

## **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 2017/2018 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 2016-17

### 40<sup>TH</sup> ANNUAL REPORT

REDUCING DEPENDENCE ON IMPORTED WATER

# DECADES OF SUCCESS WORKING TOGETHER TO MANAGE THE BASIN

## 1970s

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

## 1973

*A pump tax is enacted to raise money 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

*Regional Water Quality Control Board (RWQCB) adopts unique Maximum Benefit Salinity Management Program, enabling implementation of a massive recycled water reuse, stormwater, and supplemental water recharge program, and expansion of groundwater desalting to achieve hydraulic control.*

## 2008-2010

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

## 2011

*Safe Yield Reset process is initiated.*

## 2013

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

## 2016

*Pumping by Chino Basin Desalters in the Chino Creek Well Field reaches the rate required to achieve Hydraulic Control, protecting the water quality of the Santa Ana River by intercepting and removing contaminants, and enabling recycled water recharge in the Chino Basin.*



# EMERGED FROM THE DROUGHT WITH A BALANCED BASIN AND PLANS FOR THE FUTURE



## **A Message from Chino Basin Watermaster**

Chino Basin Watermaster continues increasing its expertise, adding more sophisticated tools, and learning each year how to better facilitate the complex interactions needed for our large group of stakeholders to work together effectively. Looking back over the year, we see progress on many fronts.

To start, one priority focus was on optimizing water storage for the future and we made considerable headway. For example, Watermaster and Inland Empire Utilities Agency undertook technical evaluations necessary to approve a temporary increase in storage from 500,000 acre-feet. This was a priority because stored water in the Basin is already bumping up against the storage limit, despite the drought.

Being proactive and prepared is a necessary prerequisite to effective long-term water management. For example, after being unused in recent years, Watermaster was able to rapidly restart use of the Dry Year Yield Program with Metropolitan Water District of Southern California and put water from the heavy winter rainfall into storage.

On the environmental front, the first Annual Report of the Prado Basin Habitat Sustainability Plan was completed and showed that habitat in that area is not being impacted by the implementation of the Peace II Agreement.

Similarly, ongoing studies and monitoring show that ground levels are stable in the MZ-1 Managed Area as a result of the sophisticated management program that began in 2007.

This is the 40th year since Watermaster was created. As I look back at the achievements of this organization over the past year and past decades, I am proud and grateful for our staff and Board as well as for the cooperation and participation of our many stakeholders.

**Peter Kavounas, PE**  
**General Manager, Chino Basin Watermaster**

PARTNERS IN BASIN MANAGEMENT

# PRIORITY: OPTIMIZING STORAGE FOR THE FUTURE

## CONTINUING WORK ON SAFE YIELD RECALCULATION

*Safe yield of a groundwater basin is defined as the long-term average annual quantity of groundwater that can be produced from the Basin without causing an undesirable result.*

## COURT ACCEPTED THE RECALCULATED SAFE YIELD BUT REJECTED THE BROADER AGREEMENT

**Court Reset Safe Yield to 135,000 Acre-Feet.** On April 28, 2017, the Court ruled to amend the Restated Judgment to reset the Safe Yield from 140,000 acre-feet per year to 135,000 acre-feet per year, effective July 1, 2010, and adopted the methodology for the next recalculation of Safe Yield, which is due by June 2020.

During the fiscal year, Watermaster parties continued working towards consensus on water rights accounting details, which are important because they determine how much money the parties must pay in assessments each year and how much water they have in storage accounts. By late June 2017, some parties had filed notice of appeals on the Court's ruling.

## OPTIMIZING FOR THE FUTURE – STORAGE MANAGEMENT PLANNING UNDERWAY

*Storage management was a focus this year and will continue to be in the future. Basin storage accounts have accumulated to almost one-half million acre-feet to meet future needs, nearing the maximum allowed under the Peace II Agreement. This prompted Watermaster and IEUA to undertake studies that allow the storage limits to be temporarily expanded.*

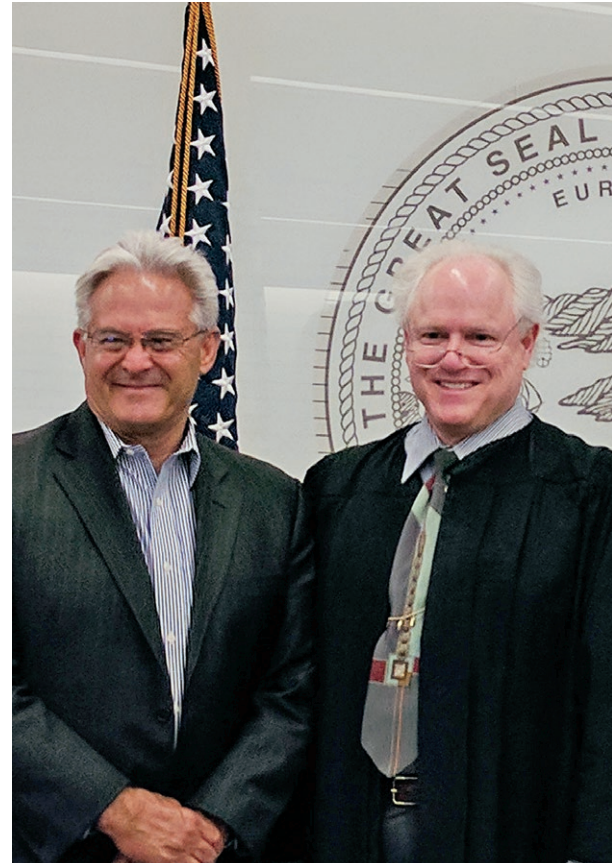
## APPROACHING THE MAXIMUM AMOUNT OF WATER (500,000 ACRE-FEET) ALLOWED TO BE STORED UNDER PEACE II AGREEMENTS

Increased stormwater and recycled water recharge, decreased pumping, as well as imported water made available by Metropolitan Water District of Southern California (MWD), have led to the accumulation of almost 500,000 acre-feet of combined water in Non-Agricultural pool and Appropriative pool storage accounts and carryover. This is a healthy number, and a significant accomplishment for the parties as it improves water supply reliability, and enables parties to economically optimize their supplies.

**The Basin is Approaching the Maximum Amount of Water Allowed in Storage.** Under the Peace II Agreements, the Basin's "acre-feet storage capacity," for which environmental impacts were studied and determined to be safe, is 500,000 acre-feet, which has almost been reached.

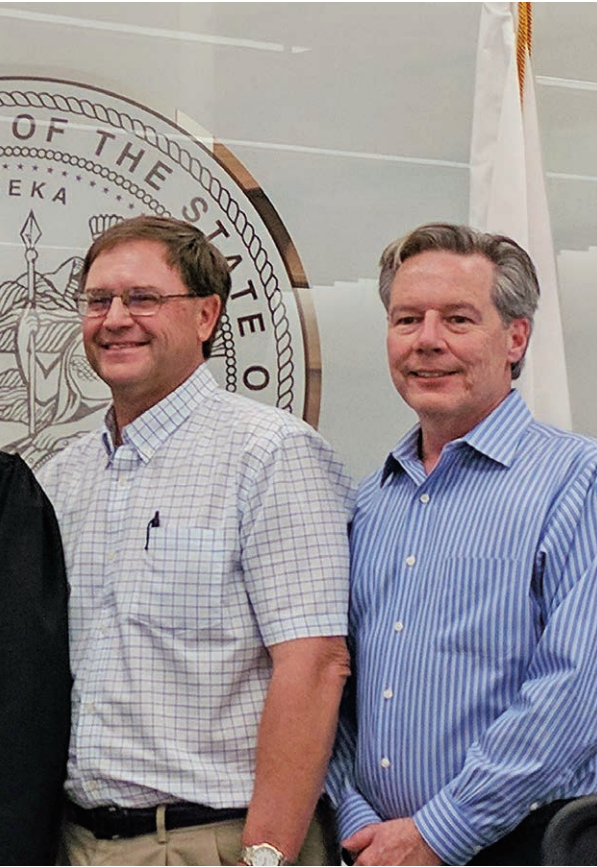
**Valid Agreements, as Required by the Judgment and Peace Agreement, Need to be Established.** Some stored water accounts have no agreements at all, while many existing agreements for stored water accounts have expired.

*The Honorable Judge Reichert with Watermaster Heuvel and Filippi following the April 28th 2017*



**WHILE THE DETAILS OF HOW TO MANAGE THE REDUCED SAFE YIELD ARE THE SUBJECT OF APPEALS THAT ARE YET TO BE RESOLVED, THE FACT THAT THERE WAS NEAR-UNANIMOUS AGREEMENT TO LOWER THE SAFE YIELD AND THAT THE JUDGE APPROVED IT DEMONSTRATES THAT THE BASIN IS BEING MANAGED ACTIVELY AND RESPONSIBLY.**

Board members Curatalo, Vanden  
Safe Yield Recalculation hearing.

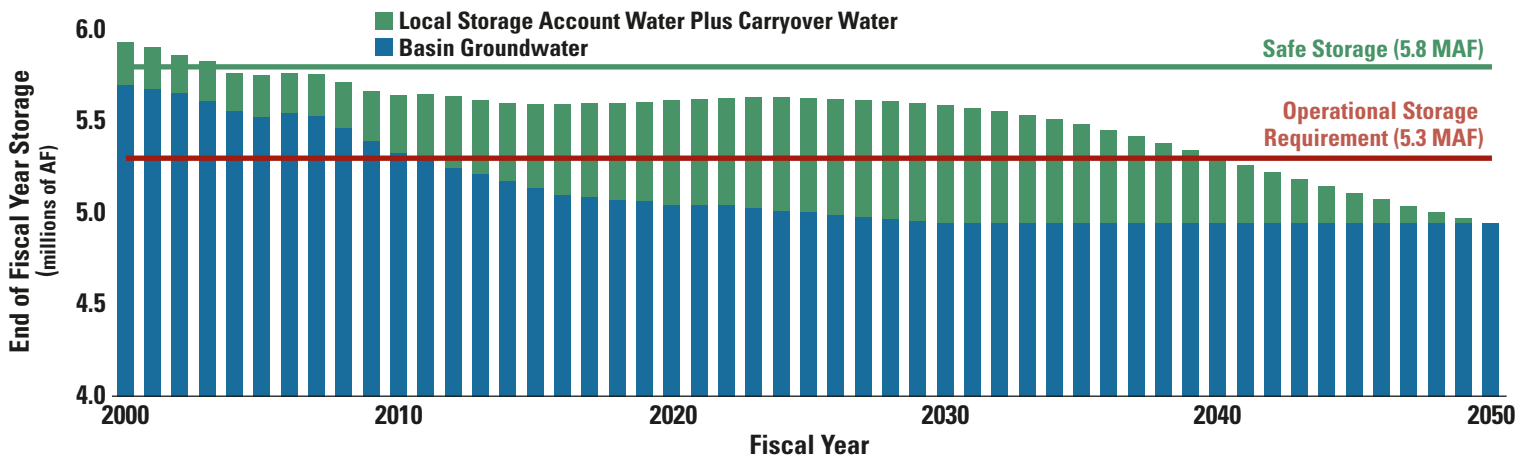


### ACTIONS TO OPTIMIZE STORAGE IN RESPONSE TO LIMITS BEING REACHED

- 1. Working Towards Increasing the Safe Storage Capacity to 600,000 Acre-Feet.** Watermaster and the Inland Empire Utilities Agency (IEUA) began analyzing the potential for increasing the Safe Storage Capacity from 500,000 acre-feet to 600,000 acre-feet from July 1, 2017 through June 30, 2021 by conducting an environmental analysis that showed the increase will not cause Material Physical Injury nor loss of Hydraulic Control.
- 2. A Long-Term Storage Management Plan was Initiated with an Aspirational Goal to Increase Maximum Basin Storage to 750,000 Acre-Feet.** Watermaster initiated development of a Storage Management Plan, a component of the Safe Yield Reset Agreement designed to determine how much water can be stored and withdrawn from the Basin without causing harm in the future. It will also address questions related to Material Physical Injury and management of ground-level movement in MZ1, thereby restoring the ability to renew and expand existing storage agreements.

**Undertaking Series of Studies and Actions to Ensure Storage Agreements Remain Valid.** In an effort to obtain valid agreements, Watermaster brought forth “universal” storage applications for the Non-Agricultural Pool’s and the Appropriative Pool’s Excess Carry Over (ECO) and Local Supplemental accounts.

### ANALYSIS OF FUTURE BASIN CONDITIONS SHOWS NEED FOR STORAGE MANAGEMENT PLAN



*This chart projects that if pumping continues without storage management, the total storage in the Basin will drop below the Operational Storage Requirements in 2041 and that water in storage accounts will be extinguished by 2050.*

**THE CHINO BASIN IS ONE OF THE LARGEST GROUNDWATER BASINS IN SOUTHERN CALIFORNIA, CONTAINING ABOUT 5.7 MILLION ACRE-FEET OF WATER IN STORAGE, AND HAS AN UNUSED STORAGE CAPACITY OF ABOUT ONE MILLION ACRE-FEET.**

# PRIORITY: OPTIMIZING STORAGE FOR THE FUTURE CONT.

## WET YEAR ENABLES USE OF DRY-YEAR YIELD STORAGE FOR THE FIRST TIME IN TEN YEARS

*A challenge during wet years is having available space to store surplus surface water for later use in dry years. Fortunately, Watermaster and its partners already had in place the Dry-Year Yield (DYY) Program.*

Watermaster, IEUA, Three Valleys Municipal Water District, and MWD are parties to a Dry-Year Yield (DYY) Agreement. This agreement provides MWD the opportunity to place up to 25,000 acre-feet per year into storage, up to a maximum of 100,000 acre-feet, in the Chino Basin, and to extract it later. MWD delivered about 6,300 acre-feet to storage in June 2017, and has signaled that it intends to reach the annual maximum storage amount in fiscal year 2017-18.

**Storing Imported Water is a Mutual Benefit for All Parties.** For Chino Basin, recharging high-quality imported water improves the water quality of the Basin, while also helping to preserve storage capacity. The imported water also helps to meet recharge obligations for areas of the Basin where ground-level movement is a concern. For MWD, the DYY Program provides a place to store water in wet years, and call upon it in dry years when needed.

**Looking to Further Optimize the Program for the Future.** There is a potential to recharge water under the DYY Program by utilizing Aquifer Storage and Recovery (ASR) wells and taking other actions. Initial negotiations on an expanded DYY Program began late this fiscal year.



*Montclair 1 Basin taking DYY water.*

# PRADO BASIN HABITAT NOT IMPACTED BY PEACE II

Monitoring and analysis conducted under the Prado Basin Habitat Sustainability Program (PBHSP) show that the extent and quality of Prado Basin Habitat is not being adversely impacted by the implementation of the Peace II Agreement.

## The Prado Basin Habitat Sustainability Program Analyzes a Wide Variety of Data Types Through Comprehensive Monitoring and Reporting

Aerial photos back to the 1960s	Predictive groundwater modeling
Remote and ground-based vegetation surveys	Climatic data
Groundwater-level and quality data	Data on invasive species
Surface water discharge and quality data	Extent of wildfires

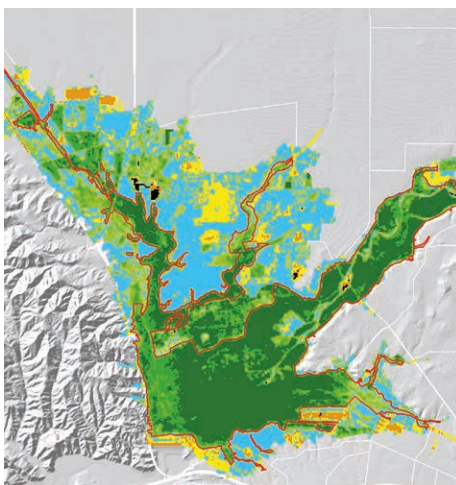
### DRAFT ANNUAL REPORT ON PRADO BASIN HABITAT PROVIDES POSITIVE NEWS

The riparian habitat in Prado Basin has increased in both extent and quality since the 1960s. The data indicates no trend of degradation of the quality or extent of riparian habitat along Chino Creek, Mill Creek or the Santa Ana River resulting from implementation of the Peace II Agreement.

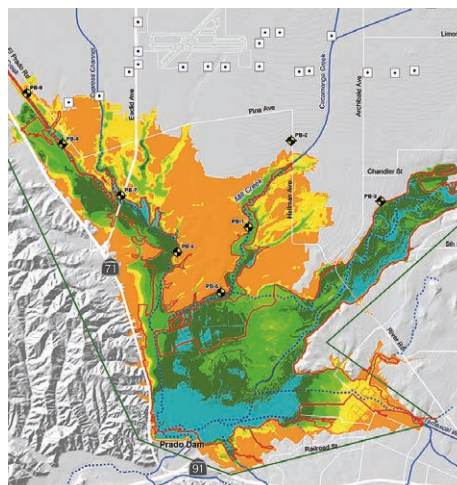
**Stable Groundwater Levels.** Across most of Prado Basin, where riparian habitat exists, groundwater levels have remained relatively stable.

There are two areas within Prado Basin where groundwater levels are projected to decline by 2030. These predicted declines in groundwater levels, if they occur, are expected to be gradual, and will be monitored to provide time to develop monitoring and mitigation strategies, if needed.

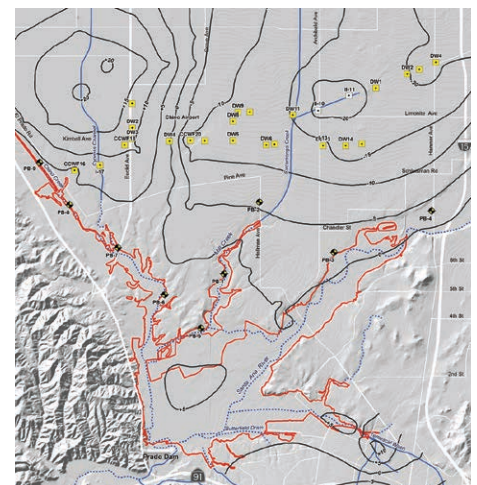
**Other factors, such as surface water flows, drought, wildfires, and invasive species are analyzed as part of this program.** These factors, and their impacts on the habitat, are monitored and characterized to distinguish the effects of Peace II implementation from other environmental influences.



Air photos and Normalized Difference Vegetation Index (NDVI) values from remote sensing are used to assess the extent and quality of riparian habitat over time.



Depth to groundwater is being measured, mapped, and charted over time to characterize the influence of Peace II on groundwater levels.



Projected change in groundwater levels thru 2030. Little, if any, lowering of groundwater levels is expected to occur beneath Prado Basin as a result of Peace II implementation.



# EXTENSIVE MONITORING PROVIDES INFORMA

*Watermaster undertakes extensive monitoring, using a variety of technologies that are used to help design water quality, water supply, and ground level management programs, evaluate the effectiveness of these programs, and develop future improvements.*

## SUMMARY OF EXTENSIVE MONITORING PROGRAMS



**33**  
LOCATIONS

**SURFACE WATER MONITORING.** Surface water is monitored as it is delivered to recharge basins. Monitoring at in-stream sites also helps to characterize interactions with groundwater along the Santa Ana River.

**1,100**  
WELLS

**GROUNDWATER LEVEL MONITORING.** About 1,100 wells are monitored to track groundwater levels across the Chino Basin.

**190**  
SITES

**GROUND LEVEL MONITORING.** The data is used to assess the effectiveness of management programs and to prevent future subsidence and fissuring.

**519**  
WELLS

**GROUNDWATER PRODUCTION MONITORING.** Nearly all active groundwater production wells are metered to measure groundwater production.

**924**  
WELLS

**GROUNDWATER QUALITY MONITORING.** Watermaster measures water quality at private and monitoring wells, and collects water quality data from well owners performing their own sampling.

*An Irrigation well equipped with a meter that is read quarterly by Watermaster Staff.*



# TION FOR EXCELLENT WATER MANAGEMENT

---

**LAND SUBSIDENCE HAS BEEN VIRTUALLY ELIMINATED IN THE MZ-1 MANAGED AREA, REPRESENTING A MAJOR, LONG-TERM ACCOMPLISHMENT FOR WATERMASTER.**

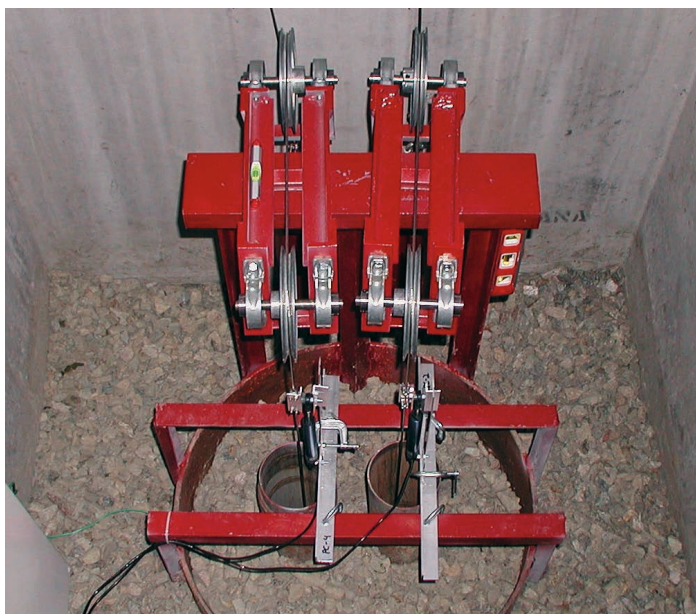
---

## SUCCESSFUL GROUND LEVEL MONITORING AND MANAGEMENT

Watermaster implements a Subsidence Management Plan (SMP) to minimize or eliminate the occurrence of land subsidence that is caused by use of the groundwater Basin. The SMP is implemented under the supervision and guidance of the Ground Level Monitoring Committee (GLMC), which published its 2016 Annual Report describing the monitoring activities, results, conclusions, and recommendations for future activities. Highlights include:

- Land subsidence has been virtually eliminated in the MZ-1 Managed Area within the City of Chino. This is a major, long-term accomplishment for Watermaster and the GLMC.
- Very little, if any, subsidence has occurred in the area near the CDA's Chino Creek Well Field, which began pumping in the second quarter of 2014.
- Land subsidence continued to occur in Northwest MZ-1 where Watermaster is implementing a multi-year work plan to eliminate subsidence in the Northwest MZ-1 area. A major task in the work plan for 2017-18 is the installation of an extensometer monitoring facility within the City of Pomona.

*This prototype cable extensometer is located in the City of Chino. A similar extensometer facility will be installed within the City of Pomona in 2017-18.*



## EXTENSIVE GROUNDWATER MONITORING PROGRAMS

*Below is a summary of Watermaster's groundwater monitoring programs. All groundwater data is carefully checked by Watermaster staff and uploaded to a centralized database management system that can be accessed online and used to perform rapid analysis of groundwater trends.*

**Data is Collected from Hundreds of Wells as Part of the Chino Basin Data Collection Program (CBDC).** Watermaster routinely and proactively collects data from well owners, such as municipal producers and government agencies. Groundwater data is also obtained from special studies and monitoring.

**Private Wells.** Currently, about 100 private wells, located predominantly in the southern portion of the Basin, are sampled at various frequencies based on their proximity to known point-source contamination plumes.

**Watermaster Monitoring Wells.** Watermaster continues to sample privately-owned wells on a routine basis. Watermaster also collects groundwater data samples from about 22 multi-nested monitoring wells located throughout the southern Chino Basin. Each nested well site contains up to three wells in the borehole.

**Other Wells.** Watermaster collects quarterly samples from four near-river wells to characterize the interaction of the Santa Ana River and groundwater.

---

**THE WATER QUALITY DATA IS USED TO PREPARE DETAILED MAPS AND GRAPHICS FOR THE STATE OF THE BASIN REPORT EVERY TWO YEARS.**

---

# ENGAGEMENT IN REGIONAL PROGRAMS IS KEY

*Watermaster continued its engagement with a wide variety of stakeholders both inside the Basin and beyond, and continues to prioritize serving as both a responsive partner and leader throughout the region.*

## **SGMA COMPLIANCE HELPS MAINTAIN GOAL OF EXCEPTIONAL GROUNDWATER MANAGEMENT**

As an adjudicated Basin with a long history of excellent groundwater management, Chino Basin is specifically exempt from the Sustainable Groundwater Management Act (SGMA) requirement to form a Groundwater Sustainability Agency (GSA) and prepare a Groundwater Sustainability Plan (GSP). Nonetheless, Watermaster is incorporating the requirements of SGMA as a standard, and building it into its plan to maintain exceptional and sustainable management of the Basin.

## **COLLABORATED TO ENSURE SGMA COMPLIANCE IN FRINGE AREAS**

After the approval of the SGMA in 2014, adjudicated basins were exempt from the law except for certain annual reporting requirements to the Department of Water Resources (DWR). However, areas of the aquifer outside of the adjudication boundary referred to by the DWR as “Unmanaged Fringe Areas” are required to be managed through designation of GSAs. In response, during fiscal year 2016-17, Watermaster reached out to and coordinated with County of San Bernardino, the City of Pomona, and Western Municipal Water District to create GSAs for each entity and comply with the provisions in SGMA.



# TO EFFECTIVE WATER MANAGEMENT

## ACTIVE PARTICIPANT IN REGIONAL FORUMS

Chino Basin Watermaster maintains an active participation in regional forums throughout the Santa Ana River Watershed. Examples of Watermaster's engagement in regional forums during the fiscal year include:

- **Actively Participating in the Basin Monitoring Program Task Force and the Triennial Ambient Water Quality Recomputation.** Watermaster and IEUA fulfilled the Maximum Benefit commitment to perform an Ambient Water Quality (AWQ) Recomputation every three years together with other agencies across the watershed through the Basin Monitoring Task Force, which is administered by Santa Ana Watershed Project Authority (SAWPA). This year, Watermaster provided publicly available data and facilitated the acquisition of private well data from the Chino Basin region. The AWQ Recomputation will be completed by September 2017.
- **Engaging with Regional Forums:** Imported Water Recharge Technical Committee, Middle Santa Ana River Total Maximum Daily Loads Task Force, and Basin Monitoring Program Task Force, among other regional forums in the Santa Ana River Watershed.
- **Participating in the Upper Santa Ana River Habitat Conservation Plan (HCP) to Streamline the Permit Process.** Chino Basin Watermaster and IEUA participate in the Upper Santa Ana River HCP. The HCP is designed to speed up acquisition of incidental take permits of certain species by creating conservation banks in cooperation with other agencies in the watershed. CBWM and IEUA included recharge projects, Basin improvement, and maintenance as part of the covered activities. This year, most of the modeling needed for supporting decisions from stakeholders and wildlife agencies was performed.
- **Engaging in the Santa Ana River Conservation and Conjunctive Use Program.** This is an early effort to consider allowing water to be brought into the Basin from outside and storing it within the Basin. In exchange, the outside entities would either leave some water behind as payment, pay for the storage directly, build facilities, or provide some other benefit to the Chino Basin.



*View of Ely Basin.*

# CONTINUOUS IMPROVEMENTS IN GOVERNANCE

*Ongoing improvements in governance, administration and operations provide the foundation for cost-effective water management on behalf of Watermaster stakeholders.*

## UPDATE OF THE RULES AND REGULATIONS

Over time, changes in programs, processes, regulations, and other developments require that the Rules and Regulations by which Watermaster operates be updated. This year, Watermaster initiated the process of updating the Rules and Regulations to reflect such changes. These changes range from Watermaster's inclusion of various court orders and agreements to the update of Watermaster's office address. Two workshops were conducted this year on the update, which will be systematically completed over time. The update will be finalized after the Safe Yield Recalculation Court process is completed.

## IMPLEMENTATION OF READINESS TO SERVE CHARGES

Until this year, IEUA, a supplier of MWD water, had been charging a flat \$15 per acre-foot service fee for delivered imported water. IEUA was not recovering its costs, so starting in fiscal year 2016-17, any supplemental water delivered through IEUA is subject to a Readiness to Serve Charge (RTS). In practical terms, the RTS Charge will increase the price of replenishment water, which may lead to increased use of groundwater and, therefore, increased costs for groundwater.



*Looking upstream in the Santa Ana River.*

# AND OPERATIONAL EFFICIENCY

## EXHIBIT “G” TRANSFERS CONTINUE CONTRIBUTING TO WATER MANAGEMENT FLEXIBILITY

This year, 1,000 acre-feet of Exhibit “G” water was offered and sold under this creative management tool in which members of the Non-Agricultural Pool can sell their stored, excess water to Appropriators.

## IMPLEMENTED ADMINISTRATIVE IMPROVEMENTS

This year, Watermaster upgraded its equipment that monitors transducers installed in wells. Using Bluetooth technology synchronized to a field tablet, the new monitoring equipment allows for faster transfer of information and requires less hardware to maintain.

Watermaster created new Supplemental Water Recharge Application Forms (Form 2a, 2b, and 2c), which are more descriptive, easier to fill out, and include an electronic version that is easier to submit. All Watermaster forms are now electronically available in one location on the website and some can be submitted electronically.

In addition, Watermaster updated its stipend form for representatives. The form, previously available only as a hard copy, is now available in electronic format. The ease of use and accessibility will help to make processing claims more efficient.

## CLOSE OF NEAR-FORGOTTEN HISTORICAL CHAPTER WITH RETURN OF SB 222 FUNDS

Watermaster applied the balance of the money from a pre-Judgment pump tax created in 1975 (SB 222 Fund), which had been held in trust and not used since 1997, to offset OBMP assessments. This action closes a historical chapter, relieving Watermaster of having to carry over the unused amount in its accounting record, and instead allocates those funds towards studies and investigations that aid in implementing the OBMP. This will ultimately reduce parties’ assessments and demonstrates Watermaster’s ability to maintain stewardship on behalf of the parties even across many decades.

## COMPLETED REQUIRED REPORTING

Watermaster is required to report to the courts and various regulators on a variety of topics. A few are highlighted below.

- **Watermaster’s Existing Actions Comply with Drought Emergency Regulation.** In response to the recent drought, the State Board adopted an Emergency Regulation for Measuring and Reporting Water Diversions (Senate Bill 88) in January 2016. This regulation required Watermaster to measure diversions with a high degree of accuracy by January 1, 2017. Watermaster has been measuring stormwater diversions within the required accuracy for over 10 years. No additional action was required to comply with the regulation, which was documented in Watermaster’s annual reporting.
- **Completed and Submitted Maximum Benefit Annual Report.** Watermaster and IEUA prepare this Annual Report to describe the status of compliance with each of the Chino Basin Maximum Benefit Commitments. These are specific projects and requirements that must be implemented to demonstrate that water quality consistent with maximum benefit to the people of the state is maintained during the application of the maximum-benefit objectives granted by the RWQCB.
- **Published the 2016 State of the Basin Report.** Watermaster is required to publish a State of the Basin report every two years. This report describes the physical state of the basin and how it has changed under the OBMP.

---

***SERVING OUR STAKEHOLDERS RELIABLY, FAIRLY, AND COST-EFFECTIVELY ARE ONGOING PRIORITIES OF WATERMASTER.***

---

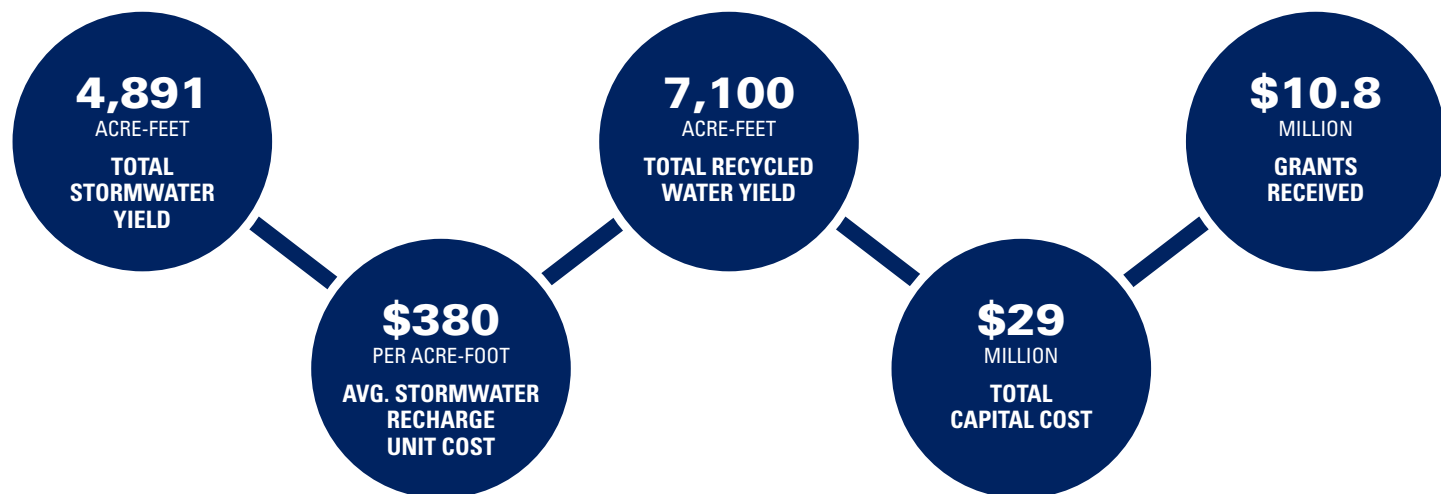
# CONTINUED PROGRESS ON RECHARGE MAST

The 2013 Amendment to the 2010 Recharge Master Plan Update (2013 RMPU) is the key planning document to expand storage in the Basin, help improve water quality, and increase water supplies into the future. This year, Watermaster approved construction of five projects that were based on that 2013 planning effort.

**\$10.8 Million in Grants Obtained for Post 2014 Stormwater Recharge Program.** Following an extensive review of 11 projects over many years, five projects were selected to be funded and built, forming the “Post-2014 Stormwater Recharge Program.” The projects will provide a total increase in stormwater capture of 4,891 acre-feet per year.

The cost to complete all five projects is estimated to be \$29 Million. IEUA and Watermaster have been aggressively pursuing grants and have thus far been awarded \$10.8 million in grant funding for the various RMPU projects. The five projects are expected to be completed by 2020.

## POST-2014 STORMWATER RECHARGE PROGRAM FACTS AT A GLANCE



## EVAPORATIVE LOSS STUDY UNDERWAY

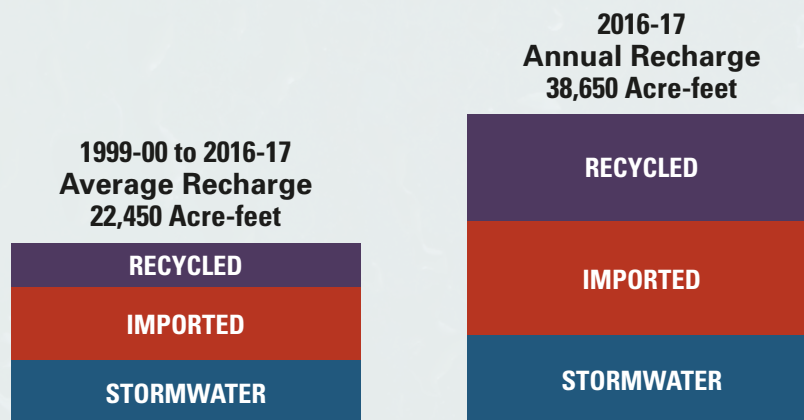
**A Renewed Level of Refinement in Water Management.** Since 2001, Watermaster and IEUA have assumed that the evaporative losses were negligible for the recycled and imported waters that are recharged into the Chino Basin. As part of its overall work to optimize the Basin, Watermaster initiated an investigation into the nature of evaporation losses in the Chino Basin to improve accuracy and accounting for the Watermaster Parties, as well as for outside parties like MWD who may sell their water stored with the DYY program to the parties in the future.

**Proof of Concept Study on Evaporative Losses.** Watermaster’s consultants developed a study to estimate evaporative losses at two recharge facilities (Brooks and Ely Basins) using stage data measured by IEUA at Chino Basin recharge facilities and measured evaporation data. The Proof of Concept was subsequently expanded to estimate the evaporative losses at all recharge facilities over a period of five years. As of this annual report, the study is still in progress.

## THE FIVE STORMWATER RECHARGE PROJECTS APPROVED FOR DEVELOPMENT



### RECHARGE WELL ABOVE AVERAGE IN 2016-17



*Recharge in 2016-17 was well above the long-term average since 1999-2000 when recycled water was first used for recharge.*



# WATERMASTER GOVERNANCE AND MEMBERSHIP – CALENDAR YEAR 2017

## Watermaster Board

### Agricultural Pool Representatives

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

### Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Bob Bowcock</b>	Calmat Co.
Alternate: <b>Brian Geye</b>	California Speedway Corporation

### Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Jim Curatalo</b> , Chair	Cucamonga Valley Water District
Alternate: <b>Kathy Tieg</b>	
<b>Robert DiPrimio</b> , Vice-Chair	Fontana Water Company
Alternate: <b>Josh Swift</b>	
<b>Tom Thomas</b> (Jan), <b>Gino L. Filippi</b> (Feb - Dec)	City of Upland
Alternate: <b>Jeannette Vagnozzi</b>	

### Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Steve Elie</b>	Inland Empire Utilities Agency
Alternate: <b>Kati Parker</b>	
<b>Bob Kuhn</b> , Secretary/Treasurer	
Alternate: <b>David De Jesus</b>	Three Valleys Municipal Water District
<b>Don Galleano</b>	Western Municipal Water District
Alternate: <b>Robert Stockton</b>	

## Staff

<b>Peter Kavounas</b> , PE	General Manager
<b>Joseph Joswiak</b> , MBA	Chief Financial Officer
<b>Anna Truong</b> , CAP-OM-TA	Executive Svcs. Director/Board Clerk
<b>Edgar Tellez Foster</b> , PhD	Sr. Environmental Engineer
<b>Frank Yoo</b>	Water Resources Senior Associate
<b>Justin Nakano</b> , MPA	Water Resources Senior Associate
<b>Janine Wilson</b> , CAP-OM	Senior Accountant
<b>Camille Gregory</b>	Administrative Assistant
<b>Rick Zapien</b>	Field Operations Specialist

## Advisory Committee

### Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Carol Boyd</b>	State of California-CIM
<b>Nathan deBoom</b>	Dairy
<b>Lawrence Dimock</b>	State of California-CIM
<b>Robert Feenstra</b>	Dairy
<b>Pete Hall</b>	State of California-CIM
<b>John Huitsing</b>	Dairy
<b>Henry De Haan</b>	Dairy
<b>Ron LaBrucherie, Jr.</b>	Crops
<b>Jeff Pierson</b> , Vice-Chair	Crops
<b>Bob Page</b>	County of San Bernardino

### Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Brian Geye</b> , Chair	California Speedway Corporation
Alternate: <b>Bob Bowcock</b>	Calmat Co.
<b>Ramsey Haddad</b>	California Steel Industries, Inc.
Alternate: <b>Ken Jeske</b>	
<b>Tom O'Neill</b>	City of Ontario, (Non-Ag)
Alternate: <b>Michael Sigsbee</b>	

### Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Ron Craig</b>	City of Chino Hills
Alternate: <b>Nadeem Majaj</b>	
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Jose Alire, Amanda Coker</b>	
<b>Landon Kern, Jesus Plasencia</b>	
<b>Marty Zvirbulis</b>	Cucamonga Valley Water District
Alternates: <b>John Bosler, Jo Lynne Russo-Pereyra, Braden Yu</b>	
<b>Seth Zielke</b>	Fontana Union Water Company
Alternate: <b>Eric Tarango</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternate: <b>Eric Tarango</b>	
<b>Todd Corbin</b>	Jurupa Community Services District
Alternate: <b>Robert Tock</b>	
<b>Van Jew</b>	Monte Vista Irrigation Company <sup>a</sup>
Alternate: <b>Justin Scott-Coe</b> (Jan - July), <b>Mark Kinsey</b> (Aug - Dec)	
<b>Justin Scott-Coe</b> (Jan - July), <b>Van Jew</b> (Aug - Dec)	
Alternate: <b>Mark Kinsey</b>	Monte Vista Water District
<b>Scott Burton</b>	City of Ontario
Alternate: <b>Katie Gienger</b>	
<b>Darron Poulsen</b> , 2nd Vice-Chair	City of Pomona
Alternate: <b>Raul Garibay</b>	
<b>Teri Layton</b>	San Antonio Water Company <sup>a</sup>
Alternate: <b>Charles Moorrees</b>	
<b>Rosemary Hoerning</b>	City of Upland
Alternate: <b>Martin Thouvenell</b>	

## 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, Non-Agricultural, and Appropriative.

## Agricultural Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Nathan deBoom</b>	Dairy
<b>Ron LaBrucherie, Jr.</b>	Crops
<b>Robert Feenstra, Chair</b>	Dairy
<b>John Huitsing</b>	Dairy
<b>Henry De Haan</b>	Dairy
<b>Jeff Pierson, Vice-Chair</b>	Crops
<b>Ron Pietersma</b>	Dairy
<b>Pete Hall</b>	State of California-CIM
<b>Carol Boyd</b>	State of California-CIM
<b>Lawrence Dimock</b>	State of California-CIM
<b>Bob Page</b>	County of San Bernardino

<i>ALTERNATE REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Andrew Silva</b>	County of San Bernardino
<b>Diana Frederick</b>	State of California
<b>Julie Cavender</b>	State of California-CIM
<b>Marilyn Levin</b>	State of California-DOJ
<b>Michael Thompson</b>	State of California-DOC
<b>Noah Golden-Krasner</b>	State of California-DOJ

## Non-Agricultural Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Richard Zuniga</b>	Ameron International Corporation
<b>Dennis Dooley</b>	Southern Service Company
Alternate: <b>William Urena</b>	
<b>David Penrice</b>	Aqua Capital Management, LP
—	CCG Ontario, LLC
<b>Brian Geye, Chair</b>	California Speedway Corporation
Alternate: <b>Ray Wilkings</b>	
<b>Ramsey Haddad</b>	California Steel Industries, Inc.
Alternate: <b>Ken Jeske</b>	
<b>Bob Bowcock, Vice-Chair</b>	Calmat Co.
Alternate: <b>Kevin Sage</b>	
<b>Randall McAlister</b>	General Electric Company
Alternate: <b>Roger Florio</b>	
<b>Mark Kinsey</b>	Monte Vista Water District (Non-Ag)
Alternate: <b>Van Jew</b>	
<b>Marco Tule</b>	NRG California South, LP
Alternate: <b>John Abusham</b>	
<b>Tom O'Neill</b>	City of Ontario (Non-Ag)
Alternate: <b>Michael Sigsbee</b>	
<b>Roger Han (Jan - June), David LeValley (July - Dec)</b>	Praxair, Inc.
Alternate: <b>Jose Galindo</b>	
<b>Steve Riboli</b>	Riboli Family and San Antonio Winery, Inc.
<b>Bob Page</b>	County of San Bernardino (Non-Ag)
Alternate: <b>Andrew Silva</b>	
<b>Erika Clement</b>	Southern California Edison Company <sup>b</sup>
<b>Tom Cruikshank</b>	Space Center Mira Loma, Inc.
Alternate: <b>Patty Jett</b>	
<b>David Starnes (Jan - Sept), Natalie Costaglio (Sept - Dec)</b>	Hamner Park Associates
Alternate: <b>Michael Adler</b>	
<b>Jesse White</b>	TAMCO
Alternates: <b>Giannina Espinoza, Alfonso Ruiz</b>	
—	West Venture Development Company

## Appropriative Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Kevin Sage</b>	Nestlé Waters North America
Alternate: <b>Bob Bowcock</b>	(Arrowhead Mountain Spring Water Co.)
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Amanda Coker</b>	
<b>Landon Kern, Jesus Plasencia, Jose Alire</b>	
<b>Ron Craig</b>	City of Chino Hills
Alternate: <b>Nadeem Majaj</b>	
<b>Marty Zvirbulis</b>	Cucamonga Valley Water District
Alternates: <b>John Bosler, Jo Lynne Russo-Pereyra, Braden Yu</b>	
<b>Chuck Hays</b>	City of Fontana <sup>a</sup>
Alternate: <b>Dan Chadwick</b>	
<b>Seth Zielke</b>	Fontana Union Water Company
Alternate: <b>Eric Tarango</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternate: <b>Eric Tarango</b>	
<b>Ben Lewis</b>	Golden State Water Company <sup>a</sup>
Alternate: <b>Toby Moore</b>	
<b>Todd Corbin, Chair</b>	Jurupa Community Services District
Alternate: <b>Robert Tock</b>	
<b>Justin Brokaw</b>	Marygold Mutual Water Company <sup>a</sup>
<b>Van Jew</b>	Monte Vista Irrigation Company <sup>a</sup>
Alternate: <b>Justin Scott-Coe (Jan - July), Mark Kinsey (Aug - Dec)</b>	
<b>Justin Scott-Coe (Jan - July), Van Jew (Aug - Dec)</b>	Monte Vista Water District
Alternate: <b>Mark Kinsey</b>	
<b>Geoff Kamansky</b>	Niagara Bottling, LLC <sup>a</sup>
Alternate: <b>Ankita Patel</b>	
<b>Cris Fealy</b>	Nicholson Trust <sup>a</sup>
Alternates: <b>Seth Zielke, Eric Tarango</b>	
<b>Chad Blais</b>	City of Norco <sup>a</sup>
Alternate: <b>Bill Thompson</b>	
<b>Scott Burton</b>	City of Ontario
Alternate: <b>Katie Gienger</b>	
<b>Darron Poulsen</b>	City of Pomona
Alternates: <b>Raul Garibay, Meg McWade</b>	
<b>Teri Layton, Vice-Chair (Aug - Dec)</b>	San Antonio Water Company <sup>a</sup>
Alternate: <b>Charles Moorrees</b>	
<b>Bob Page</b>	County of San Bernardino <sup>a</sup>
Alternate: <b>Andrew Silva</b>	
<b>J. Arnold Rodriguez</b>	Santa Ana River Water Company <sup>a</sup>
Alternate: <b>John Lopez</b>	
<b>Rosemary Hoerning</b>	City of Upland
Alternate: <b>Martin Thouvenell</b>	
<b>Rosemary Hoerning</b>	West End Consolidated Water Co. <sup>a</sup>
Alternate: <b>Kevin Watson</b>	
<b>Matthew Litchfield</b>	West Valley Water District <sup>a</sup>
Alternate: <b>Joanne Chan</b>	

<sup>a</sup> Minor Producer.

<sup>b</sup> Southern California Edison Co. (SCE) was a party to the Non-Agricultural Pool Committee from Jan - July.

**LEFT  
INTENTIONALLY  
BLANK**

# Directory to Appendices 2016-17 Annual Report Appendices A-Q

COURT HEARINGS AND ORDERS FISCAL YEAR 2016-17	A
RESOLUTIONS FISCAL YEAR 2016-17	B
HISTORY OF INTERVENTIONS AFTER JUDGMENT	C
NOTICE OF INTENT TO CHANGE THE OPERATING SAFE YIELD OF THE CHINO GROUNDWATER BASIN	D
APPROPRIATIVE RIGHTS (ORIGINAL PER JUDGMENT)	E-1
APPROPRIATIVE RIGHTS (AS OF JUNE 30, 2017)	E-2
NON-AGRICULTURAL RIGHTS (ORIGINAL PER JUDGMENT)	F-1
NON-AGRICULTURAL RIGHTS (AS OF JUNE 30, 2017)	F-2
HISTORY OF REALLOCATION OF UNPRODUCED AG POOL SAFE YIELD	G
HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN	H-1
HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN	H-2
SUMMARY OF SUPPLEMENTAL SUPPLIES USED BY THE CHINO BASIN PARTIES FISCAL YEAR 2016-17	I
SUMMARY OF MWDSC DELIVERIES TO THE CHINO BASIN PARTIES FISCAL YEAR 2016-17	J
TOTAL WATER CONSUMPTION BY THE CHINO BASIN PARTIES	K
SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES FISCAL YEAR 2016-17	L
SUMMARY OF STORMWATER, IMPORTED WATER, AND RECYCLED WATER RECHARGE FISCAL YEAR 2016-17	M
CHINO BASIN WATERMASTER APPROVED 2017/2018 ASSESSMENT PACKAGE (PRODUCTION YEAR 2016/2017)	N
HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION	O
SUMMARY BUDGET FISCAL YEAR 2016-17	P
CHINO BASIN WATERMASTER ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016	Q

**LEFT  
INTENTIONALLY  
BLANK**

**COURT HEARINGS AND ORDERS  
FISCAL YEAR 2016-17**

During the fiscal year 2016-17, 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
April 28, 2017	<ul style="list-style-type: none"> <li>• Rulings After Hearing on Watermaster’s Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6</li> </ul>
April 28, 2017	<ul style="list-style-type: none"> <li>• Hearing on Watermaster’s Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6</li> </ul>
February 22, 2017	<ul style="list-style-type: none"> <li>• Revised Proposed Order on Chino Basin on Watermaster’s Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6</li> </ul>
December 22, 2016	<ul style="list-style-type: none"> <li>• Order Granting Motion for Court Approval of Temporary Substitute Rate for Physical Solution Transfers Under Exhibit “G” to the Judgment</li> </ul>
December 9, 2016	<ul style="list-style-type: none"> <li>• Hearing re Approval of Temporary Substitute Rate for Physical Solution Transfers Under Exhibit “G” to the Judgment</li> </ul>
October 19, 2016	<ul style="list-style-type: none"> <li>• Order re City of Chino Motion to Permit Chino to Conduct Discovery</li> <li>• Order re Objections to Declaration of Gutierrez in Support of Motion to Conduct Discovery</li> <li>• Order re Chino’s Objections to Declaration of Egoscue in Support of Ag Pool’s Opposition to Chino’s Motion to Conduct Discovery</li> <li>• Order re Chino’s Objections to Declaration of Herrema in Support of Watermaster’s Opposition to Chino’s Motion to Conduct Discovery</li> <li>• Order re Chino’s Objections to Declaration of Kavounas in Support of Watermaster’s Opposition to Chino’s Motion to Conduct Discovery</li> </ul>
October 5, 2016	<ul style="list-style-type: none"> <li>• Notice of Ruling on Request by Non-Agricultural Pool Committee for Entry of Order Regarding Filing and Service</li> </ul>
September 28, 2016	<ul style="list-style-type: none"> <li>• Notice of Ruling on Watermaster’s Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6</li> </ul>
September 23, 2016	<ul style="list-style-type: none"> <li>• Hearing re 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6</li> </ul>

## RESOLUTIONS FISCAL YEAR 2016-17

Resolution	Adopted	Summary of Resolution
2017-06	June 25, 2017	<p><i>Adding Joseph S. Joswiak as an Eligible Participant in the Chino Basin Watermaster 457(f) Deferred Compensation Plan</i></p> <ul style="list-style-type: none"> <li>• In accordance with Section 6.1 of the 457(f) Plan, the Watermaster hereby is directed and authorized to establish a 457(f) Plan account in Joseph S. Joswiak's name, and to enter, from time to time, therein the amounts to be credited under the 457(f) Plan on behalf of Joseph S. Joswiak; and</li> <li>• In accordance with Section 4.1 of the 457(f) Plan, the Watermaster is hereby directed to make and allocate periodic contributions to Mr. Joswiak's account under the 457(f) Plan, subject to the following: (i) these periodic contributions shall begin on the paycheck date related to the first payroll period beginning on or immediately following July 1, 2017, and shall continue to be made on each paycheck date thereafter until this Board takes further action and (ii) each such periodic contribution shall be an amount equal to four percent (4%) of Mr. Joswiak's gross base pay for the applicable payroll period (that is, base pay before its adjustment for withholdings and deductions); provided, however, in accordance with the terms of the 457(f) Plan, each such contribution amount shall remain an asset of the Watermaster, but shall be separately recorded on the books and records of the Watermaster as a contractual obligation, until the "vesting date" (as defined in the 457(f) Plan); and</li> <li>• All actions taken by the Board members and the officers, employees, and agents of the Watermaster prior to the date hereof, which actions are in furtherance of these resolutions, are hereby confirmed, ratified, and approved; and</li> <li>• In addition to the specific authorizations set forth in any of the foregoing resolutions, the appropriate officers of the Watermaster be, and each of them hereby is, authorized and directed to take, from time to time, any and all such action and to execute and deliver, from time to time, any and all such agreements, instruments, requests, receipts, notes, applications, reports, certificates, and other documents as may be necessary or advisable in their opinion, or in the opinion of any of them, to effectuate, consummate, and comply with the purposes and intent of any of the foregoing resolutions.</li> </ul>
2017-04	March 23, 2017	<p><i>Concurring in the Nomination of Melody A. McDonald to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA JPIA")</i></p> <ul style="list-style-type: none"> <li>• This agency concurs with the nomination of Melody A. McDonald of San Bernardino Valley Water Conservation District to the Executive Committee of the ACWA JPIA; and</li> <li>• The District Secretary is hereby directed to transmit a certified copy of this Resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.</li> </ul>
2017-03	February 23, 2017	<p><i>Concurring in the Nomination of Kathleen J. Tiegs to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA JPIA")</i></p> <ul style="list-style-type: none"> <li>• This agency concurs with the nomination of Kathleen J. Tiegs of Cucamonga Valley Water District to the Executive Committee of the ACWA JPIA; and</li> <li>• The District Secretary is hereby directed to transmit a certified copy of this Resolution to the ACWA JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.</li> </ul>
2017-02	January 26, 2017	<p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> <li>• 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; and</li> <li>• The following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: Board Chair, Board Vice-Chair, Board Secretary/Treasurer, General Manager/Secretary, Assistant General Manager, and Chief Financial Officer.</li> </ul>

**RESOLUTIONS  
FISCAL YEAR 2016-17**

---

2017-01	January 26, 2017	<i>Establishing a Watermaster Investment Policy</i> <ul style="list-style-type: none"><li>• 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.</li><li>• This resolution shall take effect from and after its date of adoption and Resolution 2016-01 is rescinded in its entirety.</li></ul>
2016-09	November 17, 2016	<i>Levying Administrative, Replenishment, and Special Project Assessments for Fiscal Year 2016-2017</i> <ul style="list-style-type: none"><li>• The Chino Basin Watermaster levies the respective assessments for each pool effective November 17, 2016 as shown on Exhibit "A" attached hereto.</li><li>• That 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.</li></ul>

---



## HISTORY OF INTERVENTIONS AFTER JUDGMENT

Production Year <sup>1</sup>	Appropriative	Non-Agricultural	Agricultural
16-17			
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 and San Antonio Winery, Inc	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

<sup>1</sup> 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 26<sup>th</sup> day of January 2017, 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/ James V. Curatalo, Jr. \_\_\_\_\_

**Attest:**

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

**Signature:**  /s/ Bob G. 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, 2017)

<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 <sup>A</sup>	5,794.25	7.357	4,033.857
City of Chino Hills <sup>B</sup>	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 <sup>C</sup>	5,199.00	6.601	3,619.454
Jurupa Community Services District <sup>D</sup>	2,960.60	3.759	2,061.118
Monte Vista Water District <sup>E</sup>	6,929.15	8.797	4,823.954
West Valley Water District <sup>F</sup>	925.50	1.175	644.317
Fontana Union Water Company <sup>G</sup>	9,181.12	11.657	6,391.736
Fontana Water Company <sup>H</sup>	1.44	0.002	1.000
Los Serranos Country Club <sup>I</sup>	-	-	-
Marygold Mutual Water Company	941.30	1.195	655.317
Monte Vista Irrigation Company	972.10	1.234	676.759
Niagara Bottling, LLC <sup>J</sup>	-	-	-
Nicholson Trust <sup>K</sup>	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 <sup>L</sup>	591.05	0.750	411.476
West End Consolidated Water Company	1,361.30	1.728	947.714
San Bernardino County (Shooting Park) <sup>M</sup>	-	-	-
Arrowhead Mountain Spring Water Company <sup>N</sup>	-	-	-
City of Fontana <sup>O</sup>	-	-	-
Total	78,763.82	100.000	54,834.000

<sup>A</sup> 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.

<sup>B</sup> 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.

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

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

<sup>E</sup> 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.

<sup>F</sup> WSBCWD changed its name to WVWD in 2003.

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

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

<sup>I</sup> 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.

<sup>J</sup> Niagara Bottling intervened in FY 02-03 with 0.000 AF OSY.

<sup>K</sup> 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.

<sup>L</sup> 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.

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

<sup>N</sup> Arrowhead intervened in 1992 with 0.000 AF OSY.

<sup>O</sup> 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, 2017)\*

<u>Party</u>	<u>Share of Safe Yield (Acre-Feet)</u>
* Ameron International Corporation <sup>a</sup>	55.239
* County of San Bernardino (Non-Ag)	133.870
* Calmat Co. <sup>b</sup>	-
Kaiser Ventures, Inc. <sup>c</sup>	-
* West Venture Development Company <sup>d</sup>	-
Southern California Edison Company <sup>e</sup>	-
* NRG California South LP <sup>f</sup>	954.540
* Space Center Mira Loma, Inc.	104.121
Southern Service Company <sup>g</sup>	18.789
Sunkist Growers, Inc. <sup>h</sup>	-
Hamner Park Associates, a California Limited Partnership <sup>i</sup>	464.240
Praxair, Inc. <sup>j</sup>	1.000
Quaker Chemical Company <sup>k</sup>	-
* California Steel Industries, Inc. (CSI) <sup>l</sup>	1,615.137
* General Electric Company <sup>m</sup>	-
* California Speedway Corporation <sup>n</sup>	1,000.000
Loving Savior of the Hills Lutheran Church <sup>o</sup>	-
* CCG Ontario, LLC <sup>p</sup>	-
KCO, LLC / The Koll Company <sup>q</sup>	-
* Riboli Family and San Antonio Winery, Inc. <sup>r</sup>	-
* City of Ontario (Non-Ag) <sup>s</sup>	2,910.788
* Aqua Capital Management LP <sup>t</sup>	-
* TAMCO <sup>u</sup>	42.619
* Monte Vista Water District (Non-Ag) <sup>v</sup>	50.00
Total	7,350.343

\*Current members of the Non-Agricultural Pool pursuant to Non-Agricultural Pool Rules and Regulations, Section 1.03.

<sup>a</sup> Ameron Steel Producers, Inc. changed its name to Ameron International Corporation in 1996.

<sup>b</sup> Conrock became Calmat in FY 99-00. On July 23, 2009, Calmat permanently transferred its 317,844 AF SY to Aqua Capital Management (ACM).

<sup>c</sup> Kaiser Steel Corporation became Kaiser Resources and then Kaiser Ventures, Inc. Kaiser sold portions of its property to CSI & California Speedway Corporation, then its last property holdings and all its remaining water rights to CCG Ontario, LLP on August 16, 2000.

<sup>d</sup> The property and associated water rights (15,657 AF) owned by Red Star Fertilizer were transferred to Anaheim Citrus and then to West Venture Development Company. 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.

<sup>e</sup> 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 City of Ontario.

<sup>f</sup> 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.

<sup>g</sup> Southern Service Company became Angelica Rental Service in FY 90-91, then later changed its name to Angelica Corp.

<sup>h</sup> 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 City of Ontario (Non-Ag).

<sup>i</sup> Carlsberg Mobile Home Properties transferred its property and water right to Hamner Park Associates, which does business as Swan Lake Mobilehome Park.

<sup>j</sup> Union Carbide Corp. became Praxair, Inc. On May 27, 2010, Praxair permanently transferred 426,446 AF SY to Ontario, City of (Non-Ag).

<sup>k</sup> Quaker Chemical Company went out of business in FY 93-94. In December 2017, the party executed a Waiver of Notice/Removal from Active Party List form.

<sup>l</sup> 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.

<sup>m</sup> General Electric Company intervened in FY 95-96 with 0.000 AF SY.

<sup>n</sup> California Speedway Corporation intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Catellus permanently transferred 525,000 AF SY to California Speedway Corporation.

<sup>o</sup> Loving Savior of the Hills Lutheran Church intervened in FY 00-01 with 0.000 AF SY.

<sup>p</sup> 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 ACM.

<sup>q</sup> 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 City of Ontario (Non-Ag).

<sup>r</sup> San Antonio Winery intervened in FY 07-08 with 0.000 AF SY.

<sup>s</sup> City of Ontario (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 City of Ontario (Non-Ag). On May 28, 2009, Koll's 22,000 AF SY was permanently transferred to City of Ontario (Non-Ag). On May 27, 2010, Praxair permanently transferred 426,446 AF SY to City of Ontario (Non-Ag). On March 24, 2011, SCE permanently transferred 27,959 AF SY to City of Ontario (Non-Ag).

<sup>t</sup> 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 ACM. On July 23, 2009, Vulcan permanently transferred 317,844 AF SY to ACM. 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.

<sup>u</sup> 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. In FY 16-17, Ameron further agreed to transfer an additional 27,619 AF of SY, lowering their share of SY to 55,239 and increasing TAMCO's share of SY to 42,619, as part of their dispute settlement.

<sup>v</sup> Monte Vista Water District (Non-Ag) intervened on July 10, 2015 and was approved a permanent transfer of 50,000 AF from ACM's share of the SY. ACM's remaining share of the SY (282,981 AF) was permanently transferred to the City of Ontario (Non-Ag).

**LEFT  
INTENTIONALLY  
BLANK**

## HISTORY OF REALLOCATION OF UNPRODUCED AG POOL SAFE YIELD<sup>1</sup> (ACRE-FEET)

Production Year	Calculation of Water Rights Available for Reallocation due to Ag Pool Underproduction of Safe Yield <sup>5</sup>		Claims to Underproduced Ag Pool Safe Yield			Rights Available for Reallocation less Claimed Rights <sup>9</sup>	Total Reallocation of Unproduced Ag Pool Safe Yield <sup>10</sup>
	Assessable Ag Pool Production	Water Rights Available for Reallocation	Claims Resulting from Land Use Conversions <sup>6</sup>	Early Transfer Claims <sup>5,8</sup>	Total Claims		
	A	B	C	D	E = C + D	F = B - E	G = B
83-84 <sup>2</sup>	59,033	n/a <sup>5</sup>	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 <sup>3</sup>	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 <sup>4</sup>	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 <sup>7</sup>	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
16-17	26,863	55,937	28,296	32,800	61,096	-5,158	55,937

<sup>1</sup> Source: Watermaster Annual Reports and Assessment Packages.

<sup>2</sup> Fiscal year 83-84 was the first-year that reallocation occurred under the Judgment.

<sup>3</sup> 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).

<sup>4</sup> 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.

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

<sup>6</sup> 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).

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> For production years 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 <sup>13</sup>	Agricultural Pool <sup>13</sup>	Non-Agricultural Pool <sup>13</sup>	Chino Basin Desalters <sup>14</sup>	Department of Toxic Substances Control <sup>15</sup>	Total Production <sup>16</sup>
77-78	62,408	91,714	10,102 <sup>1</sup>	-	-	164,224
78-79	61,372	81,479	7,263	-	-	150,114
79-80	65,371	70,050	7,541	-	-	142,961
80-81	71,443	67,726	5,777	-	-	144,945
81-82	66,844	64,032	5,801	-	-	136,676
82-83	63,557	56,858	2,448	-	-	122,864
83-84	70,544	60,076	3,258	-	-	133,877
84-85	76,903	54,248	2,446	-	-	133,598
85-86	80,885	50,611	3,255	-	-	134,751
86-87	84,662	57,964	2,696	-	-	145,322
87-88	91,579 <sup>2</sup>	55,949	3,018	-	-	150,545
88-89	93,617 <sup>3</sup>	45,683	3,692	-	-	142,992
89-90	101,344 <sup>4</sup>	47,358	4,927	-	-	153,629
90-91	86,513 <sup>5</sup>	47,011	5,479	-	-	139,003
91-92	91,736 <sup>6</sup>	43,456	4,900	-	-	140,092
92-93	86,584 <sup>7</sup>	44,300	5,226	-	-	136,110
93-94	80,934 <sup>8</sup>	44,492	4,322	-	45	129,793
94-95	93,608 <sup>9</sup>	55,415	4,091	-	45	153,159
95-96	103,729 <sup>10</sup>	43,639	3,240	-	60	150,668
96-97	112,205	44,923	3,779	-	76	160,983
97-98	99,810 <sup>11</sup>	43,370	3,274 <sup>12</sup>	-	83	146,537
98-99	111,048	47,792	3,734	-	81	162,655
99-00	128,892	44,242	5,605	-	82	178,821
00-01	116,204	39,285	5,991	7,989	100	169,570
01-02	123,531	38,196	4,150	9,458	81	175,416
02-03	121,748	35,168	3,979	10,439	79	171,413
03-04	125,320	38,192	2,057	10,605	79	176,253
04-05	118,030	31,505	2,246	9,854	81	161,715
05-06	107,249	30,253	2,641	16,542	80	156,765
06-07	119,438	29,653	3,251	27,077	79	179,498
07-08	120,650	23,539	3,421	30,121	81	177,813
08-09	134,119	23,277	2,420	29,012	83	188,910
09-10	117,299	21,043	2,039	28,857	85	169,323
10-11	99,172	21,030	1,986	29,043	87	151,319
11-12	93,615	22,407	3,162	28,411	89	147,683
12-13	109,294	23,950	3,686	27,098	87	164,115
13-14	113,976	22,067	3,834	29,282	85	169,244
14-15	97,842	17,364	3,371	30,022	84	148,683
15-16	100,297	17,352	2,670	28,191	85	148,595
16-17	93,699	17,786	3,636	28,284	104	143,509

\* Total Production adjusted from prior annual reports to include previously omitted production from wells that have become non-active over time.

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

<sup>2</sup> Does not include 7,674.3 AF exchanged with MWDSC.

<sup>3</sup> Does not include 6,423.6 AF exchanged with MWDSC.

<sup>4</sup> Does not include 16,377.1 AF exchanged with MWDSC.

<sup>5</sup> Does not include 14,929.1 AF exchanged with MWDSC.

<sup>6</sup> Does not include 12,202.4 AF exchanged with MWDSC.

<sup>7</sup> Does not include 13,657.3 AF exchanged with MWDSC.

<sup>8</sup> Does not include 20,194.7 AF exchanged with MWDSC.

<sup>9</sup> Does not include 4,221.9 AF exchanged with MWDSC.

<sup>10</sup> Does not include 6,167.2 AF exchanged with MWDSC.

<sup>11</sup> Does not include 4,275.4 AF exchanged with MWDSC.

<sup>12</sup> Does not include 216.5 AF exchanged with MWDSC.

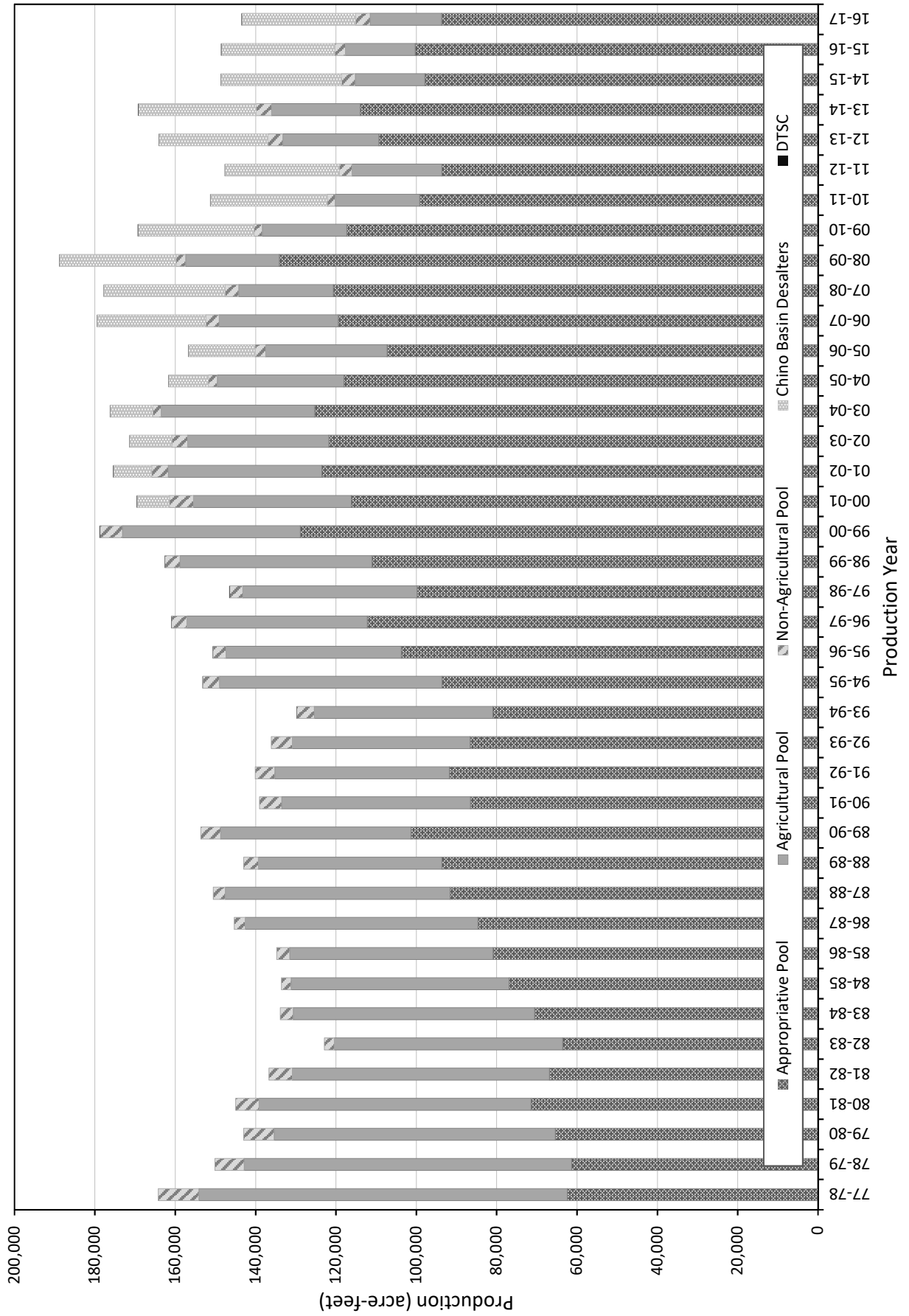
<sup>13</sup> Represents total physical production by Pools, not assessed production.

<sup>14</sup> Production by the Chino Basin Desalters is not considered assessable production; Desalter replenishment obligation accounting is shown in the Assessment Package.

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

<sup>16</sup> Total reflects physical production by the pumpers and does not account for any adjustments that are made in the Assessment Packages.

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



**SUMMARY OF SUPPLEMENTAL SUPPLIES  
USED BY THE CHINO BASIN PARTIES<sup>1</sup>  
FISCAL YEAR 2016-17  
(ACRE-FEET)**

Parties	Other Groundwater Basins	Surface Diversions	Imported Water Deliveries				Recycled Water <sup>2</sup>	Total
			SBVMWD	MWDSC				
				IEUA	TVMWD	WMWD		
Chino, City of	-	-	-	3,469	-	-	6,447	9,916
Chino Hills, City of	-	-	-	1,954	-	-	1,837	3,791
Cucamonga Valley Water District <sup>3</sup>	8,378	2,456	-	15,288	-	-	1,056	27,178
Inland Empire Utilities Agency	-	-	-	-	-	-	588	588
Fontana Water Company <sup>4</sup>	10,338	3,230	-	8,510	-	-	52	22,129
Golden State Water Company <sup>5</sup>	2,719	-	-	-	5,267	-	-	7,986
Jurupa Community Services District <sup>6</sup>	2,786	-	-	-	-	-	-	2,786
Marygold Mutual Water Company <sup>7</sup>	-	-	-	-	-	-	-	-
Monte Vista Water District	-	-	-	5,105	-	-	306	5,411
Norco, City of <sup>8</sup>	5,654	-	-	-	-	14	-	5,668
Ontario, City of	-	171	-	2,364	-	-	8,352	10,887
Pomona, City of <sup>9</sup>	3,436	1,501	-	-	5,691	-	1,947	12,575
San Antonio Water Company <sup>10</sup>	1,122	5,009	-	-	-	-	-	6,131
San Bernardino, County of	-	-	-	-	-	-	265	265
Santa Ana River Water Company <sup>11</sup>	1	-	-	-	-	-	-	1
State of California, CIM <sup>12</sup>	-	-	-	-	-	-	276	276
Upland, City of <sup>13</sup>	6,759	2,055	-	5,389	-	-	652	14,855
West End Consolidated Water Company <sup>14</sup>	1,816	-	-	-	-	-	-	1,816
West Valley Water District <sup>15</sup>	9,360	3,246	2,901	-	-	-	-	15,508
Total	52,370	17,668	2,901	42,078	10,957	14	21,778	147,767

<sup>1</sup> 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.

<sup>2</sup> Recycled water is supplied by IEUA unless stated otherwise.

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

<sup>4</sup> Other groundwater is produced from Colton/Rialto, Lytle, and "unnamed" Basins. Surface water diversions are from Lytle Creek. Received 39.14 AF from CVWD in August of 2016 via interconnection.

<sup>5</sup> Other groundwater is produced from Six Basins.

<sup>6</sup> Other groundwater is produced from Riverside Basin and Temescal.

<sup>7</sup> Treated water is delivered by West Valley Water District (WVWD), and represents a blend of multiple water sources available to WVWD. MMWC purchased 127 acre-feet of water from WVWD, but that amount is shown as part of WVWD's supply within this table.

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

<sup>9</sup> 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.

<sup>10</sup> 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.

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

<sup>12</sup> Recycled water is treated by CIM and reused on location for irrigation purposes.

<sup>13</sup> Other groundwater is produced from Six Basins.

<sup>14</sup> Other groundwater is produced from Six Basins and Cucamonga Basin.

<sup>15</sup> 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 2016-17  
(ACRE-FEET)<sup>1</sup>**

Month	Water Facilities Authority - CB-12						Reliant
	Upland	MVWD	Ontario	Chino	Chino Hills <sup>2</sup>	Sub-Total	CB-01
July	782	1,265	246	502	200	2,995	-
August	970	1,020	62	512	200	2,764	-
September	887	1,012	159	494	200	2,752	-
October	622	765	341	401	200	2,330	-
November	359	319	182	201	100	1,161	-
December	151	60	138	145	100	594	-
January	-	-	-	-	-	-	-
February	-	-	-	-	-	-	-
March	181	142	215	161	387	1,086	-
April	251	56	257	271	200	1,035	-
May	427	27	327	321	167	1,270	-
June	758	438	437	462	200	2,294	-
<b>Total</b>	<b>5,389</b>	<b>5,105</b>	<b>2,364</b>	<b>3,469</b>	<b>1,954</b>	<b>18,280</b>	<b>-</b>

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	811	-	1,459	1,459	655	564	-	6,483
August	964	-	1,641	1,641	816	680	-	6,864
September	856	-	1,141	1,141	766	591	4	6,110
October	303	75	789	864	595	463	-	4,556
November	232	16	378	393	474	296	-	2,556
December	774	-	1,109	1,109	268	198	-	2,943
January	733	-	939	939	150	131	-	1,953
February	512	-	818	818	159	122	-	1,611
March	612	-	1,009	1,009	239	334	-	3,280
April	773	-	1,993	1,993	375	570	-	4,747
May	877	-	2,046	2,046	522	613	10	5,337
June	1,064	-	1,876	1,876	670	703	-	6,607
<b>Total</b>	<b>8,510</b>	<b>91</b>	<b>15,197</b>	<b>15,288</b>	<b>5,691</b>	<b>5,267</b>	<b>14</b>	<b>53,049</b>

<sup>1</sup> Does not include Dry Year Yield activity ("puts" or "takes").

<sup>2</sup> Total includes water delivered directly from WFA and from WFA through MVWD by agreement.

**TOTAL WATER CONSUMPTION BY THE CHINO BASIN PARTIES<sup>1</sup>  
(ACRE-FEET)**

Year	Chino Basin Extractions <sup>2</sup>	Supplemental Supplies <sup>3</sup>	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	148,680	162,477 <sup>1</sup>	311,157
15-16	148,595	114,780 <sup>1</sup>	263,375
16-17	143,405	147,767 <sup>1</sup>	291,172

<sup>1</sup> The 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.

<sup>2</sup> Represents the total groundwater extraction values reported in Appendix H-1.

<sup>3</sup> Total 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 2016-17 (ACRE-FEET)

Conjunctive Use Resulting from Storage and Recovery Programs in the Chino Basin	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: 0.409 AF													
Watermaster's Replenishment Obligation Resulting from 2016-17 Production: 952.757 AF													
Direct*	-	-	-	-	-	-	-	-	-	-	-	-	-
ASR (Monte Vista Water District)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-11 (Deer Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-13 (San Sevaline)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-14 (Etiwanda)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-15 (Day Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-18 (Etiwanda Inter-tie)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-20 (West Cucamonga)	-	-	-	-	-	60.0	-	-	-	1,550.5	-	-	5,770.7
OC-59 (San Antonio)	-	-	-	-	-	60.0	-	-	-	1,550.5	-	-	5,770.7
In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Connections	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-12	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Parties	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Cyclic Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Replenishment	-	-	-	-	-	60.0	-	-	-	1,550.5	-	-	5,770.7

**SUMMARY OF STORMWATER, IMPORTED WATER,  
AND RECYCLED WATER RECHARGE  
FISCAL YEAR 2016-17  
(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
<b>MZ 1</b>																		
<b>Aquifer Storage &amp; Recovery (ASR)</b>																		
MVWD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chino Hills	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>San Antonio Channel</b>																		
Upland	0	0	0	0	0	0	20	0	0	14	950	0	9	0	0	84	0	0
College Heights	0	0	0	0	0	0	0	0	0	0	570	0	0	0	0	8	60	0
Montclair 1, 2 3 & 4	0	0	0	0	0	0	0	0	0	12	2,470	0	57	0	0	346	0	0
Brooks	0	0	0	0	0	0	31	0	145	17	170	19	39	0	116	189	0	13
<b>West Cucamonga Channel</b>																		
15th Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8th Street	4	0	259	8	0	268	5	0	248	35	0	230	41	0	133	203	0	25
7th Street	0	0	0	0	0	0	0	0	0	0	0	55	41	0	95	160	0	96
	4	0	259	8	0	268	56	0	393	78	4,160	304	187	0	344	990	60	134
<b>MZ 2</b>																		
<b>Cucamonga /Deer Creek Channels</b>																		
Turner 1 & 2	4	0	89	22	0	52	18	0	40	38	0	104	68	16	12	239	0	71
Turner 3 & 4	15	0	0	1	0	0	0	0	0	1	0	0	0	0	0	316	0	0
<b>Day Creek Channel</b>																		
Lower Day	0	0	0	0	0	0	0	0	0	4	0	0	9	3	0	87	0	0
<b>Etiwanda Channel</b>																		
Etiwanda Debris Basin	0	0	0	0	0	0	0	0	0	5	0	0	11	0	0	91	0	0
Victoria	0	0	0	0	0	0	0	0	53	10	0	142	24	7	218	185	0	106
<b>Minor Drainage</b>																		
Grove	0	0	0	1	0	0	0	0	0	23	0	0	44	0	0	79	0	0
<b>San Sevaine Channel</b>																		
San Sevaine 1, 2, 3 & 4	0	0	0	0	0	0	0	0	0	16	0	0	12	14	0	144	0	0
San Sevaine 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0
<b>West Cucamonga Channel</b>																		
Ely 1, 2 & 3	2	0	113	0	0	89	3	0	232	47	0	233	86	0	112	523	0	0
<b>West Fontana Channel</b>																		
Hickory	0	0	0	0	0	49	0	0	29	25	0	55	9	0	3	85	0	0
	21	0	202	24	0	190	21	0	354	169	0	534	263	40	345	1,761	0	177
<b>MZ 3</b>																		
<b>Day Creek Channel</b>																		
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
<b>DeClez Channel</b>																		
DeClez	0	0	201	0	0	261	1	0	52	47	0	0	55	0	0	217	0	0
RP3 Cell 1, 3, & 4	9	0	99	9	0	289	0	0	551	81	0	392	44	0	664	246	0	548
RP3 Cell 2	9	0	0	23	0	0	9	0	0	24	0	0	21	0	24	90	0	0
<b>Etiwanda Channel</b>																		
Etiwanda Conservation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>San Sevaine Channel</b>																		
Jurupa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	0	0
<b>West Fontana Channel</b>																		
Banana	0	0	183	0	0	49	0	0	97	6	0	115	21	0	55	71	0	1
	18	0	483	32	0	599	10	0	700	158	0	507	141	0	743	638	0	549
<b>Total</b>	<b>43</b>	<b>0</b>	<b>944</b>	<b>64</b>	<b>0</b>	<b>1,057</b>	<b>87</b>	<b>0</b>	<b>1,447</b>	<b>405</b>	<b>4,160</b>	<b>1,345</b>	<b>591</b>	<b>40</b>	<b>1,432</b>	<b>3,389</b>	<b>60</b>	<b>860</b>

\* Beginning in October, evaporative losses are applied to Imported and Recycled Water (1.5% November - March, 4.2% April - October).

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	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
373	0	0	80	0	0	0	0	0	1	162	0	2	0	0	0	1,463	0	583	2,575	0	3,158
57	0	0	5	0	0	0	0	0	0	516	0	0	0	0	0	1,033	0	70	2,179	0	2,249
400	126	0	194	137	0	4	498	0	2	1,102	0	31	15	0	0	1,802	0	1,046	6,149	0	7,195
254	0	0	142	0	0	0	0	16	0	16	8	1	0	38	0	2	30	673	188	385	1,246
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
203	0	0	79	0	34	9	0	153	9	0	280	14	0	184	3	0	178	613	0	1,992	2,605
120	0	0	21	0	0	0	0	23	0	0	0	0	0	0	0	18	20	342	18	289	649
1,407	126	0	521	137	34	13	498	192	12	1,796	288	48	15	222	3	4,318	228	3,327	11,110	2,666	17,103
233	0	0	130	0	66	14	0	139	9	0	110	6	0	56	3	0	90	784	16	829	1,629
298	0	0	171	0	8	34	0	165	23	0	99	16	0	125	8	274	10	883	274	407	1,564
268	0	0	75	0	0	1	0	0	0	0	0	5	0	0	0	289	0	449	292	0	741
272	0	0	38	0	0	2	0	0	0	0	0	7	0	0	0	281	0	426	281	0	707
327	0	0	65	0	53	18	0	219	0	0	317	13	0	312	0	121	201	642	128	1,621	2,391
121	0	0	73	0	0	4	0	0	0	0	0	18	0	0	0	0	0	363	0	0	363
264	0	0	67	0	0	3	0	0	1	0	0	10	0	0	0	526	0	517	540	0	1,057
224	0	0	26	0	0	0	0	0	0	0	0	6	0	0	0	0	0	268	0	0	268
317	0	0	338	0	0	16	0	123	9	0	190	37	0	250	0	0	149	1,378	0	1,491	2,869
19	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	142	0	136	278
2,343	0	0	987	0	127	92	0	646	42	0	716	118	0	743	11	1,491	450	5,852	1,531	4,484	11,867
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
167	0	431	70	0	0	20	0	0	3	0	0	24	0	0	3	99	0	607	99	945	1,651
431	0	0	171	0	381	6	0	703	21	0	479	0	0	653	4	386	437	1,022	386	5,196	6,604
157	0	0	64	0	0	5	0	57	3	0	34	5	0	2	5	0	26	415	0	143	558
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
157	0	0	15	0	0	0	0	0	0	0	0	0	0	0	0	25	0	186	25	0	211
50	0	0	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	166	0	500	666
962	0	431	338	0	381	31	0	760	27	0	513	29	0	655	12	510	463	2,396	510	6,784	9,690
4,712	126	431	1,846	137	542	136	498	1,598	81	1,796	1,517	195	15	1,620	26	6,319	1,141	11,575	13,150	13,934	38,659



**LEFT  
INTENTIONALLY  
BLANK**



**CHINO BASIN WATERMASTER  
APPROVED 2017/2018 ASSESSMENT PACKAGE  
(PRODUCTION YEAR 2016/2017)**

**NOVEMBER 16, 2017**

# ASSESSMENT PACKAGE TABLE OF CONTENTS

## Assessment Calculation Table

### Assessment Package Detailed Pages

Pool 3 Assessment Fee Summary .....	1A
Pool 3 Water Production Summary .....	2A
Pool 3 Local Excess Carry Over Storage Account Summary .....	3A
Pool 3 Local Supplemental Storage Account Summary .....	4A
Pool 3 Other Storage and Replenishment Accounts Summary .....	5A
Pool 3 Water Transaction Summary .....	6A
Water Transaction Detail – Standard Transactions .....	7A-7B
Water Transaction Detail – Exhibit G Transactions .....	7C
Water Transaction Detail – Recurring Transactions .....	7D
Analysis of the Application of the 85/15 Rule to Water Transfers .....	8A-8C
Watermaster Replenishment Calculation .....	9A
Watermaster Cumulative Unmet Replenishment Obligation (CURO) – Pool 3 .....	10A
Watermaster Cumulative Unmet Replenishment Obligation (CURO) – Pool 2 .....	10B
Land Use Conversion Summary .....	11A
Pool 3 Agricultural Pool Reallocation Summary .....	12A
Pool 2 Assessment Fee Summary .....	13A
Pool 2 Water Production Summary .....	14A
Pool 2 Local Storage Accounts Summary .....	15A
Pool 2 Water Transaction Summary .....	16A

### Appendix A: Pool 3 Water Production Detail

### Appendix B: Desalter Replenishment Accounting

### Assessment Package References and Definitions

### Assessment Package Notes

## ASSESSMENT PACKAGE CALCULATION – APPROVED

**CHINO BASIN WATERMASTER  
ASSESSMENT CALCULATION  
FISCAL YEAR 2017/18  
INCLUDES "10% ADMINISTRATIVE AND 15% OBMP/PROJECT OPERATING RESERVES"**

	FY 2016/17 BUDGET	FY 2017/18 BUDGET	ASSESSMENT	APPROPRIATIVE POOL			AGRICULTURAL POOL			NON-AG POOL		
				General Administration	OBMP	General Administration	OBMP	General Administration	OBMP	General Administration	OBMP	
<b>PRODUCTION BASIS</b>												
2015/16 Production & Exchanges in Acre-Feet (Actuals)			119,475,939	89,906,000	75.250%	26,167,031	21.902%	3,402,908	2.848%			
2016/17 Production & Exchanges in Acre-Feet (Actuals)			113,323,292	82,269,159	72.597%	26,862,554	23.704%	4,191,579	3.699%			
<b>BUDGET</b>												
Administration, Advisory Committee & Watermaster Board <sup>1</sup>	\$1,938,787	\$2,043,498	\$2,043,498	\$1,483,516	4,577,831	\$484,398	1,494,755	\$75,584	233,239			
OBMP & Implementation Projects <sup>1</sup>	5,109,883	6,305,824	6,305,824		4,577,831		1,494,755		233,239			
General Admin & OBMP Assessments	\$7,048,670	\$8,349,322	8,349,322	1,483,516	4,577,831	484,398	1,494,755	75,584	233,239			
<b>TOTAL BUDGET</b>												
Less: Budgeted Interest Income	(19,891)	(39,906)	(39,906)									
Less: Contributions from Outside Agencies	(158,923)	(191,626)	(191,626)									
<b>Subtotal: CASH DEMAND</b>	6,869,856	8,117,790	8,117,790	1,483,516	4,409,746	484,398	1,439,871	75,584	224,675			
Less: SB 222 FUND USE <sup>2</sup>	(158,251)	0	0		0		0		0			
<b>Subtotal: CASH DEMAND AFTER SB 222 FUND USE</b>	6,711,605	8,117,790	8,117,790	1,483,516	4,409,746	484,398	1,439,871	75,584	224,675			
<b>Add: OPERATING RESERVE</b>												
Administrative (10%)	193,879	204,350	\$204,350	\$148,352	686,675	\$48,440	224,213	\$7,558	34,986			
OBMP (15%)	766,482	945,874	945,874	148,352	686,675	48,440	224,213	7,558	34,986			
<b>Subtotal: OPERATING RESERVE</b>	960,361	1,150,224	1,150,224	148,352	686,675	48,440	224,213	7,558	34,986			
Less: Cash Balance On Hand Available for Assessments <sup>3</sup>	(960,361)	(1,150,224)	(1,150,224)	(148,352)	(686,675)	(48,440)	(224,213)	(7,558)	(34,986)			
<b>Total: CASH REQUIRED TO BE ASSESSED</b>	\$6,711,605	\$8,117,790	\$8,117,790	\$1,483,516	\$4,409,746	\$484,398	\$1,439,871	\$75,584	\$224,675			
Current Year Assessments												
General Administration/OBMP Assessments (Minimum \$5.00 Per Producer)				\$18.03	\$53.60	\$18.03	\$53.60	\$18.03	\$53.60			
<b>Grand Total</b>				\$71.63	\$71.63	\$71.63	\$71.63	\$71.63	\$71.63			
Prior Year Assessments, (Actuals) Information Only												
Grand Total				\$16.23	\$39.95	\$16.23	\$39.95	\$16.23	\$39.95			
Variance Between Proposed Assessments and Prior Year Assessments												
Grand Total				\$1.80	\$13.65	\$1.80	\$13.65	\$1.80	\$13.65			
Estimated Assessment as of "Approved" Budget May 25, 2017, Information Only												
Grand Total				\$16.25	\$50.84	\$16.25	\$50.84	\$16.25	\$50.84			

<sup>1</sup> Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects or Replenishment Water purchases.

<sup>2</sup> 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."

<sup>3</sup> June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, and Carryover replenishment obligations.



Assessment Year 2017-2018 (Production Year 2016-2017)

# Pool 3 Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		AF Total Reallocation	Ag Pool SY Reallocation		Replenish AF/15%
		\$18.03 AF/Admin	\$53.60 AF/OBMP		\$484,397.99 \$8.66 AF/Admin	\$1,439,870.99 \$25.74 AF/OBMP	
Arrowhead Mtn Spring Water Co	367.348	6,623.28	19,689.85	0.000	0.00	0.00	0.00
Chino Hills, City Of	2,152.027	38,801.05	115,348.65	2,276.023	19,709.53	58,586.50	39.22
Chino, City Of	388.940	7,012.59	20,847.18	9,951.258	86,174.28	256,152.68	7.09
Cucamonga Valley Water District	16,561.990	298,612.68	887,722.66	2,530.177	21,910.41	65,128.61	301.81
Desalter Authority	28,252.803	0.00	0.00	0.000	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,500.687	30,314.68	90,110.25	0.00
Fontana Water Company	13,250.493	238,906.39	710,226.42	764.188	6,617.59	19,670.76	241.46
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Golden State Water Company	850.347	15,331.76	45,578.60	225.231	1,950.42	5,797.61	15.50
Jurupa Community Services District	11,023.217	198,748.60	590,844.43	14,500.855	125,572.14	373,262.65	200.88
Marygold Mutual Water Company	618.563	11,152.69	33,154.98	358.868	3,107.67	9,237.53	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	370.580	3,209.09	9,539.00	0.00
Monte Vista Water District	6,864.954	123,775.12	367,961.53	2,703.713	23,413.17	69,595.56	125.10
Niagara Bottling, LLC	1,531.557	27,613.97	82,091.46	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	2.102	18.20	54.11	0.00
Norco, City Of	0.000	0.00	0.00	110.513	957.00	2,844.69	0.00
Ontario, City Of	18,970.222	342,033.10	1,016,803.90	8,528.890	73,857.09	219,539.89	345.69
Pomona, City Of	8,066.802	145,444.44	432,380.59	6,142.494	53,191.77	158,112.30	0.00
San Antonio Water Company	537.746	9,695.56	28,823.19	825.246	7,146.33	21,242.44	9.80
San Bernardino, County of (Shootin	13.037	235.06	698.78	0.000	0.00	0.00	0.24
Santa Ana River Water Company	0.000	0.00	0.00	712.630	6,171.12	18,343.62	0.00
Upland, City Of	1,071.916	19,326.65	57,454.70	1,562.201	13,528.09	40,212.20	19.53
West End Consolidated Water Co	0.000	0.00	0.00	518.932	4,493.76	13,357.69	0.00
West Valley Water District	0.000	0.00	0.00	352.862	3,055.66	9,082.93	0.00
	<b>110,521.962</b>	<b>1,483,312.93</b>	<b>4,409,626.92</b>	<b>55,937.450</b>	<b>484,397.99</b>	<b>1,439,870.99</b>	<b>1,306.30</b>
	<b>1A</b>	<b>1B</b>	<b>1C</b>	<b>1D</b>	<b>1E</b>	<b>1F</b>	<b>1G</b>

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 through 2030. Pool Parties, allocated on % OSY.

ment Assessments		85/15 Water Transaction Activity			ASSESSMENTS DUE					
\$567.80 AF/85%	\$668.00 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	0.00	0.00	0.00	22,079.23	48,392.37	0.00	0.00	0.00	0.00	48,392.37
0.00	0.00	0.00	30,893.08	2.75	263,380.78	2,567.35	19,847.09	109,329.89	0.00	395,125.10
0.00	0.00	0.00	5,583.37	0.50	375,777.68	4,904.69	37,916.14	208,865.23	0.00	627,463.74
0.00	0.00	0.00	237,753.00	21.20	1,511,450.37	4,400.69	34,019.90	187,402.39	0.00	1,737,273.35
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	120,424.93	7,771.37	60,077.26	330,942.23	0.00	519,215.79
0.00	0.00	(1,018,634.54)	190,215.33	16.96	147,260.38	1.33	10.31	56.78	0.00	147,328.80
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	(10,426.43)	12,207.02	1.09	70,455.56	500.00	3,865.31	21,292.50	0.00	96,113.37
0.00	0.00	0.00	158,242.03	14.11	1,446,884.83	2,506.01	19,372.95	106,718.01	0.00	1,575,481.80
0.00	0.00	0.00	0.00	(65.45)	56,587.41	796.67	6,158.73	33,926.05	0.00	97,468.86
0.00	0.00	0.00	0.00	0.00	12,748.09	822.67	6,359.73	35,033.26	0.00	54,963.75
0.00	0.00	0.00	98,548.75	8.79	683,428.02	5,864.70	45,337.54	249,746.83	0.00	984,377.08
0.00	622,280.08	0.00	0.00	78,408.57	810,394.07	0.00	0.00	0.00	0.00	810,394.07
0.00	0.00	0.00	0.00	0.00	72.31	4.67	36.08	198.73	0.00	311.78
0.00	0.00	0.00	0.00	0.00	3,801.69	245.34	1,896.58	10,447.52	0.00	16,391.12
0.00	0.00	0.00	272,323.99	24.28	1,924,927.94	13,828.07	106,899.08	588,865.38	0.00	2,634,520.47
0.00	0.00	0.00	0.00	0.00	789,129.10	(53,030.93)	105,414.80	580,689.06	0.00	1,422,202.03
0.00	0.00	0.00	7,719.53	0.69	74,637.53	1,832.01	14,162.51	78,015.72	0.00	168,647.76
7,402.41	0.00	0.00	187.15	519.95	9,043.59	0.00	0.00	0.00	0.00	9,043.59
0.00	0.00	0.00	0.00	0.00	24,514.74	1,582.01	12,229.85	67,369.47	0.00	105,696.06
0.00	0.00	0.00	15,387.72	1.37	145,930.26	3,468.02	26,809.81	147,684.78	0.00	323,892.86
0.00	0.00	0.00	0.00	0.00	17,851.45	1,152.01	8,905.68	49,057.92	0.00	76,967.06
0.00	0.00	0.00	0.00	0.00	12,138.58	783.34	6,055.66	33,358.25	0.00	52,335.83
<b>7,402.41</b>	<b>622,280.08</b>	<b>(1,029,060.96)</b>	<b>1,029,060.96</b>	<b>101,034.03</b>	<b>8,549,231.64</b>	<b>0.00</b>	<b>515,374.99</b>	<b>2,839,000.00</b>	<b>0.00</b>	<b>11,903,606.63</b>
<b>1H</b>	<b>1I</b>	<b>1J</b>	<b>1K</b>	<b>1L</b>	<b>1M</b>	<b>1N</b>	<b>1O</b>	<b>1P</b>	<b>1Q</b>	<b>1R</b>

. 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 Appropriative



Assessment Year 2017-2018 (Production Year 2016-2017)

## 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	891.687	0.000
Chino Hills, City Of	3.851%	2,111.422	0.000	2,111.422	2,276.023	0.000	0.000
Chino, City Of	7.357%	4,033.857	0.000	4,033.857	9,951.258	0.000	0.000
Cucamonga Valley Water District	6.601%	2,787.430	0.000	3,619.454	2,530.177	7,624.929	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	3,500.687	(9,892.423)	0.000
Fontana Water Company	0.002%	1.000	0.000	1.000	764.188	18,000.000	0.000
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	38.605	0.000	411.476	225.231	258.000	0.000
Jurupa Community Services District	3.759%	2,061.118	0.000	2,061.118	14,500.855	1,180.450	0.000
Marygold Mutual Water Company	1.195%	287.020	0.000	655.317	358.868	0.000	0.000
Monte Vista Irrigation Company	1.234%	676.759	0.000	676.759	370.580	0.000	0.000
Monte Vista Water District	8.797%	4,823.954	0.000	4,823.954	2,703.713	638.000	0.000
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000	600.000	0.000
Nicholson Trust	0.007%	1.493	0.000	4.000	2.102	0.000	0.000
Norco, City Of	0.368%	201.545	0.000	201.545	110.513	0.000	0.000
Ontario, City Of	20.742%	11,373.816	0.000	11,373.816	8,528.890	673.479	0.000
Pomona, City Of	20.454%	11,215.852	0.000	11,215.852	6,142.494	0.000	0.000
San Antonio Water Company	2.748%	323.270	0.000	1,506.888	825.246	(900.000)	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	712.630	(1,100.000)	0.000
Upland, City Of	5.202%	2,852.401	0.000	2,852.401	1,562.201	(4,087.586)	0.000
West End Consolidated Water Co	1.728%	947.714	0.000	947.714	518.932	(1,612.414)	0.000
West Valley Water District	1.175%	644.317	0.000	644.317	352.862	0.000	0.000
	<b>100.00%</b>	<b>45,682.947</b>	<b>0.000</b>	<b>54,834.000</b>	<b>55,937.450</b>	<b>12,274.122</b>	<b>0.000</b>

Less Desalter Authority Production

Total Less Desalter Authority Production

**2A**

**2B**

**2C**

**2D**

**2E**

**2F**

**2G**

p2:

- 1) The Restated Judgment allowed an accumulated overdraft of 200,000 AF over 40 years. The total Operating Safe Yield will be 49,834 AF as of production year
- 2) On October 24, 2016, Monte Vista Water District had requested to place this year's Recharged Recycled Water into their Annual Account to "secure sufficient pr
- 3) Due to the ongoing Safe Yield Recalculation process and related questions as to the proper method for allocating Stormwater New Yield, 0 AF will be allocated and credited, if necessary.

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	891.687	367.348	0.000	367.348	0.000	0.000	524.339	0.000	524.339
0.000	6,498.867	2,152.027	0.000	2,152.027	0.000	0.000	4,346.840	2,111.422	2,235.418
0.000	18,018.972	388.940	0.000	388.940	0.000	0.000	17,630.032	4,033.857	13,596.175
0.000	16,561.990	16,561.990	0.000	16,561.990	0.000	0.000	0.000	0.000	0.000
0.000	0.000	28,252.803	0.000	28,252.803	0.000	28,252.803	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	18,766.188	13,250.493	0.000	13,250.493	0.000	0.000	5,515.694	1.000	5,514.694
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	933.312	850.347	0.000	850.347	0.000	0.000	82.965	82.965	0.000
0.000	19,803.541	11,023.217	0.000	11,023.217	0.000	0.000	8,780.324	2,061.118	6,719.206
0.000	1,301.205	618.563	0.000	618.563	0.000	0.000	682.641	655.317	27.323
0.000	1,724.098	0.000	0.000	0.000	0.000	0.000	1,724.098	676.759	1,047.339
0.000	12,989.621	6,864.954	0.000	6,864.954	0.000	0.000	6,124.666	4,823.954	1,300.712
0.000	600.000	1,531.557	0.000	1,531.557	0.000	931.557	0.000	0.000	0.000
0.000	7.595	0.000	0.000	0.000	0.000	0.000	7.595	4.000	3.594
0.000	513.603	0.000	0.000	0.000	0.000	0.000	513.602	201.545	312.057
0.000	31,950.001	18,970.222	0.000	18,970.222	0.000	0.000	12,979.778	11,373.816	1,605.961
0.000	28,574.198	8,066.802	0.000	8,066.802	0.000	0.000	20,507.396	11,215.852	9,291.544
0.000	1,755.404	537.746	0.000	537.746	0.000	0.000	1,217.658	1,217.658	0.000
0.000	0.000	13.037	0.000	13.037	13.037	0.000	0.000	0.000	0.000
0.000	2,215.378	0.000	0.000	0.000	0.000	0.000	2,215.378	1,301.374	914.004
0.000	3,179.417	1,071.916	0.000	1,071.916	0.000	0.000	2,107.501	2,107.501	0.000
0.000	801.946	0.000	0.000	0.000	0.000	0.000	801.946	801.946	0.000
0.000	1,641.496	0.000	0.000	0.000	0.000	0.000	1,641.496	644.317	997.179
<b>0.000</b>	<b>168,728.519</b>	<b>110,521.962</b>	<b>0.000</b>	<b>110,521.962</b>	<b>13.037</b>	<b>29,184.360</b>	<b>87,403.949</b>	<b>43,314.401</b>	<b>44,089.545</b>
		<u>28,252.803</u>		<u>28,252.803</u>		<u>28,252.803</u>			
		<u>82,269.159</u>		<u>82,269.159</u>		<u>931.557</u>			
<b>2H</b>	<b>2I</b>	<b>2J</b>	<b>2K</b>	<b>2L</b>	<b>2M</b>	<b>2N</b>	<b>2O</b>	<b>2P</b>	<b>2Q</b>

2017/18.  
 production rights" due to projected increase in groundwater production for the year.  
 during 2016/17. When the Safe Yield Recalculation and Stormwater New Yield allocation matters are resolved, the 2016/17 allocation will be recalculated, if necessary,



**LEFT  
INTENTIONALLY  
BLANK**



**Assessment Year 2017-2018 (Production Year 2016-2017)**  
**Pool 3 Local Excess Carry Over Storage Account Summary**

	Excess Carry Over Account (ECO)					
	Beginning Balance	0.07% 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	524.339	524.339
Chino Hills, City Of	8,324.717	(5.827)	27.863	0.000	2,235.418	10,582.171
Chino, City Of	74,352.355	(52.046)	(399.260)	0.000	13,596.175	87,497.224
Cucamonga Valley Water District	44,855.775	(31.399)	(3,232.506)	0.000	0.000	41,591.870
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	2,946.211	(2.062)	(5,514.694)	0.000	5,514.694	2,944.149
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	1,177.867	(0.824)	0.000	0.000	0.000	1,177.043
Jurupa Community Services District	19,305.277	(13.513)	0.000	0.000	6,719.206	26,010.970
Marygold Mutual Water Company	615.741	(0.431)	0.000	0.000	27.323	642.633
Monte Vista Irrigation Company	6,958.144	(4.870)	0.000	0.000	1,047.339	8,000.613
Monte Vista Water District	8,474.427	(5.932)	(458.000)	638.000	1,300.712	9,949.207
Niagara Bottling, LLC	0.000	0.000	(600.000)	600.000	0.000	0.000
Nicholson Trust	1.094	0.000	0.000	0.000	3.594	4.688
Norco, City Of	3,584.642	(2.509)	(2,000.000)	0.000	312.057	1,894.190
Ontario, City Of	38,948.088	(27.263)	0.000	0.000	1,605.961	40,526.786
Pomona, City Of	34,375.937	(24.063)	(4,112.219)	0.000	9,291.544	39,531.199
San Antonio Water Company	1,378.550	(0.964)	0.000	0.000	0.000	1,377.586
San Bernardino, County of (Shooting	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	3,432.699	(2.402)	0.000	0.000	914.004	4,344.301
Upland, City Of	18,937.868	(13.256)	0.000	0.000	0.000	18,924.612
West End Consolidated Water Co	4,882.090	(3.417)	0.000	0.000	0.000	4,878.673
West Valley Water District	7,205.671	(5.043)	(500.000)	0.000	997.179	7,697.807
	<b>279,757.153</b>	<b>(195.821)</b>	<b>(16,788.816)</b>	<b>1,238.000</b>	<b>44,089.545</b>	<b>308,100.061</b>
	<b>3A</b>	<b>3B</b>	<b>3C</b>	<b>3D</b>	<b>3E</b>	<b>3F</b>

p3:

- 1) Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss is now calculated at 0.07%.
- 2) On October 24, 2016, Monte Vista Water District had requested to place this year's Recharged Recycled Water into their Annual Account to "secure sufficient production rights" due to projected increase in groundwater production for the year.
- 3) In October 2017, Niagara transferred 600.00 AF from their Supplemental Storage Account to offset their Production Year 2016/2017 overproduction obligations.
- 4) On September 8, 2017, Fontana Water Company had requested that their underproduced water for Production Year 2016/2017 be transferred to offset their share of Desalter Replenishment Obligation.



Assessment Year 2017-2018 (Production Year 2016-2017)

## Pool 3 Local Supplemental Storage Account Summary

	Recharged Recycled Account					Beginning Balance
	Beginning Balance	0.07% 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	6,297.869	(4.408)	1,321.000	0.000	7,614.461	4,802.868
Chino, City Of	7,332.550	(5.132)	0.000	0.000	7,327.418	1,054.710
Cucamonga Valley Water District	16,543.391	(11.580)	3,693.000	0.000	20,224.811	10,723.360
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	1,392.890
Jurupa Community Services District	4,364.709	(3.055)	950.000	0.000	5,311.654	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000	1,531.005
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000	5,663.241
Monte Vista Water District	3,081.672	(2.157)	638.000	(638.000)	3,079.515	3,385.982
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	28,569.789	(19.998)	5,914.000	0.000	34,463.791	8,072.685
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	10,942.665
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	6,983.833	(4.888)	1,418.000	0.000	8,396.945	5,819.449
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
	<b>73,173.813</b>	<b>(51.218)</b>	<b>13,934.000</b>	<b>(638.000)</b>	<b>86,418.595</b>	<b>53,388.855</b>
	<b>4A</b>	<b>4B</b>	<b>4C</b>	<b>4D</b>	<b>4E</b>	<b>4F</b>

p4:

- 1) Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss is now calculated at 0.07%.
- 2) On October 24, 2016, Monte Vista Water District had requested to place this year's Recharged Recycled Water into their Annual Account to "secure sufficient production
- 3) Peace Agreement Paragraph 5.2(b)(iv) states "Watermaster shall approve the Local Storage agreement so long as: (1) the total quantity of Supplemental Water authorize acre-feet... Watermaster may approve a proposed agreement with conditions that mitigate any threatened or potential Material Physical Injury."
- 4) Second Amendment to Peace Agreement Section 2 increases the cumulative total from 50,000 acre-feet to 100,000 acre-feet.

Quantified (Pre 7/1/2000) Account				New (Post 7/1/2000) Account					Combined
0.07% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	0.07% 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
(3.362)	0.000	0.000	4,799.506	0.000	0.000	0.000	0.000	0.000	12,413.967
(0.738)	0.000	0.000	1,053.972	1,932.027	(1.352)	0.000	0.000	1,930.675	10,312.065
(7.506)	0.000	0.000	10,715.854	639.694	(0.447)	0.000	0.000	639.247	31,579.912
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	310.937	(0.217)	0.000	0.000	310.720	310.720
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(0.975)	0.000	0.000	1,391.915	57.361	(0.040)	0.000	0.000	57.321	1,449.236
0.000	0.000	0.000	0.000	987.157	(0.691)	0.000	0.000	986.466	6,298.120
(1.071)	0.000	0.000	1,529.934	95.885	(0.067)	0.000	0.000	95.818	1,625.752
(3.964)	0.000	0.000	5,659.277	324.064	(0.226)	0.000	0.000	323.838	5,983.115
(2.370)	0.000	0.000	3,383.612	2,126.929	(1.488)	0.000	0.000	2,125.441	8,588.568
0.000	0.000	0.000	0.000	2,067.554	(1.447)	0.000	(600.000)	1,466.107	1,466.107
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	96.645	(0.067)	0.000	0.000	96.578	96.578
(5.650)	0.000	0.000	8,067.035	4,820.509	(3.374)	0.000	0.000	4,817.135	47,347.961
(7.659)	0.000	0.000	10,935.006	1,564.226	(1.094)	0.000	0.000	1,563.132	12,498.138
0.000	0.000	0.000	0.000	1,181.718	(0.827)	1,020.962	0.000	2,201.853	2,201.853
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	482.424	(0.337)	0.000	0.000	482.087	482.087
(4.073)	0.000	0.000	5,815.376	0.000	0.000	0.000	0.000	0.000	14,212.321
0.000	0.000	0.000	0.000	453.796	(0.317)	0.000	0.000	453.479	453.479
0.000	0.000	0.000	0.000	308.572	(0.216)	0.000	0.000	308.356	308.356
<b>(37.368)</b>	<b>0.000</b>	<b>0.000</b>	<b>53,351.487</b>	<b>17,449.498</b>	<b>(12.207)</b>	<b>1,020.962</b>	<b>(600.000)</b>	<b>17,858.253</b>	<b>157,628.335</b>
<b>4G</b>	<b>4H</b>	<b>4I</b>	<b>4J</b>	<b>4K</b>	<b>4L</b>	<b>4M</b>	<b>4N</b>	<b>4O</b>	<b>4P</b>

$$86,418.595 + 17,858.253 = 104,276.848 *$$

[ 4E ]                      [ 4O ]

\* See footnotes #3 and #4 below.

rights" due to projected increase in groundwater production for the year.  
ad to be held in Local Storage under all then existing Local Storage agreements for all parties to the Judgment does not exceed the cumulative total of 50,000



**Assessment Year 2017-2018 (Production Year 2016-2017)**

**Pool 3 Other Storage and Replenishment Accounts Summary**

**Desalter Replenishment:**

	<b>Beginning Balance</b>	<b>Storage Loss</b>	<b>Transfers To</b>	<b>Transfers From</b>	<b>Ending Balance</b>
Re-Op Offset Pre-Peace II / CDA	0.000	0.000	0.000	0.000	0.000
Re-Op Offset Peace II Expansion	173,382.703	0.000	0.000	(1,527.215)	171,855.488
Non-Ag Dedication	0.000	0.000	0.000	0.000	0.000
Non-Ag 10% Haircut	0.000	0.000	735.034	(735.034)	0.000

**Preemptive Replenishment**

Ontario, City Of	3,322.247	0.000	0.000	0.000	3,322.247
Jurupa Community Services District	2,360.783	0.000	0.000	0.000	2,360.783
Chino, City Of	1,416.470	0.000	0.000	0.000	1,416.470

**Replenishment Purchase**

West Valley Water District	0.000	0.000	35.251	0.000	35.251
Santa Ana River Water Company	0.000	0.000	71.683	0.000	71.683
San Bernardino, County of (Shooting Park)	0.000	0.000	0.398	0.000	0.398
Niagara Bottling, LLC	35.515	0.000	0.000	0.000	35.515
Marygold Mutual Water Company	0.000	0.000	72.217	0.000	72.217
Arrowhead Mtn Spring Water Co	0.000	0.000	12.812	0.000	12.812

**Replenishment Transfers**

Fontana Water Company	0.000	0.000	5,514.694	0.000	5,514.694
-----------------------	-------	-------	-----------	-------	-----------

**5A**

**5B**

**5C**

**5D**

**5E**

**Storage and Recovery:**

	<b>Beginning Balance</b>	<b>Storage Loss</b>	<b>Transfers To</b>	<b>Transfers From</b>	<b>Ending Balance</b>
MWD DYY / CUP	0.000	0.000	6,314.900	0.000	6,314.900

**5F**

**5G**

**5H**

**5I**

**5J**

p5:

1) Beginning in Production Year 2016/2017, the "10% Haircut" from the Non-Agricultural Pool is to be utilized to offset the overall Desalter Replenishment Obligation. (See Appendix B)



Assessment Year 2017-2018 (Production Year 2016-2017)

# Pool 3 Water Transaction Summary

Water Transactions					
	Assigned Rights	General Transfer	Transfers (To) / From ECO Account	Transfers (To) Desalter Replenishment	Total Water Transactions
Arrowhead Mtn Spring Water Co	891.687	0.000	0.000	0.000	891.687
Chino Hills, City Of	27.863	0.000	(27.863)	0.000	0.000
Chino, City Of	(399.260)	0.000	399.260	0.000	0.000
Cucamonga Valley Water District	(5,500.000)	9,892.423	3,232.506	0.000	7,624.929
Desalter Authority	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	(9,892.423)	0.000	0.000	(9,892.423)
Fontana Water Company	18,000.000	0.000	5,514.694	(5,514.694)	18,000.000
Fontana, City Of	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	258.000	0.000	0.000	0.000	258.000
Jurupa Community Services District	1,180.450	0.000	0.000	0.000	1,180.450
Marygold Mutual Water Company	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	180.000	0.000	458.000	0.000	638.000
Niagara Bottling, LLC	0.000	0.000	600.000	0.000	600.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000
Norco, City Of	(2,000.000)	0.000	2,000.000	0.000	0.000
Ontario, City Of	673.479	0.000	0.000	0.000	673.479
Pomona, City Of	(4,112.219)	0.000	4,112.219	0.000	0.000
San Antonio Water Company	(900.000)	0.000	0.000	0.000	(900.000)
San Bernardino, County of (Shooting Park)	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,100.000)	0.000	0.000	0.000	(1,100.000)
Upland, City Of	(4,087.586)	0.000	0.000	0.000	(4,087.586)
West End Consolidated Water Co	(1,612.414)	0.000	0.000	0.000	(1,612.414)
West Valley Water District	(500.000)	0.000	500.000	0.000	0.000
	<b>1,000.000</b>	<b>0.000</b>	<b>16,788.816</b>	<b>(5,514.694)</b>	<b>12,274.122</b>

**6A**

**6B**

**6C**

**6D**

**6E**

p6:

1) On October 24, 2016, Monte Vista Water District had requested to place this year's Recharged Recycled Water into their Annual Account to "secure sufficient production rights" due to projected increase in groundwater production for the year.



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Water Transaction Detail

Assessment Year 2017-2018 (Production Year 2016-2017)

### Standard Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:		WM Pays
						85%	15%	
Cucamonga Valley Water District	Pomona, City Of Storage Account	5/3/2017	4,000,000	550.00	\$2,200,000.00			
	West Valley Water District Storage Account	5/3/2017	500,000	520.00	\$260,000.00			
Fontana Water Company	Cucamonga Valley Water District Storage Account	1/30/2017	3,000,000	540.00	\$1,620,000.00	\$1,377,000.00	\$243,000.00	Fontana Water Company
	Cucamonga Valley Water District Annual Account	5/3/2017	4,000,000	550.00	\$2,200,000.00	\$1,870,000.00	\$330,000.00	Fontana Water Company
	Cucamonga Valley Water District Annual Account	5/3/2017	3,000,000	520.00	\$1,560,000.00	\$1,326,000.00	\$234,000.00	Fontana Water Company
	Norco, City Of Storage Account	12/7/2016	2,000,000	565.00	\$1,130,000.00	\$960,500.00	\$169,500.00	Fontana Water Company
	Upland, City Of Annual Account	6/14/2017	484,305	580.00	\$280,896.90	\$238,762.37	\$42,134.54	Fontana Water Company
	Upland, City Of Annual Account	6/14/2017	5,515,695	580.00	\$3,199,103.10			
Golden State Water Company	Upland, City Of Annual Account	5/24/2017	119,844	580.00	\$69,509.52	\$69,083.09	\$10,426.43	Golden State Water Company
	West End Consolidated Water Co Annual Account	5/24/2017	138,156	49.00	\$6,769.64			

*85/15 Rule does not apply -- method of utilizing West End shares.*



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Water Transaction Detail

Assessment Year 2017-2018 (Production Year 2016-2017)

### Standard Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Junupa Community Services District	Santa Ana River Water Company Annual Account	3/1/2017	1,100.000	520.00	\$572,000.00			
	Santa Ana River Water Company Storage Account	3/1/2017	11.866	570.00	\$6,763.62			
Monte Vista Water District	San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	5/22/2017	180.000	222.16	\$39,988.80			
Ontario, City Of	Chino, City Of Storage Account	4/17/2017	399.260	0.00	\$0.00			
	Pomona, City Of Storage Account	8/18/2016	112.219	0.00	\$0.00			
	San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	5/22/2017	162.000	222.16	\$35,989.92			
TAMCO	Ameron International Corp. Annual Account <i>A one time transfer of 27.619 AF from Annual Carry Over balance due to November 2016 settlement.</i>	11/30/2016	27.619	0.00	\$0.00			
	Ameron International Corp. Storage Account <i>A one time transfer of 169.358 from ECO Storage Account due to November 2016 settlement.</i>	11/30/2016	169.358	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>	5/22/2017	558.000	222.16	\$123,965.28			
	West End Consolidated Water Co Annual Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/24/2017	1,474.258	49.00	\$72,238.64			
<b>26,952.580</b>						<b>\$13,377,225.43</b>	<b>\$5,831,345.46</b>	<b>\$1,029,060.96</b>





## Chino Basin Watermaster Assessment Breakdown 2017-2018 Water Transaction Detail

Assessment Year 2017-2018 (Production Year 2016-2017)

### Exhibit G Transactions

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	If 85/15 Rule Applies: 15%	WM Pays
Watermaster (Exhibit G Non-Ag Transfers)	NRG California South LP <i>Exhibit "G" water sale, sold from storage account.</i>	12/31/2016	-1,000.000					
Arrowhead Mtn Spring Water Co	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2017	891.687	570.00	\$508,261.59			
Chino Hills, City Of	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2017	27.863	570.00	\$15,881.91			
Jurupa Community Services District	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2017	68.584	570.00	\$39,092.88			
Santa Ana River Water Company	Watermaster (Exhibit G Non-Ag Transfer) <i>Exhibit "G" Purchase</i>	3/1/2017	11.866	570.00	\$6,763.62			
<b>1,000.000</b>					<b>\$570,000.00</b>			
<b>Total 15% Credits from all Transactions:</b>							<b>\$1,029,060.96</b>	



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Water Transaction Detail

Assessment Year 2017-2018 (Production Year 2016-2017)

### 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	Transfer FUWC water transfer rights to CVWD.
Fontana Union Water Company Annual Account - Transfer (To) / From	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC water transfer rights to CVWD.
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.
Fontana Union Water Company Annual Account - Stormwater New Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC New Yield to CVWD.
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Share of Safe Yield to CVWD.

p7:

- 1) The Water Transaction between Fontana Water Company and the City of Upland submitted on 6/14/2017 for the amount of 6,000 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.



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2017-2018 (Production Year 2016-2017)

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	NRG California South LP	12/31/2016	1,000.000	No	No	No	0.000
<i>Exhibit "G" water sale, sold from storage account.</i>								
Arrowhead Mtn Spring Water Co	(367.348)	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2017	891.887	No	Yes	No	0.000
<i>Exhibit "G" Purchase</i>								
Chino Hills, City Of	4,346.840	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2017	27.863	Yes	No	No	0.000
<i>Exhibit "G" Purchase</i>								
Cucamonga Valley Water District	2,267.494	Pomona, City Of Storage Account	5/3/2017	4,000.000	Yes	Yes	No	0.000
		West Valley Water District Storage Account	5/3/2017	500.000	Yes	Yes	No	0.000
Fontana Water Company	(12,484.305)	Cucamonga Valley Water District Storage Account	1/30/2017	3,000.000	Yes	Yes	No	3,000.000
		Cucamonga Valley Water District Annual Account	5/3/2017	4,000.000	Yes	Yes	No	4,000.000
		Cucamonga Valley Water District Annual Account	5/3/2017	3,000.000	Yes	Yes	No	3,000.000
		Norco, City Of Storage Account	12/7/2016	2,000.000	Yes	Yes	No	2,000.000
		Upland, City Of Annual Account	6/14/2017	484.305	Yes	Yes	No	484.305
		Upland, City Of Annual Account	6/14/2017	5,515.695	Yes	Yes	No	0.000



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2017-2018 (Production Year 2016-2017)

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
Golden State Water Company	(175.035)	Upland, City Of Annual Account	5/24/2017	119.844	Yes	Yes	No	119.844
		West End Consolidated Water Co Annual Account	5/24/2017	138.156	Yes	Yes	Yes	0.000
		<i>85/15 Rule does not apply -- method of utilizing West End shares.</i>						
Jurupa Community Services District	7,599.874	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2017	68.584	Yes	Yes	No	0.000
		<i>Exhibit "G" Purchase</i>						
		Santa Ana River Water Company Annual Account	3/1/2017	1,100.000	Yes	Yes	No	0.000
		Santa Ana River Water Company Storage Account	3/1/2017	11.866	Yes	Yes	No	0.000
Monte Vista Water District	5,486.667	San Antonio Water Company Annual Account	5/22/2017	180.000	Yes	No	Yes	0.000
		<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>						
Ontario, City Of	12,306.300	Chino, City Of Storage Account	4/17/2017	399.260	Yes	Yes	No	0.000
		Pomona, City Of Storage Account	8/18/2016	112.219	Yes	Yes	No	0.000
		San Antonio Water Company Annual Account	5/22/2017	162.000	Yes	Yes	Yes	0.000
		<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>						
Santa Ana River Water Company	3,315.378	Watermaster (Exhibit G Non-Ag Transfer)	3/1/2017	11.866	Yes	No	No	0.000
		<i>Exhibit "G" Purchase</i>						



## Chino Basin Watermaster Assessment Breakdown 2017-2018 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2017-2018 (Production Year 2016-2017)

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
TAMCO	(151,279)	Ameron International Corp. Storage Account <i>A one time transfer of 169,358 from ECO Storage Account due to November 2016 settlement.</i>	11/30/2016	169,358	No	No	No	0.000
		Ameron International Corp. Annual Account <i>A one time transfer of 27,619 AF from Annual Carry Over balance due to November 2016 settlement.</i>	11/30/2016	27,619	No	Yes	No	0.000
Upland, City Of	6,195,087	San Antonio Water Company Annual Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	5/22/2017	558,000	Yes	Yes	Yes	0.000
		West End Consolidated Water Co Annual Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/24/2017	1,474,258	Yes	Yes	Yes	0.000

p8:

- 1) The Water Transaction between Fontana Water Company and the City of Upland submitted on 6/14/2017 for the amount of 6,000 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.



**Assessment Year 2017-2018 (Production Year 2016-2017)**

**Watermaster Replenishment Calculation**

**Cost of Replenishment Water per acre foot:**

Watermaster Replenishment Cost	\$666.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$0.00
Pre-purchased Credit	\$0.00
<b>Total Replenishment Cost per acre foot</b>	<b>\$668.00</b>

<b>Replenishment Obligation:</b>	<b>AF @ \$668.00</b>	<b>15%</b>	<b>85%</b>	<b>Total</b>
Appropriative - 100	931.557			\$622,280.08
Appropriative - 15/85	13.037	\$1,306.31	\$7,402.41	\$8,708.72
Non-Agricultural - 100	8.163			\$5,452.88
	<b>952.757</b>			<b>\$636,441.68</b>

<b>Company</b>	<b>AF Production and Exchanges</b>	<b>85/15 Producers</b>	<b>Percent of Total 85/15 Producers</b>	<b>15% Replenishment Assessment</b>	<b>15% Water Transaction Debits</b>
Arrowhead Mtn Spring Water Co	367.348			-	-
Chino Hills, City Of	2,152.027	2,152.027	3.002%	\$39.22	\$30,893.08
Chino, City Of	388.940	388.940	0.543%	\$7.09	\$5,583.37
Cucamonga Valley Water District	16,561.990	16,561.990	23.104%	\$301.81	\$237,753.00
Desalter Authority	28,252.803			-	-
Fontana Union Water Company	0.000	0.000	0.000%	-	\$0.00
Fontana Water Company	13,250.493	13,250.493	18.484%	\$241.46	\$190,215.33
Fontana, City Of	0.000			-	-
Golden State Water Company	850.347	850.347	1.186%	\$15.50	\$12,207.02
Jurupa Community Services District	11,023.217	11,023.217	15.377%	\$200.88	\$158,242.03
Marygold Mutual Water Company	618.563			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	-	\$0.00
Monte Vista Water District	6,864.954	6,864.954	9.577%	\$125.10	\$98,548.75
Niagara Bottling, LLC	1,531.557			-	-
Nicholson Trust	0.000	0.000	0.000%	-	\$0.00
Norco, City Of	0.000	0.000	0.000%	-	\$0.00
Ontario, City Of	18,970.222	18,970.222	26.463%	\$345.69	\$272,323.99
Pomona, City Of	8,066.802			-	-
San Antonio Water Company	537.746	537.746	0.750%	\$9.80	\$7,719.53
San Bernardino, County of (Shootin	13.037	13.037	0.018%	\$0.24	\$187.15
Santa Ana River Water Company	0.000	0.000	0.000%	-	\$0.00
Upland, City Of	1,071.916	1,071.916	1.495%	\$19.53	\$15,387.72
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
<b>** Fee assessment total is 15% of Appropriative 15/85 replenishment obligation</b>	<b>110,521.962</b>	<b>71,684.889</b>	<b>**</b>	<b>\$1,306.30</b>	<b>\$1,029,060.96</b>

Transfers to  
**1G**

Transfers to  
**1K**

p9:

- 1) The "Watermaster Replenishment Cost" listed is MWD's 2017 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.



Assessment Year 2017-2018 (Production Year 2016-2017)

# Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	0.399	\$668.00
Appropriative - 15/85	0.002	\$596.00
Non-Agricultural - 100	0.008	
	<b>0.409</b>	

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	0.089	(\$22,019.78)	\$22,079.23	367.348												\$22,079.23	\$2,75
Chino Hills, City Of	0.000	\$0.00	\$0.00	2,152.027	2,152.027	3.002%	\$2.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.50
Chino, City Of	0.000	\$0.00	\$0.00	388.940	388.940	0.543%	\$0.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21.20
Cucamonga Valley Water District	0.000	\$0.00	\$0.00	16,561.990	16,561.990	23.104%	\$21.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Desalter Authority	0.000	\$0.00	\$0.00	28,252.803													\$0.00
Fontana Union Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fontana Water Company	0.000	\$0.00	\$0.00	13,250.493	13,250.493	18.484%	\$16.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.96
Fontana, City Of	0.000	\$0.00	\$0.00	0.000													\$0.00
Golden State Water Company	0.000	\$0.00	\$0.00	850.347	850.347	1.186%	\$1.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.09
Jurupa Community Services District	0.000	\$0.00	\$0.00	11,023.217	11,023.217	15.377%	\$14.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14.11
Marygold Mutual Water Company	0.000	\$65.45	(\$65.45)	618.563													(\$65.45)
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monte Vista Water District	0.000	\$0.00	\$0.00	6,864.954	6,864.954	9.577%	\$8.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.79
Niagara Bottling, LLC	0.310	(\$78,201.49)	\$78,408.57	1,531.557													\$78,408.57
Nicholson Trust	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$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	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ontario, City Of	0.000	\$0.00	\$0.00	18,970.222	18,970.222	26.463%	\$24.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24.28
Pomona, City Of	0.000	\$0.00	\$0.00	8,066.802													\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	537.746	537.746	0.750%	\$0.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.69
San Bernardino, County of (Shooting Par	0.002	(\$610.35)	\$611.69	13.037	13.037	0.018%	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$519.95
Santa Ana River Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	1,071.916	1,071.916	1.495%	\$1.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.37
West End Consolidated Water Co	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$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	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Pool 3 Appropriative Total</b>	<b>0.401</b>	<b>(\$100,766.17)</b>	<b>\$101,034.04</b>	<b>110,521.962</b>	<b>71,684.889</b>	<b>**</b>	<b>\$91.75</b>	<b>\$519.93</b>	<b>\$100,422.35</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>	<b>\$101,034.03</b>



**Assessment Year 2017-2018 (Production Year 2016-2017)**

**Watermaster Cumulative Unmet Replenishment Obligation (CURO)**

<b>Remaining Replenishment Obligation:</b>		<b>AF</b>	<b>Replenishment Rate</b>
Appropriative - 100		0.399	2017 Rate \$668.00
Appropriative - 15/85		0.002	2016 Rate \$596.00
Non-Agricultural - 100		0.008	
		<b>0.409</b>	

**Pool 2 Non-Agricultural**

<b>Company</b>	<b>Outstanding Obligation (AF)</b>	<b>Fund Balance (\$)</b>	<b>Outstanding Obligation (\$)</b>
Ameron International Corp.	0.000	\$0.00	\$0.00
Aqua Capital Management LP	0.000	\$47.83	(\$47.83)
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)	0.000	(\$3.90)	\$3.90
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	0.001	(\$246.33)	\$247.00
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)	0.003	(\$676.17)	\$678.17
Space Center Mira Loma, Inc.	0.000	\$0.00	\$0.00
Sunkist Growers, Inc.	0.000	\$0.00	\$0.00
TAMCO	0.004	(\$1,114.59)	\$1,117.26
West Venture Development Co.	0.000	\$0.00	\$0.00
<b>Pool 2 Non-Agricultural Total</b>	<b>0.008</b>	<b>(\$1,993.16)</b>	<b>\$1,998.50</b>

p10:

1) There is no IEUA Surcharge in the 2017 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 2017-2018 Land Use Conversion Summary

Assessment Year 2017-2018 (Production Year 2016-2017)

### AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(26,862.554)
Early Transfer	(32,800.000)
Total Conversions	(28,295.612)
Under(Over) Production:	<b>(5,158.166)</b>

	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
	Prior Converted	Acres		Acres	Acres	
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	1,891.175	3,184.194	6,368.388	8,455.798
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
Junupa Community Services District	0.000	2,756.920	3,583.996	5,510.538	11,021.076	14,605.072
Monte Vista Water District	0.000	28.150	36.595	15.510	31.020	67.615
Ontario, City Of	209.400	527.044	685.157	808.716	1,617.432	2,511.989
	<b>405.635</b>	<b>5,897.410</b>	<b>8,072.268</b>	<b>10,111.672</b>	<b>20,223.344</b>	<b>28,295.612</b>



Assessment Year 2017-2018 (Production Year 2016-2017)

## 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	4.069%	(209.879)	2,276.023
Chino, City Of	7.357%	2,413.096	8,455.798	10,868.894	17.790%	(917.636)	9,951.258
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	4.523%	(233.315)	2,530.177
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	6.258%	(322.809)	3,500.687
Fontana Water Company	0.002%	0.656	834.000	834.656	1.366%	(70.468)	764.188
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	0.403%	(20.769)	225.231
Jurupa Community Services District	3.759%	1,232.952	14,605.072	15,838.024	25.923%	(1,337.169)	14,500.855
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	0.642%	(33.092)	358.868
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	0.662%	(34.172)	370.580
Monte Vista Water District	8.797%	2,885.416	67.615	2,953.031	4.833%	(249.318)	2,703.713
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%	(0.194)	2.102
Norco, City Of	0.368%	120.704	0.000	120.704	0.198%	(10.191)	110.513
Ontario, City Of	20.742%	6,803.376	2,511.989	9,315.365	15.247%	(786.475)	8,528.890
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	10.981%	(566.418)	6,142.494
San Antonio Water Company	2.748%	901.344	0.000	901.344	1.475%	(76.098)	825.246
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	1.274%	(65.714)	712.630
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	2.793%	(144.055)	1,562.201
West End Consolidated Water Co	1.728%	566.784	0.000	566.784	0.928%	(47.852)	518.932
West Valley Water District	1.175%	385.400	0.000	385.400	0.631%	(32.538)	352.862
	<b>100.000%</b>	<b>32,800.000</b>	<b>28,295.612</b>	<b>61,095.612</b>	<b>100.000%</b>	<b>(5,158.162)</b>	<b>55,937.450</b>
	<b>12A</b>	<b>12B</b>	<b>12C</b>	<b>12D</b>	<b>12E</b>	<b>12F</b>	<b>12G</b>



## Assessment Year 2017-2018 (Production Year 2016-2017) Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments			Total Assessments Due
	AF Production	AF/Admin	\$53.60 AF/OBMP	AF Exceeding Annual Right	\$668.00 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	(47.83)	(47.83)
California Speedway Corp. (Auto Club Speedway)	410.453	7,400.47	22,000.28	0.000	0.00	0.00	29,400.75
California Steel Industries, Inc. (CSI)	1,298.227	23,407.03	69,584.97	0.000	0.00	0.00	92,992.00
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)	0.000	0.00	0.00	0.000	0.00	3.90	3.90
Hammer Park Associates (Swan Lake MHP)	412.082	7,429.84	22,087.60	0.000	0.00	0.00	29,517.43
Monte Vista Water District (Non-Ag)	17.784	320.65	953.22	0.000	0.00	0.00	1,273.87
NRG California South LP	211.080	3,805.77	11,313.89	0.000	0.00	0.00	15,119.66
Ontario, City of (Non-Ag)	1,647.489	29,704.23	88,305.41	0.000	0.00	0.00	118,009.64
Praxair, Inc.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Riboli Family / San Antonio Winery	5.183	93.45	277.81	5.783	3,462.24	247.00	4,080.50
San Bernardino, County of (Chino Airport)	51.143	922.11	2,741.26	0.000	0.00	0.00	3,663.37
Southern Service Co. (Angelica)	19.890	358.62	1,066.10	2.980	1,990.64	678.17	4,093.53
Space Center Mira Loma, Inc.	93.708	1,689.56	5,022.75	0.000	0.00	0.00	6,712.30
TAMCO	24.540	442.46	1,315.34	0.000	0.00	1,117.26	2,875.06
West Venture Development Co.	0.000	0.00	0.00	0.000	0.00	0.00	0.00
<b>TOTAL</b>	<b>4,191.579</b>	<b>75,574.16</b>	<b>224,668.63</b>	<b>8.763</b>	<b>5,452.88</b>	<b>1,998.50</b>	<b>307,694.18</b>

13H

13G

13F

13E

13D

13C

13B

13A



## Assessment Year 2017-2018 (Production Year 2016-2017) 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 Excess Carryover Account
Ameron International Corp.	0.752%	82,858	0.000	55,239	(33,143)	0.000	104,954	0.000	0.000	104,954	55,239	49,714
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	410,453	0.000	1,489,547	1,000,000	489,547
California Steel Industries, Inc. (C-SI	21.974%	1,615,137	0.000	1,615,137	(161,513)	0.000	3,068,761	1,298,227	0.000	1,770,533	1,615,137	155,395
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	0.000	0.000	0.000	0.000	0.000
Hammer Park Associates (Swan Lak	6.316%	464,240	0.000	464,240	(46,424)	0.000	882,056	412,082	0.000	469,974	464,240	5,733
Monte Vista Water District (Non-Ag)	0.680%	32,418	0.000	50,000	(5,000)	0.000	77,418	17,784	0.000	59,634	50,000	9,634
NRG California South LP	12.986%	954,540	0.000	954,540	(95,454)	0.000	1,813,626	211,080	0.000	1,602,546	954,540	648,006
Ontario, City of (Non-Ag)	39.601%	2,910,788	0.000	2,910,788	(291,079)	0.000	5,530,497	1,647,489	0.000	3,883,008	2,910,788	972,219
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
Riboli Family / San Antonio Winery	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	5,183	5,183	0.000	0.000	0.000
San Bernardino, County of (Chino A	1.821%	133,870	0.000	133,870	(13,387)	0.000	254,353	51,143	0.000	203,210	133,870	69,340
Southern Service Co. (Angelica)	0.256%	0.000	0.000	18,789	(1,879)	0.000	16,910	19,890	2,980	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	0.579%	0.000	0.000	42,619	23,357	0.000	65,976	24,540	0.000	41,436	41,436	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
	<b>100.00%</b>	<b>7,194,854</b>	<b>0.000</b>	<b>7,350,343</b>	<b>(735,034)</b>	<b>0.000</b>	<b>13,810,162</b>	<b>4,191,579</b>	<b>8,163</b>	<b>9,626,745</b>	<b>7,226,253</b>	<b>2,400,487</b>
	<b>14A</b>	<b>14B</b>	<b>14C</b>	<b>14D</b>	<b>14E</b>	<b>14F</b>	<b>14G</b>	<b>14H</b>	<b>14I</b>	<b>14J</b>	<b>14K</b>	<b>14L</b>

p14:

- 1) The annual transfer of 10 percent of the Non-Ag Safe Yield included in Column [14E] is now being utilized to offset the overall Desalter Replenishment Obligation in accordance with the Peace II Agreement Section 6.2.
- 2) In November 2016, Ameron International Corp. and TAMCO had reached a settlement which resulted in the following transfers from Ameron to TAMCO; 27,619 AF of Assigned Share of Operating Safe Yield, 27,619 AF of carryover balance from the previous year, and 169,358 AF of stored water.



Assessment Year 2017-2018 (Production Year 2016-2017)

## Pool 2 Local Storage Accounts Summary

	Local Storage Account				Local Ex	
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Ending Balance	Beginning Balance	0.07% Storage Loss
Ameron International Corp.	508.080	(0.355)	(507.725)	0.000	0.000	0.000
Aqua Capital Management LP	0.000	0.000	0.000	0.000	0.000	0.000
California Speedway Corp. (Auto Club Speedway)	668.720	(0.468)	(668.252)	0.000	0.000	0.000
California Steel Industries, Inc. (CSI)	1,600.326	(1.120)	(1,599.206)	0.000	0.000	0.000
Calmat Co., a Division of Vulcan Materials Co.	5.012	(0.003)	(5.009)	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)	1,322.712	(0.925)	(1,321.787)	0.000	0.000	0.000
Monte Vista Water District (Non-Ag)	0.000	0.000	0.000	0.000	0.000	0.000
NRG California South LP	1,792.912	(1.255)	(1,791.657)	0.000	0.000	0.000
Ontario, City of (Non-Ag)	3,971.041	(2.779)	(3,968.262)	0.000	0.000	0.000
Praxair, Inc.	60.027	(0.042)	(59.985)	0.000	0.000	0.000
Riboli Family / San Antonio Winery	0.000	0.000	0.000	0.000	0.000	0.000
San Bernardino, County of (Chino Airport)	20.415	(0.014)	(20.401)	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.000	0.000	0.000	0.000	0.000	0.000
Space Center Mira Loma, Inc.	0.000	0.000	0.000	0.000	0.000	0.000
TAMCO	0.000	0.000	0.000	0.000	0.000	0.000
West Venture Development Co.	0.000	0.000	0.000	0.000	0.000	0.000
	<b>9,949.245</b>	<b>(6.961)</b>	<b>(9,942.284)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>15A</b>	<b>15B</b>	<b>15C</b>	<b>15D</b>	<b>15E</b>	<b>15F</b>

p15:

- 1) The Non-Agricultural Pool's Local Storage Account has been made into two separate storage accounts, the Local Excess Carryover Storage Account and the Local Local Supplemental Storage Account will be used for storing non-native water in the Basin. To illustrate this transition, all three accounts are shown in this year's Asses
- 2) Ameron International Corp. transferred 169.358 AF from their ECO storage account to TAMCO's ECO storage account as part of their November 2016 settlement.

Excess Carry Over Storage Account (ECO)				Local Supplemental Storage Account					Combined
Transfers To / (From)	From Local Storage	From Under-Production	Ending Balance	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Transfers (To) / From ECO Account	Ending Balance	Ending Balance
(169.358)	507.725	49.714	388.081	0.000	0.000	0.000	0.000	0.000	388.081
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	668.252	489.547	1,157.799	0.000	0.000	0.000	0.000	0.000	1,157.799
0.000	1,599.206	155.395	1,754.601	0.000	0.000	0.000	0.000	0.000	1,754.601
0.000	5.009	0.000	5.009	0.000	0.000	0.000	0.000	0.000	5.009
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	1,321.787	5.733	1,327.520	0.000	0.000	0.000	0.000	0.000	1,327.520
0.000	0.000	9.634	9.634	0.000	0.000	0.000	0.000	0.000	9.634
(1,000.000)	1,791.657	648.006	1,439.663	0.000	0.000	0.000	0.000	0.000	1,439.663
0.000	3,968.262	972.219	4,940.481	0.000	0.000	0.000	0.000	0.000	4,940.481
0.000	59.985	0.899	60.884	0.000	0.000	0.000	0.000	0.000	60.884
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0.000	20.401	69.340	89.741	0.000	0.000	0.000	0.000	0.000	89.741
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
169.358	0.000	0.000	169.358	0.000	0.000	0.000	0.000	0.000	169.358
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>(1,000.000)</b>	<b>9,942.284</b>	<b>2,400.487</b>	<b>11,342.771</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>11,342.771</b>
<b>15G</b>	<b>15H</b>	<b>15I</b>	<b>15J</b>	<b>15K</b>	<b>15L</b>	<b>15M</b>	<b>15N</b>	<b>15O</b>	<b>15P</b>

Supplemental Storage Account. The Local Excess Carryover Storage Account will function exactly the same way as the original Local Storage Account. The Assessment Package. Next year's Assessment Package will only have the two new accounts.



Assessment Year 2017-2018 (Production Year 2016-2017)

## Pool 2 Water Transaction Summary

	Water Transactions					
	Percent of Safe Yield	Assigned Share of Safe Yield (AF)	10% to Desalter Replenishment Obligation	Transfers (To) / From ECO Account	Exhibit G Water Sales and General Transfers	Total Water Transactions
Ameron International Corp.	0.752%	55.239	(5.524)	169.358	(196.977)	(33.143)
Aqua Capital Management LP	0.000%	0.000	0.000	0.000	0.000	0.000
California Speedway Corp. (Auto Club)	13.605%	1,000.000	(100.000)	0.000	0.000	(100.000)
California Steel Industries, Inc. (CSI)	21.974%	1,615.137	(161.513)	0.000	0.000	(161.513)
Calmat Co., a Division of Vulcan Materi	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 M	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)	1,000.000	(1,000.000)	(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 Airpo	1.821%	133.870	(13.387)	0.000	0.000	(13.387)
Southern Service Co. (Angelica)	0.256%	18.789	(1.879)	0.000	0.000	(1.879)
Space Center Mira Loma, Inc.	1.417%	104.121	(10.412)	0.000	0.000	(10.412)
TAMCO	0.579%	42.619	(4.262)	(169.358)	196.977	23.357
West Venture Development Co.	0.000%	0.000	0.000	0.000	0.000	0.000
	<b>100.000%</b>	<b>7,350.343</b>	<b>(735.034)</b>	<b>1,000.000</b>	<b>(1,000.000)</b>	<b>(735.034)</b>
	<b>16A</b>	<b>16B</b>	<b>16C</b>	<b>16D</b>	<b>16E</b>	<b>16F</b>

p16:

- 1) Transfers in Column [16B] include the annual transfer of 10 percent of the Non-Ag Safe Yield to be utilized to offset the overall Desalter Replenishment Obligation in accordance with the Peace II Agreement Section 6.2.
- 2) Ameron International Corp. transferred 169.358 AF from their ECO storage account to TAMCO's ECO storage account, and 27.619 AF from their Annual Account to TAMCO's Annual Account, as part of their November 2016 settlement.



Assessment Year 2017-2018 (Production Year 2016-2017)

**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	367.348	0.000	0.000	0.000	367.348
Chino Hills, City Of	2,246.284	(94.257)	0.000	0.000	2,152.027
Chino, City Of	4,971.503	(4,531.420)	(51.143)	0.000	388.940
Cucamonga Valley Water District	16,561.990	0.000	0.000	0.000	16,561.990
Desalter Authority	28,284.211	0.000	0.000	(31.408)	28,252.803
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	13,250.493	0.000	0.000	0.000	13,250.493
Fontana, City Of	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	850.347	0.000	0.000	0.000	850.347
Jurupa Community Services District	11,497.599	0.000	(505.790)	31.408	11,023.217
Marygold Mutual Water Company	618.563	0.000	0.000	0.000	618.563
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	7,086.159	(125.309)	(17.784)	(78.112)	6,864.954
Niagara Bottling, LLC	1,531.557	0.000	0.000	0.000	1,531.557
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	24,839.724	(4,222.013)	(1,647.489)	0.000	18,970.222
Pomona, City Of	8,066.802	0.000	0.000	0.000	8,066.802
San Antonio Water Company	537.746	0.000	0.000	0.000	537.746
San Bernardino, County of (Shooting	13.037	0.000	0.000	0.000	13.037
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000
Upland, City Of	1,259.776	0.000	0.000	(187.860)	1,071.916
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
	<b>121,983.139</b>	<b>(8,972.999)</b>	<b>(2,222.206)</b>	<b>(265.972)</b>	<b>110,521.962</b>
Less Desalter Authority Production					<b>28,252.803</b>
Total Less Desalter Authority Production					<b>82,269.159</b>

Other Adj:

- 1) CDA provided 31.408 AF to JCSD.
- 2) MVWD received credit of 78.112 AF due to Pump-to-Waste activities.
- 3) Upland received credit of 187.860 AF due to Pump-to-Waste activities.



**Assessment Package Appendix B**  
**Desalter Replenishment Accounting, Shortfall Deducted from the Pre-Peace II Desalters Re-Operation Account<sup>1</sup>**  
**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 <sup>3</sup> PIIA, 6.2(a)(ii)	Desalter Induced Recharge <sup>4</sup> (DIR) PIIA, 6.2(a)(iii)	Desalter Replenishment				Residual Replenishment Obligation <sup>5,8,9</sup>	
	Pre-Peace II Desalter Production	Peace II Desalter Expansion Production <sup>2</sup>	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 <sup>5</sup>	Allocation for Peace II Desalter Expansion <sup>6</sup>		Balance
2001	7,989	0	7,989	3,985	0	0	0	0	0	0	0	3,985
2002	9,458	0	9,458	4,729	0	0	0	0	0	0	0	4,729
2003	10,439	0	10,439	5,219	0	0	0	0	0	0	0	5,219
2004	10,605	0	10,605	5,303	0	0	0	0	0	0	0	5,303
2005	9,854	0	9,854	4,927	0	0	0	0	0	0	0	4,927
2006	16,476	0	16,476	11,579	0	0	0	0	0	0	0	4,897
2007	26,356	0	26,356	608	4,273	0	0	21,475	0	0	0	0
2008	26,972	0	26,972	0	0	0	0	26,972	0	0	0	0
2009	32,920	0	32,920	0	0	0	0	61,989	0	0	0	-29,069
2010	28,517	0	28,517	0	0	0	0	26,517	0	0	0	0
2011	29,319	0	29,319	0	0	0	0	28,517	0	0	0	0
2012	28,379	0	28,379	0	0	0	0	29,319	0	0	0	0
2013	27,062	0	27,062	0	0	0	0	28,379	0	0	0	0
2014	29,228	15	29,243	0	0	0	0	27,062	15	0	0	0
2015	29,541	449	29,990	0	0	0	0	1,288	449	0	0	27,940
2016	27,009	1,154	28,163	0	0	0	0	0	1,154	0	0	29,541
2017	26,726	1,527	28,253	0	0	0	0	0	1,527	0	0	27,009
2018	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	25,991
2019	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2020	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2021	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2022	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2023	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2024	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2025	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2026	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2027	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2028	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2029	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
2030	30,000	10,000	40,000	0	0	0	0	0	10,000	0	735	29,265
Totals	766,648	133,745	899,993	36,360	4,273	0	0	225,000	133,745	(25,000 available)	10,290	490,925

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. 3,956.677 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) may have incorrectly assumed that a significant portion of Desalter production was being offset by Desalter Induced Recharges. 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 2016/17, the desalter replenishment obligation could be as high as 110,481 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.

## 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). A DYY in lieu "put" is shown as a positive number and a DYY "take" is shown as a negative number.
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)—0.07% Storage Loss	Beginning balance [3A] $\times$ -0.0007.
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—0.07% Storage Loss	Beginning balance [4A] <times> -0.0007.
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—0.07% Storage Loss	Beginning balance [4F] <times> -0.0007.
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—0.07% Storage Loss	Beginning balance [4K] <times> -0.0007.
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-7D.
6B	Water Transactions—General Transfer	Total of water transfers between Parties for this period.
6C	Water Transactions—Transfers (To) / From ECO Account	Total of water transferred between the Annual Account and ECO Account.
6D	Water Transactions—Transfers (To) Desalter Replenishment	Total of water transferred from the ECO Account to the Desalter Replenishment Obligation.
6E	Water Transactions—Total Water Transactions	Total water transactions. [6A]+ [6B] + [6C] + [6D]. 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 be utilized to offset the overall Desalter Replenishment Obligation, 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 Excess Carryover Account	Total under-produced $[14J]$ <minus> Carryover to next year $[14K]$ , equaling more than zero.



## ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

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— 0.07% Storage Loss	Beginning balance [15A] $\times$ -0.0007.
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].
15E	Excess Carry Over Account— Beginning Balance	The beginning balance in each ECO account. This number will carry forward from the ending balance in the previous period Assessment Package.
15F	Excess Carry Over Account— 0.07% Storage Loss	Beginning balance [15E] $\times$ -0.0007.
15G	Excess Carry Over Account— Transfers To / (From)	Total of water transferred to and from ECO and the Annual Account.
15H	Excess Carry Over Account— From Local Storage	Total water transferred from Local Storage Account.
15I	Excess Carry Over Account— From Under-Production	Total of water transferred from the Annual Account due to under production. Copied from [14L].
15J	Excess Carry Over Account— Ending Balance	The current balance in each ECO account. [15E] + [15F] + [15G] + [15H] + [15I]
15K	Supplemental Account— Beginning Balance	The beginning balance in each Supplemental Account. This number will carry forward from the ending balance in the previous period Assessment Package.
15L	Supplemental Account— 0.07% Storage Loss	Beginning balance [15K] $\times$ -0.0007.
15M	Supplemental Account— Transfers To / (From)	Total of water transferred to and from the Annual Account.
15N	Supplemental Account— Transfers (To) / From ECO Account	Total of water transferred to the ECO Account, as shown on Page 14A.
15O	Supplemental Account— Ending Balance	The current balance in each Supplemental Account. [15K] + [15L] + [15M] + [15N].
15P	Combined—Ending Balance	The combined amount in all local storage accounts. [15D] + [15J] + [15O]

## ASSESSMENT PACKAGE REFERENCES AND DEFINITIONS

REPORT REFERENCE	NAME	DESCRIPTION
16A	Water Transactions—Percent of Safe Yield	The Party's yearly percentage of Operating Safe Yield.
16B	Water Transactions—Assigned Share of Safe Yield (AF)	The Party's yearly volume of Operating Safe Yield.
16C	Water Transactions—10% to Desalter Replenishment Obligation	Operating Safe Yield [16B] <times> -0.1
16D	Water Transactions— Transfers (To) / From ECO Account	Total of water transferred between the Annual Account and ECO Account.
16E	Water Transactions— Exhibit G Water Sales and General Transfers	Total of water transfers between Parties for this period including Exhibit G Water Sales.
16F	Water Transactions— Total Water Transactions	Total water transactions. [16C] + [16D] + [16E]. This column is used to populate [14E].



**Assessment Year 2017-2018 (Production Year 2016-2017)**  
**Assessment Package Notes**

Company	Account	Note
App A		Other Adjustments include water provided to another Appropriator, pump-to-waste that has been captured in a recharge basin, and ASR injection of native water.
pg01		Recharge Debt Project expenses [1O] and Recharge Improvement Project expenses [1P] are each allocated on % OSY, based on the approved budget.
pg02 (a)		Stormwater New Yield is allocated to the Appropriators based on their % OSY. Watermaster has completed the process for correction of prior over-allocation that was documented through Condition Subsequent 7.
pg02 (b)		Column [2J], "Actual Fiscal Year Production," includes physical production, Voluntary Agreements, Assignments, and, if applicable, other adjustments. A detailed breakdown can be found in Appendix A.
pg03 pg04		The Assessment Package database is set up so that all water must go through the Party Annual Accounts on the way to or from ECO Storage Accounts, and through the ECO Storage Accounts on the way to or from Supplemental Storage Accounts.
pg05 (a)		"Re-Operation Offset: Pre-Peace II Desalters" had a starting balance of 225,000.000 AF. The account will need adjustment following the current modeling and Safe Yield Redetermination work (i.e. DIR) and will be adjusted in the next Assessment Package.
pg05 (b)		The 29,070 AF correction required by Condition Subsequent 7 has been included in the "Re-Operation Offset: Pre-Peace II Desalters". (See Appendix B)
pg05 (c)		"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.
pg05 (d)		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.
pg05 (e)		Chino, Ontario, and JCSD Preemptive Replenishment Agreement water is shown. Per the Agreements, no losses are deducted against these accounts.
pg05 (f)		"Non-Ag Dedication" was used in a prior Assessment Package to indicate Non-Ag Pool desalter dedication.
pg06		Transfers in Column [6A] include annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes. Also included are the Exhibit "G" physical solution transfers from the Non-Ag Pool.



**Assessment Year 2017-2018 (Production Year 2016-2017)**  
**Assessment Package Notes**

Company	Account	Note
pg08		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). ([2B]+[2C]+[2D]+[2E]+[6B]-[2J])
pg09		The "15% Water Transaction Debits" total is the "Total 15% Credits from all Transactions" from Page 7C.
pg10 (a)		The financial Outstanding Obligations are reconciled on pages 10A and 10B.
pg10 (b)		Fund Balance is maintained on a spreadsheet by Watermaster.
pg10 (c)		Outstanding Obligation is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund
pg11		"Agricultural Total Pool Production" includes Voluntary Agreements between Appropriators and Agricultural Pool Parties.
pg14 (a)		Transfers in Column [14E] include the annual transfer of 10 percent of the Non-Ag Safe Yield to be utilized to offset the overall Desalter Replenishment Obligation in accordance with the Peace II Agreement Section 6.2, and also the Exhibit "G" physical so
pg14 (b)		Column [14H], "Actual Fiscal Year Production," includes physical production and Assignments between Appropriators and Non-Ag Pool Parties.
pg15 (a)		Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss is now calculated at 0.07%.
pg15 (b)		When applicable, column [15G] includes the Exhibit "G" physical solution transfers to the Appropriative Pool. (See Page 7C)

## HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

Assessment Year	Agricultural Pool <sup>1</sup> (\$/AF)	Non-Ag Pool (\$/AF)	Appropriative Pool <sup>2</sup> (\$/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
17-18	34.40	71.63	71.63	668.00

<sup>1</sup> \$/AF of water reallocated to the Appropriative Pool.

<sup>2</sup> Excludes amounts related to the debt service of the Recharge Improvement Project, and supplemental and replenishment water purchases.

## SUMMARY BUDGET FISCAL YEAR 2016-17

	FY 15-16		FY 16-17		Amended vs. Amended
	Approved Budget	Amended Budget	Approved Budget	Amended Budget	
4000 Mutual Agency Revenue	\$ 157,941	\$ 157,941	\$ 158,923	\$ 158,923	\$ 982
4110 Appropriative Pool Assessments	8,637,418	8,878,283	10,002,660	10,043,417	1,165,134
4120 Non-Agricultural Pool Assessments	296,797	305,932	311,996	311,996	6,064
4730 Prorated Interest Income	22,050	22,050	19,890	19,890	(2,160)
4900 Miscellaneous Income	-	-	-	-	-
<b>Total Income</b>	<b>9,114,206</b>	<b>9,364,206</b>	<b>10,493,469</b>	<b>10,534,226</b>	<b>1,170,020</b>
<b>Administrative Expenses</b>					
6010 Salary Costs	880,591	880,591	971,056	971,056	90,465
6020 Office Building Expense	110,381	110,381	111,356	104,356	(6,025)
6030 Office Supplies & Equip.	35,260	35,260	32,540	27,240	(8,020)
6040 Postage & Printing Costs	55,032	55,032	56,852	53,852	(1,180)
6050 Information Services	131,840	131,840	141,092	140,092	8,252
6060 WM Special Contract Services	40,600	40,600	26,000	55,500	14,900
6070 Watermaster Legal Services	256,450	256,450	200,713	275,713	19,263
6080 Insurance Expense	27,916	27,916	31,962	31,962	4,046
6110 Dues and Subscriptions	21,335	21,335	21,054	21,354	19
6150 Field Supplies & Equipment	1,450	1,450	1,450	1,450	-
6170 Travel & Transportation	25,320	25,320	24,870	19,870	(5,450)
6190 Conferences & Seminars	22,400	22,400	36,600	28,100	5,700
6200 Advisory Committee Expenses	43,674	43,674	42,819	42,819	(855)
6300 Watermaster Board Expenses	178,744	178,744	159,234	159,234	(19,510)
6500 Education Fund Expenditures	-	-	-	-	-
8300 Appropriative Pool Administration	136,069	136,069	110,765	151,522	15,453
8400 Agricultural Pool Administration	352,290	352,290	351,776	451,776	99,486
8500 Non-Agricultural Pool Administration	107,974	107,974	107,152	107,152	(822)
9400 Depreciation Expense	-	-	-	-	-
9500 Allocated G&A Expenditures	(401,307)	(401,307)	(378,506)	(427,708)	(26,401)
<b>Total Administrative Expenses</b>	<b>2,026,019</b>	<b>2,026,019</b>	<b>2,048,785</b>	<b>2,215,340</b>	<b>189,321</b>
<b>General OBMP Expenditures</b>					
6900 Optimum Basin Mgmt Program	1,344,437	1,594,437	1,654,053	1,679,053	84,616
6950 Cooperative Efforts	10,000	10,000	-	-	(10,000)
9501 Allocated G&A Expenditures	128,656	128,656	45,956	51,930	(76,726)
<b>Total General OBMP Expenses</b>	<b>1,483,093</b>	<b>1,733,093</b>	<b>1,700,009</b>	<b>1,730,983</b>	<b>(2,110)</b>
<b>OBMP Implementation Projects</b>					
7101 Production Monitoring	56,547	56,547	81,372	81,372	24,825
7102 In-Line Meter Installation/Maintenance	67,087	67,087	67,264	67,264	177
7103 Groundwater Quality Monitoring	220,342	220,342	262,397	262,397	42,055
7104 Groundwater Level Monitoring	247,627	247,627	258,416	258,416	10,789
7105 Recharge Basin Water Quality Monitoring	-	-	-	-	-
7107 Ground Level Monitoring	253,423	253,423	241,237	241,237	(12,186)
7108 Hydraulic Control Monitoring Program	316,123	316,123	482,859	482,859	166,736
7109 Recharge & Well Monitoring Program	19,867	19,867	23,318	23,318	3,451
7200 OBMP Pgm Element 2 - Comp Recharge	1,005,171	1,005,171	1,204,006	1,204,006	198,835
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	45,276	45,276	31,972	31,972	(13,304)
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	622,505	622,505	257,736	257,736	(364,769)
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	81,966	81,966	52,912	52,912	(29,054)
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	76,909	76,909	113,336	113,336	36,427
7700 Inactive Well Protection Program	500	500	500	500	-
7690 Recharge Improvement Debt Projects	2,319,100	2,319,100	3,334,800	3,334,800	1,015,700
9502 Allocated G&A Expenditures	272,651	272,651	332,550	375,778	103,127
<b>Total OBMP Implementation Projects</b>	<b>5,605,094</b>	<b>5,605,094</b>	<b>6,744,675</b>	<b>6,787,903</b>	<b>1,182,809</b>
<b>Total Expenses</b>	<b>9,114,206</b>	<b>9,364,206</b>	<b>10,493,469</b>	<b>10,734,226</b>	<b>1,370,020</b>
<b>Net Ordinary Income</b>	-	-	-	<b>(200,000)</b>	<b>(200,000)</b>
<b>9900 To / From Reserves</b>	-	-	-	<b>200,000</b>	<b>200,000</b>
<b>Net Other Income</b>	-	-	-	-	-
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**LEFT  
INTENTIONALLY  
BLANK**



## **Chino Basin Watermaster**

### **Annual Financial Report**

**For the Fiscal Years Ended June 30, 2017 and 2016**



## **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 <sup>1</sup>
Agricultural	Geoffrey Vanden Heuvel	Member	Ongoing <sup>1</sup>
Non-Agricultural	Robert Bowcock	Member	Ongoing <sup>1</sup>
Appropriative	James V. Curatalo, Jr.	Chair	January 2018 <sup>1,2</sup>
Appropriative	Robert DiPrimio	Vice-Chair	January 2019 <sup>1,2</sup>
Appropriative	Gino L. Filippi	Member	January 2018 <sup>1,2</sup>
Municipal	Steve Elie	Member	Ongoing <sup>1</sup>
Municipal	Bob G. Kuhn	Secretary/Treasurer	Ongoing <sup>1</sup>
Municipal	Donald D. Galleano	Member	Ongoing <sup>1</sup>

<sup>1</sup> 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).

<sup>2</sup> 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](http://www.cbwm.org)**

**Chino Basin Watermaster**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**Chino Basin Watermaster  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2017 and 2016**

**Table of Contents**

	<b><u>Page No.</u></b>
Table of Contents	i
<b>Introductory Section</b>	
Letter of Transmittal	1-3
<b>Financial Section</b>	
Independent Auditor’s Report	4-6
Management’s Discussion and Analysis	7-10
Basic Financial Statements:	
Statements of Net Position	11-12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14-15
Notes to the Basic Financial Statements	16-37
<b>Required Supplementary Information</b>	
Schedule of Funding Status – Other Post-Employment Benefits Obligation	38
Schedule of the Watermaster’s Proportionate Share of the Net Pension Liability	39
Schedule of Pension Plan Contributions	40
<b>Supplemental Information Section</b>	
Combining Schedules of Revenue, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2017	41
Combining Schedules of Revenue, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2016	42
<b>Report on Compliance and Internal Controls</b>	
Independent Auditor’s Report on Compliance on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43-44

# **Introductory Section**



October 26, 2017

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, 2017 and 2016, 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.

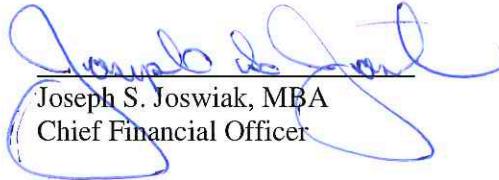
### **Acknowledgements**

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  
Jonathan P. Abadesco, CPA  
Andy Beck, CPA

## Fedak & Brown LLP

Certified Public Accountants

Cypress Office:  
6081 Orange Avenue  
Cypress, California 90630  
(657) 214-2307  
FAX (714) 527-9154

Riverside Office:  
4204 Riverwalk Pkwy. Ste. 390  
Riverside, California 92505  
(951) 977-9888

### 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, 2017 and 2016, 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, 2017 and 2016, 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**

### ***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 pages 38 through 40 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 41 and 42, 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 16, 2017, 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 43 and 44.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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, 2017 and 2016. 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**

- The Watermaster's net position decreased by 10.92% or \$1,068,722. In fiscal year 2016, the Watermaster's net position increased by 26.96% or \$2,077,544.
- The Watermaster's total revenues decreased by \$7.79% or \$1,011,194. In fiscal year 2016, the Watermaster's total revenues increased by \$35.16% or \$3,377,274.
- The Watermaster's total expenses increased by 19.58% or \$2,135,072. In fiscal year 2016, the Watermaster's total expenses increased by 37.58% or \$2,979,162.

**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.

**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.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**Financial Analysis of the Watermaster, continued**

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 16 through 37.

**Statements of Net Position**

**Condensed Statements of Net Position**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 11,758,298	12,033,692	(275,394)
Capital assets, net	<u>13,997</u>	<u>14,378</u>	<u>(381)</u>
Total assets	<u>11,772,295</u>	<u>12,048,070</u>	<u>(275,775)</u>
<b>Deferred outflows of resources</b>	<u>451,446</u>	<u>301,831</u>	<u>149,615</u>
<b>Liabilities:</b>			
Current liabilities	1,716,958	1,126,336	590,622
Non-current liabilities	<u>1,731,968</u>	<u>1,317,462</u>	<u>414,506</u>
Total liabilities	<u>3,448,926</u>	<u>2,443,798</u>	<u>1,005,128</u>
<b>Deferred inflows of resources</b>	<u>58,886</u>	<u>121,452</u>	<u>(62,566)</u>
<b>Net position:</b>			
Net investment in capital assets	13,997	14,378	(381)
Restricted	15,000	-	15,000
Unrestricted	<u>8,686,932</u>	<u>9,770,273</u>	<u>(1,083,341)</u>
<b>Total net position</b>	<u>\$ 8,715,929</u>	<u>9,784,651</u>	<u>(1,068,722)</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 \$8,715,929 and \$9,784,651 as of June 30, 2017 and 2016, respectively.

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.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**Statements of Net Position, continued**

At the end of fiscal years 2017 and 2016, the Watermaster reflected a positive balance in its unrestricted net position of \$8,686,932 and \$9,770,273, respectively that may be utilized in future years. (See Note 8)

**Statements of Revenues, Expenses and Changes in Net Position**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 11,902,087	12,952,155	(1,050,068)
Non-operating revenues	70,656	31,782	38,874
<b>Total revenues</b>	<u>11,972,743</u>	<u>12,983,937</u>	<u>(1,011,194)</u>
Expenses:			
Operating expense	12,845,102	10,465,108	2,379,994
Depreciation	5,841	5,061	780
Non-operating expense	190,522	436,224	(245,702)
<b>Total expenses</b>	<u>13,041,465</u>	<u>10,906,393</u>	<u>2,135,072</u>
<b>Change in net position</b>	<u>(1,068,722)</u>	<u>2,077,544</u>	<u>(3,146,266)</u>
<b>Net position, beginning of period</b>	<u>9,784,651</u>	<u>7,707,107</u>	<u>2,077,544</u>
<b>Net position, end of period</b>	<u>\$ 8,715,929</u>	<u>9,784,651</u>	<u>(1,068,722)</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 2017, Watermaster's net position decreased by 10.92% or \$1,068,722 as a result of ongoing operations. In fiscal year 2016, the Watermaster's net position increased by 26.96% or \$2,077,544 as a result of ongoing operations.

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

In fiscal year 2017, Watermaster's total revenues decreased by 7.79% or \$1,011,194 due primarily to a decrease in replenishment water revenue of \$2,065,830, which was offset by an increase in administrative assessments of \$1,013,480. 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 2017, Watermaster's total expenses increased by 19.58% or \$2,135,072, primarily due to a \$1,580,973 increase in groundwater replenishment costs and other water purchases, and a \$466,810 increase in optimum basin management plan expenditures. In fiscal year 2016, Watermaster's total expenses increased by 37.58% or \$2,979,162, primarily due to a \$1,388,804 increase in groundwater replenishment costs and other water purchases, a \$905,596 increase in optimum basin management plan expenditures and a \$338,512 increase in administration.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**Capital Asset Administration**

At the end of fiscal year 2017 and 2016, the Watermaster's investment in capital assets amounted to \$13,997 and \$14,378 (net of accumulated depreciation), respectively. This investment in capital assets includes leasehold improvements, office equipment, and vehicles. The capital assets of the Watermaster are more fully analyzed in Note 3 to the basic financial statements.

Changes in capital assets in 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2017</u>
Capital assets:				
Depreciable assets	\$ 265,144	5,460	-	270,604
Accumulated depreciation	<u>(250,766)</u>	<u>(5,841)</u>	<u>-</u>	<u>(256,607)</u>
Total capital assets	<u>\$ 14,378</u>	<u>(381)</u>	<u>-</u>	<u>13,997</u>

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	<u>(245,705)</u>	<u>(5,061)</u>	<u>-</u>	<u>(250,766)</u>
Total capital assets	<u>\$ 19,439</u>	<u>(5,061)</u>	<u>-</u>	<u>14,378</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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 11,460,346	5,850,508
Cash and cash equivalents - restricted (note 2)	15,000	-
Accounts receivable	217,985	6,154,975
Accrued interest receivable	29,395	9,612
Prepaid expenses and other current assets	35,572	18,597
Total current assets	11,758,298	12,033,692
<b>Non-current assets:</b>		
Capital assets, net (note 3)	13,997	14,378
Total non-current assets	13,997	14,378
<b>Total assets</b>	<b>11,772,295</b>	<b>12,048,070</b>
<b>Deferred outflows of resources:</b>		
Deferred pension outflows (note 8)	451,446	301,831
<b>Total deferred outflows of resources</b>	<b>\$ 451,446</b>	<b>301,831</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statements of Net Position, continued**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,592,107	1,011,079
Accrued salaries and benefits	32,887	41,913
Long-term liabilities – due within one year:		
Compensated absences (note 4)	91,964	73,344
Total current liabilities	1,716,958	1,126,336
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	170,789	136,209
Other post employment benefits obligation (note 5)	468,172	346,070
Net pension liability (note 8)	1,043,862	811,437
Employee compensation plan (note 6)	49,145	23,746
Total non-current liabilities	1,731,968	1,317,462
<b>Total liabilities</b>	3,448,926	2,443,798
<b>Deferred inflows of resources:</b>		
Deferred pension inflows (note 8)	58,886	121,452
<b>Total deferred inflows of resources</b>	58,886	121,452
<b>Net Position:</b> (note 9)		
Net investment in capital assets	13,997	14,378
Restricted	15,000	-
Unrestricted	8,686,932	9,770,273
<b>Total net position</b>	\$ 8,715,929	9,784,651

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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating revenues:</b>		
Administrative assessments	\$ 10,197,594	9,184,114
Replenishment water revenue	1,544,862	3,610,692
Other revenue	<u>159,631</u>	<u>157,349</u>
Total operating revenue	<u>11,902,087</u>	<u>12,952,155</u>
<b>Operating expenses:</b>		
Groundwater replenishment and other water purchases	4,120,973	2,540,000
Optimum basin management plan	6,122,572	5,655,762
Watermaster administration	1,901,508	1,649,361
Pool, advisory, and board administration	<u>700,049</u>	<u>619,985</u>
Total operating expense	<u>12,845,102</u>	<u>10,465,108</u>
Operating (loss) income before depreciation	(943,015)	2,487,047
Depreciation expense	<u>(5,841)</u>	<u>(5,061)</u>
<b>Operating (loss) income</b>	<u>(948,856)</u>	<u>2,481,986</u>
<b>Non-operating revenue (expense):</b>		
Reserve distribution	(190,522)	(436,224)
Investment earnings	<u>70,656</u>	<u>31,782</u>
Total non-operating expenses, net	<u>(119,866)</u>	<u>(404,442)</u>
<b>Change in net position</b>	(1,068,722)	2,077,544
<b>Net position at beginning of period</b>	<u>9,784,651</u>	<u>7,707,107</u>
<b>Net position at end of period</b>	<u>\$ 8,715,929</u>	<u>9,784,651</u>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster  
Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Cash received from stakeholders	\$ 17,839,077	6,850,365
Cash paid to employees for salaries and wages	(1,058,863)	(1,039,636)
Cash paid to vendors and suppliers for materials and services	<u>(11,010,267)</u>	<u>(9,202,912)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>5,769,947</u>	<u>(3,392,183)</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments for non-operating expenses	<u>(190,522)</u>	<u>(436,224)</u>
<b>Net cash used in non-capital financing activities</b>	<u>(190,522)</u>	<u>(436,224)</u>
<b>Cash flows from capital financing activities:</b>		
Acquisition of capital assets	<u>(5,460)</u>	<u>-</u>
<b>Net cash used in capital financing activities</b>	<u>(5,460)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Investment earnings received	<u>50,873</u>	<u>29,578</u>
<b>Net cash provided by investing activities</b>	<u>50,873</u>	<u>29,578</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	5,624,838	(3,798,829)
<b>Cash and cash equivalents at the beginning of year</b>	<u>5,850,508</u>	<u>9,649,337</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 11,475,346</u>	<u>5,850,508</u>
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>		
Cash and cash equivalents	\$ 11,460,346	5,850,508
Cash and cash equivalents - restricted	<u>15,000</u>	<u>-</u>
<b>Total cash and cash equivalents</b>	<u>\$ 11,475,346</u>	<u>5,850,508</u>

*Continued on next page*

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:</b>		
Operating (loss) income	\$ <u>(948,856)</u>	<u>2,481,986</u>
<b>Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:</b>		
Depreciation	5,841	5,061
<b>Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	5,936,990	(6,101,790)
Prepaid expenses and other current assets	(16,975)	21,066
Deferred outflows of resources	(149,615)	(164,775)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expense	581,028	134,926
Accrued salaries and benefits	(9,026)	9,487
Compensated absences	53,200	(29,720)
Other post employment benefits obligation	122,102	101,057
Net pension liability	232,425	211,634
Employee compensation plan	25,399	18,996
Deferred inflows of resources	<u>(62,566)</u>	<u>(80,111)</u>
<b>Total adjustments</b>	<u>6,718,803</u>	<u>(5,874,169)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ <u><u>5,769,947</u></u></b>	<b><u><u>(3,392,183)</u></u></b>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2017 and 2016**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

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

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as “Watermaster”. Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provided for successive terms, or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three 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 2016-2017 expenses are based on the 2015-2016 production volume.

Production volume	Fiscal Year 2017	
	Acre Feet	Percentage
Appropriative Pool	89,906	75.250%
Agricultural Pool	26,167	21.901%
Non-agricultural Pool	3,403	2.848%
Total production volume	119,476	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, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(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. 74*

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for periods beginning after June 15, 2016.

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*.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

**C. Financial Reporting**

*Government Accounting Standards Board Statement No. 77*

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015.

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.

*Government Accounting Standards Board Statement No. 78*

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for financial statements for periods beginning after December 15, 2015.

The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria.

*Government 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*, effective for financial statements for periods beginning after June 15, 2016.

The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. 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.

*Government 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*, effective for financial statements for periods beginning after June 15, 2016.

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.



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

**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**

The Watermaster has adopted an investment policy directing the General Manager to invest and reinvest funds subject to the provisions of Watermaster's Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee in accordance with California Government Code section 53600.

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

**4. Fair Value Measurements**

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.

**5. 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, 2017.

**6. 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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

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

**7. 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

**8. Deferred Outflows of Resources**

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

**9. 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.

**10. Deferred Inflows of Resources**

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

**11. 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, 2015 and 2014
- Measurement Date: June 30, 2016 and 2015
- Measurement Period: July 1, 2015 to June 30, 2016 and July 1, 2014 to June 30, 2015

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

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

**12. 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.

**13. 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.

**14. 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:

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 11,460,346	5,850,508
Cash and cash equivalents - restricted	15,000	-
	\$ 11,475,346	5,850,508

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

	<b>2017</b>	<b>2016</b>
Cash on hand	\$ 500	500
Deposits held in trust with County of San Bernardino	15,000	-
Deposits with financial institutions	233,408	521,412
Investments	11,226,438	5,328,596
Total cash and investments	\$ 11,475,346	5,850,508

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(2) Cash and Investments, continued**

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

	<b>2017</b>	<b>2016</b>
Deposits held with the California Local Agency Investment Fund	194 days	167 days

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

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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:

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(2) Cash and Investments, continued**

***Custodial Credit Risk, continued***

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the Watermaster's bank balances, up to \$250,000 at June 30, 2017, 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, 2017 were as follows:

Investment Type	Total	Minimum Legal Rating	Not Rated
California Local Agency Investment Fund	\$ 11,226,438	N/A	11,226,438

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

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(2) Cash and Investments, continued**

***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, 2017.

**(3) Capital Assets**

Changes in capital assets for 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2017</u>
Depreciable assets:				
Computer equipment	\$ 107,551	-	-	107,551
Furniture and fixtures	43,666	5,460	-	49,126
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>265,144</u>	<u>5,460</u>	<u>-</u>	<u>270,604</u>
Accumulated depreciation:				
Computer equipment	(101,506)	(2,978)	-	(104,484)
Furniture and fixtures	(35,333)	(2,863)	-	(38,196)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(90,484)	-	-	(90,484)
Total accumulated depreciation	<u>(250,766)</u>	<u>(5,841)</u>	<u>-</u>	<u>(256,607)</u>
Total capital assets, net	<u>\$ 14,378</u>			<u>13,997</u>

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	(98,528)	(2,978)	-	(101,506)
Furniture and fixtures	(33,250)	(2,083)	-	(35,333)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(90,484)	-	-	(90,484)
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>

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(4) Compensated Absences**

The changes to compensated absences for 2017, were as follows:

<u>Balance</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2017</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in more</u> <u>than one year</u>
\$ 209,553	140,041	(86,841)	262,753	91,964	170,789

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>Current</u>	<u>Long Term</u>
\$ 239,273	137,153	(166,873)	209,553	73,344	136,209

**(5) 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.

***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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(5) Other Post-Employment Benefits Payable, continued**

***Plan Description – Eligibility, continued***

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Active plan members	9	8	9
Active employees' dependents	3	3	4
Retirees and dependents receiving benefits	1	1	1
Retirees and dependents not receiving benefits	-	-	-
Total plan membership	<u>13</u>	<u>12</u>	<u>14</u>

***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, 2017 and 2016, the ARC rate is 11.58% and 10.09%, respectively of the annual covered payroll.

***Annual Cost***

For the years ended June 30, 2017 and 2016, the Watermaster's ARC cost is \$123,647 and \$102,557. The Watermaster's net OPEB payable obligation amounted to \$468,172 and \$346,070 for the years ended June 30, 2017 and 2016. The Watermaster contributed \$1,545 and \$1,500 to adjust the annual required contribution for current retiree OPEB premiums for the years ended June 30, 2017 and 2016, respectively.

The balance at June 30, consists of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 122,131	101,484	97,383
Interest on net OPEB obligation	17,304	12,251	7,422
Adjustment to annual required contribution	<u>(15,788)</u>	<u>(11,178)</u>	<u>(6,772)</u>
Total annual OPEB expense	123,647	102,557	98,033
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(1,545)</u>	<u>(1,500)</u>	<u>(1,464)</u>
Total change in net OPEB payable obligation	122,102	101,057	96,569
OPEB payable – beginning of year	<u>346,070</u>	<u>245,013</u>	<u>148,444</u>
OPEB payable – end of year	<u>\$ 468,172</u>	<u>346,070</u>	<u>245,013</u>



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(5) Other Post-Employment Benefits Payable, continued**

*Annual Cost, continued*

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 2017 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	\$ 123,647	1,545	1.25%	468,172
2016	102,557	1,500	1.46%	346,070
2015	98,033	1,464	1.49%	245,013

**(6) 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, 2017, 2016 and 2015, Watermaster made an employer contribution of \$25,399, \$18,996 and \$4,750 to the Plan for the benefit of its eligible employee for the 12 consecutive month period from July 1, 2016 to June 30, 2017, from July 1, 2015 to June 30, 2016 and from July 1, 2014 to June 30, 2015, respectively. 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, 2017 and 2016 amounted to \$49,145 and \$23,746, respectively.

**(7) 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, 2017 and 2016 was \$1,067,524 and \$870,106, respectively.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(7) 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.

**(8) 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 provision and benefits for the Plan's miscellaneous pool in effect at June 30, 2017, are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
	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	8.000%	6.25%
Required employer contribution rates	10.069%	6.555%

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) 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, 2017 and 2016, the contributions recognized as part of pension expense for the Plan was as follows:

	<b>Miscellaneous Plan</b>	
	<b>2017</b>	<b>2016</b>
Contributions – employer	\$ 83,557	133,410

***Net Pension Liability***

As of June 30, 2017 and 2016, the Watermaster reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability</b>	
	<b>2017</b>	<b>2016</b>
Miscellaneous Plan	\$ 1,043,862	811,437

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, 2016 and 2015 (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, 2015 and 2014 (the valuation dates), rolled forward to June 30, 2016 and 2015, 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, 2015 and 2016 was as follows:

	<b>Miscellaneous Plan</b>
Proportion – June 30, 2014	0.00964%
Increase in proportion	0.00218%
Proportion – June 30, 2015	0.01182%
Increase in proportion	0.00024%
Proportion – June 30, 2016	0.01206%

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources***

For the fiscal years ended June 30, 2017 and 2016, the Watermaster recognized pension expense of \$134,751 and \$50,305, respectively.

As of June 30, 2017 and 2016, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 114,507	-	83,557	-
Differences between actual and expected experience	3,319	-	8,551	-
Changes in assumptions	-	(40,728)	-	(80,897)
Net differences between projected and actual earnings on plan investments	211,977	-	-	(40,555)
Differences between actual contribution and proportionate share of contribution	-	(18,158)	11,832	-
Net adjustment due to differences in proportions of net pension liability	121,643	-	197,891	-
Total	<u>\$ 451,446</u>	<u>(58,886)</u>	<u>301,831</u>	<u>(121,452)</u>

As of June 30, 2017 and 2016, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$114,507 and \$83,557, respectively and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018 and 2017.

At June 30, 2017, other amounts reported as deferred outflows and inflows of resources related to the pensions, which will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/(Inflows) of Resources</u>
2018	\$ 75,917
2019	65,230
2020	79,456
2021	57,450

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) Defined Benefit Pension Plan, continued**

*Actuarial assumptions*

The total pension liabilities were determined by actuarial valuations as of June 30, 2015, which were rolled forward to June 30, 2016, using the following actuarial assumptions:

Valuation Date	June 30, 2015 and 2014
Measurement Date	June 30, 2016 and 2015
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68

Actuarial assumptions:

Discount rate	7.65%
Inflation rate	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 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 April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined 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 calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) Defined Benefit Pension Plan, continued**

*Discount Rate, continued*

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 expected 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 calculated 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 expected 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 tables below reflect 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.

As of June 30, 2017, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10</u>	<u>Real Return Year 11+</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) Defined Benefit Pension Plan, continued**

*Discount Rate, continued*

As of June 30, 2016, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10</u>	<u>Real Return Year 11+</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

**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.

As of June 30, 2017, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.65%</u>	<u>7.65%</u>	<u>8.65%</u>
Watermaster's Net Pension Liability	\$ <u>1,634,988</u>	<u>1,043,862</u>	<u>565,500</u>

As of June 30, 2016, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(8) Defined Benefit Pension Plan, continued**

***Payable to the Pension Plan***

At June 30, 2017 and 2016, 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 39 through 40 for the Required Supplementary Schedules.

**(9) Net Position**

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

	2017	2016
Net investment in capital assets:		
Capital assets, net	\$ 13,997	14,378
Total net investment in capital assets	13,997	14,378
Restricted with other governments:		
Restricted - cash and cash equivalents	15,000	-
Total restricted with other governments	15,000	-
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	35,572	18,597
Total non-spendable net position	35,572	18,597
Spendable net position are designated as follows:		
Undesignated net position reserve	8,651,360	9,751,676
Total spendable net position	8,651,360	9,751,676
Total unrestricted net position	8,686,932	9,770,273
Total net position	\$ 8,715,929	9,784,651

**(10) 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, 2017:

- 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; \$300,000 Rented To You Limit; \$15,000 Medical Expenses Limit (Any One Person).



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

**(10) Risk Management, continued**

- 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); \$1,000,000 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: \$25,000 to \$100,000 with liability limits varying by type of coverage.
- Workers' compensation: Total annual premium is \$6,246.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that has effective dates that may impact future financial presentations.

***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 December 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. 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. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

***Governmental Accounting Standards Board Statement No. 83***

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2018. 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. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2018. 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. 85***

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The provisions of this Statement are effective for reporting 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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

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

***Governmental Accounting Standards Board Statement No. 86***

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. 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. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the Watermaster’s financial statements has not been assessed at this time.

**(12) 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.

**(13) Subsequent Events**

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of November 16, 2017 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, 2017**

***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
6/30/2017	\$ -	707,124	707,124	-	1,054,776	67.04%
6/30/2016	-	565,767	565,767	-	1,005,439	56.27%
6/30/2015	-	524,713	524,713	-	954,193	54.99%

The most recent valuation (dated June 30, 2017) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$707,124. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2017 was \$1,054,776. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 67.04%.

***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)
Average salary increase	3.00%
Medical insurance premium rate increase	
Year 1	7.00%
Year 2	8.00%
Year 3	7.00%
Year 4	8.00%
Year 5	7.00%
Year 6	8.00%
Years 7 - 10	5.00%
Years 11-21	5.00%
Years 21+	5.00%

**Chino Basin Watermaster  
Schedule of the Watermaster's Proportionate Share of the Net Pension Liability  
As of June 30, 2017  
Last Ten Years\***

	Measurement Dates		
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Watermaster's Proportion of the Net Pension Liability	0.01206%	0.01182%	0.00964%
Watermaster's Proportionate Share of the Net Pension Liability	\$ <u>1,043,862</u>	\$ <u>811,437</u>	<u>599,803</u>
Watermaster's Covered-Employee Payroll	\$ <u>979,741</u>	\$ <u>888,483</u>	<u>726,672</u>
Watermaster's proportionate share of the net pension liability as a as a Percentage of its Covered-Employee Payroll	<u>106.54%</u>	<u>91.33%</u>	<u>82.54%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>75.36%</u>	<u>78.02%</u>	<u>83.03%</u>
Plan's Proportionate Share of Aggregate Employer Contributions	\$ <u>118,862</u>	\$ <u>99,615</u>	<u>79,352</u>

**Notes:**

***Changes in Benefit Terms*** – There were no changes in benefit terms for the measurement date June 30, 2017.

***Changes of Assumptions*** – There were no changes of assumption for the measurement date June 30, 2017.

\* The Watermaster has presented information for those years for which information is available until a full 10-year trend is compiled.

**Chino Basin Watermaster  
Schedule of Pension Plan Contributions  
As of June 30, 2017  
Last Ten Years\***

<u>Schedule of Pension Plan Contributions:</u>	<b>Measurement Dates</b>		
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarially Determined Contribution	\$ 132,932	\$ 110,292	\$ 97,178
Contributions in Relation to the Actuarially Determined Contribution	<u>(83,557)</u>	<u>(133,410)</u>	<u>(112,177)</u>
Contribution Deficiency (Excess)	\$ 49,375	\$ (23,118)	\$ (14,999)
Covered Payroll	\$ 979,741	\$ 888,483	\$ 726,672
Contribution's as a percentage of Covered-employee Payroll	<u>8.53%</u>	<u>15.02%</u>	<u>15.44%</u>

**Note:**

\* The Watermaster has presented information for those years for which information is available until a full 10-year trend is compiled.

# **Supplemental Information Section**



**Chino Basin Watermaster  
Combining Schedule of Revenue, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2017**

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Replenishment	L.A.I.F. Value Adj.	GASB 68 Beginning Net Position	Grand Totals	AMENDED BUDGET 2016-2017
			Appropriative Pool	Agricultural Pool	Non-Ag Pool					
<b>Administrative Revenues:</b>										
Administrative Assessments			9,946,419		251,175			10,197,595	10,355,413	
Interest Revenue			72,578	3,604	765			76,947	19,890	
Mutual Agency Project Revenue	159,631							159,631	158,923	
Miscellaneous Income	7							7	-	
<b>Total Revenues</b>	<b>159,638</b>	<b>-</b>	<b>10,018,998</b>	<b>3,604</b>	<b>251,940</b>	<b>-</b>	<b>-</b>	<b>10,434,180</b>	<b>10,534,226</b>	
<b>Administrative &amp; Project Expenditures:</b>										
Watermaster Administration	1,679,842							1,679,842	1,441,392	
Watermaster Board-Advisory Committee	197,415							197,415	198,553	
Ag. Pool Misc. Expense - Ag Fund				546				546	400	
Pool Administration			142,854	365,890	98,748			607,492	612,150	
Optimum Basin Mgmt Administration		1,706,970						1,706,970	1,774,519	
OBMP Project Costs		2,931,331						2,931,331	3,811,606	
Debt Service		386,803						386,803	465,200	
Basin Recharge Improvements		1,097,468						1,097,468	5,060,744	
Total Administrative/OBMP Expenses	1,877,257	6,122,572	142,854	365,890	98,748			8,607,868	13,364,563	
Net Administrative/OBMP Expenses	(1,717,619)	(6,122,572)								
Allocate Net Admin Expenses To Pools			1,292,513	376,184	48,921					
Allocate Net OBMP Expenses To Pools		4,638,301	3,490,335	1,015,858	132,108					
Allocate Debt Service to App Pool		386,803								
Allocate Basin Recharge to App Pool		1,097,468								
Agricultural Expense Transfer*		1,757,933	(1,757,933)							
Total Expenses	8,167,907	546	279,777					8,607,868	13,364,563	
Net Administrative Income	1,851,091	3,058	(27,836)					1,826,312	(2,830,337)	
<b>Other Income/(Expense)</b>										
Replenishment Water Assessments						858,227		858,227	-	
Desalter Replenishment Obligation						116,635		116,635	-	
Non-Ag Stored Water Purchases									-	
Exhibit "G" Non-Ag Pool Water			570,000			8,914		570,000	-	
Interest Revenue								8,914	-	
MWD Water Purchases									-	
Non-Ag Stored Water Purchases			(570,000)					(570,000)	-	
Exhibit "G" Non-Ag Pool Water									-	
MWD Water Purchases									-	
Groundwater Replenishment						(3,550,973)		(3,550,973)	-	
L.A.I.F. - Fair Market Value Adjustment							(15,213)		-	
Other Post-Employment Benefits (OPEB)									-	
Refund-Excess Reserves		(118,624)						(118,624)	-	
Refund-Recharge Debt		(31,189)						(31,189)	-	
Funding To/(From) Reserves		(155,824)						(155,824)	-	
Net Other Income/(Expense)		(305,637)				(2,567,197)	(15,213)	(2,895,034)	(200,000)	
Net Transfers To/(From) Reserves	(1,068,722)									
		1,545,453	3,058	(34,823)		(2,567,197)	(15,213)	(1,068,722)	(2,630,337)	
Net Assets, July 1, 2016		7,493,337	483,176	79,969	2,465,056	3,308	(740,195)	9,784,651	8,715,929	
Net Assets, End of Period		9,038,790	486,234	45,146	(102,141)	(11,905)	(740,195)	8,715,929		
<b>15/16 Assessable Production</b>		89,906,000	26,167,031	3,402,908				119,475,939		
<b>15/16 Production Percentages</b>		75.250%	21.902%	2.848%				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, 2016**

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Operations		LAIIF Value Adj.	GASB 68 Beginning Net Position	Grand Totals	AMENDED BUDGET 2015-2016
			Appropriative Pool	Agricultural Pool	Non-Ag Pool	Groundwater Replenishment	SB 222 Funds				
Administrative Revenues:											
Administrative Assessments		8,874,750			309,364				9,184,115	9,184,215	
Interest Revenue	157,349	23,426	2,046		164				25,656	22,050	
Mutual Agency Project Revenue									157,349	157,941	
Miscellaneous Income										0	
<b>Total Revenues</b>	<b>157,349</b>	<b>8,898,176</b>	<b>2,046</b>	<b>2,046</b>	<b>309,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,367,100</b>	<b>9,364,206</b>	
Administrative & Project Expenditures:											
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				341,451	95,741					400	
Pool Administration		1,741,442							546,696	567,433	
Optimum Basin Mgmt. Administration		2,218,629							1,741,442	1,831,093	
OBMP Project Costs		304,376							2,218,629	3,380,855	
Debt Service									304,376	460,200	
Basin Recharge Improvements									1,391,315	3,472,477	
Mutual Agency Project Costs										10,000	
<b>Total Administrative/OBMP Expenses</b>	<b>1,626,654</b>	<b>5,655,762</b>	<b>341,451</b>	<b>341,451</b>	<b>95,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,829,112</b>	<b>11,237,144</b>	
Net Administrative/OBMP Expenses	(1,469,304)	(5,655,762)									
Allocate Net Admin Expenses To Pools		1,056,580	358,282		54,442						
Allocate Net OBMP Expenses To Pools		3,960,071	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)								
<b>Total Expenses</b>	<b>7,374,848</b>	<b>7,374,848</b>	<b>2,046</b>	<b>2,046</b>	<b>296,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,829,112</b>	<b>11,237,144</b>	
Net Administrative Income	1,523,328				12,614				1,537,988	(1,872,938)	
Other Income/(Expense)											
Replenishment Water Assessments						1,070,692			1,070,692	-	
Non-Ag Stored Water Purchases										-	
Exhibit "C" Non-Ag Pool Water		2,540,000							2,540,000	-	
Interest Revenue						6,285			6,285	-	
MWD Water Purchases										-	
Non-Ag Stored Water Purchases										-	
Exhibit "G" Non-Ag Pool Water		(2,540,000)							(2,540,000)	-	
MWD Water Purchases										-	
Groundwater Replenishment										-	
LAIIF - Fair Market Value Adjustment							(138)		(138)	-	
Other Post-Employment Benefits (OPEB)		(97,313)			(3,744)				(101,057)	-	
Refund-Excess Reserves		(87,128)			(3,182)				(90,310)	-	
Refund-Recharge Debt		(345,914)							(345,914)	-	
Net Other Income/(Expense)		(530,355)			(6,926)		(138)		(539,558)	-	
Net Transfers To/(From) Reserves	2,077,545		2,046		5,688			(138)	2,077,545	(1,872,938)	
Net Assets, July 1, 2015	6,346,620		481,130		69,774			3,446	7,707,106		
Net Assets, End of Period	7,339,593		483,176		75,462			3,308	9,784,651	9,784,651	
<b>14/15 Assessable Production</b>	84,107,515		28,520,530		4,333,753				116,961,798		
<b>14/15 Production Percentages</b>	71.910%		24.384%		3.705%				100.000%		

\* Fund balance transfer as agreed to in the Peace Agreement.

**LEFT  
INTENTIONALLY  
BLANK**

# **Report on Internal Controls and Compliance**



Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Jonathan P. Abadesco, CPA  
Andy Beck, CPA

## Fedak & Brown LLP

Certified Public Accountants

Cypress Office:  
6081 Orange Avenue  
Cypress, California 90630  
(657) 214-2307  
FAX (714) 527-9154

Riverside Office:  
4204 Riverwalk Pkwy. Ste. 390  
Riverside, California 92505  
(951) 977-9888

### **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, 2017 and 2016, 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 16, 2017.

#### **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 16, 2017

**LEFT  
INTENTIONALLY  
BLANK**



**CHINO BASIN WATERMASTER STAFF 2017**

9641 San Bernardino Road • Rancho Cucamonga, CA 91730  
(909) 484-3888 • [www.cbwm.org](http://www.cbwm.org)