Community Services District	
Monte Vista Water District	San Antonio Water Company Storage Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/7/2013	6.922	196.00	\$1,356.71				
	San Antonio Water Company Storage Account	1/10/2013	2,000.000	479.16	\$958,320.00				
Ontario, City Of	San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	5/1/2013	782.000	183.00	\$143,106.00				
Upland, City Of	San Antonio Water Company Storage Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/3/2013	827.390	196.00	\$162,168.44				
	West End Consolidated Water Co Storage Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/23/2013	1,067.000	49.00	\$52,283.00				
					9,389.812	\$3,461,754.15	\$1,818,677.00	\$320,943.00	
						Total Credits		\$320,943.00	

**APPROPRIATIVE POOL RECURRING WATER TRANSACTION DETAIL
PRODUCTION YEAR 2012-2013**



**Chino Basin Watermaster Assessment Breakdown
2013-2014 Water Transaction Detail**

Assessment Year 2013-2014 (Production Year 2012-2013)

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 2012-2013



Chino Basin Watermaster Assessment Breakdown 2013-2014 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2013-2014 (Production Year 2012-2013)

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 to Utilize SAWCO or West End Shares?	Amount of Transfer Eligible for 85/15 Rule
Fontana Water Company	(11,038.136)	Nicholson Trust	4/17/2013	6.500	Yes	Yes	No	6.500
		Pomona, City Of	6/26/2013	1,500.000	Yes	Yes	No	1,500.000
		Upland, City Of	4/8/2013	2,000.000	Yes	Yes	No	2,000.000
Golden State Water Company	(106.779)	West End Consolidated Water Co <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	6/5/2013	100.000	Yes	Yes	Yes	0.000
Jurupa Community Services District	(1,426.783)	Santa Ana River Water Company	3/11/2013	1,100.000	Yes	Yes	No	1,100.000
Monte Vista Water District	3,789.989	San Antonio Water Company <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/7/2013	6.922	Yes	Yes	Yes	0.000
		San Antonio Water Company	1/10/2013	2,000.000	Yes	Yes	No	0.000
Ontario, City Of	13,691.270	San Antonio Water Company <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	5/1/2013	782.000	Yes	Yes	Yes	0.000
Upland, City Of	4,965.317	San Antonio Water Company <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/3/2013	827.390	Yes	Yes	Yes	0.000
		West End Consolidated Water Co <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/23/2013	1,067.000	Yes	Yes	Yes	0.000

p8: The column titled "(Over)/Under Production Excluding Water Transfer(s)" excludes water transfers between Appropriators and to Watermaster (if any), but includes the "10% Non-Ag Haircut" water to the seven Appropriators.

WATERMASTER REPLENISHMENT CALCULATION PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

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	\$13.00
Pre-purchased Credit	\$0.00
Total Replenishment Cost per acre foot	\$608.00

Replenishment Obligation:	AF @ \$608.00	15%	85%	Total
Appropriative - 100	681.865			\$414,573.92
Appropriative - 15/85	11.707	\$1,067.68	\$6,050.18	\$7,117.86
Non-Agricultural - 100	40.917			\$24,877.54
	734.489			\$446,569.31

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessment	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	412.606			-	-
Chino Hills, City Of	6,196.679	6,196.679	7.599%	\$81.13	\$24,388.94
Chino, City Of	0.000	0.000	0.000%	-	\$0.00
Cucamonga Valley Water District	18,739.950	18,739.950	22.981%	\$245.37	\$73,756.85
Desalter Authority	27,061.678			-	-
Fontana Union Water Company	0.000	0.000	0.000%	-	\$0.00
Fontana Water Company	11,752.355	11,752.355	14.412%	\$153.88	\$46,255.01
Fontana, City Of	0.000			-	-
Golden State Water Company	1,059.495	1,059.495	1.299%	\$13.87	\$4,169.97
Jurupa Community Services District	16,898.552	16,898.552	20.723%	\$221.26	\$66,509.46
Marygold Mutual Water Company	1,249.565			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	-	\$0.00
Monte Vista Water District	6,607.554	6,607.554	8.103%	\$86.51	\$26,006.06
Niagara Bottling, LLC	999.541			-	-
Nicholson Trust	0.000	0.000	0.000%	-	\$0.00
Norco, City Of	0.000	0.000	0.000%	-	\$0.00
Ontario, City Of	16,209.336	16,209.336	19.878%	\$212.23	\$63,796.84
Pomona, City Of	12,227.671			-	-
San Antonio Water Company	1,539.694	1,539.694	1.888%	\$20.16	\$6,059.94
San Bernardino County Shtg Prk	11.707	11.707	0.014%	\$0.15	\$46.08
Santa Ana River Water Company	170.880	170.880	0.210%	\$2.24	\$672.55
Upland, City Of	2,358.169	2,358.169	2.892%	\$30.88	\$9,281.30
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	123,495.432	81,544.371	**	\$1,067.68	\$320,942.99

2L

1G

1K

p9: The "Watermaster Replenishment Cost" listed is MWD's 2014 Tier 1 Full Service Untreated Rate.

WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO) PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	1,043.625	2013 Rate \$608.00
Appropriative - 15/85	14.788	2012 Rate \$607.00
Non-Agricultural - 100	38.719	
	1,097.132	

Pool 3 Appropriative

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	85/15 Producers Percent					Total	
					15%	85%	100%	15%	85%		100%
Arrowhead Mtn Spring Water Co	369.040	\$224,491.61	(\$115.29)	412.606						(\$115.29)	(\$115.29)
Chino Hills, City Of	0.000	\$0.00	\$0.00	6,196.679	6,196.679	7.599%	(\$0.05)	\$0.00			(\$0.05)
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	18,739.950	18,739.950	22.981%	(\$0.16)	\$0.00			(\$0.16)
Desalter Authority	0.000	\$0.00	\$0.00	27,061.678							\$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	\$0.00	\$0.00	11,752.355	11,752.355	14.412%	(\$0.10)	\$0.00			(\$0.10)
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	1,059.495	1,059.495	1.299%	(\$0.01)	\$0.00			(\$0.01)
Jurupa Community Services District	0.000	\$0.00	\$0.00	16,898.552	16,898.552	20.723%	(\$0.14)	\$0.00			(\$0.14)
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	1,249.565						\$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	6,607.554	6,607.554	8.103%	(\$0.06)	\$0.00			(\$0.06)
Niagara Bottling, LLC	674.585	\$410,358.42	(\$210.74)	999.541						(\$210.74)	(\$210.74)
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	16,209.336	16,209.336	19.878%	(\$0.14)	\$0.00			(\$0.14)
Pomona, City Of	0.000	\$0.00	\$0.00	12,227.671						\$0.00	\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	1,539.694	1,539.694	1.888%	(\$0.01)	\$0.00			(\$0.01)
San Bernardino County Shtg Prk	14.788	\$8,995.72	(\$4.62)	11.707	11.707	0.014%	\$0.00	(\$3.92)			(\$3.92)
Santa Ana River Water Company	0.000	\$0.00	\$0.00	170.880	170.880	0.210%	\$0.00	\$0.00			\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	2,358.169	2,358.169	2.892%	(\$0.02)	\$0.00			(\$0.02)
West End Consolidated Water Co	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	1,058.413	\$643,845.75	(\$330.65)	123,495.432	81,544.371	**	(\$0.69)	(\$3.92)	(\$326.03)	(\$330.64)	

p10: There are 1097.132 AF of Outstanding Obligations from the previous FY, and the financial Outstanding Obligations are reconciled on these two pages. There is a small credit this FY, as indicated by the negative financial amounts.

**WATERMASTER CUMULATIVE UNMET REPLENISHMENT OBLIGATION (CURO) CONT.
PRODUCTION YEAR 2012-2013**



Assessment Year 2013-2014 (Production Year 2012-2013)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate	
Appropriative - 100	1,043.625	2013 Rate	\$608.00
Appropriative - 15/85	14.788	2012 Rate	\$607.00
Non-Agricultural - 100	38.719		
	1,097.132		

Pool 2 Non-Agricultural

<u>Company</u>	<u>Outstanding Obligation (AF)</u>	<u>Fund Balance (\$)</u>	<u>Outstanding Obligation (\$)</u>
Ameron Inc	0.000	\$0.00	\$0.00
Angelica Textile Service	28.696	\$17,456.13	(\$8.96)
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	\$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
NRG California South LP	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	10.023	\$6,097.12	(\$3.14)
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	38.719	\$23,553.25	(\$12.10)

p10: There are 1097.132 AF of Outstanding Obligations from the previous FY, and the financial Outstanding Obligations are reconciled on these two pages. There is a small credit this FY, as indicated by the negative financial amounts.

**APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY
PRODUCTION YEAR 2012-2013**



**Chino Basin Watermaster Assessment Breakdown
2013-2014 Land Use Conversion Summary**

Assessment Year 2013-2014 (Production Year 2012-2013)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(34,458.009)
Early Transfer	(32,800.000)
Total Conversions	(23,773.016)
Under(Over) Production:	<u>(8,231.025)</u>

	Prior Converted	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 af/ac		Total Land Use Conversations Acre-Feet
		Acres	Acre Feet		Acres	Acre Feet	
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	2,433.148	4,866.296	6,953.706
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	4,643.320	9,286.640	12,870.636
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	289.666	579.332	1,473.889
	405.635	5,897.410	7,666.633	8,072.268	7,850.374	15,700.748	23,773.016

p11: "Agricultural Total Pool Production" includes Voluntary Agreements between Appropriators and Agricultural Pool Parties.

APPROPRIATIVE POOL AGRICULTURAL POOL REALLOCATION SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.474	(327.430)	1,923.044
Chino, City Of	7.357%	2,413.096	6,953.706	9,366.802	(1,362.812)	8,003.990
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(402.071)	2,361.421
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	(556.295)	3,267.201
Fontana Water Company	0.002%	0.656	834.000	834.656	(121.437)	713.219
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	(35.791)	210.209
Jurupa Community Services District	3.759%	1,232.952	12,870.636	14,103.588	(2,051.985)	12,051.603
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(57.028)	334.932
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(58.889)	345.863
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(427.823)	2,512.668
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	(0.334)	1.962
Norco, City Of	0.368%	120.704	0.000	120.704	(17.562)	103.142
Ontario, City Of	20.742%	6,803.376	1,473.889	8,277.264	(1,204.291)	7,072.973
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(976.105)	5,732.807
San Antonio Water Company	2.748%	901.344	0.000	901.344	(131.140)	770.204
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	(113.244)	665.100
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(248.250)	1,458.006
West End Consolidated Water Co	1.728%	566.784	0.000	566.784	(82.464)	484.320
West Valley Water District	1.175%	385.400	0.000	385.400	(56.073)	329.327
	100.000%	32,800.000	23,773.016	56,573.015	(8,231.024)	48,341.991
	12A	12B	12C	12D	12E	12F

NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments				Total Assessments Due
	AF Production	\$9.76 AF/Admin	\$30.63 AF/OBMP	AF Exceeding Safe Yield	\$608.00 Per AF	CURO Adjustment	Other Adjustments	
Ameron Inc	59.243	578.21	1,814.61	0.000	0.00	0.00	0.00	2,392.82
Angelica Textile Service	47.792	466.45	1,463.87	30.882	18,776.26	(8.96)	0.00	20,697.61
Aqua Capital Management	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Auto Club Speedway	509.406	4,971.80	15,603.11	0.000	0.00	0.00	0.00	20,574.91
California Steel Industries Inc	1,303.481	12,721.97	39,925.62	0.000	0.00	0.00	0.00	52,647.60
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	0.00	0.00	0.00
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
NRG California South LP	470.215	4,589.30	14,402.69	0.000	0.00	0.00	0.00	18,991.98
Ontario City Non-Ag	1,847.055	18,027.26	56,575.29	0.000	0.00	0.00	0.00	74,602.55
Praxair Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
San Antonio Winery	10.035	97.94	307.37	10.035	6,101.28	(3.14)	0.00	6,503.46
San Bernardino Cty (Chino Airport)	110.827	1,081.67	3,394.63	0.000	0.00	0.00	0.00	4,476.30
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	914.59	2,870.28	0.000	0.00	0.00	0.00	3,784.87
Sunkist Growers Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Swan Lake Mobile Home Park	284.563	2,777.33	8,716.16	0.000	0.00	0.00	0.00	11,493.50
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
	4,736.325	46,226.53	145,073.63	40.917	24,877.54	(12.10)	0.00	216,165.60
	13A	13B	13C	13D	13E	13F	13G	13H

p13: 1) Aqua Capital Management and California Steel Industries settled their water rights dispute in February 2013. The settlement agreement allocates one half of the right in dispute's Assigned Share of Safe Yield to each, effective July 1, 2007, and the parties allocated among themselves the quantities of water in storage related to the right. The settlement terms are reflected in this Assessment Package.

2) GenOn West, LP changed its name to NRG California South LP in May 2013.

NON-AGRICULTURAL POOL WATER PRODUCTION SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 2 Water Production Summary

	Percent of Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Safe Yield (AF)	Water Transaction Activity	Other Adjustments	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	1.331%	97.858	0.000	97.858	(9.786)	0.000	185.930	59.243	0.000	126.687	97.858	28.828
Angelica Textile Service	0.256%	0.000	0.000	18.789	(1.879)	0.000	16.910	47.792	30.882	0.000	0.000	0.000
Aqua Capital Management	8.612%	632.981	0.000	632.981	(63.298)	0.000	1,202.664	0.000	0.000	1,202.664	632.981	569.683
Auto Club Speedway	13.605%	1,000.000	0.000	1,000.000	(100.000)	0.000	1,900.000	509.406	0.000	1,390.594	1,000.000	390.594
California Steel Industries Inc	21.974%	1,414.315	0.000	1,615.137	(161.513)	0.000	2,867.939	1,303.481	0.000	1,564.457	1,564.457	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
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
NRG California South LP	12.986%	954.540	0.000	954.540	(95.454)	0.000	1,813.626	470.215	0.000	1,343.411	954.540	388.871
Ontario City Non-Ag	31.669%	2,327.807	0.000	2,327.807	(232.781)	0.000	4,422.833	1,847.055	0.000	2,575.777	2,327.807	247.970
Praxair Inc	0.014%	1.000	0.000	1.000	(0.100)	0.000	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	10.035	10.035	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	1.821%	20.840	0.000	133.870	(13.387)	0.000	141.323	110.827	0.000	30.496	30.496	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.	1.416%	0.003	0.000	104.121	(10.412)	0.000	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	6.316%	464.240	0.000	464.240	(46.424)	0.000	882.056	284.563	0.000	597.493	464.240	133.253
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%	6,913.584	0.000	7,350.343	(735.034)	0.000	13,528.892	4,736.325	40.917	8,833.482	7,073.382	1,760.098
	14A	14B	14C	14D	14E	14F	14G	14H	14I	14J	14K	14L

- p14: 1) Aqua Capital Management and California Steel Industries settled their water rights dispute in February 2013. The settlement agreement allocates one half of the right in dispute's Assigned Share of Safe Yield to each, effective July 1, 2007, and the parties allocated among themselves the quantities of water in storage related to the right. The settlement terms are reflected in this Assessment Package.
 2) GenOn West, LP changed its name to NRG California South LP in May 2013.
 3) Transfers in Column [14E] include the annual transfer of 10 percent of the Non-Ag Safe Yield to the seven Appropriator Parties, as stated in the Peace II Agreement.
 4) Column [14H], "Actual Fiscal Year Production," includes Assignments.

NON-AGRICULTURAL POOL STORAGE ACCOUNT SUMMARY PRODUCTION YEAR 2012-2013



Assessment Year 2013-2014 (Production Year 2012-2013)

Pool 2 Local Storage Account Summary

	Local Storage Account			
	Beginning Balance	2% Storage Loss	Transfers To / (From)	Ending Balance
Ameron Inc	264,274	(5,285)	28,828	287,817
Angelica Textile Service	0,000	0,000	0,000	0,000
Aqua Capital Management	2,383,268	(47,665)	569,683	2,905,286
Auto Club Speedway	1,896,954	(37,939)	390,594	2,249,609
California Steel Industries Inc	3,952,446	(79,048)	0,000	3,873,398
CCG Ontario, Lic	0,000	0,000	0,000	0,000
General Electric Company	0,000	0,000	0,000	0,000
Kaiser Ventures Inc	0,000	0,000	0,000	0,000
KCO, LLC / The Koll Company	0,000	0,000	0,000	0,000
Loving Savior Of The Hills	0,000	0,000	0,000	0,000
NRG California South LP	2,232,302	(44,646)	388,871	2,576,527
Ontario City Non-Ag	2,362,460	(47,249)	247,970	2,563,181
Praxair Inc	60,775	(1,215)	0,899	60,459
San Antonio Winery	0,000	0,000	0,000	0,000
San Bernardino Cty (Chino Airport)	0,000	0,000	0,000	0,000
Southern California Edison Company	0,000	0,000	0,000	0,000
Space Center Mira Loma Inc.	0,000	0,000	0,000	0,000
Sunkist Growers Inc	0,000	0,000	0,000	0,000
Swan Lake Mobile Home Park	835,241	(16,704)	133,253	951,790
Vulcan Materials Company	5,387	(0,107)	0,000	5,280
West Venture Development	0,000	0,000	0,000	0,000
	13,993,107	(279,858)	1,760,098	15,473,347
	15A	15B	15C	15D

p15: 1) Aqua Capital Management and California Steel Industries settled their water rights dispute in February 2013. The settlement agreement allocates one half of the right in dispute's Assigned Share of Safe Yield to each, effective July 1, 2007, and the parties allocated among themselves the quantities of water in storage related to the right. The settlement terms are reflected in this Assessment Package.

2) GenOn West, LP changed its name to NRG California South LP in May 2013.

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
13-14	28.79	40.39	40.39	608.00

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 2012-2013

	FY 10-11 June Actual	FY 11-12 December Actual	FY 11-12 Approved Budget	FY 11-12 Amended Budget	FY 12-13 Approved Budget	FY 12-13 Amended Budget	Amended vs. Amended
4000 Mutual Agency Revenue	111,000	405,777	411,000	705,777	152,938	152,938	(552,839)
4110 Appropriative Pool Assessments	6,165,079	-	5,844,796	5,919,796	6,285,952	6,360,952	441,156
4120 Non-Agricultural Pool Assessments	343,090	-	252,381	306,179	191,711	251,711	(54,468)
4730 Prorated Interest Income	36,922	8,872	150,010	150,010	39,600	39,600	(110,410)
4900 Miscellaneous Income	-	-	-	-	-	-	-
Total Income	6,656,091	414,649	6,658,187	7,081,762	6,670,201	6,805,201	(276,561)
Administrative Expenses							
6010 Salary Costs	481,459	274,534	472,976	592,976	519,684	519,684	(73,292)
6020 Office Building Expense	98,313	49,044	103,369	103,369	104,845	104,845	1,476
6030 Office Supplies & Equip.	21,360	10,538	28,500	28,500	27,000	27,000	(1,500)
6040 Postage & Printing Costs	61,289	25,342	66,180	66,180	62,368	62,368	(3,812)
6050 Information Services	155,412	55,604	148,020	148,020	142,296	143,796	(4,224)
6060 WM Special Contract Services	29,708	10,740	34,000	66,000	34,400	43,400	(22,600)
6070 Watermaster Legal Services	-	175,556	202,555	202,555	175,645	185,645	(16,910)
6080 Insurance Expense	16,107	17,741	19,036	19,036	19,393	19,393	357
6110 Dues and Subscriptions	29,520	14,846	30,000	30,000	27,500	27,500	(2,500)
6150 Field Supplies & Equipment	1,034	298	1,600	1,600	1,400	1,400	(200)
6170 Travel & Transportation	25,842	8,650	21,970	21,970	21,170	21,170	(800)
6190 Conferences & Seminars	18,126	3,614	17,500	17,500	15,000	15,000	(2,500)
6200 Advisory Committee Expenses	18,322	28,306	54,051	54,051	53,385	53,385	(666)
6300 Watermaster Board Expenses	50,410	72,986	101,246	101,246	143,894	123,894	22,648
6500 Education Fund Expenditures	375	375	375	375	257	257	(118)
8300 Appropriative Pool Administration	51,778	24,967	50,280	159,271	59,285	154,381	(4,890)
8400 Agricultural Pool Administration	186,152	74,248	351,829	351,829	356,983	356,983	5,154
8500 Non-Agricultural Pool Administration	145,903	65,711	101,713	161,495	46,995	116,995	(44,500)
9400 Depreciation Expense	20,699	-	-	-	-	-	-
9500 Allocated G&A Expenditures	(393,760)	(217,739)	(720,599)	(720,599)	(732,558)	(732,558)	(11,959)
Total Administrative Expenses	1,018,047	695,360	1,084,601	1,405,374	1,078,942	1,244,538	(160,836)
6900 Optimum Basin Mgmt Program	1,510,065	590,703	935,026	1,033,094	994,850	1,019,305	(13,789)
6950 Cooperative Efforts	10,000	-	10,000	10,000	10,000	10,000	-
9501 Allocated G&A Expenditures	106,826	83,223	216,375	216,375	214,336	214,336	(2,039)
Total General OBMP Expenses	1,626,892	673,926	1,161,401	1,259,469	1,219,186	1,243,641	(15,828)
OBMP Implementation Projects							
7101 Production Monitoring	86,386	50,020	104,900	95,900	108,746	108,746	12,846
7102 In-Line Meter Installation/Maintenance	20,162	25,792	66,363	92,560	106,162	106,162	13,602
7103 Groundwater Quality Monitoring	195,041	142,946	203,960	200,557	197,738	173,498	(27,059)
7104 Groundwater Level Monitoring	263,997	155,856	276,432	310,806	318,898	283,974	(26,832)
7105 Recharge Basin Water Quality Monitoring	771	-	3,592	3,592	3,118	3,118	(474)
7106 Water Level Sensors Install	-	-	-	-	-	-	-
7107 Ground Level Monitoring	476,155	361,382	904,443	962,500	524,451	628,918	(333,582)
7108 Hydraulic Control Monitoring Program	400,051	169,244	459,784	447,078	411,162	376,502	(70,576)
7109 Recharge & Well Monitoring Program	9,429	-	11,160	2,232	21,540	4,000	1,768
7200 OBMP Pgm Element 2 - Comp Recharge	881,396	685,256	1,341,785	1,282,132	1,374,719	1,484,758	202,626
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	98,272	47,205	93,383	81,764	75,995	75,995	(5,769)
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	56,437	20,546	70,067	74,457	82,250	82,254	7,797
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	100,802	80,378	88,942	115,942	68,479	81,993	(33,949)
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	25,881	20,662	45,773	45,773	58,618	47,290	1,517
7700 Inactive Well Protection Program	75	168	1,413	1,413	920	920	(493)
7690 Recharge Improvement Debt Payment	366,790	471,400	450,964	450,964	501,055	501,055	50,091
7691 Recharge Improvement Projects	-	471,400	-	-	-	272,829	272,829
9502 Allocated G&A Expenditures	286,933	134,516	504,224	504,224	518,222	518,222	13,998
Total OBMP Implementation Projects	3,268,577	2,836,771	4,627,185	4,671,894	4,372,073	4,750,235	78,341
Total Expenses	5,913,516	4,206,057	6,873,187	7,336,737	6,670,201	7,238,414	(98,323)
Net Ordinary Income	742,575	(3,791,408)	(215,000)	(254,975)	0	(433,212)	(178,237)
Other Income							
4225 Interest Income	28,164	7	-	-	-	-	-
4210 Approp Pool-Replenishment	3,594,458	-	-	-	-	-	-
4220 Non-Ag Pool-Replenishment	27,546	-	-	-	-	-	-
4230 Groundwater Recharge Activity	-	-	-	-	-	-	-
4600 Groundwater Sales	5,995,123	12,647,183	-	-	-	-	-
Total Other Income	9,645,291	12,647,190	-	-	-	-	-
Other Expense							
5010 Groundwater Recharge	8,735,408	10,269,932	-	-	-	-	-
5105 Purchase of Non-Ag Pool Water	2,255,436	2,402,396	-	-	-	-	-
Total Other Expense	10,990,844	12,672,328	-	-	-	-	-
9900 To / (From) Reserves	(602,977)	(3,188,796)	-	(39,975)	-	-	39,975
Net Other Income	(742,575)	3,163,658	-	39,975	-	-	(39,975)
Net Income	-	(627,750)	(215,000)	(215,000)	0	(433,212)	(218,212)



Chino Basin Watermaster

Annual Financial Report

For the Fiscal Years Ended June 30, 2013 and 2012

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, 2013

<u>Name</u>	<u>Title</u>	<u>Current Term Ending or Ongoing</u>
Bob G. Kuhn	Chair	Ongoing
James Curatalo	Vice-Chair	January 2014
Peter Rogers	Secretary/Treasurer	January 2014
Robert Craig	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, 2013 and 2012

**Chino Basin Watermaster
Annual Financial Report
For the Fiscal Years Ended June 30, 2013 and 2012**

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Introductory Section



November 21, 2013

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, 2013 and 2012, 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, provided 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 staff includes nine regular employees. 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 that 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 objectives 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, Optimum Basin Management Program, Special Projects and Replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster’s principal source of income.

Audit and Financial Reporting

State Law requires the Watermaster to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Charles Z. Fedak & Company, CPAs has conducted the audit of the Watermaster’s financial statements. Their unmodified 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

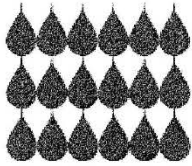
Preparation of this report was accomplished by the combined efforts of Watermaster staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the Watermaster. We would also like to thank the members of the Board of Directors for their continued support in planning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

Report on the Financial Statements

We have audited the accompanying financial statements of the Chino Basin Watermaster (Watermaster) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Watermaster, as of June 30, 2013 and 2012, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles 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. 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watermaster's basic financial statements. The introductory section on pages 1 through 3 and combining schedule of revenue, expenses and changes in net position on pages 25 and 26, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of revenue, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 combining schedules of revenue, expenses and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2013, on our consideration of the Watermaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Watermaster's internal control over financial reporting and compliance. This report can be found on pages 27 and 28.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPAs - An Accountancy Corporation
Cypress, California
November 21, 2013

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

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, 2013 and 2012. 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 position increased 7.13%, or \$443,818 to \$6,222,901 in fiscal year 2013 as the result of operations. In 2012, the Watermaster's net position decreased 25.44%, or \$1,971,906 to \$5,779,083 as the result of operations.
- The Watermaster's operating revenues decreased 54.56% , or \$11,072,197 in 2013 primarily due to a \$10,927,259 decrease in replenishment water revenues that was offset by a \$386,991 increase in administrative assessments. In 2012, the Watermaster's operating revenues increased 24.98%, or \$4,056,475 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.
- The Watermaster's operating expenses decreased 59.35%, or \$11,652,904 in 2013 primarily due to a \$1,337,093 decrease in optimum basin management plan costs and a \$10,573,716 decrease in groundwater replenishment costs. In 2012, the Watermaster's operating expenses increased 16.35%, or \$2,758,955 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.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position 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 Position includes all of the Watermaster's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. 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 Position. 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 Position and the Statement of Revenues, Expenses and Changes in Net Position 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, 2013 and 2012

Financial Analysis of the Watermaster, continued

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position* and changes in them. You can think of the Watermaster's net position – the difference between assets, deferred outflow of resources, and liabilities and deferred inflows of resources – as one way to measure the Watermaster's financial health, or *financial position*. Over time, *increases or decreases* in an organization's net position is 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. Watermaster is funded on a year-by-year basis through a Court-mandated process.

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 24.

Statement of Net Position

Condensed Statements of Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percentage Change</u>
Assets:				
Current assets	\$ 6,933,444	6,294,709	638,735	10.15%
Capital assets, net	<u>10,339</u>	<u>15,377</u>	<u>(5,038)</u>	<u>-32.76%</u>
Total assets	<u>6,943,783</u>	<u>6,310,086</u>	<u>633,697</u>	<u>10.04%</u>
Liabilities:				
Current liabilities	635,182	339,880	295,302	86.88%
Non-current liabilities	<u>85,700</u>	<u>191,123</u>	<u>(105,423)</u>	<u>-55.16%</u>
Total liabilities	<u>720,882</u>	<u>531,003</u>	<u>189,879</u>	<u>35.76%</u>
Net position:				
Invested in capital assets	10,339	15,377	(5,038)	-32.76%
Unrestricted	<u>6,212,562</u>	<u>5,763,706</u>	<u>448,856</u>	<u>7.79%</u>
Total net position	<u>\$ 6,222,901</u>	<u>5,779,083</u>	<u>443,818</u>	<u>7.68%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Watermaster, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,222,901 and \$5,779,083 as of June 30, 2013 and 2012, 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, 2013 and 2012

Statement of Net Position, continued

At the end of fiscal years 2013 and 2012, the Watermaster showed a positive balance in its unrestricted net position of \$6,212,562 and \$5,763,706, respectively, which may be utilized in future years. See note 7 for further discussion.

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percentage Change</u>
Revenues:				
Operating revenues	\$ 9,220,575	20,292,772	(11,072,197)	-54.56%
Non-operating revenues	13,380	12,557	823	6.55%
Total revenues	9,233,955	20,305,329	(11,071,374)	-54.52%
Expenses:				
Operating expense	7,980,307	19,633,211	(11,652,904)	-59.35%
Depreciation	12,257	10,814	1,443	13.34%
Non-operating expense	797,573	2,633,210	(1,835,637)	-69.71%
Total expenses	8,790,137	22,277,235	(13,487,098)	-60.54%
Change in net position	443,818	(1,971,906)	2,415,724	-122.51%
Net position, beginning of year	5,779,083	7,750,989	(1,971,906)	-25.44%
Net position, end of year	\$ 6,222,901	5,779,083	443,818	7.68%

The statement of revenues, expenses and changes of net position shows how the Watermaster's net position changed during the fiscal years. In the case of the Watermaster, net position increased by \$443,818 for the fiscal year ended June 30, 2013, and decreased by \$1,971,906 for the fiscal years ended June 30, 2012.

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

The Watermaster's operating revenues decreased 54.56%, or \$11,072,197 in 2013, primarily due to a \$10,927,259 decrease in replenishment water revenues that was offset by a \$386,991 increase in administrative assessments.

In 2012, the Watermaster's operating revenues increased 24.98%, or \$4,056,475, 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.

The Watermaster's operating expenses decreased 59.35%, or \$11,652,904 in 2013, primarily due to a \$1,337,093 decrease in optimum basin management plan costs and a \$10,573,716 decrease in groundwater replenishment costs.

In 2012, the Watermaster's operating expenses increased 16.35%, or \$2,758,955 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.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

Capital Asset Administration

At the end of fiscal year 2013 and 2012, the Watermaster's investment in capital assets amounted to \$10,339 and \$15,377 (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, 2013.

Changes in capital assets in 2013 were as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u>
Capital assets:				
Depreciable assets	\$ 267,887	7,219	-	275,106
Accumulated depreciation	<u>(252,510)</u>	<u>(12,257)</u>	-	<u>(264,767)</u>
Total capital assets	<u>\$ 15,377</u>	<u>(5,038)</u>	<u>-</u>	<u>10,339</u>

Changes in capital assets in 2012 were as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u>
Capital assets:				
Depreciable assets	\$ 273,808	-	(5,921)	267,887
Accumulated depreciation	<u>(247,617)</u>	<u>(10,814)</u>	<u>5,921</u>	<u>(252,510)</u>
Total capital assets	<u>\$ 26,191</u>	<u>(10,814)</u>	<u>-</u>	<u>15,377</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 Position
June 30, 2013 and 2012**

	2013	2012
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,773,004	6,080,768
Accrued interest receivable	4,348	5,867
Accounts receivable	110,679	169,174
Prepaid expenses	45,413	38,900
Total current assets	6,933,444	6,294,709
Non-current assets:		
Capital assets, net (note 3)	10,339	15,377
Total non-current assets	10,339	15,377
Total assets	6,943,783	6,310,086
Current Liabilities:		
Accounts payable and accrued expenses	540,056	286,110
Accrued salaries and benefits	48,980	15,917
Long-term liabilities – due within one year:		
Compensated absences (note 4)	46,146	36,755
Pension related debt (note 5)	-	1,098
Total current liabilities	635,182	339,880
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	85,700	68,260
Pension related debt (note 5)	-	122,863
Total non-current liabilities	85,700	191,123
Total liabilities	720,882	531,003
Net Position: (note 7)		
Net investment in capital assets	10,339	15,377
Unrestricted	6,212,562	5,763,706
Total net position	\$ 6,222,901	5,779,083

See accompanying notes to the basic financial statements

Chino Basin Watermaster
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Administrative assessments	\$ 6,612,519	6,225,528
Replenishment water revenue	2,434,208	13,361,467
Other revenue	173,848	705,777
	9,220,575	20,292,772
Operating expenses:		
Groundwater replenishment and other water purchases	2,289,276	12,862,992
Optimum basin management plan	4,045,572	5,382,665
Watermaster administration	1,153,480	784,832
Pool, advisory, and board administration	491,979	602,722
	7,980,307	19,633,211
Operating loss before depreciation	1,240,268	659,561
Depreciation expense	(12,257)	(10,814)
	1,228,011	648,747
Operating income		
Non-operating revenue (expense):		
Reserve distribution	(788,647)	(2,623,938)
Investment earnings	13,380	12,557
Interest expense	(8,926)	(9,272)
	(784,193)	(2,620,653)
Change in net position	443,818	(1,971,906)
Net position at beginning of year	5,779,083	7,750,989
Net position at end of year	\$ 6,222,901	5,779,083

See accompanying notes to the basic financial statements

**Chino Basin Watermaster
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from stakeholders	\$ 9,279,070	23,874,226
Cash paid to employees for salaries and wages	(771,419)	(1,049,676)
Cash paid to vendors and suppliers for materials and services	<u>(7,697,425)</u>	<u>(23,935,175)</u>
Net cash provided by (used in) operating activities	<u>810,226</u>	<u>(1,110,625)</u>
Cash flows from investing activities:		
Principal payments on pension related debt	(123,961)	(438)
Interest paid on pension related debt	(8,928)	(9,272)
Investment earnings received	<u>14,899</u>	<u>13,480</u>
Net cash provided by (used in) investing activities	<u>(117,990)</u>	<u>3,770</u>
Net increase (decrease) in cash	692,236	(1,106,855)
Cash and cash equivalent at the beginning of year	<u>6,080,768</u>	<u>7,187,623</u>
Cash and cash equivalent at the end of year	<u>\$ 6,773,004</u>	<u>6,080,768</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ <u>1,228,011</u>	<u>648,747</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	12,257	10,814
Reserve distribution	(788,647)	(2,623,938)
Other, net	(7,217)	7,938
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	58,495	3,581,454
Prepaid expenses	(6,513)	83,216
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	253,946	(2,778,497)
Accrued salaries and benefits	33,063	(5,951)
Compensated absences	<u>26,831</u>	<u>(34,408)</u>
Total adjustments	<u>(417,785)</u>	<u>(1,759,372)</u>
Net cash provided by (used in) operating activities	<u>\$ 810,226</u>	<u>(1,110,625)</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	<u>\$ 4,896</u>	<u>6,791</u>
See accompanying notes to the basic financial statements		

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012**

(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, provided 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 2012-2013 expenses are based on the 2011-2012 production volume.

	Fiscal Year 2013	
Production volume	Acre Feet	Percentage
Appropriative Pool	79,343	67.177%
Agricultural Pool	34,353	29.085%
Non-agricultural Pool	4,415	3.738%
Total production volume	118,111	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, 2013 and 2012

(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. Accounting Pronouncements

The financial statements of the Watermaster are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including:

Governmental Accounting Standards Board Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements. This standard addresses 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.

Governmental Accounting Standards Board 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*.

Governmental Accounting Standards Board 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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

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

C. Accounting Pronouncements, continued

Governmental Accounting Standards Board Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement 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.

Governmental Accounting Standards Board 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.

Net Position

The Watermaster follows the financial reporting requirements of the GASB and reports net position under the following classifications:

Net Investment in Capital Assets – Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

Unrestricted – Unrestricted consists of any remaining balance of the Watermaster’s net position that do not meet the definition of “restricted”, or “net investment in capital assets”.

D. Assets, Liabilities and Net Position

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 position 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.

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, 2013.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

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

D. Assets, Liabilities and Net Position, continued

5. Prepaid Expenses

Certain payments to vendors reflect 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 eligible employees to accumulate earned vacation up to a total of 320 hours. Eligible employees accrue and accumulate sick leave based on Watermaster policy. Twice a year, employees may buy-back accrued sick leave at 50% of their current pay provided that at least 480 hours of accrued sick leave remain after the cash-out. Upon termination of employment, employees are paid all unused vacation, and unused sick time is paid out based on Watermaster policy.

7. Water Production Assessments

Water Production Assessment categories include: Administration, Optimum 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.

10. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets Component of Net Position** – This component of net position consists of capital assets, net of accumulated depreciation and is reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- **Restricted Component of Net Position** – This component of net position consists of constraints placed on net position 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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

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

D. Assets, Liabilities and Net Position, continued

10. Net Position, continued

- **Unrestricted Component of Net Position** – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

(2) Cash and Investments

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

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 6,773,004	6,080,768
Total cash and cash equivalents	<u>\$ 6,773,004</u>	<u>6,080,768</u>

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

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 500	500
Deposits with financial institutions	315,970	613,634
Investments	<u>6,456,534</u>	<u>5,466,634</u>
Total cash and investments	<u>\$ 6,773,004</u>	<u>6,080,768</u>

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

	<u>2013</u>	<u>2012</u>
Deposits held with the California Local Agency Investment Fund	278 days	268 days

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

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

<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-deposits (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
Investment Trust of California (CalTRUST)	N/A	None	None

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The 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, 2013 and 2012, 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.

Investment Trust of California (CalTRUST)

The Watermaster is a voluntary participant in the Investment Trust of California (CalTRUST) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. It is a Joint Powers Authority created by the CSAC Finance Corporation and the League of California Cities and governed by a Board of Trustees made up of local agency treasurers and investment offices. Investments in CalTRUST are subject to interest rate risk and credit risk and are highly liquid as deposits and withdrawals can be made at anytime without penalty. CalTRUST establishes a \$250,000 minimum investment in one or more accounts and no maximum investment amount.

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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Cash and Investments, continued

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, 2013 and 2012, respectively.

(3) Capital Assets

Changes in capital assets for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2013</u>
Depreciable assets:				
Computer equipment	\$ 117,590	7,219	-	124,809
Furniture and fixtures	36,370	-	-	36,370
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>267,887</u>	<u>7,219</u>	<u>-</u>	<u>275,106</u>
Accumulated depreciation:				
Computer equipment	(104,558)	(9,913)	-	(114,471)
Furniture and fixtures	(36,371)	-	-	(36,371)
Leasehold improvements	(21,101)	(2,342)	-	(23,443)
Vehicles and equipment	(90,480)	(2)	-	(90,482)
Total accumulated depreciation:	<u>(252,510)</u>	<u>(12,257)</u>	<u>-</u>	<u>(264,767)</u>
Total capital assets, net	<u>\$ 15,377</u>			<u>10,339</u>

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(3) Capital Assets, continued

Changes in capital assets for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2012</u>
Depreciable assets:				
Computer equipment	\$ 117,590	-	-	117,590
Furniture and fixtures	42,291	-	(5,921)	36,370
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>273,808</u>	<u>-</u>	<u>(5,921)</u>	<u>267,887</u>
Accumulated depreciation:				
Computer equipment	(96,088)	(8,470)	-	(104,558)
Furniture and fixtures	(42,292)	-	5,921	(36,371)
Leasehold improvements	(18,757)	(2,344)	-	(21,101)
Vehicles and equipment	(90,480)	-	-	(90,480)
Total accumulated depreciation:	<u>(247,617)</u>	<u>(10,814)</u>	<u>5,921</u>	<u>(252,510)</u>
Total capital assets, net	<u>\$ 26,191</u>			<u>15,377</u>

There were no capital assets additions during the fiscal year.

(4) Compensated Absences

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

<u>Balance 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2013</u>	<u>Current</u>	<u>Long Term</u>
\$ 105,015	98,375	(71,544)	131,846	46,146	85,700

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

(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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(5) Pension Related Debt – CalPERS Side-Fund, continued

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. During fiscal year 2013, Watermaster paid off the remaining Side-Fund balance.

(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

As a part of an employee benefit, Watermaster pays the employer's contribution to CalPERS. With the adoption of Public Employees' Pension Reform Act of 2013 (PEPRA), Watermaster may pay a portion of the employee contribution to CalPERS or the employee could be responsible for the entire employee portion to CalPERS.

All regular and introductory employees hired after January 1, 2013 will be enrolled in the 2% at 62 Risk Pool and Watermaster does not pay the employee's contribution to PERS and the payment is the responsibility of the employee.

All regular and introductory employees hired before January 1, 2013 will be enrolled in the 2.5% at 55 Risk Pool and Watermaster pays a portion of the employee contribution to PERS.

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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(6) Defined Benefit Pension Plan, continued

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 2013, 2012 and 2011, 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 2013, 2012 and 2011, the Watermaster's annual contributions for the CalPERS plan were equal to the Agencies required and actual contributions for each fiscal year as follows:

Three Year Trend Information:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll
2010-2011	163,231	100%	-	14.298%
2011-2012	184,073	100%	-	14.978%
2012-2013	154,432	100%	-	14.660%

(7) Net Position

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

	<u>2013</u>	<u>2012</u>
Net investment in capital assets:		
Capital assets, net	\$ 10,339	15,377
Total net investment in capital assets	<u>10,339</u>	<u>15,377</u>
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	<u>45,413</u>	<u>38,900</u>
Total non-spendable net position	<u>45,413</u>	<u>38,900</u>
Spendable net position are designated as follows:		
Undesignated net position reserve	<u>6,167,149</u>	<u>5,724,806</u>
Total spendable net position	<u>6,167,149</u>	<u>5,724,806</u>
Total unrestricted net position	<u>6,212,562</u>	<u>5,763,706</u>
Total net position	<u>\$ 6,222,901</u>	<u>5,779,083</u>

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(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, 2013:

- 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.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2013, that has effective dates that may impact future financial presentations.

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, 2013 and 2012

(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.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – Government Combinations and Disposals of Government Operations. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. 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. 70

In April 2013, the GASB issued Statement No. 70 – Accounting and Financial Reporting for Non-exchange Guarantees. Provisions of this Statement require that governments that extend non-exchange financial guarantees to recognize a liability when qualitative factors and historic data, if any, indicate that it is more likely than not that the government will be required to make a payments on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate, but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

(10) Commitments and Contingencies

Grant Awards

Grant funds received by the Watermaster are subject to audit by the grantor agencies. Such an 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, 2013, have been evaluated for possible adjustment to the financial statements or disclosure as of November 21, 2013, 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 Position
For the Fiscal Year Ended June 30, 2013

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects Appropriative Pool	Agricultural Pool	Non-Agricultural Pool	Groundwater Operations Groundwater Replenishment	SB 222 Funds	Education Funds	Grand Totals	Budget 2012-2013
Administrative revenues:										
Administrative assessments	\$ -	-	6,329,126	-	283,393	-	-	-	6,612,519	6,612,663
Interest revenue	-	-	16,315	1,424	491	-	-	-	18,230	39,600
Mutual agency project revenue	173,848	-	-	-	-	-	-	-	173,848	152,938
Total revenues	173,848	-	6,345,441	1,424	283,884	-	-	-	6,804,597	6,805,201
Administrative & project expenditures:										
Watermaster administration	1,084,995	-	-	-	-	-	-	-	1,084,995	659,071
Watermaster board-advisory committee	152,376	-	-	-	-	-	-	-	152,376	165,279
Ag Pool misc. expense - Ag Fund	-	-	-	-	-	-	-	-	-	400
Pool administration	-	-	131,231	209,010	79,847	-	-	-	420,088	625,359
Optimum basin management administration	-	1,083,430	-	-	-	-	-	-	1,083,430	1,195,253
OBMP project costs	-	2,535,391	-	-	-	-	-	-	2,535,391	3,808,911
Debt service	-	315,751	-	-	-	-	-	-	315,751	501,055
Basin recharge improvements	-	101,000	-	-	-	-	-	-	101,000	272,829
Education funds use	-	-	-	-	-	-	-	257	257	257
Mutual agency project costs	-	10,000	-	-	-	-	-	-	10,000	10,000
Total administrative/OBMP expenses	1,237,371	4,045,572	131,231	209,010	79,847	-	-	257	5,703,288	7,238,414
Net administrative/OBMP expenses:	(1,063,523)	(4,045,572)								
Allocate net admin expenses to pools	\$ 1,063,523	-	714,436	309,333	39,754	-	-	-	-	-
Allocate net OBMP expenses to pools	-	3,729,821	2,505,559	1,084,844	139,418	-	-	-	-	-
Allocate debt service to app pool	-	315,751	315,751	-	-	-	-	-	-	-
Agricultural expense transfer*	-	-	1,603,187	(1,603,187)	-	-	-	-	-	-
Total expenses	-	-	5,270,164	-	259,019	-	-	257	5,703,288	7,238,414
Net administrative income	-	-	1,075,277	1,424	24,865	-	-	(257)	1,101,309	(433,213)
Other income/(expense)										
Replenishment water assessments	-	-	625,202	-	22,789	-	-	-	647,991	-
Non-Ag stored water purchases	-	-	1,786,217	-	-	-	-	-	1,786,217	-
Interest revenue	-	-	-	-	-	(4,849)	-	-	(4,849)	-
MWD water purchases	-	-	-	-	-	-	-	-	-	-
Non-Ag stored water purchases	-	-	(2,289,276)	-	-	-	-	-	(2,289,276)	-
MWD water purchases	-	-	-	-	-	-	-	-	-	-
Groundwater replenishment	-	-	-	-	-	-	-	-	-	-
Interest expense - CalPERS	-	-	(8,594)	-	(334)	-	-	-	(8,928)	-
Refund - excess reserves	-	-	(764,137)	-	(24,510)	-	-	-	(788,647)	-
Refund - recharge debt	-	-	-	-	-	-	-	-	-	-
Net other income	-	-	(650,588)	-	(2,055)	(4,849)	-	-	(657,492)	-
Net transfers to/(from) reserves	-	-	424,689	1,424	22,810	(4,849)	-	(257)	443,817	(433,213)
Net Assets July 1, 2012	-	-	4,984,619	477,493	133,837	24,627	158,251	257	5,779,084	-
Net Assets, End of Period	-	-	5,409,308	478,917	156,647	19,778	158,251	-	6,222,901	6,222,901
2010/2011 assessable production	-	-	79,342,533	34,353,325	4,414,887	-	-	-	118,110,745	-
2010/2011 production percentages	-	-	67.176%	29.086%	3.738%	-	-	-	100.000%	-

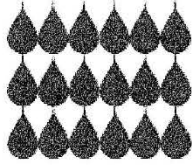
* Fund balance transfer as agreed to in the Peace Agreement

Chino Basin Watermaster
Combining Schedule of Revenue, Expenses, and Changes in Net Position
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

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, in accordance with the 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, the financial statements of the Chino Basin Watermaster (Watermaster) as of and for the years June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprises the Watermaster's basic financial statements, and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Watermaster's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control. Accordingly, we do not express an opinion on the effectiveness of the Watermaster's internal control.

A *deficiency in internal control* 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Watermaster's financial statements are free from 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 audits, 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*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Watermaster's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPAs - An Accountancy Corporation
Cypress, California
November 21, 2013



THIRTY-SIXTH ANNUAL REPORT

FISCAL YEAR 2012-13



WATERMASTER STAFF 2012