

NOTICE:

The Assessment Package contained herein has since been revised in accordance with the April 28, 2017 and March 15, 2019 Court Orders. You may access the revised version of the Assessment Package found in this Annual Report at the following link:

[Revised 2016/2017 Assessment Package](#)

To access all Assessment Packages including all revised versions, click on the link below:

[www.cbwm.org/docs/financdocs/All Assessment Packages/](http://www.cbwm.org/docs/financdocs/All%20Assessment%20Packages/)

On April 28, 2017, the Court issued an order which beginning with the 2015/16 Assessment Package: 1) lowers the total annual Operating Safe Yield (OSY) from 54,834 acre-feet to 49,834 acre-feet, allocated to each Appropriative Pool Party based on their percentage of OSY; and 2) re-prioritizes Land Use Conversion (LUC) in the calculation of Agricultural Pool Safe Yield reallocation. LUC was changed from having equal priority with early transfer to having priority ahead of early transfer following safe yield reduction backfill, redistributing the un-produced Agricultural Pool Safe Yield to the Appropriative Pool Parties.

On March 15, 2019, the Court issued an order that directs Watermaster to implement the Parties' agreed upon procedures regarding: 1) the Desalter Replenishment Obligation (DRO) beginning with the 2014/15 Assessment Package; and 2) the Agricultural Pool Safe Yield reallocation beginning with the 2015/16 Assessment Package. Based on this Order, Watermaster: revised the 2014/15 Assessment Package to include the assessment of DRO only; and revised the 2015/16 through 2018/19 Assessment Packages to include the assessments of DRO as well as the implementation of the new OSY and Agricultural Pool Safe Yield reallocation method.

The implementation of the new OSY and Agricultural Pool Safe Yield reallocation method beginning with the 2015/16 Assessment Package caused the production right of each Appropriator to change from what they were in the originally approved Assessment Packages. This change resulted in a shift of assessments allocated to the Parties in each revised Assessment Package while the total annual assessment remains unchanged. This also caused the under-produced water that is put into Excess Carry Over Storage Account and/or carried over to the proceeding Assessment Year's annual account to shift. The change also required Watermaster to re-evaluate production years 2014/15 through 2017/18 Water Transactions, specifically those that were from "annual account first, then any additional from storage", as well as those that qualify for the 85/15 Rule. Parties with no share of OSY were not affected by this implementation.

In addition to the Court Order induced changes, several other changes have been incorporated to the revised Assessment Packages. One of those changes is how the Exhibit "G" water purchases were handled in the original 2014/15 and 2015/16 Assessment Packages. The Exhibit "G" water purchases in these two years were not treated as Two-Party Transactions and consequently, the 85/15 Rule was not properly applied. It was later applied, and the adjustments were made in the original 2016/17 Assessment Package. In the Revised 2014/15 Assessment Package, no change was made regarding the Exhibit "G" purchases. In the Revised 2015/16 Assessment Package, the 2015/16 assessment year Exhibit "G" purchases were re-entered as water transactions and the 85/15 Rule was subsequently properly applied. In the Revised 2016/17 Assessment Package, the included adjustments now only reflect the 85/15 Rule application to the assessment year 2014/15 Exhibit "G" water purchases. In accordance with direction from the Appropriative Pool the Exhibit "G" water purchases were not re-evaluated and the cost per acre-foot as well as the volume were not changed.



CHINO BASIN WATERMASTER

FISCAL YEAR 2015-16

39TH ANNUAL REPORT

REDUCING DEPENDENCE ON IMPORTED WATER

DECADES OF SUCCESS RESOLVING SHARED WATER SUPPLY & QUALITY CHALLENGES

1970s

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

1973

Established a fund and implemented a pump tax to raise money to pay for studies that aid in implementing recharge programs in the Basin.

1978

Chino Basin is adjudicated and Watermaster is created. Planning and funding are initiated to manage the Basin.

1999

Optimum Basin Management Program provides a detailed blueprint to ensure a reliable water supply and to protect and enhance water quality.

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.

2004

Unique Maximum Benefit Salinity Management Program is Adopted. This enabled implementation of a massive Basin-wide recycled water reuse, stormwater and supplemental water recharge program, and expansion of the groundwater desalting program to achieve hydraulic control.

2008-2010

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

2011

Initiated the Safe Yield Reset process.

2013-2014

Completed the 2013 Amendment to the 2010 Recharge Master Plan Update, which is the new foundation to cost-effectively recharge stormwater, imported water, and recycled water with the goal of improving water quality, and ensuring water supply reliability throughout the Basin into the future.

SEPTEMBER 2015

The Watermaster Board adopted Resolution No. 2015-06, endorsing the 2015 Safe Yield Reset Agreement, and directed Watermaster legal counsel to file the Agreement with the Court.

All the water managed, protected or improved as a result of Watermaster programs ultimately serves the water needs of business, agricultural, recreation, and residential customers across the Basin.

A YEAR OF EXTRAORDINARY ACHIEVEMENTS



A Message from Chino Basin Watermaster

This year marked two notable successes: the achievement of hydraulic control, and the Board approval and subsequent court filing of the Resolution that implements the Safe Yield Reset Agreement. Both took years of intensive technical studies and collaborative policy planning by the stakeholders in a complex regulatory environment.

Hydraulic control seems simple on the surface: prevent contaminated groundwater from flowing out of the Basin into the Santa River by replacing the diminishing agricultural pumping in the southern portion of the Basin with pumping at the Chino Basin Desalters. But, it is the linchpin of the Maximum Benefit Program, a creative salinity management program that protects Santa Ana River quality, enables the large-scale reuse and recharge of recycled water, improves water quality, enhances water supplies, and saves hundreds of millions of dollars in treatment costs. Watermaster and the parties have spent the last fifteen years developing and implementing the management program components.

The Safe Yield Reset is a remarkable example of Watermaster's technical and analytic capabilities, as well as the stakeholders' commitment to sustainable management of the Basin and ability to work collaboratively to resolve difficult challenges in a way that is mutually acceptable and beneficial.

It is also notable that this is the fifth year of an extended drought. While the Chino Basin has endured the same dry conditions as the rest of the State, because of its effective long-term water management programs, the Chino Basin is weathering the drought with comparatively minimal impacts.

Watermaster's water supply and quality achievements and benefits are all truly shared. As is the case each year, all the stakeholders deserve both credit and our heartfelt thanks: the Board, Advisory Committee and Pools, our staff, technical consultants, regulators and the many other stakeholders who are too numerous to name here.

I am looking forward to many more years working together.

Peter Kavounas, PE
General Manager, Chino Basin Watermaster

WATERMASTER IS ACTIVELY IMPLEMENTING THE OPTIMUM BASIN MANAGEMENT PROGRAM, WHICH INCLUDES: EXTENSIVE MONITORING; ENHANCING RECHARGE CAPABILITIES AND STORAGE AND RECOVERY; MANAGING SALT LOADS; DEVELOPING NEW YIELD; AND CONTINUING TO WORK WITH STAKEHOLDERS TO ENHANCE THE BASIN.

SAFE YIELD RESET PROCESS CONTINUES

Andy Malone of Wildermuth Environmental, Inc. presenting.



WHAT “SAFE YIELD” IS AND WHY IT IS SO IMPORTANT

The Restated Judgment defines Safe Yield as the long-term average annual quantity of groundwater (excluding replenishment or stored water, but including return flow to the Basin from the use of replenishment or stored water), which can be produced from the Basin under cultural conditions of a particular year without causing an undesirable result.

The Safe Yield was originally set by the Judgment at 140,000 acre-feet per year and the Reset analysis indicates that the safe yield should be lowered by 5,000 acre-feet through 2020. The result is that the water-rights-holders needed to work together to identify how to accomplish the cut-backs given the complex system of water rights accounting.

Because the Safe Yield directly impacts how much water-rights-holders can pump without a replenishment obligation, the Safe Yield Reset process exemplifies Watermaster’s role in providing a forum for discussing differing points of view and to work on resolving difficult challenges.

After years of technical evaluations and hosting more than 50 facilitated meetings, a majority of Watermaster’s stakeholders approved the final Safe Yield Reset Agreement (Agreement) that, in part, addresses the lowering of the Safe Yield from 140,000 acre-feet to 135,000 acre-feet through 2020.

The Court’s approval of the Agreement is pending due to legal filings submitted by two parties.

MAJOR MILESTONES LEADING UP TO THE SAFE YIELD RESET AGREEMENT

Following a multi-year technical evaluation and intensive facilitated process, Watermaster completed an important requirement by approving and filing the Safe Yield Reset Agreement (Agreement) with the court.

- 2011-12** The process to reset the Safe Yield began with data gathering, and the update and calibration of Watermaster’s model.
- 2012-13** The evaluation of the Safe Yield using the updated basin model began, and initial findings were developed and presented to the stakeholders in July 2013.
- 2013-14** The technical analysis was fine-tuned based on the many questions posed by the parties.
- 2014-15** The facilitated process to develop an agreement on Safe Yield was initiated in January 2015 and continued into fiscal year 2015-16.



Steve Elie (left) presents Mark Kinsey with a plaque for two years of service on the Watermaster Board of Directors.



SAFE YIELD RESET AGREEMENT FILED WITH THE COURT

The Agreement establishes the new Safe Yield at 135,000 acre-feet per year from 2010-11 through 2019-20. This is a reduction of 5,000 acre-feet per year. The Agreement, also addresses details such as: the process and accounting issues in resetting Safe Yield, future allocation of costs and benefits of new stormwater recharge projects, and the management of stored water. The Board approved Resolution 2015-06, recommending that the Agreement be filed with the court.

July and August 2015 – Watermaster hosted nine special meetings with the Parties to help develop the Agreement.

August 2015 – The Watermaster Board directed Legal Counsel and staff to seek advice and counsel from the Pool Committees on the Agreement, and to return to the Board in September so that the Board may take action in order to file with the Court by the planned date of October 1, 2015.

September 2015 – All levels of the Watermaster governance structure considered the Agreement and acted to approve it, as follows:

Agricultural Pool – Unanimously moved to support the Advisory Committee’s recommendation that the Board adopt Resolution 2015-06.

Non-Agricultural Pool – Unanimously adopted a Non-Agricultural Pool resolution regarding the 2015 Safe Yield Reset Agreement.

Appropriative Pool – By majority vote, recommended that the Board adopt Resolution 2015-06.

Advisory Committee – Acted by majority vote to recommend that the Board adopt Resolution 2015-06.

Board of Directors – Adopted Resolution 2015-06 on September 24, 2015 by majority vote, endorsing the Agreement and directing Watermaster’s legal counsel to file it with the Court.

October 23, 2015 – The Safe Yield Reset Agreement was filed in Court. Subsequently, supporting and opposing briefs were filed with the Court and the Court ultimately set a hearing on the Agreement for September 23, 2016. As of the end of Fiscal Year 2015-16, the final court ruling was pending due to opposition filings submitted by two parties.

THE MANY YEARS OF TECHNICAL WORK AND FACILITATED DISCUSSIONS CULMINATED IN FISCAL YEAR 2015-16 WITH THE DEVELOPMENT OF AN AGREEMENT TO RESET THE SAFE YIELD AND IMPLEMENT IT. THE AGREEMENT IS PENDING APPROVAL BY THE COURT.

PROGRESS CONTINUES ON RECHARGE MASTER AND OTHER RECHARGE PROGRAMS

The 2013 Amendment to the 2010 Recharge Master Plan Update (2013 RMPU) forms the foundation for Watermaster's comprehensive program to cost-effectively recharge stormwater, urban runoff, imported water, and recycled water with the goal of improving water quality, and ensuring water supply reliability into the future.

PROGRESS ON 2013 RMPU GROUND WATER RECHARGE IMPLEMENTATION

The additional groundwater recharge achieved through the 2013 RMPU recharge projects will provide Watermaster with the flexibility to take larger amounts of imported water and stormwater at the increasingly limited times when those sources are available, while also utilizing larger amounts of local recycled water and urban runoff. The recharge increases the amount of groundwater in storage and is under full local control, increasing the Basin's capacity to meet water demands at all times, especially during drought.

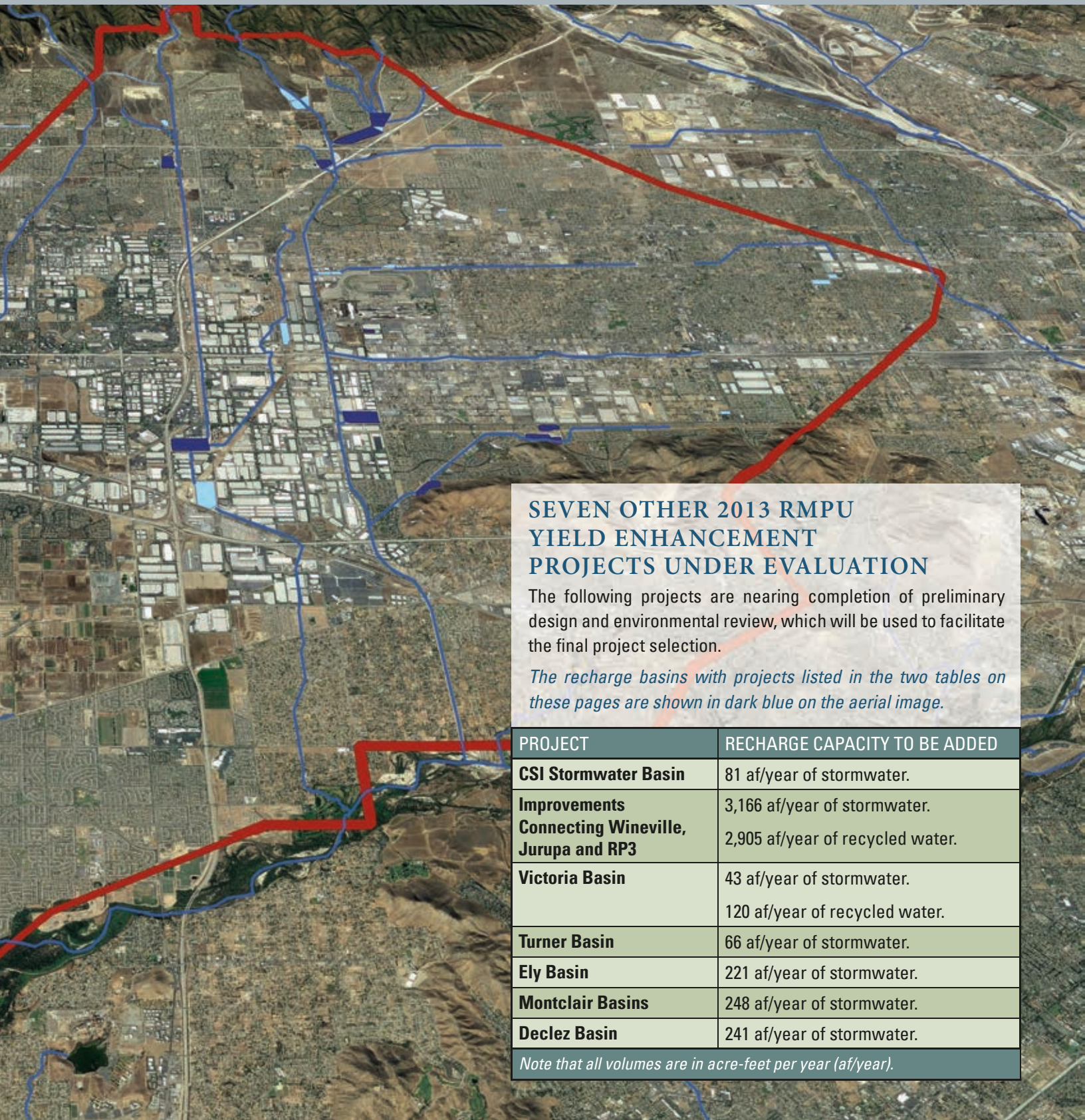
TWO FAST-TRACKED 2013 RMPU YIELD ENHANCEMENT PROJECTS

Planning for the nine 2013 RMPU projects continued throughout Fiscal Year 2015-16. The San Sevaine and Lower Day improvements were fast-tracked in 2014 due to the award of \$2.25 million in grant funding.

PROJECT	RECHARGE CAPACITY TO BE ADDED	STATUS
San Sevaine	642 af/year of stormwater. 4,100 af/year of recycled water.	Pre-design and environmental impact investigations complete. Design and permitting in progress.
Lower Day	789 af/year of stormwater. 4,100 af/year of recycled water.	Environmental impact investigations complete and pre-design and permitting in progress.

Note that all volumes are in acre-feet per year (af/year).

ER PLAN UPDATE IMPLEMENTATION



SEVEN OTHER 2013 RMPU YIELD ENHANCEMENT PROJECTS UNDER EVALUATION

The following projects are nearing completion of preliminary design and environmental review, which will be used to facilitate the final project selection.

The recharge basins with projects listed in the two tables on these pages are shown in dark blue on the aerial image.

PROJECT	RECHARGE CAPACITY TO BE ADDED
CSI Stormwater Basin	81 af/year of stormwater.
Improvements Connecting Wineville, Jurupa and RP3	3,166 af/year of stormwater. 2,905 af/year of recycled water.
Victoria Basin	43 af/year of stormwater. 120 af/year of recycled water.
Turner Basin	66 af/year of stormwater.
Ely Basin	221 af/year of stormwater.
Montclair Basins	248 af/year of stormwater.
Declez Basin	241 af/year of stormwater.

Note that all volumes are in acre-feet per year (af/year).

NINE PROJECTS ARE IDENTIFIED FOR IMPLEMENTATION UNDER THE RMPU. THE TOTAL CAPITAL COST IS OVER \$40 MILLION AND WATERMASTER'S SHARE IS ABOUT \$35 MILLION.

PROGRESS CONTINUES ON RECHARGE MASTER PLAN AND OTHER RECHARGE PROGRAMS CONT.



RIPCOM ADVANCES OTHER RECHARGE ACTIVITIES

RIPCOM FORUM INCREASES COLLABORATION

The Recharge Investigations and Projects Committee (RIPCom) is a forum created by Watermaster and IEUA to exchange information and updates related to the implementation of the 2013 RMPU, as well as to facilitate the introduction and implementation of other new recharge projects that could have regional benefits. The RIPCom meets monthly and is open to all parties and stakeholders interested in contributing to the process. In February 2016, the RIPCom held its first Annual Workshop.

RIPCOM REPRESENTS A NEW FORUM OF COLLABORATION AMONG THE PARTIES WITH INCREASED TRANSPARENCY, OPEN COMMUNICATION, AND PROACTIVE RESOLUTION OF QUESTIONS AND OPEN ISSUES RELATED TO RECHARGE.

COMMITTEE CONTINUES EVALUATING PROJECTS FOR FEASIBILITY AND COST-EFFECTIVENESS

The RIPCom continued its investigations into the potential feasibility of numerous projects, including the non-RMPU East Declaz Basin project. In April 2016, the Appropriative Pool decided not to continue the project. Only projects that are both economically and physically feasible are continued.



The Recharge Investigations and Projects Committee (RIPCOM) at one of its monthly meetings, which are open to all stakeholders.

Watermaster and IEUA are undertaking numerous non-RMPU projects to make recharge more efficient, including upgrading aged radios and towers, like the one above, to improve communication with recharge facilities.

UPDATE IMPLEMENTATION

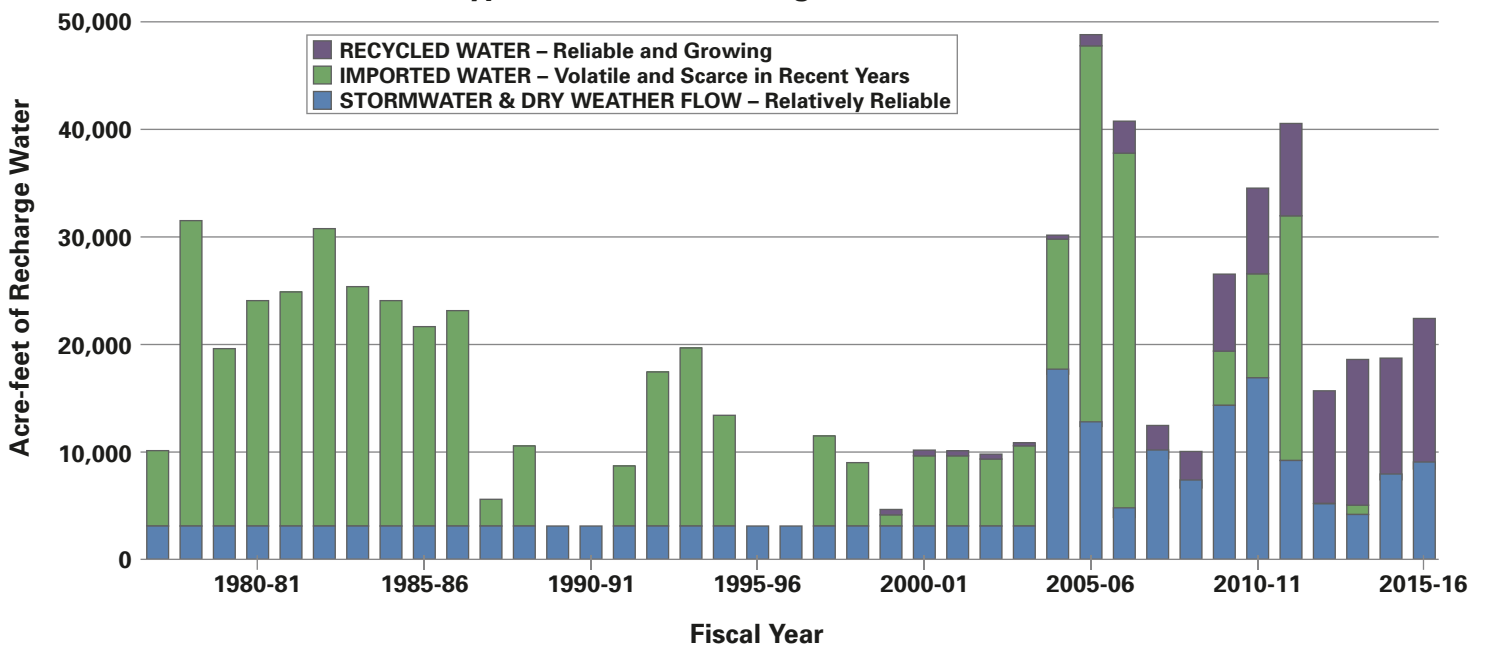
CONTINUED QUANTIFYING AMOUNT OF WATER CREATED BY NEW MS4 PERMITS

New rules regulating Municipal Separate Stormwater Sewer Systems (MS4) impose strict regulations to ensure that no new stormwater runoff created by new development is discharged to surface waters. As a result, new developments must keep stormwater onsite where it can be stored and infiltrated into the ground. Watermaster continued working on the 2013 RMPU commitment to determine how much new storm water recharge will be achieved through MS4 permit compliance. This multi-year effort is due to be completed in 2017-18. The effort involves collecting, reviewing and cataloging Water Quality Management Plan (WQMP) reports, design reports, and as-built drawings to determine the amount of net new storm water recharge created by each MS4 or other local storm water management project.

UPPER SANTA ANA RIVER WATERSHED HABITAT CONSERVATION PLAN PROGRESSES

The Upper Santa Ana River Watershed Habitat Conservation Plan (HCP) is a regional, multi-agency permitting effort for various projects in the watershed, which will result in preserving and restoring habitat for 23 endangered species in the Upper Santa Ana River watershed. Watermaster and IEUA are partners in and provide funding to the HCP. Participation in the HCP will help to avoid potential permitting delays on future capital projects. Investigation and planning work has been underway since July 2014 and is scheduled to continue through June 2017.

Types of Water Recharged in the Chino Basin



The annual volumes of stormwater and local runoff water, as well as imported and recycled water used for recharge, are shown above for 1977-78 to 2015-16. Stormwater and local runoff have provided a reliable base for recharge, and recycled water has grown increasingly important as imported water supplies vary dramatically depending on the year. The steady volume of 3,200 acre-feet per year of stormwater and local water recharge shown for the period 1977-78 to 2004-05 is an estimated average amount because, prior to 2004-05, neither stormwater nor local runoff recharge were measured in the Chino Basin.

THE CURRENT SUPPLEMENTAL WATER RECHARGE CAPACITY IS A MAXIMUM OF 104,700 ACRE-FEET PER YEAR.

HYDRAULIC CONTROL OF THE BASIN ACHIEVED!

TIMELINE OF ACHIEVEMENT OF HYDRAULIC CONTROL

2004 The Santa Ana Regional Water Quality Control Board (Regional Board) adopts the Maximum Benefit program, which allows for the reuse and recharge of recycled water and the recharge of imported water without mitigation. The Maximum Benefit Program is contingent on implementing specific monitoring and reporting programs, constructing and enhancing recharge facilities, and constructing the Chino Basin Desalters to achieve hydraulic control.

Watermaster and IEUA submitted a surface-water and groundwater monitoring program work plan to the Regional Board. The Regional Board approved this work plan in part to collect the data needed to demonstrate the status of hydraulic control.

2007 Based on water level elevations measured in spring of 2007, Watermaster demonstrates that hydraulic control is being achieved and maintained in the eastern half of the Basin as a result of production by the Chino Basin Desalters.

2011 Regional Board adopts the formal definition of hydraulic control as the reduction of groundwater outflow from Chino-North to the Santa Ana River to 1,000 acre-feet of water or less per year, and emphasizes that the completion of the Chino Creek Well Field (CCWF) and the expansion of the Chino Basin Desalters to a total capacity of 40,000 acre-feet per year will be integral to the achievement of hydraulic control in the west and the maintenance of hydraulic control as agricultural production declines.

2012 To achieve hydraulic control in the west, Watermaster and IEUA worked with the Chino Desalter Authority (CDA) to construct the CCWF. Initial results of well development efforts indicated that far less water could be produced from the CCWF than planned, and one well encountered contaminated groundwater.

However, through the development of robust technical analyses, Watermaster and IEUA demonstrated that hydraulic control could be achieved in the west with as little as 1,500 acre-feet of production per year at four of the five CCWF wells. Construction of the CCWF wells was completed in May 2012.

2014 Watermaster and the IEUA coordinated with CDA to develop a plan to construct additional wells to achieve the required 40,000 acre-feet per year of desalter production capacity and submitted a preliminary plan to the Regional Board on May 30, 2014.

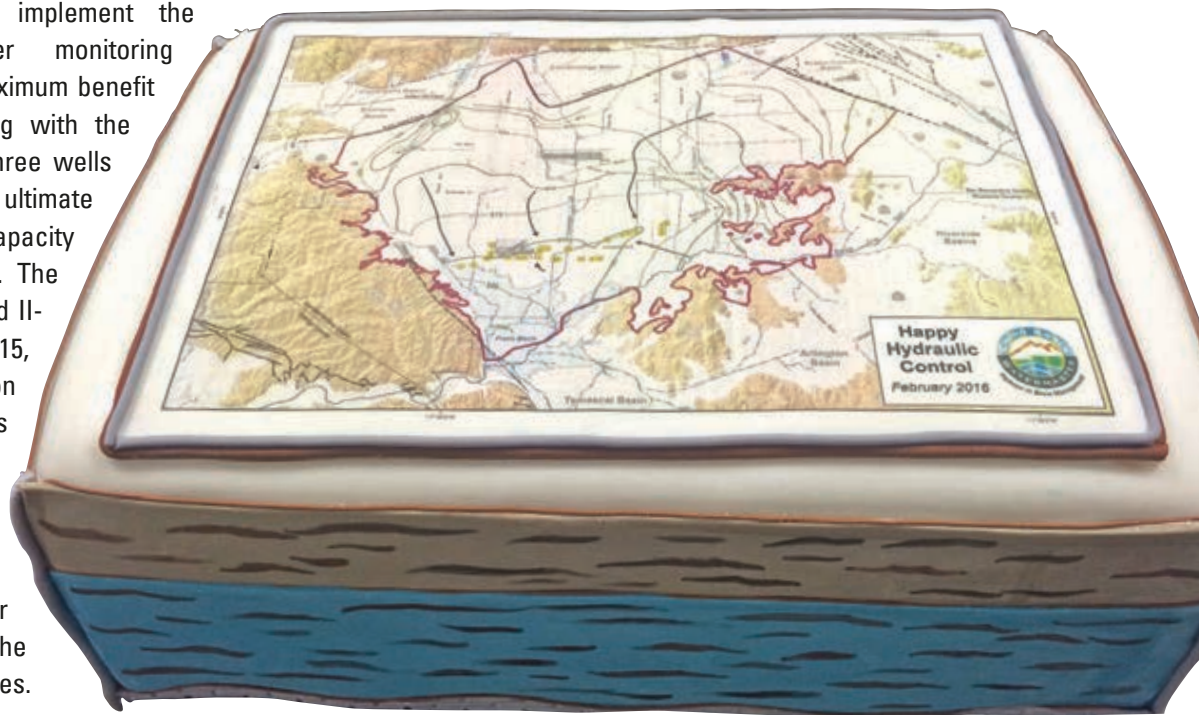
2015 In June, a final plan and schedule to construct and operate three additional wells for the Chino II Desalter was developed.

2016 Production at the CCWF reaches the level required to achieve full hydraulic control across the Basin.

Following years of focused effort, Watermaster has brought together all the elements of a complex plan to meet a challenging regulatory requirement to protect the Santa Ana River and, at the same time, provide wide ranging additional water supply, quality and cost-saving benefits. This significant milestone was accomplished when Watermaster achieved hydraulic control of the Chino Basin which is defined as “the elimination of groundwater discharge from the Chino-North groundwater management zone to the Santa Ana River or its reduction to a de-minimus level of 1,000 acre-feet or less per year.”

ADDITIONAL ACTIONS UNDERWAY TO ENSURE LONG-TERM MAINTENANCE OF HYDRAULIC CONTROL

Watermaster continues to implement the surface and groundwater monitoring programs required by the maximum benefit commitments and is working with the CDA to construct the final three wells required to achieve an ultimate raw-water production capacity of 40,000 acre-feet per year. The construction of wells II-10 and II-11 was completed in late-2015, and in late 2016 the location of the third and final well was determined (II-12). These additional wells are needed to ensure hydraulic control is maintained over time as agricultural groundwater production decreases with the conversion of land to urban uses.



To celebrate the momentous achievement of Hydraulic Control, Watermaster held a special reception following the February 25, 2016 Board meeting. A hydraulic control cake was shared by all.

HYDRAULIC CONTROL IS THE LINCHPIN OF THE MAXIMUM BENEFIT PROGRAM THAT: PROTECTS THE SANTA ANA RIVER, KEEPS WATER IN THE BASIN FOR LOCAL USE, IMPROVES WATER QUALITY BY REMOVING CONTAMINANTS, ALLOWS INCREASED RECHARGE OF RECYCLED WATER TO IMPROVE THE WATER SUPPLY, AND SAVES HUNDREDS OF MILLIONS OF DOLLARS IN LONG-TERM TREATMENT AND OTHER COSTS.

MONITORING IS THE FOUNDATION FOR ALL WATERMASTER PROGRAMS

MAJOR MONITORING PROGRAMS AT A GLANCE

Watermaster monitors groundwater, surface water, and ground level at more than 1,000 sites across the Basin.

The information is all entered into a sophisticated relational database and is used support a wide variety of programs and studies.

GROUNDWATER LEVEL MONITORING

About 1,000 wells are monitored to track groundwater levels.

GROUNDWATER QUALITY MONITORING

Watermaster carries out a variety of groundwater quality programs.

GROUNDWATER PRODUCTION MONITORING

All active groundwater wells are monitored for production.

SURFACE WATER MONITORING

Surface water is monitored as it is delivered to recharge basins. Monitoring is also conducted to characterize interactions with groundwater along the Santa Ana River.

GROUND LEVEL MONITORING

The data are used to help design programs to help prevent subsidence and fissuring.

MONITORING SUPPORTS THE FOLLOWING PROGRAMS

- Maximum Benefit Monitoring Program
- Prado Basin Habitat Sustainability Program
 - Groundwater Recharge Programs
 - Hydraulic Control
 - Subsidence Management Plan
- Sustainable Groundwater Management Act
 - Periodic Reset of the Safe Yield
 - And many others

The Chino Groundwater Basin covers over 220 square miles in portions of three counties. It has hundreds of wells and is overlain with a number of streams and recharge basins that enable the infiltration of natural rainwater and other supplemental water supplies. Watermaster implements extensive monitoring programs, which are necessary to help design water quality and supply programs, and to manage ground levels, and then test the outcomes of those programs.

GROUND LEVEL MONITORING A FOCUS FOR THE YEAR

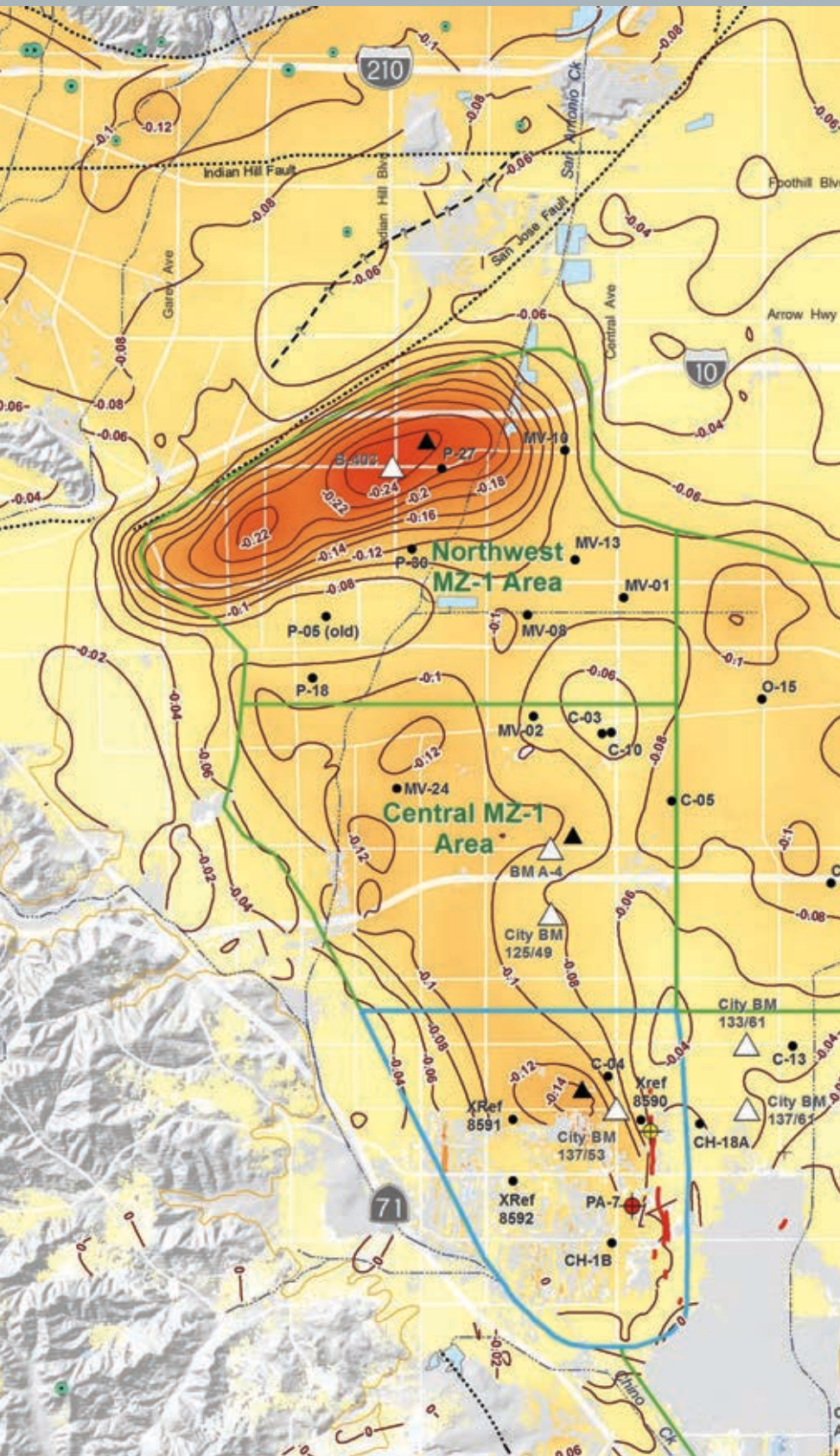
EXPANSION OF GROUND LEVEL MONITORING IN MZ-1

Ground-Level Monitoring Committee is Enhancing Success of the Program. The Ground-Level Monitoring Committee (GLMC) provides for direct interaction between Watermaster's technical experts and the technical experts working for the parties. This expert collaboration has resulted in effective ground-level management solutions. The GLMC meets periodically and is open to all interested participants.

Update of the Chino Basin Subsidence Management Plan. Historical over-pumping of groundwater in southwestern Chino Basin led to a type of permanent ground motion called differential land subsidence, which resulted in ground fissuring in an area called Management Zone-1 (MZ-1). Watermaster began ground-level investigations in 2001, and in 2007 adopted its first monitoring and management plan, the MZ-1 Subsidence Management Plan. By 2014, monitoring data indicated that land subsidence in the southern MZ-1 area was being effectively managed. However, ongoing land subsidence in the northwest portion of MZ-1 was identified as a concern that should be addressed by Watermaster.

In early 2015, Watermaster prepared an update to the MZ-1 Plan, which included a name change to the 2015 Chino Basin Subsidence Management Plan (SMP) and a Work Plan to Develop the Subsidence Management Plan for the Northwest MZ-1 Area (Work Plan) as an appendix.

The 2015 update to the *Subsidence Management Plan* (SMP) and the Work Plan were adopted through the Watermaster process in July 2015.



THIS YEAR'S SUBSIDENCE MANAGEMENT PLAN ACTIONS

Throughout Fiscal 2015-16 Watermaster continued implementation of the SMP and the Work Plan for the Northwest portion of MZ-1. The data, analysis, and reports generated through the implementation of the plans are reviewed and discussed by the GLMC, which met three times this year and made significant progress:

Extensive Review of Ground Level Data. The committee: reviewed water levels at the PA-7 piezometer where very little, if any, permanent compaction was recorded; collected Interferometric Synthetic Aperture Radar (InSAR) satellite data scenes from across the western Chino Basin; and incorporated the data, results, and conclusions from the Groundwater Level Monitoring Program into the draft 2015 Annual Report of the Ground-Level Monitoring Committee.

Began Implementation of the Northwest MZ1 Work Plan:

- Installed data loggers within wells to measure and record groundwater levels.
- Developed a one-dimensional aquifer-system compaction model that will be used to estimate past and future ground level movement in the Northwest MZ-1 Area.
- Completed a technical memorandum, *Hydrogeologic Conceptual Model and the Monitoring and Testing Program for the Northwest MZ-1 Area*.
- Developed multiple groundwater production and wet-water recharge scenarios for the Northwest MZ-1 Area in support of developing an Initial Subsidence-Management Alternative.

This representation of vertical ground motion is derived from InSAR satellite data.

MONITORING IS THE FOUNDATION FOR ALL WATERMASTER PROGRAMS CONT.

PRADO BASIN HABITAT SUSTAINABILITY PROGRAM (PBHSP) ADVANCES

BACKGROUND ON THE PBHSP

The draft Supplemental Environmental Impact Report (SEIR) for Peace II (Re-Operation) indicated that implementation of Re-Operation would not cause groundwater levels to draw down enough to cause adverse impacts on the riparian vegetation in Prado Basin. However, during public review, there was a comment that the effects of Peace II should be monitored.

As a contingency measure, the final SEIR set up the Prado Basin Habitat Sustainability Committee (PBHSC), which was convened by Watermaster and the IEUA, to develop and implement an adaptive management plan to describe the initial monitoring program and a process to modify the monitoring program and/or implement mitigation strategies, if necessary.

NETWORK OF MONITORING WELLS CONSTRUCTED

When the PBHSC first convened in November 2012, its first major task in developing an adaptive management plan was to expand the groundwater-monitoring network within the Prado Basin with the construction of new monitoring wells.

It took a number of years to start construction due to the process to secure easements to the well site locations and the need to time the work in order to avoid impacts to important nesting habitat within Prado Basin.

Ultimately, sixteen monitoring wells were constructed in April and May 2015 and monitoring began immediately.

MONITORING BEGINS AND DRAFT ADAPTIVE MANAGEMENT PLAN PREPARED

First Monitoring Rounds Completed. This fiscal year, Watermaster conducted the first two rounds of quarterly groundwater-level and -quality monitoring at the eighteen PBHSP monitoring wells (the sixteen new wells plus two pre-existing wells).

Draft Adaptive Management Plan Completed. Watermaster made further strides this year by completing the draft *2016 Adaptive Management Plan*. The PBHSC reviewed and revised the draft Adaptive Management Plan; prepared a final report of the results of cone penetrometer testing and drilling, and construction of the PBHSP monitoring wells; and convened a PBHSC meeting in April 2016 to present the draft 2016 Adaptive Management Plan.



Prado Basin plant life. Monitoring for the PBHSP is extremely complex, requiring drilling of wells in sensitive habitat, tracking water levels, evaluating changes in riparian habitat through photo monitoring, and gathering and evaluating numerous other types of data to ensure habitat sustainability.

ELEMENTS OF THE ADAPTIVE MANAGEMENT PLAN

MONITORING AND DATA COLLECTION PROGRAMS

for groundwater level and water quality; surface water discharge and quality; weather and climate; vegetation; and compilation of historical and current satellite/radar images and air photos of the riparian habitat area.

PERIODIC USE OF PREDICTIVE GROUNDWATER MODELING

to assess potential future adverse impacts.

ANNUAL REPORTING OF FINDINGS

to the PBHSC and to Watermaster and IEUA Boards.

UPDATE OF THE PLAN PERIODICALLY

in response to findings and conclusions.

DEVELOPMENT OF MITIGATION MEASURES

if impacts are occurring or are predicted to occur.

THE ADAPTIVE MANAGEMENT PLAN IS DESIGNED TO ANSWER THESE AND OTHER QUESTIONS

- What are the factors that potentially can affect the extent and quality of the riparian habitat?
- What is a consistent, quantifiable definition of “riparian habitat quality,” including metrics and measurement criteria?
- What has been the historical extent and quality of the riparian habitat in the Prado Basin?
- How has the extent and quality of the riparian habitat changed during implementation of Peace II?
- How have groundwater levels and quality, surface-water discharge, weather, and climate changed over time? What were the causes of the changes? Did those changes result in an adverse impact to riparian habitat in the Prado Basin?



FOCUS ON EFFICIENT AND FLEXIBLE MANAGEMENT AND ADMINISTRATION

FLEXIBILITY ALLOWS WATERMASTER TO EVOLVE

THREE-YEAR TERM BOARD REAPPOINTMENT

Since Watermaster's founding in 1998, The Court has appointed a nine-member Board of Directors to serve as the Watermaster in conformance with the Judgment. The appointments have been extended throughout the years. Following a request from the Appropriative Pool Committee that was accepted by the Non-Agricultural and Agricultural Pool Committees, the Board requested the Court to reappoint the Board for a three-year term. The Court approved this modification on January 22, 2016.

ADVISORY COMMITTEE VOLUME VOTE

Prior to February 2016, when a Major Producer was absent from the Committee, Watermaster allocated the producer's vote to another Major Producer. As a result, Minor Producers did not receive any benefit from reallocation of votes. After conferring with staff, the Appropriative Committee's legal counsel sent a letter to Watermaster requesting that the Advisory Committee volume vote be reallocated similar to the Agricultural Pool's Pooling Plan. Watermaster has since changed the Appropriative Committees Volume Vote calculator to match it, thus providing a voting benefit to the Minor Producers.

5,000 ACRE-FEET OF EXHIBIT "G" WATER OFFERED AND SOLD

Several years ago, to improve flexibility, Watermaster developed a structure allowing Non-Agricultural Pool members to sell water to Appropriators through a new "Exhibit G" process. A small amount of water was sold in 2014-15. Last year, 2,300 acre-feet was offered for sale and sold. This year, 5,000 acre-feet of "Exhibit G" water was offered and sold in this increasingly successful program.



Watermaster's Board of Directors at work.

WATERMASTER TRACKS AND IS VIGILANT ON EMERGING AND POTENTIAL ISSUES

COMPLIANCE WITH THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)

The SGMA took effect in early 2015 and requires the development of sustainable groundwater management plans for all medium- and high-priority groundwater basins, as defined by the California Department of Water Resources (DWR), mandates the creation of local groundwater sustainability agencies to oversee and implement the plans, and outlines the guidelines and schedule for complying with the Act.

The Water Code exempts adjudicated areas and local agencies that conform to the requirements of an adjudication of water rights from the provisions of the SGMA (specifically naming the Chino Basin as exempt), except for annual reporting to the DWR.

Watermaster Submitted its first Annual SGMA Report. Watermaster submitted its first annual report to the DWR on April 1, 2016, as required. Prior to the

submission of the report Watermaster staff participated in workshops and coordinated with DWR to ensure that the new report was prepared in accordance with the requirements of the law.

Applied for a Basin Boundary Revision. The groundwater Basin, as defined by the DWR, did not match the Adjudicated Chino Basin Boundary, and Watermaster determined that it would be important to update the DWR boundaries to match, thereby facilitating compliance with SGMA.

Watermaster's staff, technical experts and legal consultants worked rapidly to meet the State's very short timeline to gather and submit the large amount of information required for the Basin boundary modification application. The group met on a weekly basis to prepare all the necessary demonstrations, and submitted the application to DWR by the deadline. Approval of the application by DWR is pending.

CONTINUOUS IMPROVEMENTS IN GOVERNANCE AND OPERATIONAL EFFICIENCY

MANAGED IT CONTRACT:

Previously, Watermaster relied on a sole individual to manage and maintain all its IT related needs. There became a need to shift to a larger IT firm that can better accommodate Watermaster's IT, document repository, and storage needs, and potentially be "on call" when

emergencies arise. In January 2016, Watermaster signed a contract with a larger firm that can provide an enhanced level of service.

BUSINESS PLAN UPDATE

To ensure professional management, since 2013, Watermaster staff has

prepared and updated a multi-year business plan that outlines upcoming tasks, duration, sequencing, and business practices. The Plan and timeline were updated in 2016 with input from the Pools, and the Board was provided semi-annual updates.



A tour of San Antonio Water Company facilities.

WATERMASTER GOVERNANCE AND MEMBERSHIP – CALENDAR YEAR 2016

Watermaster Board

Agricultural Pool Representatives

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

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
Jim Curatalo , Vice-Chair	Cucamonga Valley Water District
Alternate: Kathy Tiegs	
Jim W. Bowman	Ontario, City of
Alternate: Paul S. Leon	
Tom Thomas	Upland, City of
Alternate: Jeannette Vagnozzi	

Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
Steve Elie , Chair	Inland Empire Utilities Agency
Alternate: Terry Catlin	
Bob Kuhn , Secretary/Treasurer	
Alternate: David DeJesus	Three Valleys Municipal Water District
Don Galleano	Western Municipal Water District
Alternate: Robert Stockton	

Staff

Peter Kavounas , PE	General Manager
Danielle Maurizio , PE (Jan-Feb)	Assistant General Manager
Joseph Joswiak , MBA	Chief Financial Officer
Anna Truong , CAP-OM-TA	Executive Svcs. Director/Board Clerk
Edgar Tellez Foster , PhD (Nov-Dec)	Sr. Environmental Engineer
Frank Yoo	Water Resources Senior Associate
Justin Nakano , MPA	Water Resources Senior Associate
Rick Zapien	Field Operations Specialist
Janine Wilson , CAP-OM	Senior Accountant
Bianca Ruiz , (Jan-Apr)	Office Specialist
Camille Gregory , (May-Dec)	Administrative Assistant

Advisory Committee

Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Carol Boyd	State of California-CIM
Nathan deBoom	Dairy
Lawrence Dimock	State of California-CIM
Robert Feenstra	Dairy
Pete Hall	State of California-CIM
John Huitsing	Dairy
Gene Koopman	Dairy ^b
Ron LaBrucherie, Jr.	Crops
Jeff Pierson , 2nd Vice-Chair	Crops
Bob Page	San Bernardino County
Rob Vanden Heuvel	Alternate for any Ag Pool Representative

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: Ramsey Haddad	
Tom O'Neill	Ontario, City of (Non-Ag)
Alternate: Michael Sigsbee	

Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
Ron Craig	Chino Hills, City of
Alternate: Nadeem Majaj	
Dave Crosley	Chino, City of
Alternates: Gil Aldaco, Landon Kern,	
Jesus Plasencia, Jose Alire	
Marty Zvirbulis	Cucamonga Valley Water District
Alternates: Jo Lynne Russo-Pereyra, John Bosler	
Josh Swift	Fontana Union Water Company ^c
Alternate: Eric Tarango	
Cris Fealy	Fontana Water Company ^c
Alternate: Eric Tarango	
Todd Corbin	Jurupa Community Services District
Alternate: Robert Tock	
Van Jew	Monte Vista Irrigation Company ^a
Alternate: Justin Scott-Coe	
Justin Scott-Coe	Monte Vista Water District
Alternate: Mark Kinsey	
Scott Burton	Ontario, City of ^d
Alternate: Katie Gienger	
Darron Poulsen	Pomona, City of
Alternate: Raul Garibay	
Teri Layton	San Antonio Water Company ^a
Alternate: Charles Moorrees	
Rosemary Hoerning , Chair	Upland, City of

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 Pool Committees:

- 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.

Agricultural Pool Committee

REPRESENTATIVE	MEMBER ENTITY
Nathan deBoom	Dairy
Ron LaBrucherie, Jr.	Crops
Robert Feenstra, Chair	Dairy
John Huitsing	Dairy
Gene Koopman	Dairy ^b
Jeff Pierson, Vice-Chair	Crops
Rob Vanden Heuvel	Dairy
Pete Hall	State of California-CIM
Carol Boyd	State of California-CIM
Lawrence Dimock	State of California-CIM
Bob Page	San Bernardino County

ALTERNATE REPRESENTATIVE	MEMBER ENTITY
Andrew Silva	San Bernardino County
Henry DeHaan	Dairy ^b
Dan Hostetler	Crops
Diana Frederick	State of California
David Huskey	State of California
Julie Cavender	State of California-CIM
Marilyn Levin	State of California-DOJ
Michael Thompson	State of California-DOC
Noah Golden-Krasner	State of California-DOJ

Non-Agricultural Pool Committee

REPRESENTATIVE	MEMBER ENTITY
Jeffrey Bruny	Ameron International Corp.
Dennis Dooley	Angelica Textile Service (Southern Service Co.)
Alternate: William Urena	
David Penrice	Aqua Capital Management, LP CCG Ontario, LLC (Catellus)
—	
Brian Geye, Chair	California Speedway Corp.
Alternate: Ray Wilkings	(Auto Club Speedway)
Ken Jeske	California Steel Industries, Inc. (CSI)
Alternate: Ramsey Haddad	
Bob Bowcock, Vice-Chair	Calmat Co., a Div. of Vulcan Materials Co.
Alternate: Kevin Sage	
Randall McAlister	General Electric Co. (GE)
Alternate: Roger Florio	
Mark Kinsey	Monte Vista Water District
Alternate: Van Jew	
Marco Tule, Alternate: John Abusham	NRG California South, LP
Tom O'Neill	Ontario, City of (Non-Ag)
Alternate: Michael Sigsbee	
Roger Han, Alternate: Jose Galindo	Praxair, Inc.
Steve Riboli	Riboli Family/San Antonio Winery
Bob Page	San Bernardino County
Alternate: Andrew Silva	
Erika Clement	Southern California Edison Co. (SCE)
Tom Cruikshank	Space Center Mira Loma, Inc.
Alternate: Patty Jett	
David Starnes	Swan Lake Mobile Home Park
Alternate: Michael Adler	
Jesse White	TAMCO
Alternates: Giannina Espinoza, Alfonso Ruiz	
—	West Venture Development Co.

Appropriative Pool Committee

REPRESENTATIVE	MEMBER ENTITY
Kevin Sage	Nestlé Waters North America
Alternate: Bob Bowcock	Arrowhead Mountain Spring Water Co. Chino, City of
Dave Crosley	
Alternate: Gil Aldaco	
Alternate: Landon Kern	
Alternate: Jesus Plasencia	
Alternate: Jose Alire	
Ron Craig	Chino Hills, City of
Alternate: Nadeem Majaj	
Marty Zvirbulis	Cucamonga Valley Water District
Alternate: Jo Lynne Russo-Pereyra	
Alternate: John Bosler	
Chuck Hays	Fontana, City of ^a
Alternate: Dan Chadwick	
Josh Swift	Fontana Union Water Company ^c
Alternate: Eric Tarango	
Cris Fealy	Fontana Water Company ^c
Alternate: Eric Tarango	
Ben Lewis	Golden State Water Company ^a
Alternate: Toby Moore	
Todd Corbin, Vice-Chair	Jurupa Community Services District
Alternate: Robert Tock	
Justin Brokaw	Marygold Mutual Water Company ^a
Van Jew	Monte Vista Irrigation Company ^a
Alternate: Justin Scott-Coe	
Justin Scott-Coe	Monte Vista Water District
Alternate: Mark Kinsey	
Geoff Kamansky	Niagara Bottling, LLC ^a
Alternate: Pamela Anderson Cridlebaugh	
Josh Swift	Nicholson Trust ^a
Alternate: Cris Fealy	
Chad Blais	Norco, City of ^a
Alternate: Bill Thompson	
Scott Burton	Ontario, City of ^d
Alternate: Katie Gienger	
Darron Poulsen, Chair	Pomona, City of
Alternates: Raul Garibay, Meg McWade	
Teri Layton	San Antonio Water Company ^a
Alternate: Charles Moorrees	
Bob Page	San Bernardino County ^a
Alternate: Andrew Silva	
J. Arnold Rodriguez	Santa Ana River Water Company ^a
Alternate: John Lopez	
Rosemary Hoerning	Upland, City of
Alternate: Rod Butler	
Rosemary Hoerning	West End Consolidated Water Co. ^a
Matthew Litchfield	West Valley Water District ^{a, e}
Alternate: Joanne Chan	

^a Minor Producer.

^b Henry DeHaan served as alternate for Gene Koopman.

^c Cris Fealy left in Sept. 2016 and Josh Swift took his seat on FUWC.

Eric Tarango replaced Josh Swift as alternate Sept. 2016.

Josh Swift left in Sept. 2016 and Cris Fealy took his seat on FWC.

Eric Tarango replaced Sheri Rojo as alternate in Sept. 2016.

^d Ryan Shaw left in Aug. 2016, Katie Gienger became Scott Burton's alternate.

^e Litchfield replaced Crowley in Sept. 2016 and Chan became his alternate.

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2015-16 Annual Report

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**COURT HEARINGS AND ORDERS
FISCAL YEAR 2015-16**

During the fiscal year 2015-16, several hearings were held relating to administration of the Judgment and implementation of the Optimum Basin Management Program (OBMP). Hearings and orders were as follows:

Hearing Date	Primary Subject Matter
January 22, 2016	<ul style="list-style-type: none">• Hearing Regarding Watermaster's Motion to Re-Appoint Nine Member Watermaster Board for the Further Three-Year Term.• Order to Re-Appoint Nine Member Watermaster Board for the Further Three-Year Term.
December 16, 2015	<ul style="list-style-type: none">• Orders Regarding Modification of December 2, 2015 Orders and Briefing Schedule.
December 2, 2015	<ul style="list-style-type: none">• Order Continuing December 18, 2015 Hearing and Confirmation of Filings Through Chino Basin Watermaster.
November 20, 2015	<ul style="list-style-type: none">• Order Granting Request to Receive and File OBMP Status Report 2013-1.• Hearing on Court Approval of Temporary Substitute Rate for Physical Solution Transfers Under Exhibit "G" to the Judgment.• Order on Court Approval of Temporary Substitute Rate for Physical Solution Transfers Under Exhibit "G" to the Judgment.
August 21, 2015	<ul style="list-style-type: none">• Hearing on CBWM Status Report on Watermaster's Safe Yield Redetermination and Reset, Request for Approval of Intervention of MVWD into the Non-Ag Pool, and Transmittal of the 35th Annual Report.• Order Regarding Request for Approval of Intervention of Monte Vista Water District and Transmittal of 35th Annual Report.

**RESOLUTIONS
FISCAL YEAR 2015-16¹**

Resolution	Adopted	Summary of Resolution
2016-08	June 23, 2016	<p><i>Levying Assessments for Fiscal Year 2015-16</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respected assessments for each pool effective June 23, 2016 as shown on Exhibit "A" attached hereto, less the amounts collected pursuant to Resolution 2015-08, as shown in Exhibit "B", also attached. • Pursuant to the Judgment, each party has thirty (30) 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.
2016-07	May 26, 2016	<p><i>Revenue Dedication</i></p> <ul style="list-style-type: none"> • The Watermaster hereby dedicates and pledges net revenues from Debt Service assessments to payment of its share according to the Master Recharge Facilities Financing Agreement between the CBRFA, Watermaster and IEUA, of the Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Design Planning for RMPU, CWSRF Project 8223-110. The Watermaster commits to collecting such revenues and maintaining such funds(s) throughout the term of such financing and until the Watermaster and has satisfied its repayment obligation thereunder, unless modification or change is approved in writing by the SWRCB. So long as the financing agreements are outstanding, the Watermaster's pledge hereunder shall constitute a lien in favor of the SWRCB on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreements are outstanding, the Watermaster commits to maintaining the funds and revenues at levels sufficient to meet there share of the obligations under the financing agreements.
2016-06	May 26, 2016	<p><i>Intention to Apply for State Revolving Financial Assistance Funds</i></p> <ul style="list-style-type: none"> • The Inland Empire Utilities Agency (IEUA) General Manager, or in his absence, his designees, is hereby authorized and directed to sign and file, on behalf of the Watermaster, utilizing the Chino Basin Regional Financing Authority (the Authority), a Financial Assistance Application for a State Revolving Fund loan agreement from the State Water Resources Control Board for the preliminary planning design for Recharge Master Plan Update (RMPU); and • The Watermaster hereby agrees and further does authorize IEUA's General Manager, or in his absence, his designees, to provide the assurances, certifications and commitments required for the financial assistance applications, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto; and • That IEUA's General Manager, or in his absence, his designees, is authorized to represent the Watermaster in carrying out the Authority's responsibilities under the loan agreement, including certifying disbursement requests on behalf of IEUA and compliance with applicable state and federal laws.

**RESOLUTIONS
FISCAL YEAR 2015-16¹**

Resolution	Adopted	Summary of Resolution
2016-05	May 26, 2016	<p><i>Intention to Apply for Proposition 1 Grant Funding</i></p> <ul style="list-style-type: none"> • The Chino Basin Regional Financing Authority (the Authority) is hereby authorized to apply for a Financial Assistance Application for a Proposition 1 Stormwater Grant from the State Water Resources Control Board for the implementation of the Wineville Basin, Jurupa Basin, RP-3 Basin Improvements, and Pumping and Conveyance System Project (Application); and • The Inland Empire Utilities Agency (IEUA) General Manager, or in his absence, his designees, is authorized to sign and file, on behalf of the Watermaster, through the Authority, the Application; and • The IEUA's General Manager, or in his absence, his designees, is authorized to represent the Watermaster through the Authority in carrying out the Authority's responsibilities under the grant agreement, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto, certifying disbursement requests on behalf of the Authority /Watermaster and assisting with compliance with applicable state and federal laws.
2016-04	May 26, 2016	<p><i>Intention to Apply for Proposition 1 Grant Funding</i></p> <ul style="list-style-type: none"> • The Chino Basin Regional Financing Authority (the Authority) is hereby authorized to apply for a Financial Assistance Application for a Proposition 1 Groundwater Grant from the State Water Resources Control Board for the implementation of the Chino Basin Improvements and Groundwater Clean-up Project (Application) on Watermaster's behalf; and • The Inland Empire Utilities Agency (IEUA) General Manager, or in his absence, his designees, is authorized to sign and file, on behalf of the Watermaster, through the Authority, the Application; and • The IEUA's General Manager, or in his absence, his designees, is authorized to represent the Watermaster through the Authority in carrying out the Authority's responsibilities under the grant agreement, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto, certifying disbursement requests on behalf of the Authority /Watermaster and assisting with compliance with applicable state and federal laws.
2016-03	March 24, 2016	<p><i>Chino Groundwater Basin Modification Request</i></p> <ul style="list-style-type: none"> • Chino Basin Watermaster supports the Basin Boundary Modification Request for Chino Basin Boundaries, as submitted by the Requesting Districts.
2016-02	January 28, 2016	<p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> • The Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record. • The following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: Board Chair, Board Vice-Chair, Board Secretary/Treasurer, General Manager/Secretary, Assistant General Manager, and Chief Financial

**RESOLUTIONS
FISCAL YEAR 2015-16¹**

Resolution	Adopted	Summary of Resolution
		Officer.
2016-01	January 28, 2016	<p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> • The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster 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 2015-01 is rescinded in its entirety.
2015-08	November 19, 2015	<p><i>Interim Assessments for Fiscal Year 2015-2016</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster levies the respective assessments for each pool effective November 19, 2015 as shown on Exhibit "A" attached hereto. • That 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.
2015-07	October 22, 2015	<p><i>Amending and Restating the Qualified Retirement Plan</i></p> <ul style="list-style-type: none"> • The Employer hereby amends and restates the Plan (as defined above) in the form of: The ICMA Retirement Corporation Governmental Money Purchase Plan & Trust; and • That the assets of the Plan shall continue to be held in trust, with the Employer serving as trustee ("Trustee"), for the exclusive benefit of Plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. The Trustee's beneficial ownership of Plan assets held in Vantage Trust shall be held for the further exclusive benefit of the Plan participants and their beneficiaries; and • That the Employer hereby agrees to continue to serve as Trustee under the Plan; and • That each of the officers of the Employer is hereby authorized to take all actions appropriate and desirable to implement the amendment and restatement of the Plan by the April 30, 2016 deadline, including but not limited to reviewing and revising the adoption agreement related to the Plan restatement in order to ensure that the adoption agreement reflects the current provisions of the Plan and administrative practice; signing the adoption agreement and other related Plan documents; and communicating the terms of the Plan restatement to participants and third party service providers; and • The appropriate officers of the Employer be and each of them hereby are authorized and directed to take any action and execute any documents necessary or appropriate to effectuate the foregoing resolutions.
2015-06	September 24, 2015	<p><i>Regarding 2015 Safe Yield Reset Agreement</i></p> <ul style="list-style-type: none"> • Watermaster endorses the 2015 Safe Yield Reset Agreement as consistent with Article X, section 2 of the California Constitution, the Judgment, and the Court-Approved Management Agreements. • Consistent with the Proposed Order, Watermaster will comply with the provisions of the 2015 Safe Yield Reset Agreement. • The Watermaster Board will transmit this Resolution 2015-06, the 2015 Safe Yield Reset Agreement, and the referenced Attachments to the Court, and, in accordance with the requests by the parties thereto, the advice and

**RESOLUTIONS
FISCAL YEAR 2015-16¹**

Resolution	Adopted	Summary of Resolution
		<p>counsel of the Pools, and the Advisory Committee, Watermaster recommends that the Court approve the proposed Judgment Amendment and to further order that Watermaster proceed to further comply with the 2015 Safe Yield Reset Agreement.</p> <ul style="list-style-type: none"> • The Watermaster Board directs Watermaster legal counsel to prepare and file a motion with the Court pursuant to paragraph 4, above.
2015-05	August 27, 2015	<p><i>Supporting the nomination of Kathleen Tiegs</i></p> <ul style="list-style-type: none"> • The Chino Basin Watermaster Board of Directors hereby places its full and unreserved support of the nomination of Cucamonga Valley Water District Director Kathleen Tiegs as President of the Association of California Water Agencies for the 2016-2017 term.

¹ Prior Annual Reports listed Resolutions on a calendar year basis.

HISTORY OF INTERVENTIONS AFTER JUDGMENT

Production Year ¹	Appropriative	Non-Agricultural	Agricultural
15-16		Monte Vista Water District	
14-15			
13-14		TAMCO	
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 Twenty-Seventh Annual Report (Fiscal Year 2003-04) for interventions prior to 89-90.

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

PLEASE TAKE NOTICE that on this 28th day of January 2016, the Chino Basin Watermaster hereby adopts 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) as Restated (Exhibit "I", Paragraph 3.(b), Page 73).

Approved by:

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS CHAIR**

Signature: /s/ Steve Elie

Attest:

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

Signature: /s/ Bob Kuhn

**APPROPRIATIVE RIGHTS
(ORIGINAL PER JUDGMENT)**

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

**APPROPRIATIVE RIGHTS
(AS OF JUNE 30, 2016)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>
City of Chino ^A	5,794.25	7.357	4,033.857
City of Chino Hills ^B	3,032.86	3.851	2,111.422
City of Norco	289.50	0.368	201.545
City of Ontario	16,337.40	20.742	11,373.816
City of Pomona	16,110.50	20.454	11,215.852
City of Upland	4,097.20	5.202	2,852.401
Cucamonga Valley Water District ^C	5,199.00	6.601	3,619.454
Jurupa Community Services District ^D	2,960.60	3.759	2,061.118
Monte Vista Water District ^E	6,929.15	8.797	4,823.954
West Valley Water District ^F	925.50	1.175	644.317
Fontana Union Water Company ^G	9,181.12	11.657	6,391.736
Fontana Water Company ^H	1.44	0.002	1.000
Los Serranos County Club ^I	-	-	-
Marygold Mutual Water Company	941.30	1.195	655.317
Monte Vista Irrigation Company	972.10	1.234	676.759
Niagara Bottling, LLC ^J	-	-	-
Nicholson Trust ^K	5.75	0.007	4.000
San Antonio Water Company	2,164.50	2.748	1,506.888
Santa Ana River Water Company	1,869.30	2.373	1,301.374
Golden State Water Company ^L	591.05	0.750	411.476
West End Consolidated Water Company	1,361.30	1.728	947.714
San Bernardino County (Shooting Park) ^M	-	-	-
Arrowhead Mountain Springs Water Company ^N	-	-	-
City of Fontana ^O	-	-	-
Total	78,763.82	100.000	54,834.000

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

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

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

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

^D JCSD acquired the rights of Mira Loma Water Company in 1979 (776.940 AF OSY), Feldspar Gardens in 1988 (47.549AF OSY) and Mutual Water Company of Glen Avon Heights in 1997 (467.974 AF OSY).

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

^F WSBCWD changed its name to WVWD in 2003.

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

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

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

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

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

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

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

^N Arrowhead intervened in 1992 with 0.000 AF OSY.

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

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

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron Steel Producers, Inc.	125	97.858
County of San Bernardino (Airport)	171	133.870
Conrock Company	406	317.844
Kaiser Steel Corporation	3,743	2,930.274
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Space Center, Mira Loma	133	104.121
Southern Service Co. dba Blue Seal Linen	24	18.789
Sunkist Growers, Inc.	2,393	1,873.402
Carlsberg Mobile Home Properties, Ltd '73	593	464.240
Union Carbide Corporation	546	427.446
Quaker Chemical Co.	-	-
Total	9,409	7,366.000

NON-AGRICULTURAL RIGHTS (AS OF JUNE 30, 2016)*

<u>Party</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron International Corp. ^A	82.858
San Bernardino, County of (Chino Airport)	133.870
Vulcan Materials Company ^B	-
Kaiser Ventures, Inc. ^C	-
West Venture Development Co. ^D	-
Southern California Edison Co. ^E	-
NRG California South, LP ^F	954.540
Space Center Mira Loma, Inc.	104.121
Angelica Corp. ^G	18.789
Sunkist Growers, Inc. ^H	-
Mobile Community Management Co. (Swan Lake MHP) ^I	464.240
Praxair, Inc. ^J	1.000
Quaker Chemical Company ^K	-
California Steel Industries, Inc. (CSI) ^L	1,615.137
General Electric Company ^M	-
Auto Club Speedway ^N	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	2,910.788
Aqua Capital Management LP ^T	-
TAMCO ^U	15.000
Monte Vista Water District (Non-Ag) ^V	50.00
Total	7,350.343

* This listing is not representative of the current Non-Agricultural Pool membership. See Appendices N-34 and N-39 for the current membership listing.

^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. NRG acquired GenOn in FY 12-13.

^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). On July 10, 2015, Aqua Capital Management, LP's remaining share of the SY (582.981 AF) was permanently transferred to the City of Ontario (Non-Ag) as a result of the intervention by Monte Vista Water District (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.

In July 2015, ACM permanently transferred 50.000 AF to Monte Vista Water District (Non-Ag) as a result of Monte Vista's intervention. ACM's remaining share of the SY (582.981 AF) was permanently transferred to the City of Ontario (Non-Ag).

^U TAMCO intervened in FY 13-14 after purchasing land and water rights from Ameron International Corp. This resulted in a permanent transfer of 15,000 AF SY to TAMCO. Ameron's share of SY was reduced from 97.858 AF to 82.858 AF.

^V Monte Vista Water District (Non-Ag) intervened on July 10, 2015 and was approved a permanent transfer of 50,000 AF from Aqua Capital Management, LP's share of the SY.

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

Production Year	Calculation of Water Rights Available for Reallocation due to Ag Pool Underproduction of Safe Yield ⁵		Claims to Underproduced Ag Pool Safe Yield			Rights Available for Reallocation less Claimed Rights ⁹	Total Reallocation of Unproduced Ag Pool Safe Yield ¹⁰
	Assessable Ag Pool Production A	Water Rights Available for Reallocation B	Claims Resulting from Land Use Conversions ⁶ C	Early Transfer Claims ^{5,8} D	Total Claims E = C + D		
83-84 ²	59,033	n/a ⁵	593	n/a	593	n/a	26,355
84-85	55,543	n/a	593	n/a	593	n/a	19,136
85-86	52,061	n/a	811	n/a	811	n/a	21,902
86-87	59,847	n/a	811	n/a	811	n/a	37,159
87-88	57,865	n/a	4,056	n/a	4,056	n/a	78,489
88-89 ³	46,762	24,935	811	n/a	811	24,124	24,935
89-90	48,420	36,038	811	n/a	811	35,227	36,038
90-91	48,085	34,380	811	n/a	811	33,569	34,380
91-92	44,682	34,715	811	n/a	811	33,904	34,715
92-93	44,092	38,118	811	n/a	811	37,307	38,118
93-94	44,298	38,708	811	n/a	811	37,897	38,708
94-95	55,022	38,502	3,652	n/a	3,652	34,850	38,502
95-96	43,639	27,778	11,711	n/a	11,711	16,067	27,778
96-97	44,809	39,161	12,620	n/a	12,620	26,541	39,161
97-98	43,345	37,991	14,426	n/a	14,426	23,565	37,991
98-99	47,538	39,455	17,022	n/a	17,022	22,433	39,455
99-00 ⁴	44,401	38,399	10,471	32,800	43,271	-4,872	38,399
00-01	39,954	42,846	13,920	32,800	46,720	-3,874	42,846
01-02	39,495	43,306	14,133	32,800	46,933	-3,627	43,306
02-03	37,457	45,343	16,480	32,800	49,280	-3,937	45,343
03-04	41,978	40,822	17,510 ⁷	32,800	50,310	-9,488	40,822
04-05	34,450	48,350	19,013	32,800	51,813	-3,464	48,350
05-06	33,900	48,900	20,370	32,800	53,170	-4,270	48,900
06-07	37,295	45,505	22,158	32,800	54,958	-9,454	45,505
07-08	30,910	51,890	22,461	32,800	55,261	-3,371	51,890
08-09	32,143	50,657	22,730	32,800	55,530	-4,873	50,657
09-10	31,855	50,945	22,943	32,800	55,743	-4,798	50,945
10-11	31,342	51,458	23,033	32,800	55,833	-4,375	51,458
11-12	34,353	48,447	23,237	32,800	56,037	-7,590	48,447
12-13	34,458	48,342	23,773	32,800	56,573	-8,231	48,342
13-14	33,639	49,161	26,162	32,800	58,962	-9,801	49,161
14-15	28,521	54,279	26,768	32,800	59,568	-5,289	54,279
15-16	26,167	56,633	27,450	32,800	60,250	-3,617	56,633

¹ Source: Watermaster Annual Reports and Assessment Packages.

² Fiscal year 83-84 was the first-year reallocation occurred under the Judgment.

³ During fiscal year 87-88 the Appropriators agree to pay Ag Pool assessments and the reallocation procedure changed by agreement. Effective FY 88-89, the Ag Pool's unused water rights from the prior year are made available for reallocation to the Appropriative Pool in the following year (i.e. 82,800 AF less the total assessable production).

⁴ During fiscal year 99-00 the Peace Agreement is signed. The Appropriators agree to pay the Ag Pool assessments for the life of the Peace Agreement and the reallocation procedure is changed by agreement. The Ag Pool's unused water rights (i.e. 82,800 AF less the total assessable production) are made available for reallocation to the Appropriative Pool in the current year.

⁵ n/a indicates the information is not applicable for the given year.

⁶ When land is converted from agricultural to urban uses, water rights are permanently transferred to the appropriative pool. This column represents the sum of the cumulative transfers that have resulted from land use changes over time. For example, in 85-86 land use conversions resulted in 218 acre-feet of conversions. Thus the total claims for 85-86 were 811: the sum of the conversions from prior years plus the new conversions for 85-86 (811 = 593 + 218).

⁷ After a duplication of conversion areas was identified, Jurupa's Pre-Peace Agreement acres were adjusted to 337.6 acres and the Post-Peace Agreement acres were adjusted to 846.4 acres.

⁸ During fiscal year 99-00 the Peace Agreement is signed and establishes that each year 32,800 acre-feet of Ag Pool rights will be pre-emptively transferred to the Appropriative Pool and the transfer will be distributed proportional to each member's share of the Operating Safe Yield.

⁹ If the total claims to underproduced Ag Pool Safe Yield (C + D) are greater than the water rights available for reallocation (B) then the reallocation is limited to the amount of rights available. The reduction is distributed among the Parties in proportion to their share of the Operating Safe Yield.

¹⁰ For production year 83-84 through 87-88, the allocation was computed in a different manner and so the generalized formula does not apply for these years.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN (ACRE-FEET)

Production Year	Appropriative Pool ¹³	Agricultural Pool ¹³	Non-Agricultural Pool ¹³	Chino Basin Desalters ¹⁴	Department of Toxic Substances Control ¹⁵	Total Production
77-78	62,393	86,407	10,040 ¹	-	-	158,840
78-79	61,350	74,421	7,208	-	-	142,979
79-80	65,343	69,127	7,490	-	-	141,960
80-81	71,413	66,847	5,724	-	-	143,985
81-82	66,814	63,061	5,749	-	-	135,624
82-83	63,556	56,128	2,394	-	-	122,078
83-84	70,544	58,591	3,207	-	-	132,342
84-85	76,903	53,521	2,414	-	-	132,838
85-86	80,885	49,932	3,192	-	-	134,009
86-87	84,662	57,080	2,622	-	-	144,365
87-88	91,579 ²	55,023	2,957	-	-	149,559
88-89	93,617 ³	44,609	3,618	-	-	141,844
89-90	101,344 ⁴	46,381	4,856	-	-	152,581
90-91	86,513 ⁵	46,293	5,407	-	-	138,213
91-92	91,736 ⁶	42,681	4,850	-	-	139,266
92-93	86,584 ⁷	44,300	5,226	-	-	136,110
93-94	80,934 ⁸	44,492	4,322	-	45	129,793
94-95	93,608 ⁹	55,415	4,091	-	45	153,159
95-96	103,729 ¹⁰	43,635	3,240	-	60	150,664
96-97	112,205	44,921	3,779	-	76	160,981
97-98	99,810 ¹¹	43,369	3,274 ¹²	-	83	146,535
98-99	111,048	47,791	3,734	-	81	162,654
99-00	128,892	44,241	5,605	-	82	178,820
00-01	116,204	39,280	5,991	7,989	100	169,565
01-02	123,531	38,194	4,150	9,458	81	175,414
02-03	121,748	35,167	3,979	10,439	79	171,412
03-04	125,320	38,190	2,057	10,605	79	176,251
04-05	118,030	31,502	2,246	9,854	81	161,712
05-06	107,249	30,250	2,641	16,542	80	156,761
06-07	119,438	29,649	3,251	27,077	79	179,494
07-08	120,650	23,530	3,421	30,121	81	177,804
08-09	134,119	23,268	2,420	29,012	83	188,901
09-10	117,299	21,034	2,039	28,857	85	169,314
10-11	99,171	21,016	1,986	29,043	87	151,304
11-12	93,613	22,394	3,162	28,411	89	147,668
12-13	109,292	23,937	3,685	27,098	87	164,100
13-14	113,974	22,054	3,834	29,282	85	169,229
14-15	97,840	17,364	3,371	30,022	84	148,680
15-16	100,297	17,352	2,670	28,191	85	148,595

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

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

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

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

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

¹¹ Does not include 4,275.4 AF exchanged with MWDSC.

¹³ Represents total physical production by Pools, not assessed production.

¹⁴ Production by the Chino Basin Desalters is not considered assessable production; Desalter replenishment obligation accounting is shown in the Assessment Pkg.

¹⁵ Production by DTSC is accounted separately, by agreement, such that the production is not assessed by Watermaster.

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

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

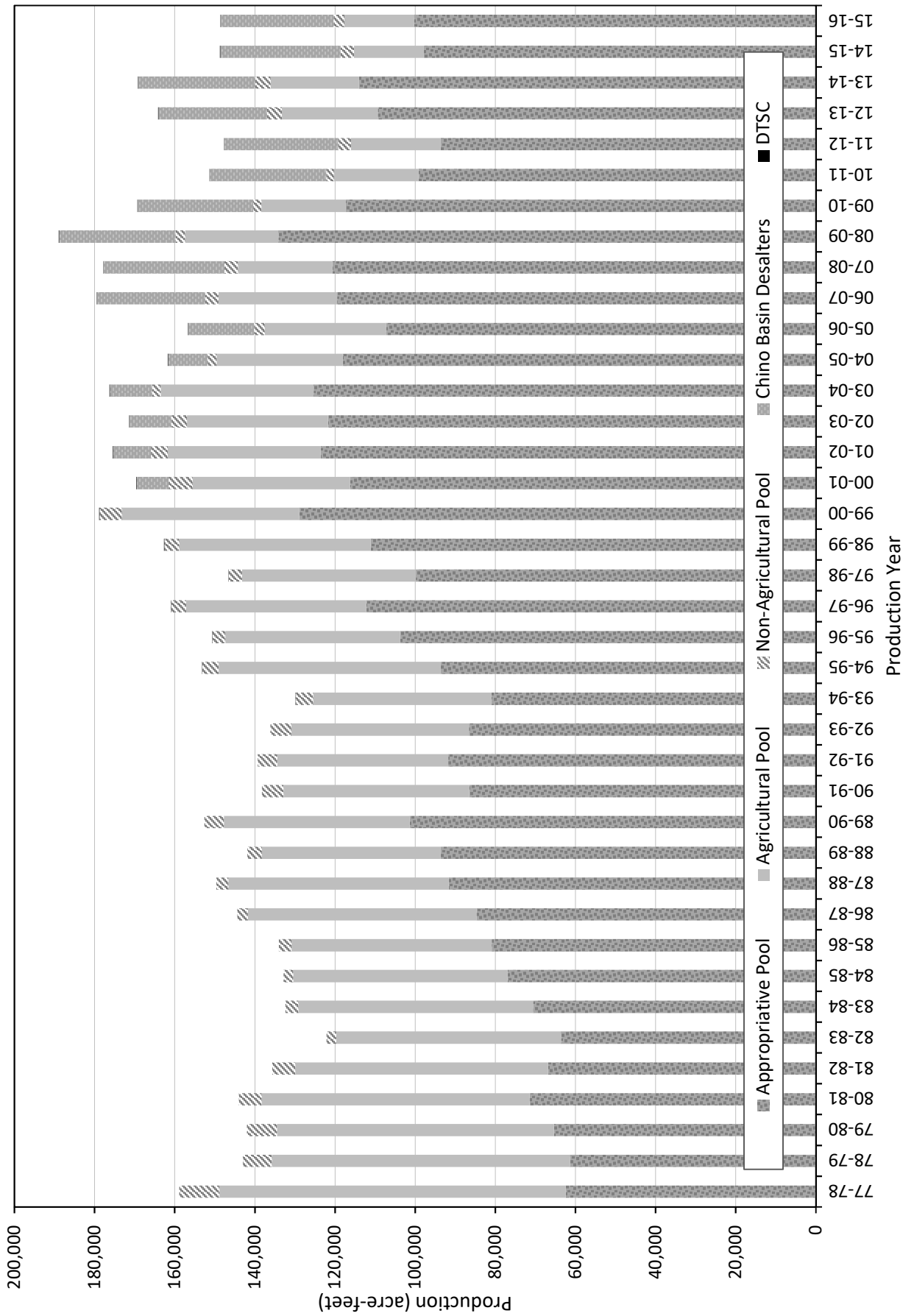
⁶ Does not include 12,202.4 AF exchanged with MWDSC.

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

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

¹² Does not include 216.5 AF exchanged with MWDSC.

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN (ACRE-FEET)



**SUMMARY OF SUPPLEMENTAL SUPPLIES
USED BY THE CHINO BASIN PARTIES¹
FISCAL YEAR 2015-16
(ACRE-FEET)**

Parties	Other Groundwater Basins	Surface Diversions	Imported Water Deliveries			Recycled Water ²	Total	
			SBVMWD	MWDSC				
				IEUA	TVMWD			WMWD
Chino, City of	-	-	-	2,843	-	-	7,217	10,060
Chino Hills, City of	-	-	-	100	-	-	1,410	1,510
Cucamonga Valley Water District ³	7,589	1,159	-	7,440	-	-	1,146	17,334
Inland Empire Utilities Agency	-	-	-	-	-	-	541	541
Fontana Water Company ⁴	9,253	1,497	-	6,613	-	-	-	17,363
Golden State Water Company ⁵	3,627	-	-	-	3,143	-	-	6,770
Jurupa Community Services District ⁶	547	-	-	-	-	-	-	547
Marygold Mutual Water Company ⁷	-	-	-	-	-	-	-	-
Monte Vista Water District	-	-	-	4,799	-	-	278	5,077
Norco, City of ⁸	5,772	-	-	-	-	175	-	5,947
Ontario, City of	-	-	-	2,755	-	-	7,566	10,321
Pomona, City of ⁹	3,132	1,076	-	-	3,645	-	1,664	9,516
San Antonio Water Company ¹⁰	829	1,483	-	-	-	-	-	2,311
San Bernardino, County of	-	-	-	-	-	-	536	536
Santa Ana River Water Company ¹¹	2	-	-	-	-	-	-	2
State of California, CIM ¹²	-	-	-	-	-	-	769	769
Upland, City of ¹³	7,317	-	-	4,890	-	-	719	12,926
West End Consolidated Water Company ¹⁴	1,246	-	-	-	-	-	-	1,246
West Valley Water District ¹⁵	5,977	2,437	3,592	-	-	-	-	12,005
Total	45,289	7,651	3,592	29,439	6,787	175	21,846	114,780

¹ The values reported herein represent the total supplemental water supply used by each Party within its entire service area. Some Parties have service area boundaries which extend outside the adjudicated Chino Basin boundary.

² Recycled water is supplied by IEUA unless stated otherwise.

³ Other groundwater is produced from Cucamonga Basin. Surface water diversions are from Lloyd Michaels, Royer-Nesbit, and Arthur H. Bridge WTPs, and Deer Canyon.

⁴ Other groundwater is produced from Colton/Rialto, Lytle, and "unnamed" Basins. Surface water diversions are from Lytle Creek.

⁵ Other groundwater is produced from Six Basins.

⁶ Other groundwater is produced from Riverside Basin and Temescal.

⁷ Treated water is delivered by West Valley Water District (WVWD), and represents a blend of multiple water sources available to WVWD. MMWC purchased 306 acre-feet of water from WVWD, but that amount is shown as part of WVWD's supply within this table.

⁸ Other groundwater is produced from Arlington and Temescal Basins and a portion of the hydrologic Chino Basin that is outside the adjudicated boundary.

⁹ Imported groundwater is produced from Six Basins and Spadra Basin. Surface water diversions are from San Antonio Creek. Recycled water is served from the Pomona Water Reclamation Plant.

¹⁰ Other groundwater is produced from Six Basins, San Antonio Tunnel and Cucamonga Basin. Surface water diversions are from San Antonio Creek. Supplemental Supplies shown herein do not include sales to the City of Upland - these supplies are shown as part of Upland's supply within this table.

¹¹ Other groundwater is produced from the portion of the hydrologic Chino Basin that is outside the adjudicated boundary.

¹² Recycled water is treated by CIM and reused on location for irrigation purposes.

¹³ Other groundwater is produced from Six Basins.

¹⁴ Other groundwater is produced from Six Basins and Cucamonga Basin.

¹⁵ Other groundwater is produced from Rialto and North Riverside basins. Surface water diversions are from Lytle Creek.

**SUMMARY OF IMPORTED WATER DELIVERIES FROM
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
TO THE CHINO BASIN PARTIES FOR FISCAL YEAR 2015-16
(ACRE-FEET)¹**

Month	Water Facilities Authority - CB-12						Reliant
	Upland	MVWD	Ontario	Chino	Chino Hills ²	Sub-Total	CB-01
July	595	209	257	251	-	1,312	-
August	717	270	315	283	10	1,595	-
September	648	259	229	277	10	1,423	-
October	459	124	263	199	10	1,054	-
November	292	317	221	177	10	1,017	-
December	180	206	201	167	10	764	-
January	114	108	165	160	10	557	-
February	229	183	160	165	10	747	-
March	310	319	231	191	10	1,061	-
April	334	817	225	244	10	1,630	-
May	400	838	252	297	10	1,796	-
June	613	1,151	236	432	-	2,431	-
Total	4,890	4,799	2,755	2,843	100	15,387	-

Month	Fontana Water Co.	Cucamonga Valley Water District			Three Valleys MWD to Pomona	Three Valleys MWD to GSWC	Western MWD to Norco	Total
	CB-19	CB-07	CB-16	Sub-Total				
July	993	-	1,022	1,022	284	293	-	3,904
August	609	-	1,212	1,212	415	361	-	4,192
September	383	-	1,014	1,014	367	364	-	3,551
October	332	-	804	804	255	350	-	2,795
November	301	-	954	954	148	263	-	2,684
December	317	-	239	239	164	192	-	1,674
January	313	31	182	212	101	91	90	1,364
February	308	34	350	384	239	177	86	1,941
March	872	-	-	-	224	95	-	2,251
April	873	-	457	457	394	204	-	3,558
May	893	-	443	443	526	312	-	3,970
June	420	-	698	698	528	442	-	4,519
Total	6,613	65	7,375	7,440	3,645	3,143	175	36,402

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.

**TOTAL WATER CONSUMPTION BY THE CHINO BASIN PARTIES¹
(ACRE-FEET)**

**TOTAL WATER CONSUMPTION BY THE CHINO BASIN PARTIES¹
(ACRE-FEET)**

Year	Chino Basin Extractions ²	Supplemental Supplies ³	Total
77-78	158,840	61,567	220,407
78-79	142,979	75,864	218,843
79-80	141,960	70,727	212,687
80-81	143,985	77,765	221,750
81-82	135,624	67,491	203,115
82-83	122,078	76,000	198,078
83-84	132,342	99,257	231,599
84-85	132,838	92,952	225,790
85-86	134,009	114,624	248,633
86-87	144,365	126,493	270,858
87-88	149,559	116,175	265,734
88-89	141,844	128,167	270,011
89-90	152,581	139,004	291,585
90-91	138,213	116,493	254,706
91-92	139,266	104,480	243,746
92-93	136,110	117,205	253,315
93-94	129,793	136,038	265,831
94-95	153,159	116,797	269,956
95-96	150,664	130,494	281,158
96-97	160,981	115,031	276,012
97-98	146,535	106,360	252,895
98-99	162,654	113,040	275,694
99-00	178,820	129,208	308,028
00-01	169,565	128,596	298,161
01-02	175,414	140,907	316,321
02-03	171,412	134,154	305,566
03-04	176,251	143,989	320,240
04-05	161,712	145,644	307,356
05-06	156,761	171,896	328,658
06-07	179,494	176,807	356,301
07-08	177,804	162,465	340,269
08-09	188,901	131,819	320,720
09-10	169,314	144,354	313,667
10-11	151,304	154,760	306,064
11-12	147,668	171,808	319,476
12-13	164,100	154,870	318,970
13-14	169,229	183,699	352,928
14-15	148,636	162,477 ¹	311,113
15-16	148,595	114,622 ¹	263,217

¹The values reported herein are intended to represent the supplemental water supply used by each Party within its entire service area. Some Parties have service area boundaries which extend outside the adjudicated Chino Basin boundary. During the preparation of the FY14/15 Annual Report, it was determined that the collection and reporting of supplemental water supplies has been inconsistent over time, such that some parties reported estimates of water used within the boundary of Chino Basin and others provided the entire service area use, and some agencies varied their reporting methods over time. In many years, the reported data also excluded some Watermaster Parties. And, in some cases the supplemental supplies included recharge water volumes. The values reported for the noted years are representative of total water consumption by the Chino Basin parties and are not directly comparable to values reported for prior years. Watermaster staff will be working with the Parties to update the historical information for consistency in future annual reports.

²Represents the total groundwater extraction values reported in Appendix H1.

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

SUMMARY OF CONJUNCTIVE USE REPLENISHMENT, AND CYCLIC ACTIVITIES FISCAL YEAR 2015-16 (ACRE-FEET)

Conjunctive Use Resulting from Storage and Recovery Programs in the Chino Basin ¹	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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's Cumulative Unmet Replenishment Obligation (CURO) from Past Years: 3,988.661 AF												
	Watermaster's Replenishment Obligation Resulting from 2015-16 Production: 1,550.909 AF												
	Watermaster's Cumulative Replenishment Obligation as of June 30, 2016: 5,539.570 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	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ Dashed entries indicate zero acre-feet of conjunctive use and replenishment deliveries

**SUMMARY OF STORMWATER, IMPORTED WATER,
AND RECYCLED WATER RECHARGE
FISCAL YEAR 2015-16
(ACRE-FEET)**

	JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER		
	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC
MZ 1																		
Aquifer Storage & Recovery (ASR)																		
MVWD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
San Antonio Channel																		
Upland	17	0	0	0	0	0	29	0	0	19	0	0	12	0	0	28	0	0
College Heights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Montclair 1, 2 3 & 4	17	0	0	0	0	0	41	0	0	22	0	0	15	0	0	42	0	0
Brooks	0	0	63	0	0	0	0	0	0	0	0	0	1	0	0	0	0	101
West Cucamonga Channel																		
15th Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8th Street	44	0	0	4	0	0	19	0	0	14	0	0	10	0	0	10	0	0
7th Street	0	0	0	0	0	23	57	0	60	25	0	13	9	0	95	76	0	159
	78	0	63	4	0	23	146	0	60	80	0	13	47	0	95	156	0	260
MZ 2																		
Cucamonga /Deer Creek Channels																		
Turner 1 & 2	0	0	0	1	0	0	120	0	145	98	0	238	45	0	79	105	0	224
Turner 3 & 4	87	0	85	15	0	163	74	0	51	64	0	65	44	0	3	144	0	1
Day Creek Channel																		
Lower Day	17	0	0	21	0	0	19	0	0	24	0	0	0	0	0	27	0	0
Etiwanda Channel																		
Etiwanda Debris Basin	2	0	0	0	0	0	13	0	0	8	0	0	0	0	0	20	0	0
Victoria	4	0	139	1	0	165	37	0	136	35	0	101	0	0	34	86	0	60
Minor Drainage																		
Grove	37	0	0	0	0	0	82	0	0	60	0	0	20	0	0	42	0	0
San Sevaine Channel																		
San Sevaine 1, 2, 3 & 4	4	0	0	0	0	0	28	0	0	31	0	0	1	0	0	40	0	0
San Sevaine 5	5	0	0	0	0	0	25	0	0	16	0	0	0	0	0	40	0	0
West Cucamonga Channel																		
Ely 1, 2 & 3	285	0	102	3	0	1	215	0	31	75	0	76	41	0	21	92	0	128
West Fontana Channel																		
Hickory	0	0	39	0	0	56	9	0	107	14	0	73	14	0	84	64	0	53
	441	0	365	41	0	385	622	0	470	425	0	553	165	0	221	660	0	466
MZ 3																		
Day Creek Channel																		
Wineville	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Riverside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DeClez Channel																		
DeClez	49	0	0	3	0	0	147	0	0	36	0	0	4	0	0	49	0	50
RP3 Cell 1, 3, & 4	105	0	268	9	0	141	75	0	219	67	0	363	40	0	228	148	0	274
RP3 Cell 2	29	0	0	22	0	0	48	0	0	19	0	0	14	0	0	40	0	0
Etiwanda Channel																		
Etiwanda Conservation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
San Sevaine Channel																		
Jurupa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Fontana Channel																		
Banana	0	0	54	0	0	156	40	0	376	105	0	349	30	0	262	59	0	283
	183	0	322	34	0	297	310	0	595	227	0	712	88	0	490	296	0	607
Total	702	0	750	79	0	705	1,078	0	1,125	732	0	1,278	300	0	806	1,112	0	1,333

ST = stormwater
 IMP = imported water
 RC = recycled water

JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE			TOTAL			
ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ALL
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
154	0	0	19	0	0	134	0	0	10	0	0	3	0	0	0	0	0	425	0	0	425
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
174	0	0	21	0	0	89	0	0	20	0	0	0	0	0	0	0	0	441	0	0	441
54	0	254	22	0	211	90	0	116	11	0	192	0	0	278	0	0	0	178	0	1,215	1,393
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
150	0	0	93	0	165	198	0	80	32	0	163	71	0	204	6	0	296	651	0	908	1,559
99	0	59	0	0	41	2	0	80	2	0	32	1	0	0	0	0	0	271	0	562	833
631	0	313	155	0	417	513	0	276	75	0	387	75	0	482	6	0	296	1,966	0	2,685	4,651
269	0	102	51	0	198	165	0	161	19	0	128	38	0	156	5	0	159	916	0	1,590	2,506
82	0	0	41	0	0	47	0	0	49	0	0	33	0	0	20	0	0	700	0	368	1,068
119	0	0	14	0	0	37	0	0	0	0	0	2	0	0	1	0	0	281	0	0	281
26	0	0	0	0	0	0	0	0	14	0	0	0	0	0	0	0	0	83	0	0	83
87	0	0	10	0	0	79	0	0	1	0	0	2	0	0	1	0	0	343	0	635	978
100	0	0	15	0	0	53	0	0	15	0	0	47	0	0	0	0	0	471	0	0	471
101	0	0	5	0	0	44	0	0	24	0	0	0	0	0	0	0	0	278	0	0	278
143	0	0	28	0	0	44	0	0	5	0	0	1	0	0	0	0	0	307	0	0	307
337	0	61	59	0	89	177	0	47	24	0	127	197	0	119	1	0	210	1,506	0	1,012	2,518
35	0	23	5	0	27	22	0	0	21	0	43	0	0	52	0	0	18	184	0	575	759
1,299	0	186	228	0	314	668	0	208	172	0	298	320	0	327	28	0	387	5,069	0	4,180	9,249
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
158	0	78	34	0	153	92	0	126	20	0	133	12	0	228	3	0	201	607	0	969	1,576
205	0	390	53	0	358	155	0	134	36	0	247	33	0	358	9	0	245	935	0	3,225	4,160
34	0	0	1	0	0	53	0	40	14	0	0	15	0	17	2	0	0	291	0	57	348
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71	0	75	7	0	110	38	0	74	0	0	97	15	0	113	0	0	157	365	0	2,106	2,471
468	0	543	95	0	621	338	0	374	70	0	477	75	0	716	14	0	603	2,198	0	6,357	8,555
2,398	0	1,042	478	0	1,352	1,519	0	858	317	0	1,162	470	0	1,525	48	0	1,286	9,233	0	13,222	22,455



**CHINO BASIN WATERMASTER
APPROVED 2016/2017 ASSESSMENT PACKAGE
(PRODUCTION YEAR 2015/2016)**

NOVEMBER 17, 2016

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

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Appendix A: Pool 3 Water Production Detail

Appendix B: Desalter Replenishment Accounting

Appendix C: Water Transaction Details for Fontana Water Co. (Actuals vs. Assessed)

Appendix D: Adjustment Calculation - 85/15 Rule Application to Exhibit G Transactions for Assessment Years 2014/2015 and 2015/2016

Appendix E: Pool 2 Water Transaction Summary

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
1A	AF Production and Exchanges	Total production and exchanges. Copied from [2L].
1B	Appropriative Pool—AF/Admin	Production and Exchanges [1A] <times> per acre-foot Admin fee.
1C	Appropriative Pool—AF/OBMP	Production and Exchanges [1A] <times> per acre-foot OBMP fee.
1D	Ag Pool SY Reallocation—AF Total Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [2E] and [12G].
1E	Ag Pool SY Reallocation—AF/Admin	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool Administration.
1F	Ag Pool SY Reallocation—AF/OBMP	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool OBMP.
1G	Replenishment Assessments—AF/15%	For Parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 9A.
1H	Replenishment Assessments—AF/85%	For parties participating in the 85/15 Rule: Total volume overproduced [2M] <times> 85% of the replenishment rate.
1I	Replenishment Assessments—AF/100%	For parties <u>not</u> participating in the 85/15 Rule: Total volume overproduced [2N] <times> 100% of the replenishment rate.
1J	85/15 Water Transaction Activity—15% Producer Credits	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased. Total copied from Page 7D.
1K	85/15 Water Transaction Activity—15% Pro-rated Debits	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 9A.
1L	CURO Adjustment	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 10A.
1M	ASSESSMENTS DUE—Total Production Based	Total fees assessed based on Party production. [1B] + [1C] + [1E] + [1F] + [1G] + [1H] + [1I] + [1J] + [1K] + [1L].
1N	ASSESSMENTS DUE—Pomona Credit	Debit amount to Pomona <times> -1 <times> percent share of Operating Safe Yield [2A].
1O	ASSESSMENTS DUE—Recharge Debt Payment	Total recharge debt payment <times> percent share of Operating Safe Yield [2A].
1P	ASSESSMENTS DUE—Recharge Improvement Project	Total Recharge Improvement Project <times> Percent Share of Operating Safe Yield [2A].
1Q	ASSESSMENTS DUE—Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
1R	ASSESSMENTS DUE—Total Due	Total assessments. [1M] + [1N] + [1O] + [1P] + [1Q].

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
2A	Percent of Operating Safe Yield	The Party's yearly percentage of Operating Safe Yield.
2B	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
2C	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
2D	Assigned Share of Operating Safe Yield	The Party's yearly volume of Operating Safe Yield.
2E	Net Ag Pool Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [12G]. The calculations that lead to this are made on Page 12A.
2F	Water Transaction Activity	Water transactions. Copied from [6D]. The calculations that lead to this are made on Page 6A.
2G	Stormwater New Yield	Stormwater New Yield <times> percent share of Operating Safe Yield [2A].
2H	Other Adjustments	This number reflects adjusted production rights, in the event that corrections are needed.
2I	Annual Production Right	Current Year Production Right. [2B] + [2C] + [2D] + [2E] + [2F] + [2G] + [2H].
2J	Actual Fiscal Year Production	Fiscal year production, including Assignments and Voluntary Agreements, from CBWM's production system (as verified by each Party on their Water Activity Report). Includes a sub note subtracting Desalter production. See Appendix A.
2K	Storage and Recovery Program(s)	Total exchanges for the period (July 1- June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each Party on their Water Activity Report).
2L	Total Production and Exchanges	Actual production [2J] <plus> Storage and Recovery exchanges [2K]. Includes a sub note subtracting Desalter production. Also known as Assessable Production.
2M	Net Over-Production—85/15%	For 85/15 Rule participants: Production rights [2I] <minus> total production and exchanges [2L], equaling less than zero.
2N	Net Over-Production—100%	For non-85/15 Rule participants: Production rights [2I] <minus> total production and exchanges [2L], equaling less than zero. Includes a sub note subtracting Desalter production.
2O	Under Production Balances— Total Under-Produced	Production rights [2I] <minus> total production and exchanges [2L], equaling more than zero.
2P	Under Production Balances— Carryover: Next Year Begin Bal	Either total under-produced [2O] or share of Operating Safe Yield [2D], whichever is less.
2Q	Under Production Balances— To Excess Carryover Account	Total under produced [2O] <minus> Carryover to next year [2P], equaling more than zero.

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
3A	Excess Carry Over Account (ECO)—Beginning Balance	The beginning balance in each ECO account. This carries forward from the ending balance in the previous period Assessment Package.
3B	Excess Carry Over Account (ECO)—1.20% Storage Loss	Beginning balance [3A] \times -0.012.
3C	Excess Carry Over Account (ECO)—Transfers To / (From)	Total of water transferred to and from ECO and the Annual Account.
3D	Excess Carry Over Account (ECO)—From Supplemental Storage	Total of water transferred to and from Local Supplemental Storage accounts, as shown on Page 4A.
3E	Excess Carry Over Account (ECO)—From Under-Production	Total of water transferred from the Annual Account due to under production. Copied from [2Q].
3F	Excess Carry Over Account (ECO)—Ending Balance	The current balance in each ECO account. [3A] + [3B] + [3C] + [3D] + [3E].

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
4A	Recharged Recycled Account—Beginning Balance	The beginning balance in each Recharged Recycled Account. This number carries forward from the ending balance in the previous period Assessment Package.
4B	Recharged Recycled Account—1.20% Storage Loss	Beginning balance [4A] <times> -0.012.
4C	Recharged Recycled Account—Current Recharged Recycled	Total recharged recycled water credited to each Party for the year, as provided by IEUA.
4D	Recharged Recycled Account—Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4E	Recharged Recycled Account—Ending Balance	The current balance in each Recharged Recycled account. [4A] + [4B] + [4C] + [4D].
4F	Quantified (Pre 7/1/2000) Account—Beginning Balance	The beginning balance in each Quantified Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4G	Quantified (Pre 7/1/2000) Account—1.20% Storage Loss	Beginning balance [4F] <times> -0.012.
4H	Quantified (Pre 7/1/2000) Account—Transfers To / (From)	Total of water transferred to and from the Annual Account.
4I	Quantified (Pre 7/1/2000) Account—Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4J	Quantified (Pre 7/1/2000) Account—Ending Balance	The current balance in each Quantified Supplemental account. [4F] + [4G] + [4H] + [4I].
4K	New (Post 7/1/2000) Account—Beginning Balance	The beginning balance in each New Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4L	New (Post 7/1/2000) Account—1.20% Storage Loss	Beginning balance [4K] <times> -0.012.
4M	New (Post 7/1/2000) Account—Transfers To / (From)	Total of water transferred to and from the Annual Account.
4N	New (Post 7/1/2000) Account—Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4O	New (Post 7/1/2000) Account—Ending Balance	The current balance in each New Supplemental Account. [4K] + [4L] + [4M] + [4N].
4P	Combined—Ending Balance	The combined amount in all supplemental storage accounts [4E] + [4J] + [4O].

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
5A	Desalter Replenishment—Beginning Balance	The beginning balances in each Desalter Replenishment account. These numbers carry forward from the ending balances in the previous period Assessment Package. "Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000.000 AF and "Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000.000 AF.
5B	Desalter Replenishment—Storage Loss	Beginning balance [5A] <times> -(loss %). 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. Per the "Preemptive Replenishment" agreements, no losses are deducted against these accounts.
5C	Desalter Replenishment—Transfers To	Total of water transferred to each Desalter Replenishment account.
5D	Desalter Replenishment—Transfers From	Total of water transferred from each Desalter Replenishment account.
5E	Desalter Replenishment—Ending Balance	The current balance in each Desalter Replenishment account. [5A] + [5B] + [5C] + [5D].
5F	Storage and Recovery—Beginning Balance	The beginning balance in the Storage and Recovery (DYY) Account. This number carries forward from the ending balance in the previous period Assessment Package.
5G	Storage and Recovery—Storage Loss	Beginning balance [5F] <times> -(loss %).
5H	Storage and Recovery—Transfers To	Total of water transferred to the Storage and Recovery Account ("puts").
5I	Storage and Recovery—Transfers From	Total of water transferred from the Storage and Recovery Account ("takes").
5J	Storage and Recovery—Ending Balance	The current balance in the Storage and Recovery Account. [5F] + [5G] + [5H] + [5I].

REPORT REFERENCE	NAME	DESCRIPTION
6A	Water Transactions—Assigned Rights	Total of assigned transactions for this period, including annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes, and also the Exhibit "G" physical solution transfers from the Non-Ag Pool. Detailed in Pages 7A-7E.
6B	Water Transactions—General Transfer	Total of water transfers between Parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator Parties, as stated in the Peace II Agreement.
6C	Water Transactions—Transfers (To) / From ECO Account	Total of water transferred between the Annual Account and ECO Account.
6D	Water Transactions—Total Water Transactions	Total water transactions. [6A]+ [6B] + [6C]. This column is used to populate [2F].

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
12A	% Share of Operating Safe Yield	The Party's yearly percentage of Operating Safe Yield. Copied from [2A].
12B	Reallocation of Agricultural Pool Safe Yield—32,800 AF Early Transfer	The Party's percent share of Operating Safe Yield [12A] multiplied by 32,800.
12C	Reallocation of Agricultural Pool Safe Yield—Land Use Conversions	Total land use conversions claimed on Page 11A (as verified by each Party on their Water Activity Report).
12D	Reallocation of Agricultural Pool Safe Yield—Potential for Reallocation (AF)	The Agricultural Pool Reallocation amount potentially available to each Appropriator. [12B] + [12C].
12E	Reallocation of Agricultural Pool Safe Yield—Percent of Ag Pool Reallocation	Each Party's pro rata share of the potential for reallocation [12D] from the total of [12D].
12F	Reallocation of Agricultural Pool Safe Yield—Difference: Potential vs. Net	The total over or under Agricultural Pool Reallocation (from Page 11A) <times> each Party's percent of Ag Pool reallocation [12E].
12G	Reallocation of Agricultural Pool Safe Yield—Net Ag Pool Reallocation	Net Agricultural Pool Reallocation to each Party. [12D] + [12F]. This column is used to populate [2E].

REPORT REFERENCE	NAME	DESCRIPTION
13A	AF Production	Actual fiscal year production by each Party. Copied from [14H].
13B	Non-Agricultural Pool—AF/Admin	Production [13A] <times> per acre-foot Admin fee.
13C	Non-Agricultural Pool —AF/OBMP	Production [13A] <times> per acre-foot OBMP fee.
13D	Replenishment Assessments—AF Exceeding Annual Right	Over-production for each Party beyond their annual production right. Copied from [14I].
13E	Replenishment Assessments—Per AF	Amount overproduced [13D] <times> the current replenishment rate.
13F	CURO Adjustment	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 10B.
13G	Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
13H	Total Assessments Due	Total fees assessed based on Party production. [13B] + [13C] + [13E] + [13F] + [13G].

ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
14A	Percent of Safe Yield	The Party's yearly percentage of Safe Yield.
14B	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
14C	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
14D	Assigned Share of Safe Yield (AF)	The Party's yearly volume of Safe Yield.
14E	Water Transaction Activity	Total of one-time water transfers between Parties for this period, including the annual transfer of 10-percent of the Non-Ag Safe Yield to the seven Appropriator Parties, as stated in the Peace II Agreement, and Exhibit G.
14F	Other Adjustments	This number reflects adjusted production rights, in the event that corrections are needed.
14G	Annual Production Right	Current Year Production Right. $[14B] + [14C] + [14D] + [14E] + [14F]$.
14H	Actual Fiscal Year Production	Fiscal year production, including Assignments, from CBWM's production system (as verified by each Party on their Water Activity Report). Also known as Assessable Production.
14I	Net Over Production	Over-production, if any, for each Party beyond their annual production right. $[14H] - [14G]$, equaling more than zero.
14J	Under Production Balances— Total Under-Produced	Production rights $[14G]$ <minus> production $[14H]$, equaling more than zero.
14K	Under Production Balances— Carryover: Next Year Begin Bal	Either total under-produced $[14J]$ or share of Safe Yield $[14D]$, whichever is less.
14L	Under Production Balances— To Local Storage Account	Total under-produced $[14J]$ <minus> Carryover to next year $[14K]$, equaling more than zero.

REPORT REFERENCE	NAME	DESCRIPTION
15A	Local Storage Account— Beginning Balance	The beginning balance in each Local Storage account. This number carries forward from the ending balance in the previous period Assessment Package.
15B	Local Storage Account— 1.20% Storage Loss	Beginning balance $[15A]$ <times> -0.012.
15C	Local Storage Account— Transfers To / (From)	Total of water transferred to and from the Annual Account.
15D	Local Storage Account— Ending Balance	The current balance in each Local Storage Account. $[15A] + [15B] + [15C]$.

ASSESSMENT CALCULATION TABLE

**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2016/17
INCLUDES "10% ADMINISTRATIVE AND 15% OBMP/PROJECT OPERATING RESERVES"**

PRODUCTION BASIS		FY 2015/16 BUDGET	FY 2016/17 BUDGET	ASSESSMENT	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AG POOL
2014/15	Production & Exchanges in Acre-Feet (Actuals)			116,961,798	84,107,515	28,520,530	4,333,753
2015/16	Production & Exchanges in Acre-Feet (Actuals)			119,475,939	89,906,000	26,167,031	3,402,908
					75.250%	21.902%	2.848%
BUDGET							
	Administration, Advisory Committee & Watermaster Board ¹	\$1,891,019	\$1,938,787	\$1,938,787	\$1,458,943	\$424,624	\$55,220
	OBMP & Implementation Projects ¹	5,019,087	5,109,883	5,109,883	3,845,202	1,119,141	145,539
	General Admin & OBMP Assessments	\$6,910,106	\$7,048,670	7,048,670	1,458,943	424,624	55,220
	TOTAL BUDGET			7,048,670	3,845,202	424,624	55,220
	Less: Budgeted Interest Income	(22,050)	(19,891)	(19,891)	(14,968)	(4,356)	(567)
	Less: Contributions from Outside Agencies	(157,941)	(158,923)	(158,923)	(119,590)	(34,807)	(4,526)
	Subtotal: CASH DEMAND	6,730,116	6,869,856	6,869,856	1,458,943	424,624	55,220
	Less: SB 222 FUND USE ²	0	(158,251)	(158,251)	(119,085)	(34,659)	(4,507)
	Subtotal: CASH DEMAND AFTER SB222 FUND USE	6,730,116	6,711,605	6,711,605	1,458,943	424,624	55,220
	Add: OPERATING RESERVE						
	Administrative (10%)	189,102	193,878	\$193,878	\$145,894	\$42,462	\$5,522
	OBMP (15%)	752,863	766,482	766,482	576,780	167,871	21,831
	Subtotal: OPERATING RESERVE	941,965	960,361	960,361	145,894	42,462	5,522
	Less: Cash Balance On Hand Available for Assessments ³	(941,965)	(960,361)	(960,361)	(145,894)	(42,462)	(5,522)
	Total: CASH REQUIRED TO BE ASSESSED	\$6,730,116	\$6,711,605	\$6,711,605	\$1,458,943	\$424,624	\$55,220
Current Year Assessments							
	General Administration/OBMP Assessments (Minimum \$5.00 Per Producer)						
	Grand Total				\$16.23	\$39.95	\$16.23
					\$56.18	\$56.18	\$56.18
Prior Year Assessments, (Actuals) Information Only							
	Grand Total				\$15.58	\$41.96	\$15.58
					\$57.54	\$57.54	\$57.54
Variance Between Proposed Assessments and Prior Year Assessments							
	Grand Total				\$0.65	(\$2.01)	\$0.65
					(\$1.36)	(\$1.36)	(\$1.36)
Estimated Assessment as of "Approved" Budget May 26, 2016, Information Only							
	Grand Total				\$15.01	\$40.17	\$15.01
					\$55.18	\$55.18	\$55.18

¹ Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects or Replenishment Water purchases.
² Support and approval received from IEUA on August 31, 2016 that the remainder of the SB 222 funds be used "to pay for studies and investigations that aid in implementing the OBMP."
³ June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, and Carryover replenishment obligations.



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		AF Total Reallocation	Ag Pool SY Reallocation		Repleni AF/15%
		\$16.23 AF/Admin	\$39.95 AF/OBMP		\$424,623.99 \$7.50 AF/Admin	\$1,045,318.99 \$18.46 AF/OBMP	
Arrowhead Mtn Spring Water Co	356.162	5,780.51	14,228.67	0.000	0.00	0.00	0.00
Chino Hills, City Of	1,548.281	25,128.60	61,853.83	2,336.657	17,519.84	43,129.51	16.88
Chino, City Of	0.000	0.00	0.00	10,078.864	75,569.54	186,033.48	0.00
Cucamonga Valley Water District	20,534.740	333,278.83	820,362.86	2,597.581	19,476.20	47,945.58	223.84
Desalter Authority	28,162.862	0.00	0.00	0.000	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,593.946	26,946.77	66,336.27	0.00
Fontana Water Company	15,317.165	248,597.59	611,920.74	784.546	5,882.39	14,480.98	166.97
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Golden State Water Company	807.419	13,104.41	32,256.39	231.231	1,733.73	4,268.01	8.80
Jurupa Community Services District	8,952.753	145,303.18	357,662.48	14,508.019	108,778.57	267,785.86	97.59
Marygold Mutual Water Company	752.723	12,216.69	30,071.28	368.428	2,762.41	6,800.36	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	380.452	2,852.56	7,022.30	0.00
Monte Vista Water District	8,203.721	133,146.39	327,738.65	2,775.741	20,812.02	51,234.02	89.43
Niagara Bottling, LLC	1,774.574	28,801.34	70,894.23	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	2.158	16.18	39.83	0.00
Norco, City Of	0.000	0.00	0.00	113.457	850.68	2,094.16	0.00
Ontario, City Of	18,053.831	293,013.68	721,250.55	8,478.076	63,567.12	156,486.48	196.80
Pomona, City Of	9,963.663	161,710.25	398,048.34	6,306.131	47,282.26	116,397.19	0.00
San Antonio Water Company	1,030.847	16,730.65	41,182.34	847.230	6,352.38	15,637.99	11.24
San Bernardino, County of (Shootin	9.396	152.50	375.37	0.000	0.00	0.00	0.10
Santa Ana River Water Company	0.000	0.00	0.00	731.615	5,485.52	13,503.99	0.00
Upland, City Of	2,600.725	42,209.77	103,898.96	1,603.818	12,025.14	29,602.92	28.35
West End Consolidated Water Co	0.000	0.00	0.00	532.756	3,994.51	9,833.49	0.00
West Valley Water District	0.000	0.00	0.00	362.262	2,716.18	6,686.55	0.00
	118,068.862	1,459,174.37	3,591,744.69	56,632.968	424,623.99	1,045,318.99	840.00

1A

1B

1C

1D

1E

1F

1G

p1: 1) Pursuant to Paragraph 5.4(b) of the Peace Agreement, the City of Pomona shall be allowed a credit of up to \$2 million against OBMP Assessments for 30 Pool Parties, allocated on % OSY.

2) Recharge Debt Project expenses [1O] and Recharge Improvement Project expenses [1P] are each allocated on % OSY, based on the approved budget.

3) The 85/15 Rule had not been applied to the Exhibit G water sales in the prior two years. Other Adjustments [1Q] includes that adjustment.

shment Assessments		85/15 Water Transaction Activity			ASSESSMENTS DUE					
\$506.60 AF/85%	\$596.00 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	200,107.00	0.00	0.00	(18,817.91)	201,298.27	0.00	0.00	0.00	0.00	201,298.27
0.00	0.00	0.00	23,766.84	(1.94)	171,413.55	2,567.35	17,914.85	110,508.30	15,222.13	317,626.17
0.00	0.00	0.00	0.00	0.00	261,603.02	4,904.69	34,224.76	211,116.47	0.00	511,848.95
0.00	0.00	(54,447.76)	315,217.87	(25.73)	1,482,031.71	4,400.69	30,707.85	189,422.30	25,849.69	1,732,412.23
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	93,283.05	7,771.37	54,228.36	334,509.27	0.00	489,792.05
0.00	0.00	(1,124,632.09)	235,125.65	(19.19)	(8,476.97)	1.33	9.30	57.39	(143,413.04)	(151,821.98)
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	(3,810.00)	12,394.26	(1.01)	59,954.59	500.00	3,489.00	21,522.00	1,719.94	87,185.53
0.00	0.00	0.00	137,428.95	(11.22)	1,017,045.41	2,506.01	17,486.87	107,868.26	39,584.58	1,184,491.13
0.00	0.00	0.00	0.00	(1,303.76)	50,546.99	796.67	5,559.14	34,291.72	0.00	91,194.52
0.00	0.00	0.00	0.00	0.00	9,874.86	822.67	5,740.57	35,410.86	0.00	51,848.96
0.00	0.00	0.00	125,930.96	(10.28)	658,941.19	5,864.70	40,923.64	252,438.71	16,364.49	974,532.73
0.00	700,046.10	0.00	0.00	(42,558.60)	757,183.08	0.00	0.00	0.00	0.00	757,183.08
0.00	0.00	0.00	0.00	0.00	56.01	4.67	32.56	200.87	0.00	294.11
0.00	0.00	0.00	0.00	0.00	2,944.84	245.34	1,711.94	10,560.13	0.00	15,462.24
0.00	0.00	0.00	277,134.76	(22.62)	1,511,626.76	13,828.07	96,491.78	595,212.43	34,761.38	2,251,920.42
0.00	0.00	0.00	0.00	0.00	723,438.04	(53,030.93)	95,152.01	586,947.98	0.00	1,352,507.10
0.00	0.00	0.00	15,823.98	(1.29)	95,737.28	1,832.01	12,783.70	78,856.61	2,875.06	192,084.65
4,760.01	0.00	0.00	144.23	(547.20)	4,885.01	0.00	0.00	0.00	35.78	4,920.79
0.00	0.00	0.00	0.00	0.00	18,989.51	1,582.01	11,039.20	68,095.61	90.30	99,796.62
0.00	0.00	0.00	39,922.35	(3.26)	227,684.23	3,468.02	24,199.70	149,276.59	6,909.68	411,538.23
0.00	0.00	0.00	0.00	0.00	13,828.00	1,152.01	8,038.66	49,586.69	0.00	72,605.35
0.00	0.00	0.00	0.00	0.00	9,402.73	783.34	5,466.10	33,717.80	0.00	49,369.97
4,760.01	900,153.10	(1,182,889.85)	1,182,889.85	(63,324.02)	7,363,291.14	0.00	465,200.00	2,869,600.00	(0.01)	10,698,091.13
1H	1I	1J	1K	1L	1M	1N	1O	1P	1Q	1R

years. This equates to \$66,667 per year. TVMWD elected to discontinue payment of the "Pomona Credit," effective FY 2012/2013. It is now paid by the Appropriate



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Water Production Summary

	Percent of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Operating Safe Yield	Net Ag Pool Reallocation	Water Transaction Activity	Stormwater New Yield
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	20.412	0.000
Chino Hills, City Of	3.851%	715.328	0.000	2,111.422	2,336.657	0.000	0.000
Chino, City Of	7.357%	4,033.857	0.000	4,033.857	10,078.864	0.000	0.000
Cucamonga Valley Water District	6.601%	3,619.454	0.000	3,619.454	2,597.581	13,485.682	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	3,593.946	(9,985.682)	0.000
Fontana Water Company	0.002%	1.000	0.000	1.000	784.546	15,145.761	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%	85.377	0.000	411.476	231.231	117.941	0.000
Jurupa Community Services District	3.759%	2,061.118	0.000	2,061.118	14,508.019	1,763.526	0.000
Marygold Mutual Water Company	1.195%	0.000	0.000	655.317	368.428	16.000	0.000
Monte Vista Irrigation Company	1.234%	676.759	0.000	676.759	380.452	30.855	0.000
Monte Vista Water District	8.797%	4,823.954	0.000	4,823.954	2,775.741	896.727	0.000
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	600.000	0.000
Nicholson Trust	0.007%	1.835	0.000	4.000	2.158	(6.500)	0.000
Norco, City Of	0.368%	201.545	0.000	201.545	113.457	0.000	0.000
Ontario, City Of	20.742%	11,373.816	0.000	11,373.816	8,478.076	80.000	0.000
Pomona, City Of	20.454%	11,215.852	0.000	11,215.852	6,306.131	219.678	0.000
San Antonio Water Company	2.748%	0.000	0.000	1,506.888	847.230	(1,000.000)	0.000
San Bernardino, County of (Shooting P	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301.374	0.000	1,301.374	731.615	(1,109.668)	0.000
Upland, City Of	5.202%	2,733.755	0.000	2,852.401	1,603.818	1,885.678	0.000
West End Consolidated Water Co	1.728%	947.714	0.000	947.714	532.756	0.000	0.000
West Valley Water District	1.175%	644.317	0.000	644.317	362.262	15.000	0.000
	100.00%	44,437.055	0.000	54,834.000	56,632.968	22,175.410	0.000

Less Desalter Authority Production

Total Less Desalter Authority Production

2A

2B

2C

2D

2E

2F

2G

p2: 1) Stormwater New Yield is allocated to the Appropriators based on their % OSY. Watermaster has completed the process for correction of prior over-allocation allocating Stormwater New Yield, 0 AF will be allocated during 2015/16. When the Safe Yield Recalculation and Stormwater New Yield allocation matters are resolved 2) Column [2J], "Actual Fiscal Year Production," includes Voluntary Agreements and Assignments. A detailed breakdown can be found in Appendix A.

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	20.412	356.162	0.000	356.162	0.000	335.750	0.000	0.000	0.000
0.000	5,163.407	1,548.281	0.000	1,548.281	0.000	0.000	3,615.126	2,111.422	1,503.704
0.000	18,146.578	0.000	0.000	0.000	0.000	0.000	18,146.578	4,033.857	14,112.721
0.000	23,322.171	20,534.740	0.000	20,534.740	0.000	0.000	2,787.430	2,787.430	0.000
0.000	0.000	28,162.862	0.000	28,162.862	0.000	28,162.862	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	15,932.307	15,317.165	0.000	15,317.165	0.000	0.000	615.141	1.000	614.141
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	846.025	807.419	0.000	807.419	0.000	0.000	38.605	38.605	0.000
0.000	20,393.781	8,952.753	0.000	8,952.753	0.000	0.000	11,441.027	2,061.118	9,379.909
0.000	1,039.744	752.723	0.000	752.723	0.000	0.000	287.020	287.020	0.000
0.000	1,764.825	0.000	0.000	0.000	0.000	0.000	1,764.825	676.759	1,088.066
0.000	13,320.376	8,203.721	0.000	8,203.721	0.000	0.000	5,116.655	4,823.954	292.701
0.000	600.000	1,774.574	0.000	1,774.574	0.000	1,174.574	0.000	0.000	0.000
0.000	1.493	0.000	0.000	0.000	0.000	0.000	1.493	1.493	0.000
0.000	516.547	0.000	0.000	0.000	0.000	0.000	516.547	201.545	315.002
0.000	31,305.708	18,053.831	0.000	18,053.831	0.000	0.000	13,251.877	11,373.816	1,878.060
0.000	28,957.513	9,963.663	0.000	9,963.663	0.000	0.000	18,993.850	11,215.852	7,777.997
0.000	1,354.118	1,030.847	0.000	1,030.847	0.000	0.000	323.270	323.270	0.000
0.000	0.000	9.396	0.000	9.396	9.396	0.000	0.000	0.000	0.000
0.000	2,224.695	0.000	0.000	0.000	0.000	0.000	2,224.695	1,301.374	923.321
0.000	9,075.652	2,600.725	0.000	2,600.725	0.000	0.000	6,474.927	2,852.401	3,622.526
0.000	2,428.184	0.000	0.000	0.000	0.000	0.000	2,428.184	947.714	1,480.470
0.000	1,665.896	0.000	0.000	0.000	0.000	0.000	1,665.896	644.317	1,021.579
0.000	178,079.432	118,068.862	0.000	118,068.862	9.396	29,673.186	89,693.146	45,682.947	44,010.197
		28,162.862		28,162.862		28,162.862			
		89,906.000		89,906.000		1,510.324			

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ion that was documented through Condition Subsequent 7. Due to the ongoing Safe Yield Recalculation process and related questions as to the proper method for lved, the 2015/16 allocation will be recalculated, if necessary, and credited, if necessary.

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Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Local Excess Carry Over Storage Account Summary

	Excess Carry Over Account (ECO)					
	Beginning Balance	1.20% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	6,903.859	(82.846)	0.000	0.000	1,503.704	8,324.717
Chino, City Of	71,092.746	(853.112)	(10,000.000)	0.000	14,112.721	74,352.355
Cucamonga Valley Water District	43,946.340	(527.356)	1,436.791	0.000	0.000	44,855.775
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	2,360.394	(28.324)	0.000	0.000	614.141	2,946.211
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	1,192.173	(14.306)	0.000	0.000	0.000	1,177.867
Jurupa Community Services District	10,045.919	(120.551)	0.000	0.000	9,379.909	19,305.277
Marygold Mutual Water Company	623.219	(7.478)	0.000	0.000	0.000	615.741
Monte Vista Irrigation Company	5,941.374	(71.296)	0.000	0.000	1,088.066	6,958.144
Monte Vista Water District	8,179.884	(98.158)	100.000	0.000	292.701	8,474.427
Niagara Bottling, LLC	0.000	0.000	(600.000)	600.000	0.000	0.000
Nicholson Trust	1.107	(0.013)	0.000	0.000	0.000	1.094
Norco, City Of	3,309.352	(39.712)	0.000	0.000	315.002	3,584.642
Ontario, City Of	39,662.802	(475.953)	(2,116.821)	0.000	1,878.060	38,948.088
Pomona, City Of	29,552.570	(354.630)	(2,600.000)	0.000	7,777.997	34,375.937
San Antonio Water Company	1,901.366	(22.816)	(500.000)	0.000	0.000	1,378.550
San Bernardino, County of (Shooting	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2,640.058	(31.680)	(99.000)	0.000	923.321	3,432.699
Upland, City Of	16,279.095	(195.349)	(768.404)	0.000	3,622.526	18,937.868
West End Consolidated Water Co	4,245.507	(50.946)	(792.941)	0.000	1,480.470	4,882.090
West Valley Water District	6,765.275	(81.183)	(500.000)	0.000	1,021.579	7,205.671
	254,643.040	(3,055.709)	(16,440.375)	600.000	44,010.197	279,757.153

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p3: 1) Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss was changed from 2% to 0.07%. For this Assessment Package, the Storage Loss had been calculated at an average rate of 1.20% based on seven months at 2% and five months at 0.07%.

2) In October 2016, Niagara transferred 600.00 AF from their Supplemental Storage Account to offset their Production Year 2015/2016 overproduction obligations.



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Local Supplemental Storage Account Summary

	Recharged Recycled Account					Beginning Balance
	Beginning Balance	1.20% Storage Loss	Current Recharged Recycled	Transfer to ECO Account	Ending Balance	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	5,264.138	(63.169)	1,096.900	0.000	6,297.869	4,861.202
Chino, City Of	6,103.937	(73.247)	1,301.860	0.000	7,332.550	1,067.520
Cucamonga Valley Water District	13,608.158	(163.297)	3,098.530	0.000	16,543.391	10,853.603
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
Golden State Water Company	0.000	0.000	0.000	0.000	0.000	1,409.807
Jurupa Community Services District	3,490.798	(41.889)	915.800	0.000	4,364.709	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000	1,549.600
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000	5,732.025
Monte Vista Water District	2,564.070	(30.768)	548.370	0.000	3,081.672	3,427.107
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	23,821.355	(285.856)	5,034.290	0.000	28,569.789	8,170.733
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	11,075.571
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000	0.000
San Bernardino, County of (Shooting Park)	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	5,827.513	(69.930)	1,226.250	0.000	6,983.833	5,890.130
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
	60,679.969	(728.156)	13,222.000	0.000	73,173.813	54,037.298

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p4: 1) Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss was changed from 2% to 0.07%. For 2) In October 2016, Niagara transferred 600.00 AF to offset their Production Year 2015/2016 overproduction obligations.

Quantified (Pre 7/1/2000) Account				New (Post 7/1/2000) Account					Combined
1.20% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	1.20% 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
(58.334)	0.000	0.000	4,802.868	0.000	0.000	0.000	0.000	0.000	11,100.737
(12.810)	0.000	0.000	1,054.710	1,955.492	(23.465)	0.000	0.000	1,932.027	10,319.287
(130.243)	0.000	0.000	10,723.360	647.463	(7.769)	0.000	0.000	639.694	27,906.445
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	213.491	(2.561)	100.007	0.000	310.937	310.937
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(16.917)	0.000	0.000	1,392.890	58.057	(0.696)	0.000	0.000	57.361	1,450.251
0.000	0.000	0.000	0.000	999.146	(11.989)	0.000	0.000	987.157	5,351.866
(18.595)	0.000	0.000	1,531.005	97.049	(1.164)	0.000	0.000	95.885	1,626.890
(68.784)	0.000	0.000	5,663.241	328.000	(3.936)	0.000	0.000	324.064	5,987.305
(41.125)	0.000	0.000	3,385.982	2,152.762	(25.833)	0.000	0.000	2,126.929	8,594.583
0.000	0.000	0.000	0.000	2,699.953	(32.399)	0.000	(600.000)	2,067.554	2,067.554
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	97.818	(1.173)	0.000	0.000	96.645	96.645
(98.048)	0.000	0.000	8,072.685	4,879.057	(58.548)	0.000	0.000	4,820.509	41,462.983
(132.906)	0.000	0.000	10,942.665	1,583.224	(18.998)	0.000	0.000	1,564.226	12,506.891
0.000	0.000	0.000	0.000	1,102.194	(13.226)	92.750	0.000	1,181.718	1,181.718
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	488.283	(5.859)	0.000	0.000	482.424	482.424
(70.681)	0.000	0.000	5,819.449	0.000	0.000	0.000	0.000	0.000	12,803.282
0.000	0.000	0.000	0.000	459.307	(5.511)	0.000	0.000	453.796	453.796
0.000	0.000	0.000	0.000	312.319	(3.747)	0.000	0.000	308.572	308.572
(648.443)	0.000	0.000	53,388.855	18,073.615	(216.874)	192.757	(600.000)	17,449.498	144,012.166

73,173.813 + 17,449.498 = 90,623.311

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

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this Assessment Package, the Storage Loss had been calculated at an average rate of 1.20% based on seven months at 2% and five months at 0.07%.



Assessment Year 2016-2017 (Production Year 2015-2016)
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	0.000	0.000	0.000	0.000	0.000
Re-Operation Offset: Peace II Expansion	174,536.755	0.000	0.000	(1,154.052)	173,382.703
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
Niagara Replenishment Purchase:	35.515	0.000	0.000	0.000	35.515
	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 Redetermination work (i.e. Desalter Induced Recharge - DIR) and will be adjusted in the next Assessment Package. The 29,070 AF correction required by Condition Subsequent 7 is included. (See Appendix B)
 2) "Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000.000 AF. The "Transfer From" amount includes Expansion production for this year. The table shows information under existing rules. This will be adjusted if necessary following the Court's consideration of the 2015 SYRA.
 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.
 5) "Non-Ag Dedication" was used in a prior Assessment Package to indicate Non-Ag Pool desalter dedication.
 6) Niagara purchased Desalter Replenishment in FY 2015/16. Other parties have purchased or shown interest in purchasing Desalter Replenishment but did not remit funds to Watermaster by 6/30/2016.



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Water Transaction Summary

Water Transactions				
	Assigned Rights	General Transfer	Transfers (To) / From ECO Account	Total Water Transactions
Arrowhead Mtn Spring Water Co	20.412	0.000	0.000	20.412
Chino Hills, City Of	0.000	0.000	0.000	0.000
Chino, City Of	(10,000.000)	0.000	10,000.000	0.000
Cucamonga Valley Water District	4,936.791	9,985.682	(1,436.791)	13,485.682
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	(9,985.682)	0.000	(9,985.682)
Fontana Water Company	15,145.761	0.000	0.000	15,145.761
Fontana, City Of	0.000	0.000	0.000	0.000
Golden State Water Company	117.941	0.000	0.000	117.941
Jurupa Community Services District	1,763.526	0.000	0.000	1,763.526
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	30.855	0.000	0.000	30.855
Monte Vista Water District	784.049	212.678	(100.000)	896.727
Niagara Bottling, LLC	0.000	0.000	600.000	600.000
Nicholson Trust	(6.500)	0.000	0.000	(6.500)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	(2,116.822)	80.000	2,116.822	80.000
Pomona, City Of	(2,600.000)	219.678	2,600.000	219.678
San Antonio Water Company	(1,500.000)	0.000	500.000	(1,000.000)
San Bernardino, County of (Shooting Park)	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,239.668)	31.000	99.000	(1,109.668)
Upland, City Of	956.596	160.678	768.404	1,885.678
West End Consolidated Water Co	(792.941)	0.000	792.941	0.000
West Valley Water District	(500.000)	15.000	500.000	15.000
	5,000.000	735.034	16,440.376	22,175.410

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p6: 1) Transfers in Column [6A] include annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes. There were no transfers from Appropriative Pool Parties to Watermaster toward the replenishment obligation during this production year. Also included are the Exhibit "G" physical solution transfers from the Non-Ag Pool (See Pages 7C & 7D).
 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 9.2a; these are City of Ontario, City of Upland, Monte Vista Water District, City of Pomona, Marygold Mutual Water Co, West Valley Water District, and Santa Ana River Water Co.



Chino Basin Watermaster Assessment Breakdown 2016-2017 Water Transaction Detail

Assessment Year 2016-2017 (Production Year 2015-2016)

Standard Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Cucamonga Valley Water District	Pomona, City Of Storage Account	5/3/2016	2,500.000	507.00	\$1,267,500.00			Cucamonga Valley Water District
	San Antonio Water Company Storage Account	9/8/2015	500.000	510.00	\$255,000.00	\$216,750.00	\$38,250.00	Cucamonga Valley Water District
	West Valley Water District Storage Account	4/25/2016	287.431	508.00	\$146,014.95			Cucamonga Valley Water District
	West Valley Water District Storage Account	4/25/2016	212.569	508.00	\$107,985.05	\$91,787.29	\$16,197.76	Cucamonga Valley Water District
Fontana Water Company	Chino, City Of Storage Account	5/3/2016	6,000.000	516.35	\$3,098,100.00	\$2,633,385.00	\$464,715.00	Fontana Water Company
**SEE APPENDIX C								
	Chino, City Of Storage Account	5/3/2016	4,000.000	516.35	\$2,065,400.00	\$1,755,590.00	\$309,810.00	Fontana Water Company
	Nicholson Trust Annual Account	6/10/2016	6.500	517.65	\$3,364.73			Fontana Water Company
	Ontario, City Of Storage Account	5/3/2016	3,500.000	516.35	\$1,807,225.00	\$1,536,141.25	\$271,083.75	Fontana Water Company
	Upland, City Of Storage Account	5/3/2016	391.358	516.35	\$202,077.70	\$171,766.05	\$30,311.66	Fontana Water Company
	Upland, City Of Storage Account	5/3/2016	608.642	516.35	\$314,272.30			Fontana Water Company



Chino Basin Watermaster Assessment Breakdown 2016-2017 Water Transaction Detail

Assessment Year 2016-2017 (Production Year 2015-2016)

Standard Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
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>	6/6/2016	67.941	49.00	\$3,329.11			
Jurupa Community Services District	Santa Ana River Water Company Annual Account <i>1200 AF from Annual Production Right, 99 AF from Excess Carry Over</i>	3/29/2016	1,299.000	508.00	\$659,892.00			
Monte Vista Water District	Pomona, City Of Storage Account <i>85/15 Rule does not apply. From storage to storage.</i>	10/15/2015	100.000	0.00	\$0.00			
Upland, City Of	San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/22/2016	1,000.000	222.16	\$222,160.00			
	West End Consolidated Water Co Storage Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	6/6/2016	725.000	49.00	\$35,525.00			
21,198.441						\$10,187,845.83	\$6,405,419.59	\$1,130,368.16



Chino Basin Watermaster Assessment Breakdown 2016-2017 Water Transaction Detail

Assessment Year 2016-2017 (Production Year 2015-2016)

Exhibit G Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Watermaster (Exhibit G Non-Ag Transfers)	California Speedway Corp. (Auto Club Speedway) <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	-1,000.000					
	California Steel Industries, Inc. (CSI) <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	-2,500.000					
	NRG California South LP <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	-1,500.000					
Arrowhead Mtn Spring Water Co	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	20.412	508.00	\$10,369.30			
Cucamonga Valley Water District	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase. 85/15 Rule does not apply. Placed into storage.</i>	3/1/2016	967.180	508.00	\$491,327.44			
Fontana Union Water Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	469.611	508.00	\$238,562.39			
Fontana Water Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	639.261	508.00	\$324,744.59	\$276,032.90	\$48,711.69	Fontana Water Company
Golden State Water Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	50.000	508.00	\$25,400.00	\$21,590.00	\$3,810.00	Golden State Water Company
Jurupa Community Services District	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	464.526	508.00	\$235,979.21			



Chino Basin Watermaster Assessment Breakdown 2016-2017 Water Transaction Detail

Assessment Year 2016-2017 (Production Year 2015-2016)

Exhibit G Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Monte Vista Irrigation Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	30.855	508.00	\$15,674.34			
Monte Vista Water District	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	684.049	508.00	\$347,496.89			
Ontario, City Of	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	1,383.178	508.00	\$702,654.42			
Santa Ana River Water Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	59.332	508.00	\$30,140.66			
Upland, City Of	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	231.596	508.00	\$117,650.77			
5,000.000						\$2,540,000.00	\$297,622.90	\$52,521.69

Total 15% Credits from all Transactions: \$1,182,889.85



Chino Basin Watermaster Assessment Breakdown 2016-2017 Water Transaction Detail

Assessment Year 2016-2017 (Production Year 2015-2016)

Applied Recurring Transactions:

From:	To:	Quantity	\$/ Acre Feet
Fontana Union Water Company Annual Account - Assigned Rights	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00
Fontana Union Water Company Annual Account - Transfer (To) / From	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00
Fontana Union Water Company Annual Account - 32.800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00
Fontana Union Water Company Annual Account - Stormwater New Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00

** : Fontana Water Company had four Water Transactions on 5/3/2016. Because the cost per AF differ from one transaction to the next, a blended rate was used for all four transactions (see below for blended rate calculation):

From	AF	Per AF	Total \$
City of Chino	6,000	517.90	3,107,400
City of Chino	4,000	515.63	2,062,520
City of Ontario	3,500	504.90	1,767,150
City of Upland	1,000	550.00	550,000
	14,500		7,487,070

5/13/16 Blended Rate: \$516.35 (\$7,487,070 / 14,500 AF)

- 1) The Water Transaction between Fontana Water Company and the City of Upland submitted on 5/3/2016 for the amount of 1,000 AF was split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.
- 2) The Water Transaction between Cucamonga Valley Water District and the West Valley Water District submitted on 4/25/2016 for the amount of 500 AF was split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.



Chino Basin Watermaster Assessment Breakdown 2016-2017 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2016-2017 (Production Year 2015-2016)

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
Watermaster (Exhibit G Non-Ag Transfers)	0.000	California Speedway Corp. (Auto Club Speedway) <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	1,000.000	No	No	No	0.000
		California Steel Industries, Inc. (CSI) <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	2,500.000	No	No	No	0.000
		NRG California South LP <i>Exhibit "G" water sale, sold from storage account.</i>	1/31/2016	1,500.000	No	No	No	0.000
Arrowhead Mtn Spring Water Co	(356.162)	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	20.412	No	Yes	No	0.000
Cucamonga Valley Water District	(712.569)	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase. 85/15 Rule does not apply, Placed into storage.</i>	3/1/2016	967.180	Yes	No	No	0.000
		Pomona, City Of Storage Account	5/3/2016	2,500.000	Yes	Yes	No	0.000
		San Antonio Water Company Storage Account	9/8/2015	500.000	Yes	Yes	No	500.000
		West Valley Water District Storage Account	4/25/2016	212.569	Yes	Yes	No	212.569
		West Valley Water District Storage Account	4/25/2016	287.431	Yes	Yes	No	0.000
Fontana Union Water Company	0.000	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	469.611	Yes	No	No	0.000



Chino Basin Watermaster Assessment Breakdown 2016-2017 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2016-2017 (Production Year 2015-2016)

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	(14,530,619)	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2016	639,261	Yes	Yes	No	639,261
		Exhibit "G" Purchase						
		Chino, City Of Storage Account	5/3/2016	4,000,000	Yes	Yes	No	4,000,000
		** Using blended rate for all 5/3/16 transactions (see page 7E). Original AF rate for this transaction was \$515.63.						
		Chino, City Of Storage Account	5/3/2016	6,000,000	Yes	Yes	No	6,000,000
		** Using blended rate for all 5/3/16 transactions (see page 7E). Original AF rate for this transaction was \$517.90.						
		Nicholson Trust Annual Account	6/10/2016	6,500	Yes	Yes	No	0,000
		Ontario, City Of Storage Account	5/3/2016	3,500,000	Yes	Yes	No	3,500,000
		** Using blended rate for all 5/3/16 transactions (see page 7E). Original AF rate for this transaction was \$504.90.						
		Upland, City Of Storage Account	5/3/2016	608,642	Yes	Yes	No	0,000
		** Using blended rate for all 5/3/16 transactions (see page 7E). Original AF rate for this transaction was \$550.00.						
		Upland, City Of Storage Account	5/3/2016	391,358	Yes	Yes	No	391,358
		** Using blended rate for all 5/3/16 transactions (see page 7E). Original AF rate for this transaction was \$550.00.						
Golden State Water Company	(79,335)	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2016	50,000	Yes	Yes	No	50,000
		Exhibit "G" Purchase						
		West End Consolidated Water Co Storage Account	6/6/2016	67,941	Yes	Yes	Yes	0,000
		85/15 Rule does not apply -- method of utilizing West End shares.						



Chino Basin Watermaster Assessment Breakdown 2016-2017 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2016-2017 (Production Year 2015-2016)

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
Jurupa Community Services District	9,677.502	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	464,526	Yes	Yes	No	0.000
		Santa Ana River Water Company Annual Account <i>1200 AF from Annual Production Right, 99 AF from Excess Carry Over</i>	3/29/2016	1,299,000	Yes	Yes	No	0.000
Monte Vista Irrigation Company	1,733.970	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	30,855	Yes	Yes	No	0.000
Monte Vista Water District	4,432.606	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	684,049	Yes	Yes	No	0.000
		Pomona, City Of Storage Account <i>85/15 Rule does not apply. From storage to storage.</i>	10/15/2015	100,000	Yes	No	No	0.000
Ontario, City Of	13,251.877	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	1,383,178	Yes	No	No	0.000
Santa Ana River Water Company	3,365.363	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	59,332	Yes	Yes	No	0.000



Chino Basin Watermaster Assessment Breakdown 2016-2017 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2016-2017 (Production Year 2015-2016)

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
Upland, City Of	4,749.927	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2016	231.596	Yes	No	No	0.000
		San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	1/22/2016	1,000.000	Yes	Yes	Yes	0.000
		West End Consolidated Water Co Storage Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	6/6/2016	725.000	Yes	Yes	Yes	0.000

p8: 1) The column titled "(Over)/Under Production Excluding Water Transfer(s)" excludes Exhibit "G" water sales and water transfers between Appropriators and to Watermaster (if any), but includes the "10% Non-Ag Haircut" water to the seven Appropriators. ([2B]+[2C]+[2D]+[2E]+[6B]+[2J])
 2) The Water Transaction between Fontana Water Company and the City of Upland submitted on 5/3/2016 for the amount of 1,000 AF had been split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.
 3) The Water Transaction between Cucamonga Valley Water District and the West Valley Water District submitted on 4/25/2016 for the amount of 500 AF had been split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.



Assessment Year 2016-2017 (Production Year 2015-2016)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

Watermaster Replenishment Cost	\$594.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$0.00
Pre-purchased Credit	\$0.00
Total Replenishment Cost per acre foot	\$596.00

Replenishment Obligation:	AF @ \$596.00	15%	85%	Total
Appropriative - 100	1,510.324			\$900,153.10
Appropriative - 15/85	9.396	\$840.00	\$4,760.01	\$5,600.02
Non-Agricultural - 100	31.189			\$18,588.64
	1,550.909			\$924,341.76

Company	AF Production and Exchanges	85/15 Producers	Percent of Total 85/15 Producers	15% Replenishment Assessment	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	356.162			-	-
Chino Hills, City Of	1,548.281	1,548.281	2.009%	\$16.88	\$23,766.84
Chino, City Of	0.000	0.000	0.000%	\$0.00	\$0.00
Cucamonga Valley Water District	20,534.740	20,534.740	26.648%	\$223.84	\$315,217.87
Desalter Authority	28,162.862			-	-
Fontana Union Water Company	0.000	0.000	0.000%	-	\$0.00
Fontana Water Company	15,317.165	15,317.165	19.877%	\$166.97	\$235,125.65
Fontana, City Of	0.000			-	-
Golden State Water Company	807.419	807.419	1.048%	\$8.80	\$12,394.26
Jurupa Community Services Distric	8,952.753	8,952.753	11.618%	\$97.59	\$137,428.95
Marygold Mutual Water Company	752.723			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	-	\$0.00
Monte Vista Water District	8,203.721	8,203.721	10.646%	\$89.43	\$125,930.96
Niagara Bottling, LLC	1,774.574			-	-
Nicholson Trust	0.000	0.000	0.000%	-	\$0.00
Norco, City Of	0.000	0.000	0.000%	-	\$0.00
Ontario, City Of	18,053.831	18,053.831	23.429%	\$196.80	\$277,134.76
Pomona, City Of	9,963.663			-	-
San Antonio Water Company	1,030.847	1,030.847	1.338%	\$11.24	\$15,823.98
San Bernardino, County of (Shootin	9.396	9.396	0.012%	\$0.10	\$144.23
Santa Ana River Water Company	0.000	0.000	0.000%	-	\$0.00
Upland, City Of	2,600.725	2,600.725	3.375%	\$28.35	\$39,922.35
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 Appropriative 15/85 replenishment obligation	118,068.862	77,058.878	**	\$840.00	\$1,182,889.85

Transfers to
1G

Transfers to
1K

p9: 1) The "Watermaster Replenishment Cost" listed is MWD's 2016 Tier 1 Full Service Untreated Rate.
 2) There is no "Projected Spreading - IEUA Surcharge"; an RTS charge will be applied for Assessment Years 16/17 and 17/18 over a period of ten years beginning with Assessment Year 18/19.
 3) The "15% Water Transaction Debits" total is the "Total 15% Credits from all Transactions" from Page 7D.



Assessment Year 2016-2017 (Production Year 2015-2016)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:		AF	Replenishment Rate
Appropriative - 100	3,781,477		\$596.00
Appropriative - 15/85	38,839		\$611.00
Non-Agricultural - 100	168,345		
	3,988,661		

Pool 3 Appropriative

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	85/15 Producers	Percent	15%	85%	100%	Total
Arrowhead Mtn Spring Water Co	1,135,278	\$695,443.60	(\$18,817.91)	356,162					(\$18,817.91)	(\$18,817.91)
Chino Hills, City Of	0.000	\$0.00	\$0.00	1,548,281	1,548,281	2.009%	(\$1.94)	\$0.00		(\$1.94)
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	20,534,740	20,534,740	26.648%	(\$25.73)	\$0.00		(\$25.73)
Desalter Authority	0.000	\$0.00	\$0.00	28,162,862						\$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	15,317,165	15,317,165	19.877%	(\$19.19)	\$0.00		(\$19.19)
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	807,419	807,419	1.048%	(\$1.01)	\$0.00		(\$1.01)
Jurupa Community Services District	0.000	\$0.00	\$0.00	8,952,753	8,952,753	11.618%	(\$11.22)	\$0.00		(\$11.22)
Marygold Mutual Water Company	78,655	\$48,182.14	(\$1,303.76)	752,723					(\$1,303.76)	(\$1,303.76)
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Monte Vista Water District	0.000	\$0.00	\$0.00	8,203,721	8,203,721	10.646%	(\$10.28)	\$0.00		(\$10.28)
Niagara Bottling, LLC	2,567,544	\$1,572,814.82	(\$42,558.60)	1,774,574					(\$42,558.60)	(\$42,558.60)
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	18,053,831	18,053,831	23.429%	(\$22.62)	\$0.00		(\$22.62)
Pomona, City Of	0.000	\$0.00	\$0.00	9,963,663						\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	1,030,847	1,030,847	1.338%	(\$1.29)	\$0.00		(\$1.29)
San Bernardino, County of (Shooting Par	38,839	\$23,791.80	(\$643.76)	9,396	9,396	0.012%	(\$0.01)	(\$547.19)		(\$547.20)
Santa Ana River Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	2,600,725	2,600,725	3.375%	(\$3.26)	\$0.00		(\$3.26)
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	3,820,316	\$2,340,232.36	(\$63,324.02)	118,068,862	77,058,878	**	(\$96.56)	(\$547.19)	(\$62,680.27)	(\$63,324.02)



Assessment Year 2016-2017 (Production Year 2015-2016)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate	
		2016 Rate	2015 Rate
Appropriative - 100	3,781,477	\$596.00	
Appropriative - 15/85	38,839	\$611.00	
Non-Agricultural - 100	168,345		
	3,988,661		

Pool 2 Non-Agricultural

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
Ameron International Corp.	0.000	\$0.00	\$0.00
Aqua Capital Management LP	57.471	\$35,205.33	(\$952.61)
California Speedway Corp. (Auto Club Sp	0.000	\$0.00	\$0.00
California Steel Industries, Inc. (CSI)	0.000	\$0.00	\$0.00
Calmat Co., a Division of Vulcan Material	0.000	\$0.00	\$0.00
CCG Ontario, LLC	0.000	\$0.00	\$0.00
General Electric Co. (GE)	0.004	\$2.45	(\$0.07)
Hammer Park Associates (Swan Lake M	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 Lutheran Chur	0.000	\$0.00	\$0.00
Monte Vista Water District (Non-Ag)	0.000	\$0.00	\$0.00
NRG California South LP	0.000	\$0.00	\$0.00
Ontario, City of (Non-Ag)	0.000	\$0.00	\$0.00
Praxair, Inc.	0.000	\$0.00	\$0.00
Riboli Family / San Antonio Winery	28.812	\$17,649.53	(\$477.58)
San Bernardino, County of (Chino Airport	0.000	\$0.00	\$0.00
Southern California Edison Co. (SCE)	0.000	\$0.00	\$0.00
Southern Service Co. (Angelica)	62.233	\$38,122.42	(\$1,031.55)
Space Center Mira Loma, Inc.	0.000	\$0.00	\$0.00
Sunkist Growers, Inc.	0.000	\$0.00	\$0.00
TAMCO	19.825	\$12,144.31	(\$328.61)
West Venture Development Co.	0.000	\$0.00	\$0.00
Pool 2 Non-Agricultural Total	168.345	\$103,124.04	(\$2,790.42)



Assessment Year 2016-2017 (Production Year 2015-2016)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	3,781.477	2016 Rate \$596.00
Appropriative - 15/85	38.839	2015 Rate \$611.00
Non-Agricultural - 100	168.345	
	3,988.661	

p10: 1) The Appropriative and Non-Ag Pools Outstanding Obligations from the previous three FYs are: 1,036.121 AF, 1,234.827 AF, and 1,717.713 AF; 3,820.316 AF for Appropriative Pool, and 168.345 AF for Non-Ag Pool; a total of 3,988.661 AF. The financial Outstanding Obligations are reconciled on these two pages.
 2) Fund Balance is maintained on a spreadsheet by Watermaster.
 3) Outstanding Obligation is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund Balance.
 4) There is no IEUA Surcharge in the 2016 Rate; an RTS charge will be applied for Assessment Years 16/17 and 17/18 over a period of ten years beginning with Assessment Year 18/19.



Chino Basin Watermaster Assessment Breakdown 2016-2017 Land Use Conversion Summary

Assessment Year 2016-2017 (Production Year 2015-2016)

AGRICULTURAL POOL SUMMARY IN ACRE FEET	
Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(26,167.031)
Early Transfer	(32,800.000)
Total Conversions	(27,450.188)
Under(Over) Production:	(3,617.219)

	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 af/ac		Total Land Use Conversions Acre-Feet
	Acres	Acre Feet		Acres	Acre Feet	
Chino Hills, City Of	0.000	670.266	871.346	175.714	351.428	1,222.774
Chino, City Of	196.235	1,454.750	2,087.410	3,111.054	6,222.108	8,309.518
Cucamonga Valley Water District	0.000	460.280	598.364	0.000	0.000	598.364
Fontana Water Company	0.000	0.000	0.000	417.000	834.000	834.000
Jurupa Community Services District	0.000	2,756.920	3,583.996	5,308.858	10,617.716	14,201.712
Monte Vista Water District	0.000	28.150	36.595	15.510	31.020	67.615
Ontario, City Of	209.400	527.044	894.557	660.824	1,321.648	2,216.205
	405.635	5,897.410	8,072.268	9,688.960	19,377.920	27,450.188

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



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 3 Agricultural Pool Reallocation Summary

	Reallocation of Agricultural Pool Safe Yield						
	% Share of Operating Safe Yield	32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Percent of Ag Pool Reallocation	Difference: Potential vs. Net	Net Ag Pool Reallocation
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	1,222.774	2,485.902	4.126%	(149.245)	2,336.657
Chino, City Of	7.357%	2,413.096	8,309.518	10,722.614	17.797%	(643.750)	10,078.864
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	4.587%	(165.911)	2,597.581
Desalter Authority	0.000%	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	6.346%	(229.550)	3,593.946
Fontana Water Company	0.002%	0.656	834.000	834.656	1.385%	(50.110)	784.546
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Golden State Water Company	0.750%	246.000	0.000	246.000	0.408%	(14.769)	231.231
Jurupa Community Services District	3.759%	1,232.952	14,201.712	15,434.664	25.618%	(926.645)	14,508.019
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	0.651%	(23.532)	368.428
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	0.672%	(24.300)	380.452
Monte Vista Water District	8.797%	2,885.416	67.615	2,953.031	4.901%	(177.290)	2,775.741
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	0.004%	(0.138)	2.158
Norco, City Of	0.368%	120.704	0.000	120.704	0.200%	(7.247)	113.457
Ontario, City Of	20.742%	6,803.376	2,216.205	9,019.581	14.970%	(541.505)	8,478.076
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	11.135%	(402.781)	6,306.131
San Antonio Water Company	2.748%	901.344	0.000	901.344	1.496%	(54.114)	847.230
San Bernardino, County of (Shooting	0.000%	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	1.292%	(46.729)	731.615
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	2.832%	(102.438)	1,603.818
West End Consolidated Water Co	1.728%	566.784	0.000	566.784	0.941%	(34.028)	532.756
West Valley Water District	1.175%	385.400	0.000	385.400	0.640%	(23.138)	362.262
	100.000%	32,800.000	27,450.188	60,250.188	100.000%	(3,617.220)	56,632.968
	12A	12B	12C	12D	12E	12F	12G



Assessment Year 2016-2017 (Production Year 2015-2016) Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments			Total Assessments Due
	AF Production	AF/Admin	\$39.95 AF/OBMP	AF Exceeding Annual Right	\$596.00 Per AF	CURO Adjustment	
Ameron International Corp.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Aqua Capital Management LP	0.000	0.00	0.00	0.000	0.00	(952.61)	(952.61)
California Speedway Corp. (Auto Club Speedway)	299.502	4,860.92	11,965.10	0.000	0.00	0.00	16,826.02
California Steel Industries, Inc. (CSI)	1,187.201	19,268.27	47,428.68	0.000	0.00	0.00	66,696.95
Calmat Co., a Division of Vulcan Materials Co.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
CCG Ontario, LLC	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Co. (GE)	0.058	0.94	2.32	0.057	33.97	(0.07)	37.16
Hammer Park Associates (Swan Lake MHP)	264.914	4,299.55	10,583.31	0.000	0.00	0.00	14,882.87
Monte Vista Water District (Non-Ag)	12.581	204.19	502.61	0.000	0.00	0.00	706.80
NRG California South LP	204.439	3,318.04	8,167.34	0.000	0.00	0.00	11,485.38
Ontario, City of (Non-Ag)	1,235.830	20,057.52	49,371.41	0.000	0.00	0.00	69,428.93
Praxair, Inc.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Riboli Family / San Antonio Winery	3.952	64.14	157.88	3.952	2,355.39	(477.58)	2,099.84
San Bernardino, County of (Chino Airport)	43.133	700.05	1,723.16	0.000	0.00	0.00	2,423.21
Southern California Edison Co. (SCE)	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Southern Service Co. (Angelica)	27.553	447.19	1,100.74	10.643	6,343.23	(1,031.55)	6,859.60
Space Center Mira Loma, Inc.	93.708	1,520.88	3,743.63	0.000	0.00	0.00	5,264.51
TAMCO	30.037	487.50	1,199.98	16.537	9,856.05	(328.61)	11,214.92
West Venture Development Co.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	3,402.908	55,229.19	135,946.17	31.189	18,588.64	(2,790.42)	206,973.58

p13: There is no IEUA Surcharge; an RTS charge will be applied for Assessment Years 16/17 and 17/18 over a period of ten years beginning with Assessment Year 18/19.



Assessment Year 2016-2017 (Production Year 2015-2016) 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 International Corp.	1.127%	82.858	0.000	82.858	(8.286)	0.000	157.430	0.000	0.000	157.430	82.858	74.572
Aqua Capital Management LP	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
California Speedway Corp. (Auto CI	13.605%	1,000.000	0.000	1,000.000	(100.000)	0.000	1,900.000	299.502	0.000	1,600.498	1,000.000	600.498
California Steel Industries, Inc. (CSI	27.974%	1,615.137	0.000	1,615.137	(161.513)	0.000	3,068.761	1,187.201	0.000	1,881.560	1,615.137	266.423
Calmat Co., a Division of Vulcan Ma	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	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 Co. (GE)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.058	0.057	0.000	0.000	0.000
Hamner Park Associates (Swan Lak	6.316%	464.240	0.000	464.240	(46.424)	0.000	882.056	264.914	0.000	617.142	464.240	152.902
Monte Vista Water District (Non-Ag)	0.680%	0.000	0.000	50.000	(5.000)	0.000	45.000	12.581	0.000	32.418	32.418	0.000
NRG California South LP	12.986%	954.540	0.000	954.540	(95.454)	0.000	1,813.626	204.439	0.000	1,609.187	954.540	654.646
Ontario, City of (Non-Ag)	39.601%	2,627.807	0.000	2,910.788	(291.079)	0.000	5,247.516	1,235.830	0.000	4,011.685	2,910.788	1,100.897
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
Riboll Family / San Antonio Winery	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	3.952	3.952	0.000	0.000	0.000
San Bernardino, County of (Chino A	1.821%	76.937	0.000	133.870	(13.387)	0.000	197.420	43.133	0.000	154.286	133.870	20.415
Southern California Edison Co. (SC	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.256%	0.000	0.000	18.789	(1.879)	0.000	16.910	27.553	10.643	0.000	0.000	0.000
Space Center Mira Loma, Inc.	1.417%	0.003	0.000	104.121	(10.412)	0.000	93.711	93.708	0.000	0.003	0.003	0.000
TAMCO	0.204%	0.000	0.000	15.000	(1.500)	0.000	13.500	30.037	16.537	0.000	0.000	0.000
West Venture Development Co.	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%	6,822.522	0.000	7,350.343	(735.034)	0.000	13,437.830	3,402.908	31.189	10,066.109	7,194.854	2,871.252
	14A	14B	14C	14D	14E	14F	14G	14H	14I	14J	14K	14L

p14: 1) 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, and also the Exhibit "G" physical solution transfers to the Appropriative Pool. (See Pages 7C & 7D, and Appendix D)
 2) Column [14H], "Actual Fiscal Year Production," includes Assignments between Appropriators and Non-Ag Pool Parties.



Assessment Year 2016-2017 (Production Year 2015-2016)

Pool 2 Local Storage Account Summary

	Local Storage Account			
	Beginning Balance	1.20% Storage Loss	Transfers To / (From)	Ending Balance
Ameron International Corp.	438,773	(5,265)	74,572	508,080
Aqua Capital Management LP	0.000	0.000	0.000	0.000
California Speedway Corp. (Auto Club Speedway)	1,081,196	(12,974)	(399,502)	668,720
California Steel Industries, Inc. (CSI)	3,880,468	(46,565)	(2,233,577)	1,600,326
Calmat Co., a Division of Vulcan Materials Co.	5,072	(0.060)	0.000	5,012
CCG Ontario, LLC	0.000	0.000	0.000	0.000
General Electric Co. (GE)	0.000	0.000	0.000	0.000
Hamner Park Associates (Swan Lake MHP)	1,184,018	(14,208)	152,902	1,322,712
Monte Vista Water District (Non-Ag)	0.000	0.000	0.000	0.000
NRG California South LP	2,670,309	(32,043)	(845,354)	1,792,912
Ontario, City of (Non-Ag)	2,905,004	(34,860)	1,100,897	3,971,041
Praxair, Inc.	59,846	(0,718)	0,899	60,027
Riboli Family / San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino, County of (Chino Airport)	0.000	0.000	20,415	20,415
Southern California Edison Co. (SCE)	0.000	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.000	0.000	0.000	0.000
Space Center Mira Loma, Inc.	0.000	0.000	0.000	0.000
TAMCO	0.000	0.000	0.000	0.000
West Venture Development Co.	0.000	0.000	0.000	0.000
	12,224,686	(146,693)	(2,128,748)	9,949,245
	15A	15B	15C	15D

p15: 1) Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss was changed from 2% to 0.07%. For this Assessment Package, the Storage Loss had been calculated at an average rate of 1.20% based on seven months at 2% and five months at 0.07%.
 2) Column [15C] includes the Exhibit "G" physical solution transfers to the Appropriative Pool. (See Pages 7C & 7D)



Assessment Year 2016-2017 (Production Year 2015-2016)

Appendix A: Pool 3 Water Production Detail

	Physical Production	Voluntary Agreements (w/ Ag)	Assignments (w/ Non-Ag)	Other Adjustments	Actual FY Production (Assmnt Pkg Column 2J)
Arrowhead Mtn Spring Water Co	356.162	0.000	0.000	0.000	356.162
Chino Hills, City Of	1,633.459	(85.178)	0.000	0.000	1,548.281
Chino, City Of	5,009.976	(5,488.140)	(43.133)	521.297	0.000
Cucamonga Valley Water District	20,537.150	0.000	0.000	(2,410)	20,534.740
Desalter Authority	28,190.610	0.000	0.000	(27.748)	28,162.862
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	15,317.165	0.000	0.000	0.000	15,317.165
Fontana, City Of	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	807.419	0.000	0.000	0.000	807.419
Jurupa Community Services District	9,283.627	0.000	(358.622)	27.748	8,952.753
Marygold Mutual Water Company	752.723	0.000	0.000	0.000	752.723
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000
Monte Vista Water District	8,358.319	(117.688)	0.000	(36.910)	8,203.721
Niagara Bottling, LLC	1,774.574	0.000	0.000	0.000	1,774.574
Nicholson Trust	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	22,849.257	(3,559.596)	(1,235.830)	0.000	18,053.831
Pomona, City Of	9,963.663	0.000	0.000	0.000	9,963.663
San Antonio Water Company	1,030.847	0.000	0.000	0.000	1,030.847
San Bernardino, County of (Shooting	9.396	0.000	0.000	0.000	9.396
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000
Upland, City Of	2,600.725	0.000	0.000	0.000	2,600.725
West End Consolidated Water Co	0.000	0.000	0.000	0.000	0.000
West Valley Water District	0.000	0.000	0.000	0.000	0.000
	128,475.072	(9,250.602)	(1,637.585)	481.977	118,068.862
Less Desalter Authority Production					28,162.862
Total Less Desalter Authority Production					89,906.000

Note: Other Adjustments include water provided to another Appropriator, pump-to-waste that has been captured in a recharge basin, and ASR injections. The volume noted for City of Chino is an adjustment made to keep the City's Actual Production from being a negative number.

Assessment Package Appendix B
Desalter Replenishment Accounting, Shortfall Deducted from the Pre-Peace II Desalters Re-Operation Account¹
Per Peace II Agreement, Section 6.2 (PIIA, 6.2)
(Acre-Feet)

Production Year	Desalter Production		Desalter (aka Kaiser) Account PIIA, 6.2(a)(i)	Paragraph 31 Settlement Agreements Dedication ³ PIIA, 6.2(a)(ii)	Desalter Induced Recharge ⁴ (DIR) PIIA, 6.2(a)(iii)	Desalter Replenishment				Residual Replenishment Obligation ^{6, 8, 9}	
	Pre-Peace II Desalter Production ²	Peace II Desalter Expansion Production ²				Total	"Leave Behind" Losses PIIA, 6.2(a)(iv)	Safe Yield Contributed by Parties PIIA, 6.2(a)(v)	Allocation to Pre-Peace II Desalters ⁵		Controlled Overdraft / Re-Op. PIIA, 6.2(e)(vi)
2001	7,989	0	3,985	0	0	0	0	0	0	0	3,985
2002	9,458	0	4,729	0	0	0	0	0	0	0	4,729
2003	10,439	0	5,219	0	0	0	0	0	0	0	5,219
2004	10,605	0	5,303	0	0	0	0	0	0	0	5,303
2005	9,854	0	4,927	0	0	0	0	0	0	0	4,927
2006	16,476	0	11,579	0	0	0	0	0	0	0	4,897
2007	26,356	0	608	4,273	0	0	0	0	0	0	0
2008	26,972	0	0	0	0	0	0	0	0	0	0
2009	32,920	0	0	0	0	0	0	0	0	0	-29,069
2010	28,517	0	0	0	0	0	0	0	0	0	0
2011	29,319	0	0	0	0	0	0	0	0	0	0
2012	28,379	0	0	0	0	0	0	0	0	0	0
2013	27,062	0	0	0	0	0	0	0	0	0	0
2014	29,228	15	0	0	0	0	0	0	0	0	0
2015	29,541	449	0	0	0	0	0	0	0	0	27,940
2016	27,009	1,154	0	0	0	0	0	0	0	0	29,541
2017	30,000	10,000	0	0	0	0	0	0	1,154	0	27,009
2018	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2019	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2020	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2021	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2022	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2023	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2024	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2025	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2026	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2027	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2028	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2029	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
2030	30,000	10,000	0	0	0	0	0	0	10,000	0	29,265
Totals	770,123	141,617	36,360	4,273	0	0	0	0	225,000	141,617	494,200

(225,000 available) (175,000 available)

1. Table format and content: WEI, Response to Condition Subsequent Number 7, November 2008.
2. Peace II Desalter Expansion expected to increase total desalter production in October 2015.
3. 3,956,877 acre-feet + 316,177 acre-feet added as Non-Ag dedicated stored water per Paragraph 31 Settlement Agreements. Per Agreements, the water is deemed to have been dedicated as of June 30, 2007.
4. **The projection of the Desalter Induced Recharge (DIR), previously referred to as the Santa Ana River Underflow New Yield (SARUNY), in the table is shown as zero for each year. In the near future, through the modeling work and Safe Yield Redetermination process, Watermaster will determine the DIR and will produce a new schedule.**
5. Six years of Desalter tracking (Production Year 2000/2001 through Production Year 2005/2006) incorrectly assumed that a significant portion of Desalter production was being offset by SAR Underflow New Yield. Condition Subsequent 7 included an adjustment of 29,070 AF against Desalter replenishment in Production Year 2008/2009.
6. The Peace I Agreement terminates in 2030. Per this schedule, the Peace II Desalter expansion would not fully utilize its available 175,000 acre-feet.
7. For the first 10 years following the Peace II Agreement (2006/2007 through 2015/2016), the Non-Ag "10% Haircut" water is apportioned among the specific seven members of the Appropriative Pool, per PIIA 9.2(a). In the eleventh year and in each year thereafter, it is dedicated to Watermaster to further offset desalter replenishment. However, to the extent there is no remaining desalter replenishment obligation in any year after applying the offsets set forth in 6.2(a), it will be distributed pro rata among the members of the Appropriative Pool based upon each Producer's combined total share of OSY and the previous year's actual production.
8. Per the Peace II Agreement, Section 6.2(b)(ii), the residual replenishment assessment is against the Appropriative Pool, pro-rata based on each Producer's combined total share of OSY and the previous year's actual production.
9. **Through production year 2015/16, the desalter replenishment obligation could be as high as 84,490 AF. Due to the ongoing Safe Yield Redetermination process and related DIR matter, the desalter replenishment obligation is not being assessed at this time. When the Safe Yield Redetermination and DIR matters are resolved, the desalter replenishment obligation will be recalculated, if necessary, and assessed, if necessary.**



Chino Basin Watermaster Assessment Breakdown Appendix C - Details of FWC's Standard and Exhibit G Water Transactions

Assessment Year 2016-2017 (Production Year 2015-2016)

Sorted by Date of Submittal, then by Seller.

		Actuals				As Assessed with 85/15 Rule Applied				
To (Buyer):	From (Seller):	Date of Submittal	Quantity	\$/Acre Feet	Total \$	Quantity	\$/Acre Feet	Total \$	85%	15%
Fontana Water Company	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2016	639.261	\$508.00	\$324,744.59	639.261	\$508.00	\$324,744.59	\$276,032.90	\$48,711.69
Fontana Water Company	Chino, City of Storage Account	**5/3/2016	6,000.000	\$517.90	\$3,107,400.00	6,639.261	\$516.35	\$3,098,100.00	\$2,633,385.00	\$464,715.00
	Chino, City of Storage Account	**5/3/2016	4,000.000	\$515.63	\$2,062,520.00	10,639.261	\$516.35	\$2,065,400.00	\$1,755,590.00	\$309,810.00
	Ontario, City of Storage Account	**5/3/2016	3,500.000	\$504.90	\$1,767,150.00	14,139.261	\$516.35	\$1,807,225.00	\$1,536,141.25	\$271,083.75
	Upland, City of Storage Account	**5/3/2016	1,000.000	\$550.00	\$550,000.00	391.358	\$516.35	\$202,077.70	\$171,766.05	\$30,311.66
	Upland, City of Storage Account					608.642	\$516.35	\$314,272.30	Quantity of water purchased reaches over-production amount.	
	Nicholson Trust Annual Account	6/10/2016	6.500	\$517.65	\$3,364.73	6.500	\$517.65	\$3,364.73		
			15,145.761		\$7,815,179.31	15,145.761		\$7,815,184.31	\$6,372,915.20	\$1,124,632.09

¹ Running Total is used to determine the point where over-production is satisfied and which transaction to split for the 85/15 Rule application. FWC over-produced by **14,530,619 AF**.

**Fontana Water Company had four Water Transactions dated 5/3/2016. Because the cost per AF differ from one transaction to the next, a blended rate was used for all four transactions.

Blended Rate Calculation:

$$\begin{aligned}
 &\text{Total 5/3/2016 Transaction Volume (AF):} && 14,500 \\
 &\text{Total 5/3/2016 Transaction Cost (\$):} && \$7,487,010 \\
 &\text{Blended Rate} = \text{Total Transaction Cost} (\$7,487,010) \div \text{Total Transaction Volume} (14,500 \text{ AF}) = \underline{\underline{\$516.35}}
 \end{aligned}$$



Assessment Year 2016-2017 (Production Year 2015-2016)

Adjustment Calculation - 85/15 Rule Application to Exhibit G Transactions for Prior Two Years

Party	Assmt Year	Prod Year	Adjustment Calculation					15% Producer Credit Differences					
			As Assessed in Approved Assessment Packages										
			(Over)/Under Production ¹	100%	85%	15%	All Transaction Total	Adjusted	15%	All Transaction Total			
Cucamonga Valley Water District	14/15	13/14	881,742	\$ 2,267,985.58	\$ -	\$ -	\$ 2,267,985.58	(154,351)	\$ 2,192,930.86	\$ 63,796.51	\$ 11,258.21	\$ 2,267,985.58	\$ (11,258.21)
Fontana Water Company	14/15	13/14	(12,685,752)	\$ 970,043.26	\$ 4,491,122.05	\$ 792,550.95	\$ 6,253,716.26	(14,680,659)	\$ -	\$ 5,315,658.82	\$ 938,057.44	\$ 6,253,716.26	\$ (145,506.49)
Fontana Water Company	15/16	14/15	(12,143,106)	\$ 1,437,614.68	\$ 5,268,669.25	\$ 929,765.16	\$ 7,636,049.09	(12,582,666)	\$ 1,217,606.12	\$ 5,455,676.52	\$ 962,766.45	\$ 7,636,049.09	\$ (33,001.28)

¹ Excludes Water Transfers

² Excludes Water Transfers and Exhibit G Water Sales

Appropriate Pool Party	85/15 Party	Adjustment Allocation										Total Adjustments for Prior Two Years				
		Assessment Year 2014/15					Assessment Year 2015/16									
		Total Prod & Exchanges	85/15 Producers	Producer Credit (see above)	Pro-rated Debits	Adjustment	Total Prod & Exchanges	85/15 Producers	Producer Credit (see above)	Pro-rated Debits	Adjustment					
Arrowhead Mtn Spring Water Co		379,111			\$ -	\$ -	426,139			\$ -			\$ -			
Chino Hills, City Of	X	7,224,004	7,224,004		\$ 13,446.58	\$ 13,446.58	3,661,309	3,661,309		\$ 1,775.55	\$ 1,775.55		\$ 1,775.55		\$ 15,222.13	
Chino, City Of	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Cucamonga Valley Water District	X	16,121,550	16,121,550	(11,258.21)	\$ 30,008.25	\$ 18,750.04	14,639,960	14,639,960		\$ 7,099.65	\$ 7,099.65		\$ 7,099.65		\$ 25,849.69	
Desalter Authority		29,242,552			\$ -	\$ -	29,989,990			\$ -	\$ -		\$ -		\$ -	
Fontana Union Water Company	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Fontana Water Company	X	15,377,579	15,377,579	(145,506.49)	\$ 28,623.45	\$ (116,883.04)	13,344,225	13,344,225	(33,001.28)	\$ 6,471.28	\$ (26,530.00)		\$ (26,530.00)		\$ (143,413.04)	
Fontana, City Of		-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Golden State Water Company	X	736,362	736,362		\$ 1,370.65	\$ 1,370.65	720,259	720,259		\$ 349.29	\$ 349.29		\$ 349.29		\$ 1,719.94	
Jurupa Community Services District	X	18,018,347	18,018,347		\$ 33,538.91	\$ 33,538.91	12,466,577	12,466,577		\$ 6,045.67	\$ 6,045.67		\$ 6,045.67		\$ 39,584.58	
Marygold Mutual Water Company		1,314,734			\$ -	\$ -	1,250,349			\$ -	\$ -		\$ -		\$ -	
Monte Vista Irrigation Company	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Monte Vista Water District	X	6,998,745	6,998,745		\$ 13,027.29	\$ 13,027.29	6,881,539	6,881,539		\$ 3,337.20	\$ 3,337.20		\$ 3,337.20		\$ 16,364.49	
Niagara Bottling, LLC		1,342,588			\$ -	\$ -	1,859,765			\$ -	\$ -		\$ -		\$ -	
Nicholson Trust	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Norco, City Of	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
Ontario, City Of	X	15,697,045	15,697,045		\$ 29,218.09	\$ 29,218.09	11,430,640	11,430,640		\$ 5,543.29	\$ 5,543.29		\$ 5,543.29		\$ 34,761.38	
Pomona, City Of		12,909,293			\$ -	\$ -	12,520,382			\$ -	\$ -		\$ -		\$ -	
San Antonio Water Company	X	1,159,242	1,159,242		\$ 2,157.78	\$ 2,157.78	1,479,087	1,479,087		\$ 717.28	\$ 717.28		\$ 717.28		\$ 2,875.06	
San Bernardino, County of (Shooting Park)	X	16,390	16,390		\$ 30.51	\$ 30.51	10,868	10,868		\$ 5.27	\$ 5.27		\$ 5.27		\$ 35.78	
Santa Ana River Water Company	X	48,515	48,515		\$ 90.30	\$ 90.30	-	-		\$ -	\$ -		\$ -		\$ 90.30	
Upland, City Of	X	2,822,046	2,822,046		\$ 5,252.89	\$ 5,252.89	3,416,416	3,416,416		\$ 1,656.79	\$ 1,656.79		\$ 1,656.79		\$ 6,909.68	
West End Consolidated Water Company	X	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	
West End Consolidated Water District	V	-	-		\$ -	\$ -	-	-		\$ -	\$ -		\$ -		\$ -	



Assessment Year 2016-2017 (Production Year 2015-2016)

Appendix E: Pool 2 Water Transaction Summary

Party	Water Transactions					
	Percent of Safe Yield	Assigned Share of Safe Yield (AF)	10% to the Seven Appropriate Parties	Transfer From Local Storage	Exhibit G Water Sales	Total Water Transactions
Ameron Inc	1.127%	82.858	(8.286)	0.000	0.000	(8.286)
Aqua Capital Management	0.000%	0.000	0.000	0.000	0.000	0.000
California Speedway Corp. (Auto Club Speedway)	13.605%	1,000.000	(100.000)	1,000.000	(1,000.000)	(100.000)
California Steel Industries, Inc. (CSI)	21.974%	1,615.137	(161.513)	2,500.000	(2,500.000)	(161.513)
Calmat Co., a Division of Vulcan Materials Co.	0.000%	0.000	0.000	0.000	0.000	0.000
CCG Ontario, LLC	0.000%	0.000	0.000	0.000	0.000	0.000
General Electric Co. (GE)	0.000%	0.000	0.000	0.000	0.000	0.000
Hamner Park Associates (Swan Lake MHP)	6.316%	464.240	(46.424)	0.000	0.000	(46.424)
Monte Vista Water District (Non-Ag)	0.680%	50.000	(5.000)	0.000	0.000	(5.000)
NRG California South LP	12.986%	954.540	(95.454)	1,500.000	(1,500.000)	(95.454)
Ontario, City of (Non-Ag)	39.601%	2,910.788	(291.079)	0.000	0.000	(291.079)
Praxair Inc	0.014%	1.000	(0.100)	0.000	0.000	(0.100)
Riboli Family / San Antonio Winery	0.000%	0.000	0.000	0.000	0.000	0.000
San Bernardino, County of (Chino Airport)	1.821%	133.870	(13.387)	0.000	0.000	(13.387)
Southern California Edison Company	0.000%	0.000	0.000	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.256%	18.789	(1.879)	0.000	0.000	(1.879)
Space Center Mira Loma, Inc.	1.416%	104.121	(10.412)	0.000	0.000	(10.412)
TAMCO	0.204%	15.000	(1.500)	0.000	0.000	(1.500)
West Venture Development	0.000%	0.000	0.000	0.000	0.000	0.000
	100.000%	7,350.343	(735.034)	5,000.000	(5,000.000)	(735.034)
			[A]	[B]	[C]	[A] + [B] + [C]

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
14-15	27.71	40.49	40.49	610.00
15-16	30.24	57.54	57.54	611.00
16-17	25.96	56.18	56.18	596.00

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 2015-2016

	FY 12-13		FY 13-14		FY 14-15		FY 15-16		Amended vs. Amended
	Approved Budget	Amended Budget	Approved Budget	Amended Budget	Approved Budget	Amended Budget	Approved Budget	Amended Budget	
4000 Mutual Agency Revenue	\$ 152,938	\$ 152,938	\$ 154,581	\$ 154,581	\$ 155,331	\$ 155,331	\$ 157,941	\$ 157,941	\$ 2,610
4110 Appropriative Pool Assessments	6,285,952	6,360,952	6,301,135	6,361,227	6,888,767	7,280,154	8,637,418	8,878,283	1,598,129
4120 Non-Agricultural Pool Assessments	191,711	251,711	239,320	241,378	246,483	244,096	296,797	305,932	61,836
4730 Prorated Interest Income	39,600	39,600	29,700	29,700	25,800	25,800	22,050	22,050	(3,750)
4900 Miscellaneous Income	-	-	-	-	-	-	-	-	-
Total Income	6,670,201	6,805,201	6,724,736	6,786,886	7,316,381	7,705,381	9,114,206	9,364,206	1,658,825
Administrative Expenses									
6010 Salary Costs	519,684	519,684	617,747	677,747	845,547	785,327	880,591	880,591	95,264
6020 Office Building Expense	107,345	107,345	106,630	106,630	105,274	107,174	110,381	110,381	3,207
6030 Office Supplies & Equip.	27,000	27,000	28,300	28,300	31,980	34,700	35,260	35,260	560
6040 Postage & Printing Costs	62,368	62,368	51,900	43,100	56,900	56,900	55,032	55,032	(1,868)
6050 Information Services	142,296	143,796	135,996	135,996	131,840	131,840	131,840	131,840	-
6060 WM Special Contract Services	31,900	40,900	24,800	24,800	40,200	40,200	40,600	40,600	400
6070 Watermaster Legal Services	175,645	210,645	234,100	314,600	230,700	315,707	256,450	256,450	(59,257)
6080 Insurance Expense	19,393	19,393	19,107	27,407	27,312	27,312	27,916	27,916	604
6110 Dues and Subscriptions	27,500	27,500	22,325	22,325	20,325	20,325	21,335	21,335	1,010
6150 Field Supplies & Equipment	1,400	1,400	1,450	1,450	1,450	1,450	1,450	1,450	-
6170 Travel & Transportation	21,170	21,170	19,170	19,170	22,860	22,860	25,320	25,320	2,460
6190 Conferences & Seminars	15,000	15,000	12,500	15,500	15,000	20,600	22,400	22,400	1,800
6200 Advisory Committee Expenses	53,385	53,385	54,368	33,368	55,568	36,568	43,674	43,674	7,106
6300 Watermaster Board Expenses	143,894	123,894	151,289	176,289	173,258	133,258	178,744	178,744	45,486
6500 Education Fund Expenditures	257	257	-	-	-	-	-	-	-
8300 Appropriative Pool Administration	59,285	154,381	136,273	140,273	137,622	202,622	136,069	136,069	(66,553)
8400 Agricultural Pool Administration	356,983	356,983	353,462	199,962	353,938	303,938	352,290	352,290	48,352
8500 Non-Agricultural Pool Administration	46,995	116,995	110,314	113,814	110,025	110,025	107,974	107,974	(2,051)
9400 Depreciation Expense	-	-	-	-	-	-	-	-	-
9500 Allocated G&A Expenditures	(732,558)	(732,558)	(568,626)	(568,626)	(391,876)	(391,877)	(401,307)	(401,307)	(9,430)
Total Administrative Expenses	1,078,942	1,269,538	1,511,105	1,512,106	1,967,923	1,958,929	2,026,019	2,026,019	67,090
General OBMP Expenditures									
6900 Optimum Basin Mgmt Program	994,850	994,305	1,009,365	1,313,365	1,207,145	1,591,145	1,344,437	1,594,437	3,292
6950 Cooperative Efforts	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-
9501 Allocated G&A Expenditures	214,336	214,336	228,433	228,433	126,551	126,551	128,656	128,656	2,105
Total General OBMP Expenses	1,219,186	1,218,641	1,247,798	1,551,798	1,343,696	1,727,696	1,483,093	1,733,093	5,397
OBMP Implementation Projects									
7101 Production Monitoring	108,746	108,746	81,649	81,649	59,239	93,482	56,547	56,547	(36,935)
7102 In-Line Meter Installation/Maintenance	106,162	106,162	104,616	104,616	101,422	101,422	67,087	67,087	(34,335)
7103 Groundwater Quality Monitoring	173,738	173,498	202,339	202,339	176,018	155,810	220,342	220,342	64,532
7104 Groundwater Level Monitoring	318,898	283,974	292,840	247,840	236,355	223,660	247,627	247,627	23,967
7105 Recharge Basin Water Quality Monitoring	3,118	3,118	-	-	-	-	-	-	-
7107 Ground Level Monitoring	524,451	628,918	347,305	594,308	325,219	555,830	253,423	253,423	(302,407)
7108 Hydraulic Control Monitoring Program	411,162	376,502	319,045	406,943	89,080	319,910	316,123	316,123	(3,787)
7109 Recharge & Well Monitoring Program	21,540	4,000	21,000	21,000	21,000	21,000	19,867	19,867	(1,133)
7200 OBMP Pgm Element 2 - Comp Recharge	1,374,719	1,484,758	995,892	1,358,042	948,327	1,022,945	1,005,171	1,005,171	(17,774)
7300 OBMP Pgm Element 3 & 5 - Water Supply PI	75,995	75,995	60,649	50,649	60,474	7,000	45,276	45,276	38,276
7400 OBMP Pgm Element 4 - Mgmt Zone Strategi	82,250	82,254	107,507	107,507	108,168	193,168	622,505	622,505	429,337
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Sa	92,479	81,993	111,112	81,112	81,313	80,680	81,966	81,966	1,286
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Cc	58,618	47,290	41,378	31,378	33,582	3,342	76,909	76,909	73,567
7700 Inactive Well Protection Program	920	920	500	500	500	500	500	500	-
7690 Recharge Improvement Debt Projects	501,055	773,884	939,808	1,111,637	1,498,740	2,179,817	2,319,100	2,319,100	139,283
9502 Allocated G&A Expenditures	518,222	518,222	340,193	340,193	265,325	265,326	272,651	272,651	7,325
Total OBMP Implementation Projects	4,372,073	4,750,235	3,965,833	4,739,713	4,004,762	5,223,892	5,605,094	5,605,094	381,202
Total Expenses	6,670,201	7,238,413	6,724,736	7,803,616	7,316,381	8,910,517	9,114,206	9,364,206	453,689
Net Ordinary Income	-	(433,212)	-	(1,016,730)	-	(1,205,136)	-	-	1,205,136
Other Income									
4225 Interest Income	-	-	-	-	-	-	-	-	-
4210 Approp Pool-Replenishment	-	-	-	-	-	-	-	-	-
4220 Non-Ag Pool-Replenishment	-	-	-	-	-	-	-	-	-
4600 Groundwater Sales	-	-	-	-	-	-	-	-	-
Total Other Income	-	-	-	-	-	-	-	-	-
Other Expense									
5010 Groundwater Recharge	-	-	-	-	-	-	-	-	-
5100 Other Water Purchases	-	-	-	-	-	-	-	-	-
9000 Other Expense	-	-	-	-	-	-	-	-	-
9200 Interest Expense	-	-	-	-	-	-	-	-	-
9990 Excess Reserve Refunds	-	-	-	-	-	-	-	-	-
Total Other Expense	-	-	-	-	-	-	-	-	-
9900 To / (From) Reserves	-	-	-	-	-	-	-	-	-
Net Other Income	-	-	-	-	-	-	-	-	-
Net Income	\$ -	\$ (433,212)	\$ -	\$ (1,016,730)	\$ -	\$ (1,205,136)	\$ -	\$ -	\$ 1,205,136



Chino Basin Watermaster

Annual Financial Report

For the Fiscal Years Ended June 30, 2016 and 2015

Our Mission Statement

“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”

<u>Pools</u>	<u>Name</u>	<u>Title</u>	<u>Current Term</u>
Agricultural	Paul Hofer	Member	Ongoing ¹
Agricultural	Geoffrey Vanden Heuvel	Member	Ongoing ¹
Non-Agricultural	Robert Bowcock	Member	Ongoing ¹
Appropriative	James V. Curatalo, Jr.	Vice-Chair	Ongoing ^{1,2}
Appropriative	Tom Thomas	Member	Ongoing ^{1,2}
Appropriative	Jim W. Bowman	Member	January 2017 ^{1,2}
Municipal	Steve Elie	Chair	Ongoing ¹
Municipal	Bob G. Kuhn	Secretary/Treasurer	Ongoing ¹
Municipal	Donald D. Galleano	Member	Ongoing ¹

¹ The Watermaster Board serves at the direction of Judge Reichert and was re-appointed for a three year term effective January 2016 (Board approval on November 19, 2015).

² The Appropriative Pool's rotation sequence for Board membership effective January 2016 was approved by the Appropriative Pool on November 17, 2015.

**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, 2016 and 2015

**Chino Basin Watermaster
Annual Financial Report
For the Fiscal Years Ended June 30, 2016 and 2015**

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Introductory Section



November 17, 2016

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, 2016 and 2015, 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. 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". Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "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.

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 as the region recovers from a prolonged financial down turn.

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 Advisory Committee annually approves, and the 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 are 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 Fedak & Brown LLP 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
Christopher J. Brown, CPA, CGMA
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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 Chino Basin Watermaster (Watermaster) as of and for the years ended June 30, 2016 and 2015, 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 opinion.

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, 2016 and 2015, and the respective changes in financial position, and, where applicable, 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

Emphasis of matter

As described in note 1 to the financial statements, the Watermaster adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016, GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. Our opinions are not modified with respect to these matters.

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 7 through 10, the required supplementary information on page 39 and 41 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 audits were 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 schedules of revenue, expenses and changes in net position on page 42 through 43, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules 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 on them.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2016, 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 44 and 45.

FEDAK & BROWN LLP

Fedak & Brown LLP
Cypress, California
November 17, 2016

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015

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, 2016 and 2015. We encourage readers to consider the information presented here with additional information that we have furnished in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2016, the Watermaster's net position increased by 26.96% or \$2,077,544 as a result of ongoing operations. In fiscal year 2015, the Watermaster's net position increased by 13.88%, or \$939,237 to \$7,707,107, which is comprised of an increase from normal operations of \$1,679,432 and a decrease from prior period adjustment in the amount of \$740,195. Please see Note 5 to the basic financial statements for further discussion.
- In fiscal year 2016, the Watermaster's total revenues increased by 35.16% or \$3,377,274 due primarily to increases in administrative assessments, and replenishment water revenue of \$1,659,608 and \$1,707,513, respectively. In fiscal year 2015, the Watermaster's total revenues decreased 28.98% or \$3,919,153 to \$9,606,663. Operating revenues decreased 29.06% or \$3,925,308 to \$9,583,293, primarily due to a decrease in groundwater sales as affected by the statewide drought. Non-operating revenue increased 35.75% or \$6,155 to \$23,370, primarily due to an increase in interest income.
- In fiscal year 2016, Watermaster's operating expenses increased by 32.24% or \$2,551,235, primarily due to a \$1,388,804 increase in groundwater replenishment costs and other water purchases and a \$905,596 increase in optimum basin management plan expenditures. In fiscal year 2015, The Watermaster's operating expenses decreased 38.61% or \$4,977,263, primarily due to a \$5,687,446 decrease in groundwater replenishment costs and water purchases, which was offset by a \$776,067 increase in optimum basin management plan spending and a \$65,884 decrease in personnel costs and other expenses.

Required Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and Statements 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 Statements 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 Statements 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.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015

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 Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Watermaster in a way that helps answer this question.

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 15 through 38.

Statements of Net Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets:			
Current assets	\$ 12,033,692	9,749,593	2,284,099
Capital assets, net	<u>14,378</u>	<u>19,439</u>	<u>(5,061)</u>
Total assets	<u>12,048,070</u>	<u>9,769,032</u>	<u>2,279,038</u>
Deferred outflows of resources	<u>301,831</u>	<u>137,056</u>	<u>164,775</u>
Liabilities:			
Current liabilities	1,126,336	992,325	134,011
Non-current liabilities	<u>1,317,462</u>	<u>1,005,093</u>	<u>312,369</u>
Total liabilities	<u>2,443,798</u>	<u>1,997,418</u>	<u>446,380</u>
Deferred inflows of resources	<u>121,452</u>	<u>201,563</u>	<u>(80,111)</u>
Net position:			
Invested in capital assets	14,378	19,439	(5,061)
Unrestricted	<u>9,770,273</u>	<u>7,687,668</u>	<u>2,082,605</u>
Total net position	<u>\$ 9,784,651</u>	<u>7,707,107</u>	<u>2,077,544</u>

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of the Watermaster, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,784,651 and \$7,707,107 as of June 30, 2016 and 2015, respectively.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015

Statement of Net Position, continued

The Watermaster's investment in capital assets is comprised of capital assets (net of accumulated depreciation) less any related debt (where applicable) used to acquire those assets that are 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.

At the end of fiscal years 2016 and 2015, the Watermaster reflected a positive balance in its unrestricted net position of \$9,770,273 and \$7,687,668, respectively that may be utilized in future years. (See Note 11)

Statement of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 12,952,155	9,583,293	3,368,862
Non-operating revenues	31,782	23,370	8,412
Total revenues	<u>12,983,937</u>	<u>9,606,663</u>	<u>3,377,274</u>
Expenses:			
Operating expense	10,465,108	7,913,873	2,551,235
Depreciation	5,061	5,061	-
Non-operating expense	436,224	8,297	427,927
Total expenses	<u>10,906,393</u>	<u>7,927,231</u>	<u>2,979,162</u>
Change in net position	2,077,544	1,679,432	398,112
Net position, beginning of period	<u>7,707,107</u>	<u>6,027,675</u>	<u>1,679,432</u>
Net position, end of period	<u>\$ 9,784,651</u>	<u>7,707,107</u>	<u>2,077,544</u>

The statements of revenues, expenses and changes of net position show how the Watermaster's net position changed during the fiscal years. In fiscal year 2016, the Watermaster's net position increased by 26.96% or \$2,077,544 as a result of ongoing operations. In fiscal year 2015, the Watermaster's net position increased by \$1,679,432 from normal operations, and decreased by \$740,195 from prior period adjustment related to the implementation of GASB 68.

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

In fiscal year 2016, the Watermaster's operating revenues increased by 35.15% or \$3,368,862, primarily due to the increases in administrative assessments, and replenishment water revenue of \$1,659,608 and \$1,707,513, respectively. In fiscal year 2015, the Watermaster's operating revenues decreased 29.06% or \$3,925,308 in 2015, primarily due to a decrease in groundwater sales as affected by the statewide drought.

In fiscal year 2016, the Watermaster's operating expenses increased by 32.24% or \$2,551,235, primarily due to a \$1,388,804 increase in groundwater replenishment costs and other water purchases and a \$905,596 increase in optimum basin management plan expenditures. In fiscal year 2015, the Watermaster's operating expenses decreased 38.61% or \$4,977,263 primarily due to a \$5,687,446 decrease in groundwater replenishment costs and water purchases, which was offset by a \$710,183 increase in personnel costs and other expenses.

Chino Basin Watermaster
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015

Capital Asset Administration

At the end of fiscal year 2016 and 2015, the Watermaster's investment in capital assets amounted to \$14,378 and \$19,439 (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, 2016 and 2015.

Changes in capital assets in 2016 were as follows:

	<u>Balance 2015</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2016</u>
Capital assets:				
Depreciable assets	\$ 265,144	-	-	265,144
Accumulated depreciation	(245,705)	(5,061)	-	(250,766)
Total capital assets	<u>\$ 19,439</u>	<u>(5,061)</u>	<u>-</u>	<u>14,378</u>

Changes in capital assets in 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2015</u>
Capital assets:				
Depreciable assets	\$ 282,402	7,668	(24,926)	265,144
Accumulated depreciation	(265,570)	(5,061)	24,926	(245,705)
Total capital assets	<u>\$ 16,832</u>	<u>2,607</u>	<u>-</u>	<u>19,439</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 present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the Watermaster's finances and to demonstrate Watermaster's accountability with an overview of 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, Joseph Joswiak, at the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA 91730 or (909) 484-3888.

Basic Financial Statements

**Chino Basin Watermaster
Statements of Net Position
June 30, 2016 and 2015**

	2016	2015
Current assets:		
Cash and cash equivalents (note 2)	\$ 5,850,508	9,649,337
Accounts receivable	6,154,975	53,185
Accrued interest receivable	9,612	7,408
Prepaid expenses	18,597	39,663
Total current assets	12,033,692	9,749,593
Non-current assets:		
Capital assets, net (note 3)	14,378	19,439
Total non-current assets	14,378	19,439
Total assets	12,048,070	9,769,032
Deferred outflows of resources:		
Deferred pension outflows (note 4 and 9)	301,831	137,056
Total deferred outflows of resources	\$ 301,831	137,056

Continued on next page

See accompanying notes to the basic financial statements

**Chino Basin Watermaster
Statements of Net Position, continued
June 30, 2016 and 2015**

	2016	2015
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,011,079	876,153
Accrued salaries and benefits	41,913	32,426
Long-term liabilities – due within one year:		
Compensated absences (note 6)	73,344	83,746
Total current liabilities	1,126,336	992,325
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	136,209	155,527
Other post employment benefits obligation (note 10)	346,070	245,013
Net pension liability (note 9)	811,437	599,803
Employee compensation plan (note 7)	23,746	4,750
Total non-current liabilities	1,317,462	1,005,093
Total liabilities	2,443,798	1,997,418
Deferred inflows of resources:		
Deferred pension inflows (note 9 and 12)	121,452	201,563
Total deferred inflows of resources	121,452	201,563
Net Position: (note 11)		
Net investment in capital assets	14,378	19,439
Unrestricted	9,770,273	7,687,668
Total net position	\$ 9,784,651	7,707,107

See accompanying notes to the basic financial statements

Chino Basin Watermaster
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Administrative assessments	\$ 9,184,114	7,524,506
Replenishment water revenue	3,610,692	1,903,179
Other revenue	157,349	155,608
Total operating revenue	<u>12,952,155</u>	<u>9,583,293</u>
Operating expenses:		
Groundwater replenishment and other water purchases	2,540,000	1,151,196
Optimum basin management plan	5,655,762	4,750,166
Watermaster administration	1,649,361	1,310,849
Pool, advisory, and board administration	619,985	701,662
Total operating expense	<u>10,465,108</u>	<u>7,913,873</u>
Operating income before depreciation	2,487,047	1,669,420
Depreciation expense	<u>(5,061)</u>	<u>(5,061)</u>
Operating income	<u>2,481,986</u>	<u>1,664,359</u>
Non-operating revenue (expense):		
Reserve distribution	(436,224)	(8,297)
Investment earnings	31,782	23,370
Total non-operating revenues	<u>(404,442)</u>	<u>15,073</u>
Change in net position	<u>2,077,544</u>	<u>1,679,432</u>
Net position at beginning of period (Note 5)	<u>7,707,107</u>	<u>6,027,675</u>
Net position at end of period	<u>\$ 9,784,651</u>	<u>7,707,107</u>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Cash received from stakeholders	\$ 6,850,365	9,530,108
Cash paid to employees for salaries and wages	(1,039,636)	(1,038,775)
Cash paid to vendors and suppliers for materials and services	(9,639,136)	(6,369,917)
Net cash (used in) provided by operating activities	(3,828,407)	2,121,416
Cash flows from capital financing activities:		
Acquisition of capital assets	-	(7,668)
Net cash used in capital financing activities	-	(7,668)
Cash flows from investing activities:		
Investment earnings received	29,578	20,664
Net cash provided by investing activities	29,578	20,664
Net increase (decrease) in cash and cash equivalents	(3,798,829)	2,134,412
Cash and cash equivalents at the beginning of year	9,649,337	7,514,925
Cash and cash equivalents at the end of year	\$ 5,850,508	9,649,337
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 2,481,986	1,664,359
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,061	5,061
Reserve distribution	(436,224)	(8,297)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(6,101,790)	(53,185)
Prepaid expenses	21,066	(477)
Deferred outflows of resources	(164,775)	(57,704)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable and accrued expense	134,926	414,888
Accrued salaries and benefits	9,487	6,998
Compensated absences	(29,720)	66,635
Other post employment benefits obligation	101,057	96,569
Net pension liability	211,634	(219,744)
Employee compensation plan	18,996	4,750
Deferred inflows of resources	(80,111)	201,563
Total adjustments	(6,310,393)	457,057
Net cash (used in) provided by operating activities	\$ (3,828,407)	2,121,416

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015**

(I) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, 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 Pool committees 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 2015-2016 expenses are based on the 2014-2015 production volume.

	Fiscal Year 2016	
Production volume	Acre Feet	Percentage
Appropriative Pool	84,107	71.910%
Agricultural Pool	28,521	24.385%
Non-agricultural Pool	4,334	3.705%
Total production volume	116,962	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, 2016 and 2015

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

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

The Watermaster's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Watermaster solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Watermaster's proprietary fund.

The Watermaster has adopted the following GASB pronouncements in the current year:

Government Accounting Standards Board Statement No. 72

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*, effective for financial statements for periods beginning after June 15, 2015.

The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value.

Government Accounting Standards Board Statement No. 73

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, effective for fiscal years beginning after June 15, 2015.

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

C. Financial Reporting, continued

Government Accounting Standards Board Statement No. 76

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for financial statements for periods beginning after June 15, 2015.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment is not specified within the source of authoritative GAAP.

Government Accounting Standards Board Statement No. 79

In December 2015, the GASB issued Statement No. 79 – *Certain External Investment Pools and Pool Participants*, effective for financial statements for periods beginning after June 15, 2015.

This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows 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.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

3. Investments, continued

The Watermaster categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Watermaster believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

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, 2016.

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. 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

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources that is applicable to future periods.

8. Compensated Absences

The Watermaster's policy is to permit eligible employees to accumulate earned vacation up to a total of 320 hours. Employees may receive pay in lieu of using vacation for up to one-half of their annual vacation accrual if: (1) within the prior twelve months, the employee has used vacation in an amount equal to at least half of their annual vacation accrual rate; and (2) the employee has a minimum remaining accrued vacation balance of at least 40 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.

9. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources that is applicable to future periods.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Watermaster's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2014
- Measurement Date: June 30, 2015
- Measurement Period: July 1, 2014 to June 30, 2015

11. 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.

12. Budgetary Policies

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

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

13. 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.
- 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.
- Unrestricted Component of Net Position – This component of net position consists of 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 Position as follows:

	2016	2015
Cash and cash equivalents	\$ 5,850,508	9,649,337

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

	2016	2015
Cash on hand	\$ 500	500
Deposits with financial institutions	521,412	479,819
Investments	5,328,596	9,169,018
Total cash and investments	\$ 5,850,508	9,649,337

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

	2016	2015
Deposits held with the California Local Agency Investment Fund	167 days	239 days

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015**

(2) Cash and Investments, continued

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

The table below identifies the investment types that are authorized 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Federal Agency and bank obligations	5 years	None	None
Certificates of Deposits and Time Deposits	5 years	30%	None
Commercial Paper	270 days	10%	10%
Money Market Mutual Funds	90 days	20%	10%
State and Local Bonds, Notes and Warrants	5 years	10%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Trust of California (CalTRUST)	N/A	20%	None

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 Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon 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.

Watermaster's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF for verbal authorization.

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).

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015**

(2) Cash and Investments, continued

Custodial Credit Risk, continued

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, 2016, 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).

Interest Rate Risk

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

Credit Risk

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

Credit ratings of investments as of June 30, 2016 were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>
California Local Agency Investment Fund	\$ 5,328,596	N/A	5,328,596

Credit ratings of investments as of June 30, 2015 were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>
California Local Agency Investment Fund	\$ 9,169,018	N/A	9,169,018

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 represented 5% or more of total Watermaster's investment at June 30, 2016.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(3) Capital Assets

Changes in capital assets for 2016 were as follows:

	<u>Balance 2015</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2016</u>
Depreciable assets:				
Computer equipment	\$ 107,551	-	-	107,551
Furniture and fixtures	43,666	-	-	43,666
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>265,144</u>	<u>-</u>	<u>-</u>	<u>265,144</u>
Accumulated depreciation:				
Computer equipment	(98,529)	(2,978)	-	(101,507)
Furniture and fixtures	(33,250)	(2,083)	-	(35,333)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(90,483)	-	-	(90,483)
Total accumulated depreciation	<u>(245,705)</u>	<u>(5,061)</u>	<u>-</u>	<u>(250,766)</u>
Total capital assets, net	<u>\$ 19,439</u>			<u>14,378</u>

Changes in capital assets for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2015</u>
Depreciable assets:				
Computer equipment	\$ 124,809	7,668	(24,926)	107,551
Furniture and fixtures	43,666	-	-	43,666
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>282,402</u>	<u>7,668</u>	<u>(24,926)</u>	<u>265,144</u>
Accumulated depreciation:				
Computer equipment	(120,477)	(2,978)	24,926	(98,529)
Furniture and fixtures	(31,167)	(2,083)	-	(33,250)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(90,483)	-	-	(90,483)
Total accumulated depreciation	<u>(265,570)</u>	<u>(5,061)</u>	<u>24,926</u>	<u>(245,705)</u>
Total capital assets, net	<u>\$ 16,832</u>			<u>19,439</u>

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(4) Deferred Outflows of Resources

Changes in deferred outflows of resources for 2016, were as follows:

	<u>Balance 2015</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2016</u>
Deferred outflows of resources:				
Deferred pension outflows	\$ 137,056	376,606	(211,831)	301,831
Total deferred outflows of resources	<u>\$ 137,056</u>	<u>376,606</u>	<u>(211,831)</u>	<u>301,831</u>

Changes in deferred outflows of resources for 2015, were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2015</u>
Deferred outflows of resources:				
Deferred pension outflows	\$ 79,352	138,359	(80,655)	137,056
Total deferred outflows of resources	<u>\$ 79,352</u>	<u>138,359</u>	<u>(80,655)</u>	<u>137,056</u>

(5) Prior Year Restatement of Net Position

In fiscal year 2015, the Watermaster implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability.

As a result of the implementation, the Watermaster recognized the pension liability and recorded a net prior period adjustment of \$740,195 to decrease the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of GASB 68 and 71.

The restatement of beginning net position is summarized as follows:

The adjustment to net position is as follows:

Net position at July 1, 2014, as previously stated	\$ 6,767,870
Effect of adjustment to record net pension liability	(819,547)
Effect of adjustment to record deferred pension outflows	<u>79,352</u>
Total adjustments	<u>(740,195)</u>
Net position at July 1, 2014, as restated	<u>\$ 6,027,675</u>

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015**

(6) Compensated Absences

The changes to compensated absences for 2016, were as follows:

<u>Balance</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2016</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in more</u> <u>than one year</u>
\$ 239,273	137,153	(166,873)	209,553	73,344	136,209

The changes to compensated absences for 2015, were as follows:

<u>Balance</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2015</u>	<u>Current</u>	<u>Long Term</u>
\$ 172,638	142,448	(75,813)	239,273	83,746	155,527

(7) Nonqualified Employee Compensation Plan

Effective June 1, 2015, the Watermaster established a Nonqualified Deferred Compensation Plan (Plan). The purpose of this Plan is to provide deferred compensation for selected public employees to participate in the Plan. The Plan is intended to be an unfunded deferred compensation plan that complies with the requirements of Section 457(f) and 409A of the Internal Revenue Code of 1986. Each Plan Participant shall be entitled to elect to forego all or any portion, as either a dollar amount or a percentage, of the Participant's salary and/or bonus that may become payable by the Employer for a Plan year after all applicable deductions and withholdings. Such election shall be evidenced by a Deferral Agreement.

On June 30, 2016, Watermaster made an employer contribution of \$18,996 to the Plan for the benefit of its eligible employee for the 12 consecutive month period from July 1, 2015 to June 30, 2016. On June 30, 2015, Watermaster made an employer contribution of \$4,750 to the Plan for the benefit of its eligible employee for the 12 consecutive month period from July 1, 2014 to June 30, 2015. For each of Watermaster's regular payroll periods beginning on and after July 1, 2015 during the remainder of the Employment Term (from June 30, 2014 up to the expiration date of June 30, 2017), the Watermaster agrees to make an employer contribution to the Plan for the benefit of the eligible employee equal to 8% of the corresponding salary including any incentive compensation paid during that payroll period; provided that the eligible employee is still employed with Watermaster on the payday of that payroll period. The balance of Watermaster's Employee Compensation Plan as of June 30, 2016 and 2015 amounted to \$23,746 and \$4,750, respectively.

(8) Deferred Compensation Savings Plan

For the benefit of its employees, the Watermaster participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Watermaster is in compliance with this legislation. Therefore, these assets are not the legal property of the Watermaster, and are not subject to claims of the Watermaster's general creditors. Market value of all plan assets held in trust at June 30, 2016 and 2015 was \$870,106 and \$877,881, respectively.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(8) Deferred Compensation Savings Plan, continued

The Watermaster has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the Watermaster has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Watermaster's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Watermaster's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Watermaster's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013 are eligible for the Watermaster's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	9.671%	6.237%

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(9) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Watermaster is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, 2016 and 2015, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan	
	2016	2015
Contributions – employer	\$ 83,557	133,410

Net Pension Liability

As of the fiscal year ended June 30, 2016 and 2015, the Watermaster reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability	
	2016	2015
Miscellaneous Plan	\$ 811,437	599,803

The Watermaster's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015 and 2014 (the measurement dates), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and 2013 (the valuation dates), rolled forward to June 30, 2015 and 2014, using standard update procedures. The Watermaster's proportion of the net pension liability was based on a projection of the Watermaster's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Watermaster's proportionate share of the pension liability for the Plan as of the measurement date June 30, 2014 and 2015 was as follows:

	Miscellaneous Plan
Proportion – June 30, 2014	0.00964%
Proportion – June 30, 2015	0.01182%
Change – Increase (Decrease)	0.00218%

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Watermaster's proportionate share of the pension liability for the Plan as of the measurement date June 30, 2013 and 2014 was as follows:

	Miscellaneous Plan
Proportion – June 30, 2013	0.01017%
Proportion – June 30, 2014	0.00964%
Change – Increase (Decrease)	-0.00053%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal years ended June 30, 2016 and 2015, the Watermaster recognized pension expense of \$50,305 and \$57,525, respectively.

At June 30, 2016, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 83,557	-
Differences between actual and expected experience	8,551	-
Changes in assumptions	-	(80,897)
Net differences between projected and actual earnings on plan investments	-	(40,555)
Differences between actual contribution and proportionate share of contribution	11,832	-
Net adjustment due to differences in proportions of net pension liability	197,891	-
Total	\$ 301,831	(121,452)

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(9) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2015, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 133,410	-
Net differences between projected and actual earnings on plan investments	-	(201,563)
Net adjustment due to differences in proportions of net pension liability	<u>3,646</u>	<u>-</u>
Total	<u>\$ 137,056</u>	<u>(201,563)</u>

As of June 30, 2016 and 2015, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$83,557 and \$133,410, respectively and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017 and 2016.

At June 30, 2016, Watermaster recognized other amounts reported as deferred outflows and inflows of resources related to the pension liability, which will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/(Inflows) of Resources</u>
2017	\$ 26,794
2018	26,531
2019	15,844
2020	27,653
2021	-
Remaining	-

At June 30, 2015, Watermaster recognized other amounts reported as deferred outflows and inflows of resources related to the pension liability, which will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/(Inflows) of Resources</u>
2016	\$ (49,087)
2017	(49,087)
2018	(49,350)
2019	(50,393)

**Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015**

(9) Defined Benefit Pension Plan, continued

Actuarial assumptions, continued

The total pension liabilities in the June 30, 2015 and 2014 actuarial valuation report were determined using the following actuarial assumptions:

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2014 and 2013
Measurement Date	June 30, 2015 and 2014
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50% for 2014 and 7.65% for 2015
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used on the previous page was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

For the June 30, 2015 and 2014 valuation reports, the discount rate used to measure the total pension liability was 7.65% and 7.50%, respectively, for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% and 7.50% discount rates used are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% and 7.50% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the June 30, 2015 and 2014 valuation reports, the 7.65% and 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.80% and 7.65%, respectively. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2017-2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determine using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculates over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculates over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Year 11+**
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100.0%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the Watermaster's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the Watermaster's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

At June 30, 2016, the discount rate comparison was the following:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.65%	7.65%	8.65%
Watermaster's Net Pension Liability	\$ 1,377,903	811,437	362,332

At June 30, 2015, the discount rate comparison was the following:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.50%	7.50%	8.50%
Watermaster's Net Pension Liability	\$ 1,068,664	599,803	210,693

Payable to the Pension Plan

At June 30, 2016 and 2015, the Watermaster reported no payables for the outstanding amount of contribution to the pension plan.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 41 through 42 for the Required Supplementary Schedules.

(10) Other Post-Employment Benefits Payable

The Watermaster provides other post-employment benefits (OPEB) to qualified employees who retire from the Watermaster and meet the Watermaster's vesting requirements. During the fiscal year ended June 30, 2013, the Watermaster implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post-employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the Watermaster are set forth below.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(10) Other Post-Employment Benefits Payable, continued

Background

The CalPERS Health Benefits Program is governed by the Public Employees' Medical and Hospital Care Act (PEMHCA) of the California Public Employees' Retirement Law. The program was established in 1962 to purchase health care for employees of the State of California. In 1976, legislation was passed to allow other public employers, such as cities, counties, and school districts to join the program.

Contracting Public Agencies must offer all eligible active and retired employees an opportunity to enroll in a CalPERS health plan of their choice. All employers are required by statute to contribute towards the cost of the health plan premium. Premiums and health plan benefits are approved annually by the CalPERS Board of Administration.

The CalPERS Health Benefits Program offers a choice of health plans to provide basic coverage to active employees and Supplement to Medicare and Managed Medicare coverage for retired members. Eligible enrollees can choose between a variety of Health Maintenance Organizations, Preferred Provider Organizations and employee association plans.

Plan Description – Eligibility

The Watermaster's Retiree Health Plan is a single-employer defined benefit healthcare plan administered by the California Public Employees Retirement System (CalPERS). The Plan provides medical insurance benefits to eligible retirees and their dependents.

In accordance with Public Employee Retirement Law (Article 2), the Public Employees Retirement System Board of Administration has the responsibility to approve health benefit plans and may contract with carriers offering health benefit plans. The Board of Administration is responsible for adopting all rules and regulations, including scope and content of basic health plans. The California Government Code also defines certain rules for contract agencies to purchase health insurance benefits.

Membership in the OPEB plan consisted of the following members as of June 30:

	2016	2015	2014
Active plan members	8	9	9
Active employees' dependents	3	4	4
Retirees and dependents receiving benefits	1	1	1
Retirees and dependents not receiving benefits	-	-	-
Total plan membership	12	14	14

Funding Policy

There is no requirement imposed by CalPERS, to contribute any amount beyond the pay-as-you-go contributions. The cost of monthly insurance premiums is shared between the retiree and the Watermaster. The cost sharing varies depending upon: the dependent status and plan selected. A minimum employer monthly contribution requirement is established and may be amended by the CalPERS Board of Administration and applicable laws.

The Watermaster is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. At June 30, 2016 and 2015, the ARC rate is 10.09% and 10.21%, respectively of the annual covered payroll.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(10) Other Post-Employment Benefits Payable, continued

Annual Cost

For the years ended June 30, 2016 and 2015, the Watermaster's ARC cost is \$102,557 and \$98,033. The Watermaster's net OPEB payable obligation amounted to \$346,070 and \$245,013 for the years ended June 30, 2016 and 2015. The Watermaster contributed \$1,500 and \$1,464 to adjust the annual required contribution for current retiree OPEB premiums for the years ended June 30, 2016 and 2015, respectively.

The balance at June 30, consists of the following:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 101,484	97,383	79,930
Interest on net OPEB obligation	12,251	7,422	-
Adjustment to annual required contribution	<u>(11,178)</u>	<u>(6,772)</u>	<u>-</u>
Total annual OPEB expense	102,557	98,033	79,930
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(1,500)</u>	<u>(1,464)</u>	<u>(1,123)</u>
Total change in net OPEB payable obligation	101,057	96,569	78,807
OPEB payable – beginning of year	<u>245,013</u>	<u>148,444</u>	<u>69,637</u>
OPEB payable – end of year	<u>\$ 346,070</u>	<u>245,013</u>	<u>148,444</u>

The Watermaster's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 and the two preceding years were as follows:

<u>Three-Year History of Net OPEB Obligation</u>				
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Age Adjusted Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation Payable</u>
2016	\$ 102,557	1,500	1.46%	346,070
2015	98,033	1,464	1.49%	245,013
2014	79,930	1,123	1.40%	148,444

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(11) Net Position

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

	2016	2015
Net investment in capital assets:		
Capital assets, net	\$ 14,378	19,439
Total net investment in capital assets	14,378	19,439
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	18,597	39,663
Total non-spendable net position	18,597	39,663
Spendable net position are designated as follows:		
Undesignated net position reserve	9,751,676	7,648,005
Total spendable net position	9,751,676	7,648,005
Total unrestricted net position	9,770,273	7,687,668
Total net position	\$ 9,784,651	7,707,107

(12) Deferred Inflows of Resources

Changes in deferred inflows of resources for 2016, were as follows:

	Balance 2015	Additions	Amortization	Balance 2016
Deferred inflows of resources:				
Deferred pension inflows	\$ 201,563	(28,484)	(51,627)	121,452
Total deferred inflows of resources	\$ 201,563	(28,484)	(51,627)	121,452

Changes in deferred inflows of resources for 2015, were as follows:

	Balance 2014	Additions	Amortization	Balance 2015
Deferred inflows of resources:				
Deferred pension inflows	\$ -	251,953	(50,390)	201,563
Total deferred inflows of resources	\$ -	251,953	(50,390)	201,563

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

(13) 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, 2016:

- 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. \$1,000 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 & Officers Liability: \$1,000,000 Liability Coverage; Employment Practices Liability: \$1,000,000 Liability Coverage. 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.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2016, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The impact of the implementation of this Statement to Watermaster's financial statements has not been assessed at this time.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. 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. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the Watermaster’s financial statements.

Governmental Accounting Standards Board Statement No. 80

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for financial statements for periods beginning after June 15, 2016. It is believed that the implementation of this Statement will not have a material effect to Watermaster’s financial statements.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests.

Chino Basin Watermaster
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2016 and 2015

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

Governmental Accounting Standards Board Statement No. 81, continued

This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for financial statements for periods beginning after December 15, 2016. It is believed that the implementation of this Statement will not have a material effect to Watermaster's financial statements.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for financial statements for periods beginning after December 15, 2016. It is believed that the implementation of this Statement will not have a material effect to Watermaster's financial statements.

Governmental Accounting Standards Board Statement No. 82

In March 2016, the GASB issued Statement No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for financial statements for periods beginning after June 15, 2016. It is believed that the implementation of this Statement will not have a material effect to Watermaster's financial statements.

(15) Commitments and Contingencies

Grant Awards

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

Litigation

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

(16) Subsequent Events

Events occurring after June 30, 2016, have been evaluated for possible adjustment to the financial statements or disclosure as of November 17, 2016 which is the date the financial statements were available to be issued.

Required Supplementary Information

**Chino Basin Watermaster
Schedule of Funding Status – Other Post-Employment Benefits Obligation
For the Year Ended June 30, 2016**

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	565,767	565,767	-	1,005,439	56.27%
6/30/2015	-	524,713	524,713	-	954,193	54.99%
6/30/2014	-	381,010	381,010	-	858,882	44.36%

The most recent valuation (dated June 30, 2016) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$565,767. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2016 was \$1,005,439. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 56.27%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actual assumptions and methods:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level percent of payroll
Remaining amortization period	20 years as of the valuation date
Assumed retirement age	60 years of age
Actuarial assumptions:	15 year smooth market
Discount rate	5.00% (net of administrative expenses)
Projected salary increase	3.00%
Medical insurance premium rate increase	7.00%
Individual salary growth	3.00%

**Chino Basin Watermaster
Schedule of the Watermaster's Proportionate Share of the Net Pension Liability
As of June 30, 2016
Last Ten Years***

	<u>Measurement Date 6/30/2014</u>	<u>Measurement Date 6/30/2015</u>
Watermaster's Proportion of the Net Pension Liability	<u>0.00964%</u>	<u>0.01182%</u>
Watermaster's Proportionate Share of the Net Pension Liability	\$ <u>599,803</u>	\$ <u>811,437</u>
Watermaster's Covered-Employee Payroll	\$ <u>726,672</u>	\$ <u>888,483</u>
Watermaster's proportionate share of the net pension liability as a as a Percentage of its Covered-Employee Payroll	<u>82.54%</u>	<u>91.33%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>83.03%</u>	<u>78.02%</u>
Plan's Proportionate Share of Aggregate Employer Contributions	\$ <u>79,352</u>	\$ <u>99,615</u>

Note:

* Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Chino Basin Watermaster
Schedule of Pension Plan Contributions
As of June 30, 2015
Last Ten Years***

<u>Schedule of Pension Plan Contributions (a):</u>	<u>Measurement Date 2013-2014</u>	<u>Measurement Date 2014-2015</u>
Actuarially Determined Contribution	\$ 112,177	\$ 99,615
Contributions in Relation to the Actuarially Determined Contribution	<u>(112,177)</u>	<u>(83,557)</u>
Contribution Deficiency (Excess)	\$ -	\$ 16,058
Covered Payroll	\$ 726,672	\$ 888,483
Contributions as a percentage of Covered-employee Payroll	<u>15.44%</u>	<u>9.40%</u>

Note:

* Fiscal Year 2015 was the first year of implementation, therefore only two years is shown.

Supplemental Information Section

Chino Basin Watermaster
Combining Schedule of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Watermaster Administration	Operations Basin Management	Pool Administration and Special Projects		Non-Ag Pool	Groundwater Operations		LAIF Value Adj.	GASB 68 Beginning Net Position	Grand Totals	AMENDED BUDGET 2015-2016
			Appropriative Pool	Agricultural Pool		Groundwater Replenishment	SR 222 Funds				
Administrative Revenues:											
Administrative Assessments		8,874,750			308,364					9,184,115	9,184,215
Interest Revenue		25,426		2,046	164					25,656	22,080
Mutual Agency Project Revenue	157,349									157,349	157,041
Miscellaneous Income											0
Total Revenues	157,349	8,898,176	2,046	308,528						9,357,100	9,354,206
Administrative & Project Expenses:											
Watermaster Administration	1,482,333									1,482,333	1,347,768
Watermaster Board-Advisory Committee	144,320									144,320	166,918
Ag Pool Misc. Expense - Ag Fund											400
Pool Administration		109,504	341,451	95,741						546,696	567,483
Opernum Basin Mgmt Administration		1,341,442								1,341,442	1,831,093
OBMP Project Costs		2,218,629								2,218,629	3,380,855
Debt Service		304,376								304,376	460,200
Basin Recharge Improvements											460,200
Mutual Agency Project Costs		1,391,315								1,391,315	3,472,477
Total Administrative/OBMP Expenses	1,626,654	5,655,762	341,451	95,741						7,829,112	11,237,144
Net Administrative/OBMP Expenses	(1,469,304)	(5,655,762)									
Allocate Net Admin Expenses To Pools	1,469,304		388,282	54,442							
Allocate Net OBMP Expenses To Pools	3,890,071		965,643	146,731							
Allocate Debt Service to App Pool	304,376										
Allocate Basin Recharge to App Pool	1,391,315										
Agricultural Expense Transfer*		1,665,377	(1,665,377)								
Total Expenses	3,374,848	286,914	2,046	12,684						7,829,112	11,237,144
Net Administrative Income	1,523,328									1,537,988	(1,872,938)
Other Income/Expense:											
Replenishment Water Assessments						1,070,692				1,070,692	-
Non-Ag Stored Water Purchases											-
Exhibit "G" Non-Ag Pool Water											-
Interest Revenue		2,540,000								2,540,000	-
MPWD Water Purchases							6,285			6,285	-
Non-Ag Stored Water Purchases Exhibit "G" Non-Ag Pool Water											-
MPWD Water Purchases											-
Groundwater Replenishment											-
LAIF - Fair Market Value Adjustment								(138)		(138)	-
Other Post-Employment Benefits (OPEB)		(97,313)								(97,313)	-
Refund-Incess Revenue		(87,128)								(87,128)	-
Refund Recharge Debt		(345,914)								(345,914)	-
Net Other Income/Expense	(530,355)			(6,926)		1,070,692		(138)		539,558	-
Net Transfers To/From Reserves	2,077,545	992,973	2,046	5,588		1,070,692		(138)		2,077,545	(1,872,938)
Net Assets, July 1, 2015	6,346,619.73	483,120.33	69,774.89	1,388,079.69	1,98,251.00			3,446.06	(740,195.00)	7,707,155.81	
Net Assets, End of Period	7,530,593.00	483,175.99	75,491.74	2,485,056.34	158,251.00			3,508.19	(740,195.00)	9,794,651.26	9,794,651
2014/2015 Assessable Production	84,007,515	28,520,530	4,333,753							116,861,798	
2014/2015 Production Percentages	71.910%	24.264%	3.705%							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, 2015**

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Operations		LAIF Value Adj.	Grand Totals	Budget 2014-2015
			Appropriative Pool	Agricultural Pool	Non-Agricultural Pool	Groundwater Replenishment	SR 222 Funds			
Administrative revenues:										
Administrative assessments	\$ -	-	7,283,399	-	244,107	-	-	7,524,506	7,524,250	
Interest revenue	-	-	17,644	1,236	362	-	-	19,243	24,800	
Mutual agency project revenue	155,607	-	-	-	-	-	-	155,607	155,331	
Total revenues	155,607	-	7,288,043	1,236	244,469	-	-	7,699,356	7,705,381	
Administrative & project expenditures:										
Watermaster administration	1,143,627	-	-	-	-	-	-	1,143,627	1,172,518	
Watermaster board/advisory committee	163,809	-	-	-	-	-	-	163,809	169,826	
Ag Pool misc. expense - Ag Fund	-	-	-	-	-	-	-	-	400	
Pool administration	-	-	199,977	303,796	109,893	-	-	613,666	616,185	
Optimum basin management administration	-	1,709,145	-	-	-	-	-	1,709,145	1,717,696	
OBMP project costs	-	2,625,043	-	-	-	-	-	2,625,043	3,044,075	
Debt service	-	415,978	-	-	-	-	-	415,978	431,740	
Basin recharge improvements	-	-	-	-	-	-	-	-	1,748,077	
Mutual agency project costs	-	-	-	-	-	-	-	-	10,000	
Total administrative/OBMP expenses	1,307,436	4,750,166	199,977	303,796	109,893	-	-	6,671,268	8,910,517	
Net administrative/OBMP expenses:	(1,151,829)	(4,750,166)	833,917	280,657	37,855	-	-	-	-	
Allocate net admin expenses to pools	-	-	3,137,925	1,053,818	142,445	-	-	-	-	
Allocate debt service to app pool	-	-	415,978	-	-	-	-	-	-	
Agricultural expense transfer^a	-	-	1,637,671	(1,637,671)	-	-	-	-	-	
Total expenses	6,235,488	-	1,236	290,191	(48,724)	-	-	6,671,268	8,910,517	
Net administrative income	1,077,575	-	1,236	(48,724)	-	-	-	1,028,088	(1,205,136)	
Other income/(expense)										
Replenishment water assessments	-	-	-	-	-	751,983	-	751,983	-	
Non-Ag stored water purchases	-	-	-	-	-	-	-	-	-	
Exhibit "G" Non-Ag pool water	1,151,196	-	-	-	-	2,801	-	1,151,196	-	
Interest revenue	-	-	-	-	-	-	-	2,801	-	
MWD water purchases	-	-	-	-	-	-	-	-	-	
Non-Ag stored water purchases	-	-	-	-	-	-	-	-	-	
Exhibit "G" Non-Ag pool water	(1,151,196)	-	-	-	-	-	-	(1,151,196)	-	
MWD water purchases	-	-	-	-	-	-	-	-	-	
Groundwater replenishment	-	-	-	-	-	-	-	-	-	
LAIF - fair market value adjustment	-	-	-	-	-	-	1,326	1,326	-	
Other post-employment benefits (OPEB)	(93,395)	-	(3,174)	-	-	-	-	(96,569)	-	
Refund - excess reserves	(6,456)	-	(1,841)	-	-	-	-	(8,297)	-	
Refund - recharge debt	-	-	-	-	-	-	-	-	-	
Net other income	(99,851)	-	(5,015)	754,784	-	754,784	1,326	651,244	-	
Net transfers to/(from) reserves	972,724	1,236	(50,739)	754,784	-	754,784	1,326	1,679,332	(1,205,136)	
Net Position July 1, 2014, as previously stated	5,372,896	479,894	120,514	633,295	158,251	158,251	2,120	6,767,970	-	
Prior period adjustment	-	-	-	-	-	-	-	(174,039)	-	
Net Position, July 1, 2014, as restated	5,372,896	479,894	120,514	633,295	158,251	158,251	2,120	6,627,775	-	
Net Position, End of Period	6,346,620	481,130	69,775	1,388,079	158,251	158,251	3,446	7,707,107	8,447,302	
2013/2014 assessable production	100,165,551	33,638,883	4,546,972	-	-	-	-	138,351,406	-	
2013/2014 production percentages	72.999%	24.314%	3.287%	-	-	-	-	100,000%	-	

^a 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 ended June 30, 2016 and 2015, 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 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit 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.

FEDAK & BROWN LLP

Fedak & Brown LLP
Cypress, California
November 17, 2016

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FISCAL YEAR 2015-16



WATERMASTER STAFF



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