

## **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 2018/2019 Assessment Package](#)

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

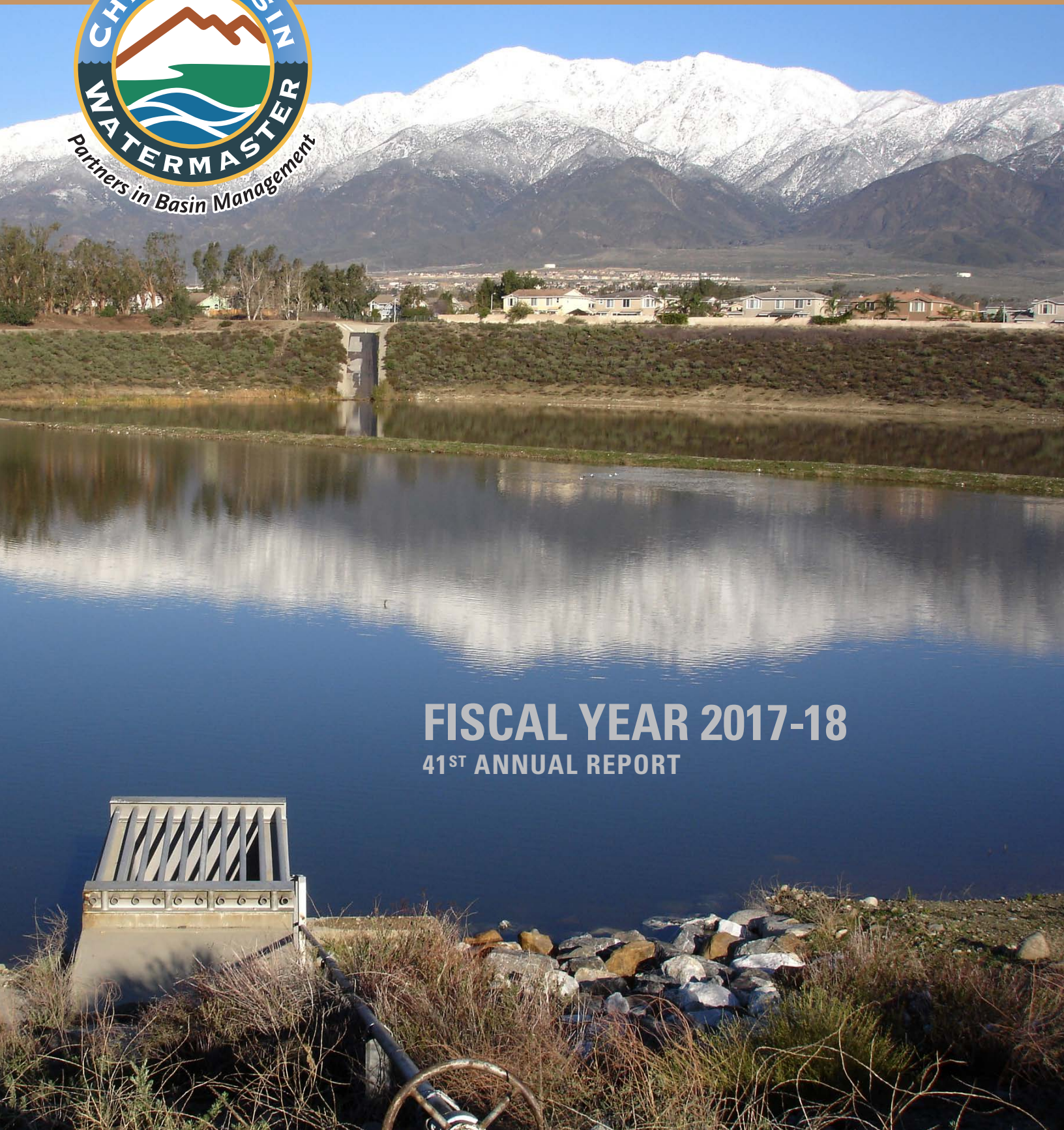
[www.cbwm.org/docs/financdocs/All Assessment Packages/](http://www.cbwm.org/docs/financdocs/All%20Assessment%20Packages/)

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.



# FISCAL YEAR 2017-18

## 41<sup>ST</sup> ANNUAL REPORT

**PARTNERSHIPS AND SOLUTIONS FOR A SUSTAINABLE FUTURE**

# ADAPTING TO EVER-CHANGING WATER CONDITIONS TO MAINTAIN SUPPLY AND QUALITY IN 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.*

## 2017-2018

*Chino Desalter Authority (CDA) completes two new desalter wells and begins work to site a third, in order to maintain capacity and hydraulic control as groundwater production changes over time.*

*January 2018 marks the 40th anniversary of the Chino Basin Judgment.*



# TECHNICAL EXCELLENCE, STAKEHOLDER ENGAGEMENT, AND COLLABORATION



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

**Carrying Out Our Core Mission.** In order to meet our mission, Watermaster annually fulfills a large number of ongoing requirements necessary to enforce the Judgment and implement the Optimum Basin Management Program, consisting of nine key elements, including: comprehensive monitoring and recharge programs, storage and recovery programs, regional supplemental and impaired groundwater supply programs, and others.

**Major Projects to Advance Basin Management.** This year, Watermaster advanced numerous critical projects to refine and improve Basin management:

- Storage framework investigation.
- 2018 Recharge Master Plan Update (RMPU).
- Increased this year's "put" limit for Dry Year Yield (DYY) program with Metropolitan Water District of Southern California (MWD).
- Engagement with State agencies and other adjudicated basins to better fulfill Chino Basin obligations under SGMA.
- New procedure to account for evaporation losses for recharged supplemental water.
- Continued engagement in the Santa Ana Watershed Project Authority (SAWPA), the SAWPA Basin Monitoring Program Task Force, and Santa Ana River Habitat Conservation Plan (HCP) development.
- Master agreement with Inland Empire Utilities Agency (IEUA) to accommodate future joint project efforts.

**Our Commitment to Quality Science, Engineering, and Legal Analysis on Behalf of All Basin Stakeholders.** There are dozens of parties to the Judgment, with a wide range of interests: cities, corporations, agricultural organizations, private and public water suppliers, the County, and others. Managing the Basin to the benefit of all requires a commitment to detailed scientific, engineering, and legal analysis followed by open and extensive communication and engagement processes so all parties can understand the issues, provide input, and participate actively.

As we enter the fortieth year of the Judgment, we look forward to continuing to improve upon our understanding and management of the Basin and our ability to work effectively with the many parties to the Judgment, regulators, and other partners around the State.

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

PARTNERS IN BASIN MANAGEMENT

# OPTIMIZING STORAGE TO ENSURE LONG-TERM SUSTAINABILITY

## CONFRONTING CURRENT LIMITS ON USE OF GROUNDWATER STORAGE SPACE

**Long-Term Groundwater Storage Management Continues to Be an Important Focus for Watermaster.** As of June 2018, total water in Basin storage accounts had reached almost 500,000 acre-feet—the maximum quantity that had been evaluated for environmental impacts under the Peace II Agreement. The parties’ plan to use additional storage in the future prompted an analysis of Basin storage use for long-term management planning.

**Conditional Increase in Safe Storage Capacity to 600,000 Acre-Feet.** As an interim response to reaching storage limits, Watermaster and the IEUA conducted the necessary analysis to temporarily increase the Safe Storage Capacity from 500,000 acre-feet to 600,000 acre-feet from July 1, 2017, through June 30, 2021.

## NEW STORAGE MANAGEMENT FRAMEWORK REQUIRED

Based on projections of groundwater pumping, the parties have identified the need for additional storage to accommodate future management activities—up to 700,000 acre-feet under current projections. An analysis is required in order to determine the impact of this additional storage and to ensure that no material physical injury (MPI) will result from extraction.

**Groundwater Storage Management Program Update Requires Development of a “Storage Framework.”** The update of the existing Groundwater Storage Management Program requires development of a technically defined storage framework to support it. This framework will provide some certainty around how the Basin will respond to various storage proposals, including the magnitude of water in storage, and where and how water is best put into and taken out of storage.

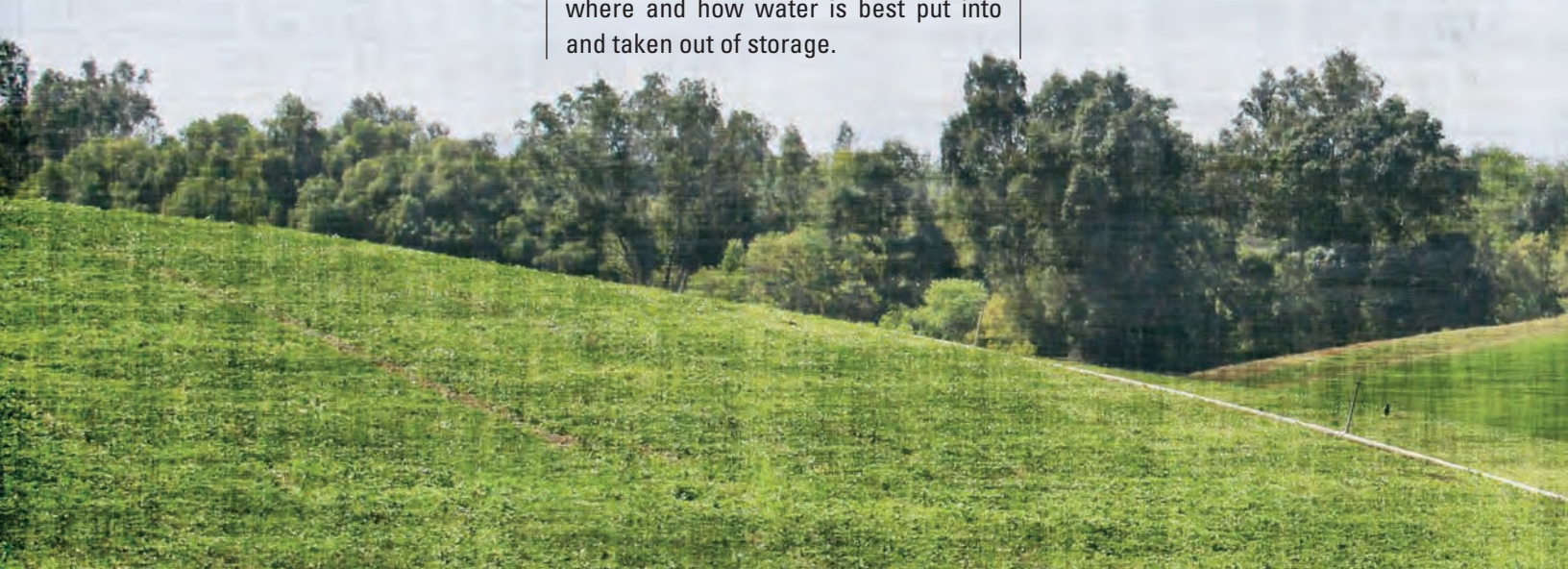
## GOAL OF THE NEW STORAGE FRAMEWORK INVESTIGATION

The goal of the storage framework investigation is to describe how the Basin will respond to the use of storage space and whether there will be any resulting MPI, and to provide conceptual descriptions of various approaches to mitigating any MPI. This is done by describing how the Basin responds to varying amounts of pumping, recharge, and storage, and defining how to determine and measure the occurrence of MPI in each case.

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***WATERMASTER IS UNDERTAKING THE STORAGE FRAMEWORK INVESTIGATION IN ORDER TO DEVELOP A LONG-TERM GROUNDWATER STORAGE PLAN, AND ENSURE MANAGED STORAGE DOES NOT CAUSE MPI, SUCH AS INCREASED LAND SUBSIDENCE, OR THREATEN PUMPING SUSTAINABILITY.***

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*The Chino Basin has urbanized rapidly in recent decades, but there remain a large number of agricultural water users.*

## PROGRESS ON STORAGE FRAMEWORK

Last year, Watermaster staff began the storage framework investigation to assess how the groundwater Basin would respond to the planned use of Managed Storage by updating its modeling and planning projections, and subsequently assessing the potential for MPI caused by the parties' use of Managed Storage.

## EXTENSIVE ENGAGEMENT WITH PARTIES ON STORAGE FRAMEWORK

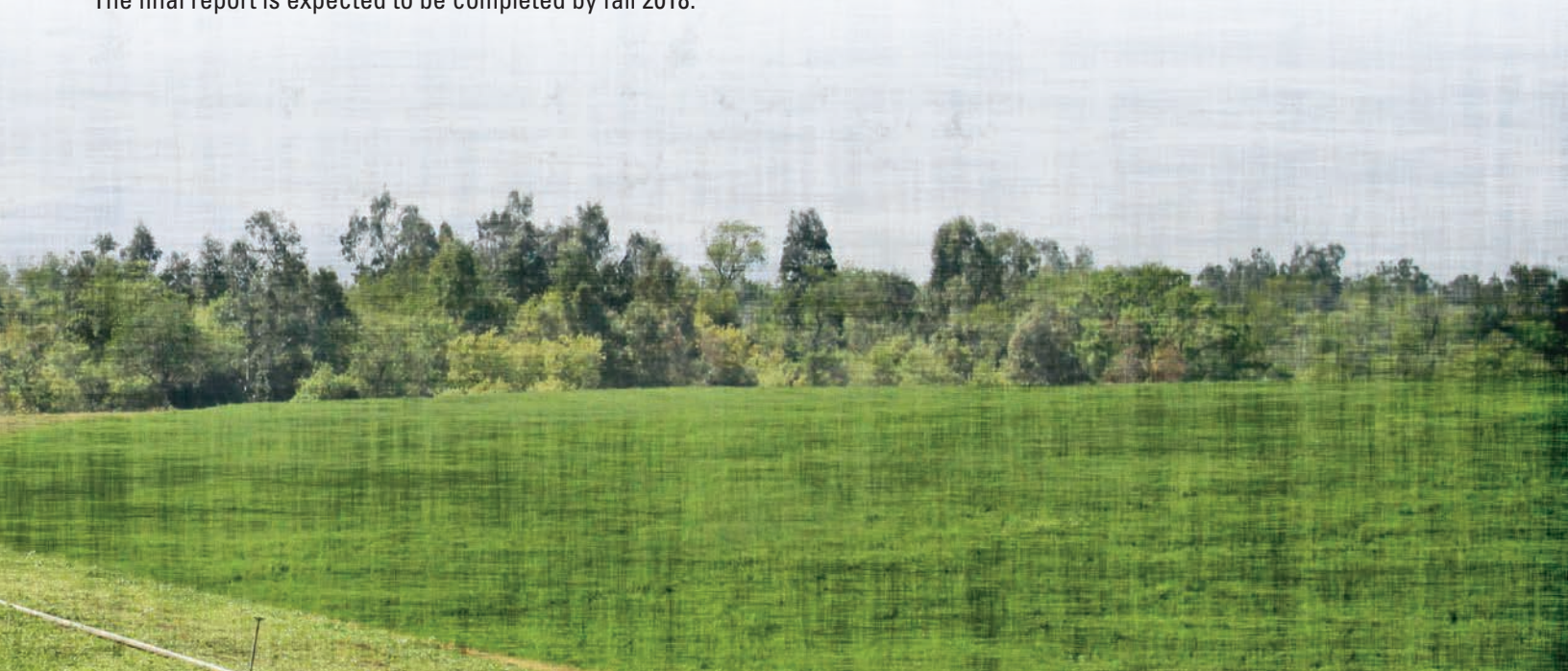
This year, Watermaster held five storage workshops with Watermaster parties. One topic was the Basin's response to a range of operational bands or varying volumes of water. As of this Annual Report, the investigation continues.

## RESULTS OF THE STORAGE FRAMEWORK INVESTIGATION TO DATE

- **Baseline Groundwater Storage Space Use of Up to 700,000 Acre-Feet.** Based on the parties' pumping projections, Watermaster estimated that the amount of storage space needed is about 700,000 acre-feet. This amount includes carry over, excess carry over, and supplemental water.
- **No MPI at 700,000 Acre-Feet of Storage Use.** Watermaster evaluated the Basin's response to the likely storage use of 700,000 acre-feet and determined that there would be no MPI.
- **No MPI but High Capital Costs at Up to 1 Million Acre-Feet of Storage Use.** At the May 2018 workshop, Watermaster presented the results from the evaluation of the use of 800,000 to 1 million acre-feet. It showed that no MPI would occur, but that utilizing this much storage would require substantial capital investment to store and remove the water. In addition, there would be no impact on hydraulic control. With the parties' input, it was decided that 800,000 to 1 million acre-feet of water is the maximum amount that would be studied.

## SCHEDULE TO COMPLETE THE STORAGE FRAMEWORK

The final report is expected to be completed by fall 2018.



*SAFE STORAGE WAS ESTIMATED IN THE DEVELOPMENT OF THE OPTIMUM BASIN MANAGEMENT PROGRAM (OBMP) TO BE ABOUT 5.8 MILLION ACRE-FEET.*

# OPTIMIZING STORAGE TO ENSURE LONG-TERM SUSTAINABILITY, CONT.

## OTHER STORAGE PROJECTS AND ACTIVITIES

**Continuation of DYY Storage Program.** Due to the prior winter's wet conditions, MWD was able to deliver its maximum annual limit of 25,000 acre-feet within five months. Rather than stopping recharge to the Basin, the parties elected to increase the delivery limit to 50,000 acre-feet per year for this fiscal year, without increasing the overall maximum of 100,000 acre-feet of total storage. Ultimately, MWD recharged 35,069 acre-feet of water during the 2017–2018 fiscal year, which included 517 acre-feet recharged via direct injection for the first time. The total amount stored in the DYY account is just over 41,000 acre-feet as of the end of the fiscal year.

**Preparation of an Application for Storage Agreements.** In order to help the parties stay in compliance with the Judgment, Watermaster prepared an application for storage agreements for all parties in the Overlying (Non-Agricultural) Pool and the Appropriative Pool with increases in storage accounts. Watermaster investigates all requests for storage agreements to ensure that the water stored and recovered does not cause MPI to a party or the Basin.

**Facilitation of Transfers Among Parties.** Each year, the parties actively transfer unproduced Safe Yield rights and water in storage accounts among themselves. Similar to storage agreements, Watermaster reviews these transfers to ensure that they do not result in MPI.



*Construction underway at San Sevaine Basin.*

# STUDIES SHOW PEACE II IMPLEMENTATION HAS NOT IMPACTED PRADO BASIN HABITAT

## HABITAT SUSTAINABILITY PROGRAM GOAL

In accordance with the monitoring and mitigation requirement of the Peace II Supplemental Environmental Impact Report (SEIR), Watermaster, along with the IEUA and the Orange County Water District (OCWD), continued to implement the Prado Basin Habitat Sustainability Program (PBHSP).

The purpose of the PBHSP is to ensure that implementation of the Peace II plan does not cause the riparian habitat to incur unforeseen significant adverse effects from the Peace II implementation.

## EXTENSIVE PRADO BASIN HABITAT STUDIES AND MONITORING THIS YEAR

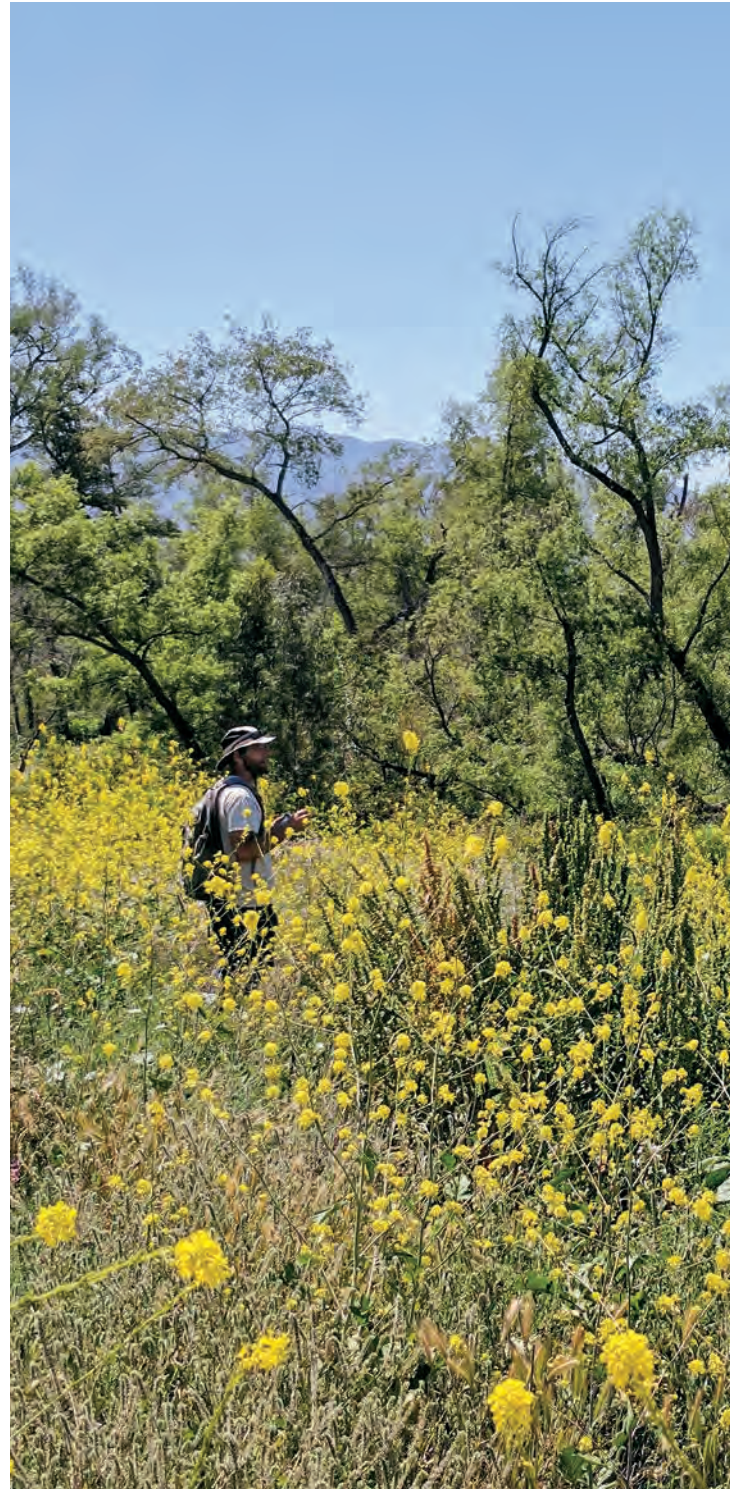
**Report Finds No Trend in Long-Term Degradation.** The second Annual Report of the Prado Basin Habitat Sustainability Committee (PBHSC) found no indication of a long-term trend in degradation of the extent or quality of riparian habitat along Chino Creek, Mill Creek, or the Santa Ana River that is linked with the implementation of the Peace II Agreement.

**Other Factors Have Had Documented Adverse Impacts on the Riparian Habitat.** These include wildfire and pests—particularly the Polyphagous Shot-Hole Borer beetle, which has been identified as a threat to cause adverse impacts to trees in the Prado Basin.

**Groundwater Levels Underlying the Riparian Habitat in Prado Basin Have Generally Remained Stable Since 1961.** Groundwater levels have been unaffected by the implementation of both Peace agreements, the first of which went into effect in 2000.

## MONITORING ACTIVITIES IN THE PRADO BASIN THIS YEAR

The full range of monitoring continued, generating data on groundwater quality and groundwater level, surface water quality and daily discharge, climate, and riparian habitat.



*Conducting field monitoring in the Prado Basin.*



# PROGRESS ON IMPLEMENTING THE CURRENT MASTER PLAN AND PREPARING THE UPCOMI

*This year, Watermaster and the IEUA continued to implement projects from the 2013 Amendment to the 2010 RMPU and began development of the 2018 RMPU.*

## THE RMPU IS THE FOUNDATION OF THE RECHARGE PROGRAM

The RMPU is the foundation of Watermaster’s comprehensive program to cost-effectively recharge stormwater, urban runoff, imported water, and recycled water. The goals of the RMPU include improving water quality, mitigating historical subsidence, ensuring water supply reliability into the future, and recharging areas within the Basin where groundwater levels decline to a level where there is threat of MPI to any party to the Judgment.

## INVESTMENT IN 2013 RMPU PROJECTS IS COST-EFFECTIVE

The total cost of the five selected projects is expected to be about \$30 million, with a unit cost for the new stormwater recharge of about \$400 per acre-foot. This is roughly half the cost to purchase untreated State Water Project water from MWD, which in 2018 is about \$760 per acre-foot (including readiness-to-serve charges).

**THE 2013 RMPU LED TO THE APPROVAL OF NUMEROUS PROJECTS EXPECTED TO INCREASE STORMWATER AND RECYCLED WATER RECHARGE CAPACITY BY UP TO 11,900 ACRE-FEET PER YEAR.**

### THIS FISCAL YEAR, WATERMASTER AND THE IEUA RECHARGED A RECORD 53,963 ACRE-FEET OF WATER

**4,494 acre-feet of  
STORMWATER**

**13,212 acre-feet of  
RECYCLED WATER**

**36,257 acre-feet of  
IMPORTED WATER**



*Heavy equipment at work on San Sevaine Basin.*

# RECHARGE NG PLAN

## PROGRESS ON IMPLEMENTING THE 2013 RMPU AND PREPARING THE 2018 RMPU

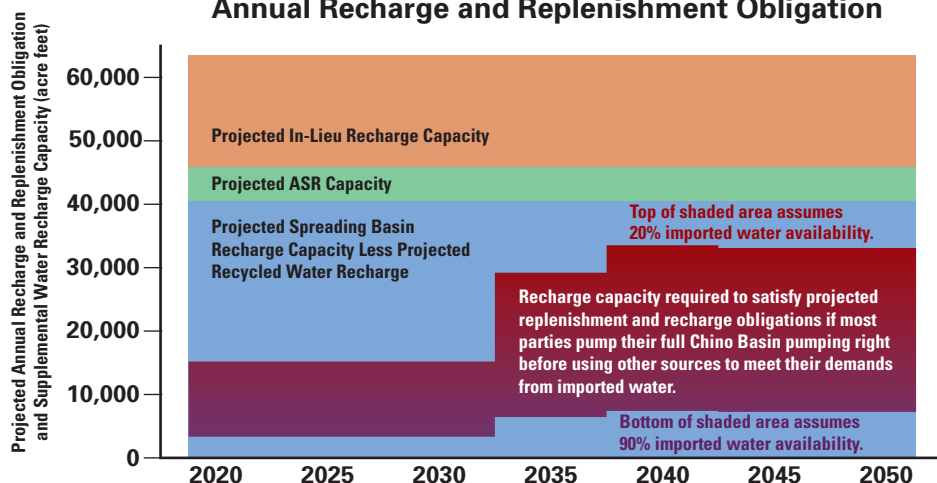
The Recharge Investigations and Project Committee met monthly this year, and Watermaster and the IEUA made progress on implementing the 2013 RMPU projects.

- Design Phase Underway on Four Recharge Projects.** As of June 2018, four of the 2013 RMPU Projects reached the final design phase (completed the 50% design plans and specifications): 23a Project (Wineville, Jurupa, and RP3 Basins), Montclair Basins, Lower Day Basin, and Victoria Basin.
- Construction of the San Sevaine Basin Improvements Began.** Work started in September 2017 and is expected to finish in 2019. Key construction activities so far include installation of the piping connecting Basins 1, 2, and 3 to the recycled water line and San Sevaine 5, and installation of a monitoring well. San Sevaine Basin improvements received two grants totaling \$1.125 million: \$750,000 from the Department of Water Resources, and \$375,000 from the US Bureau of Reclamation. The remaining capital cost is covered by State financing, including a loan from the Clean Water State Revolving Fund, and a \$2.5 million forgiveness grant.
- 2018 RMPU Update.** Watermaster is required to update the Recharge Master Plan no less frequently than every five years, and a new update began this year. Watermaster began developing the 2018 RMPU through a stakeholder process with monthly Steering Committee meetings beginning in February 2018. At these meetings, the important assumptions and interim work products of the RMPU were presented and they remain available on Watermaster’s website. This fiscal year, staff refined the budget and schedule to complete and file the 2018 RMPU with the Court as required by October 2018.

*Trenching for pipelines to connect recharge basins.*



### Supplemental Recharge Capacity Exceeds the Annual Recharge and Replenishment Obligation



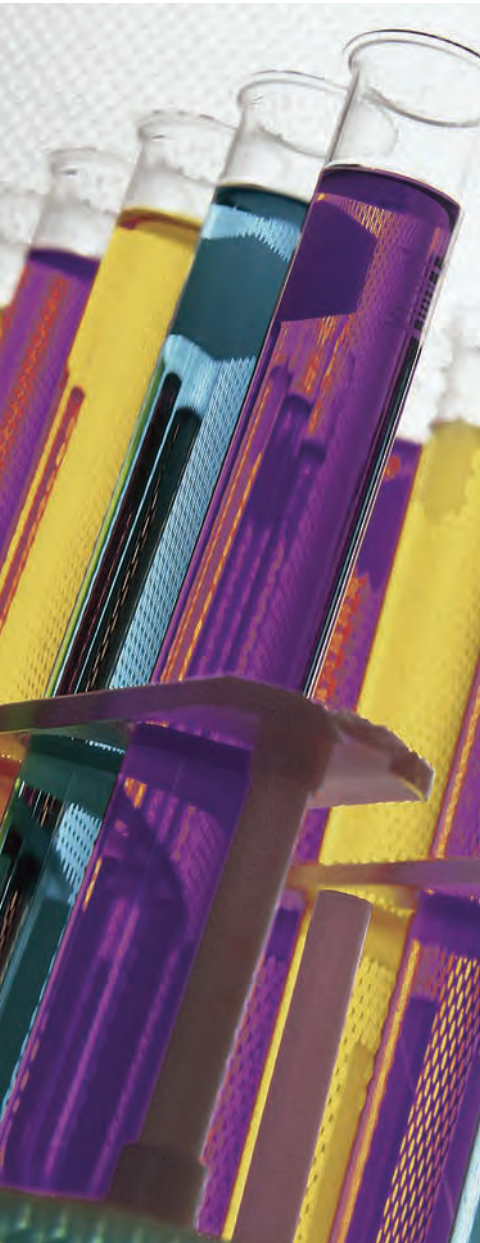
Recharge Capacity (the blue, green, and orange bars) comfortably exceeds the amount needed to satisfy projected replenishment and recharge obligation (the area between the purple and red shaded area). The additional capacity is designed to accept large amounts of water during infrequent wet periods to make up for decreased recharge in dry years.

# ACHIEVING MAXIMUM BENEFITS FROM THE B WATER SUPPLY DEPENDS ON MONITORING P

*Watermaster's wide-ranging water management programs depend on an extensive monitoring program. Data from the monitoring programs are used to help design water quality, supply, and management programs; manage ground levels; and test the outcomes of these programs.*

## PRESERVATION OF MONITORING WELLS IS INCREASINGLY IMPORTANT

Over time, large agricultural areas within the Basin are converting to new housing and businesses. As a result, many wells that were a part of the Basin's monitoring network are no longer available. Watermaster has become more active in working with the cities and developers to preserve and prevent the destruction of monitoring wells.



### **35 LOCATIONS FOR 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.

### **1,300 WELLS FOR GROUNDWATER LEVEL MONITORING.**

About 1,300 wells are monitored to track groundwater levels across the Chino Basin.

### **190 SITES FOR GROUND-LEVEL MONITORING.**

The data are used to assess the effectiveness of management programs and to prevent future subsidence and fissuring.

### **519 WELLS FOR GROUNDWATER PRODUCTION MONITORING.**

Nearly all active groundwater production wells are metered to measure groundwater production.

### **1,400 WELLS FOR GROUNDWATER QUALITY MONITORING.**

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

### **251 SAMPLES FOR GROUNDWATER RECHARGE**

**MONITORING.** Watermaster measures and records recharge volumes, collects stormwater quality samples, and samples downgradient of the basins from sampling wells.

### **90 YEARS OF PRADO BASIN HABITAT SUSTAINABILITY**

**MONITORING DATA.** This two-year-old monitoring program uses both new and historical data—including aerial photos dating back to the 1930s. See page 5 for more information.

*Recycled water pipes and valves being installed to deliver recharge water to San Sevaine Basin.*

## TESTING MORE EFFICIENT WATER-LEVEL MONITORING EQUIPMENT FOR WELLS

This year, Watermaster initiated a changeover of equipment in wells with transducers. The new equipment has proven to be more reliable in dynamic conditions. Less troubleshooting in the field will increase the efficiency, productivity, and accuracy of Watermaster's data gathering.

## MAXIMUM BENEFIT SALINITY MANAGEMENT PROGRAM DEPENDS ON MONITORING

The Maximum Benefit Salinity Management Program is a regulatory program designed by Watermaster and approved by the Regional Board. Its implementation has enabled development of a large program for recycled water reuse, stormwater recharge, and supplemental water recharge, as well as expansion of groundwater desalting to achieve hydraulic control. These actions provide hundreds of millions of dollars in benefits, including: protection of water quality of the Santa Ana River, improved water quality, and improved local supply reliability. In 2017–2018, the Chino Basin Maximum Benefit Annual Report was prepared and submitted to the Regional Board to show that Watermaster's Optimum Basin Management Program continues to provide maximum benefit to the people of the State.



## PETITIONED REGIONAL BOARD TO MODIFY COMPLIANCE METRIC TO ACCOUNT FOR DROUGHT CONDITIONS

Watermaster and the IEUA petitioned the Regional Board to consider modifying the total dissolved solids (TDS) compliance metric for recycled water to a longer-term averaging period so that short-term permit violations do not occur during drought conditions when the TDS concentration of imported water supplies increases. The Regional Board agreed that an evaluation of the compliance metric is warranted and directed Watermaster and the IEUA to develop a technical scope of work to support the adoption of a longer-term averaging period.

Watermaster and the IEUA began implementing the scope of work in September 2017. The technical work is scheduled to be completed in April 2019 and a new compliance metric approved by December 2019.

## PROGRESS ON CONSTRUCTION OF THREE FINAL WELLS REQUIRED TO MEET MAXIMUM BENEFIT REQUIREMENTS

Two of the three CDA desalter wells needed to ensure adequate capacity to meet the requirements of the Maximum Benefit Program and for remediation of the South Archibald Plume are expected to be complete during July 2018 and start production soon after. The overall project is anticipated to be operational by early 2020.

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***ALTHOUGH FULL HYDRAULIC CONTROL HAS BEEN ACHIEVED, AGRICULTURAL GROUNDWATER PRODUCTION IN THE SOUTHERN PART OF THE BASIN IS EXPECTED TO CONTINUE TO DECLINE, NECESSITATING FUTURE EXPANSION OF THE DESALTERS TO SUSTAIN HYDRAULIC CONTROL.***

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## INCORPORATING SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) REQUIREMENTS

As an adjudicated basin, Chino Basin is specifically exempted from most of the requirements of the State's SGMA. Nonetheless, Watermaster strives for its OBMP to emulate the SGMA requirements and is building them into its plan for sustainable management of the Basin.

**Working Closely with State Regulators on SGMA.** Watermaster provided the Department of Water Resources with its mandated SGMA report in April 2018. Additionally, Watermaster has been an active participant in the development of the State's regulations and best management practices as they relate to SGMA, participating in public meetings and providing comments.

### **Watermaster Continues to Collaborate on SGMA Groundwater Management of Fringe Areas.**

- Through close collaboration with partner agencies, all fringe areas within the Basin now have Groundwater Sustainability Agencies.
- CBWM is also working with other adjudicated groundwater basins to develop an approach to simplify compliance regarding fringe areas.
- As part of Watermaster's collaboration with other adjudicated basins to search for an efficient and simplified solution for fringe area compliance, CBWM joined the California Groundwater Coalition (CGC). Membership in the CGC will allow Watermaster to access a broader set of resources and tools to continue the dialogue and propose new solutions.

### **New Basin Reprioritization Under SGMA.**

In May 2018, the Department of Water Resources issued a new draft Basin Reprioritization. This new guideline labeled the Chino Basin (both the adjudicated and un-adjudicated areas) as a very low priority. If ratified, this reprioritization will exempt the fringe areas of the Chino Basin from the requirement to develop Groundwater Sustainability Plans by 2022.



*Standing (from l to r): Peter Kavounas (General Manager); Mark Wildermuth (Engineering Consultant); Directors Robert Bowcock, Paul Hofer, Eunice Ulloa, Don Galleano, Steve Elie, Gino Filippi; and Scott Slater (General Counsel). Seated (from l to r): Directors Jeff Pierson (Vice-Chair) Bob DiPrimio (Chair), and Bob Kuhn (Secretary/Treasurer).*

# SUSTAINABLE GROUNDWATER MANAGEMENT

## WATERMASTER IMPROVES WATER ACCOUNTING BY APPLYING EVAPORATIVE LOSSES TO ALL SUPPLEMENTAL WATER

Following a technical study and collaborative process with the parties, CBWM adopted an amendment to the Rules and Regulations to account for evaporative losses to all supplemental water delivered to recharge basins, which went into effect on October 1, 2017. The loss rates are 1.5% during the rainy season (November through March) and 4.2% during the dry season (April through October). There are no evaporative losses for aquifer storage and recovery wells, which inject directly into the aquifer and are never exposed to the sun.

Going forward, evaporative losses will be re-evaluated periodically as more data becomes available. This refinement in the way Watermaster accounts for the recharge increases accuracy and accounting not only for the Watermaster parties but for outside parties as well.



## STUDY OF SYSTEM LOSSES ADDS ANOTHER FACTOR IN UNDERSTANDING OF THE BASIN

At the request of a party to the Judgment, Watermaster initiated a study to measure the impact of system losses—lost water due to leaks within a city’s water infrastructure system. The goal is to estimate how much of that lost water percolates back into the Basin. The work is underway as of the end of the fiscal year.

## FACILITATING RESOLUTION OF “EXHIBIT G” PRICING CHALLENGES

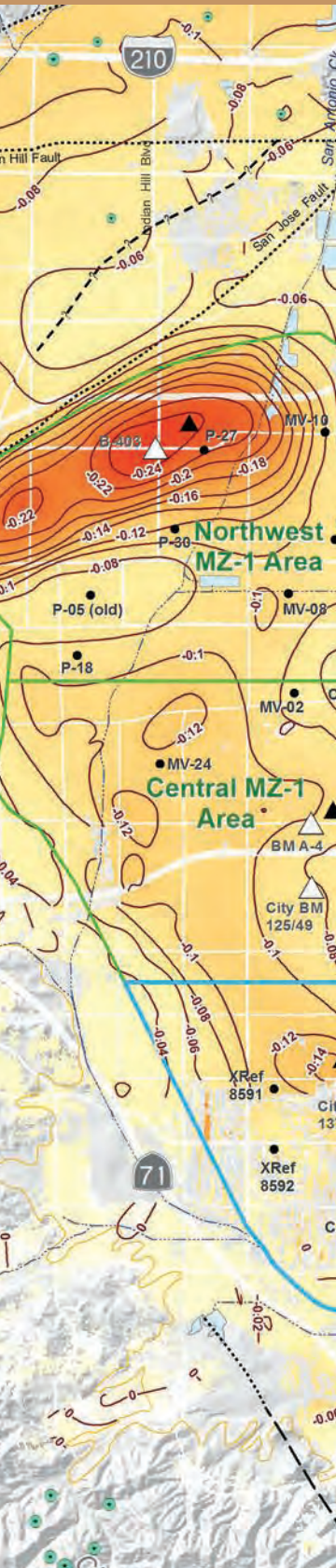
The “Exhibit G” water sale did not occur, as the two Pools, Appropriative and Non-Agricultural, did not approve a mutually acceptable price. Watermaster is facilitating possible future “Exhibit G” water sales by working with both Pools to find a solution.

## WORKING TO RESOLVE LEGAL CHALLENGES TO SAFE YIELD RESET

On April 28, 2017, the Court issued a final Order resetting the Safe Yield to 135,000 acre-feet per year. The Court’s Order has been appealed by three parties to the Judgment and the three appellants are working toward a resolution of their issues with the three parties that responded to the appeal. Watermaster continues to support the six parties to the appeal as they work toward a resolution to the appeal.

*MEMBERSHIP IN THE CALIFORNIA GROUNDWATER COALITION WILL ALLOW WATERMASTER TO ACCESS A BROADER SET OF RESOURCES AND TOOLS TO CONTINUE THE DIALOGUE AND PROPOSE NEW SOLUTIONS THAT WILL ULTIMATELY BENEFIT GROUNDWATER MANAGEMENT IN THE CHINO BASIN AND OTHER PARTS OF THE STATE.*

# ADVANCEMENTS IN MONITORING ARE ADDRESSING SUBSIDENCE AND FISSURING



*Watermaster continues to implement its Subsidence Management Plan (SMP) to minimize or eliminate land subsidence caused by use of the groundwater basin.*

The SMP includes a monitoring and reporting program called the Ground-Level Monitoring Program (GLMP). Recent findings of the GLMP are that very little permanent subsidence is occurring in the southern portion of MZ-1, where high rates of land subsidence and ground fissuring occurred in the 1990s. This lack of subsidence indicates the effectiveness of the SMP in this area. However, subsidence in the northwestern portion of MZ-1 has been occurring at gradual and persistent rates for decades, and is now a primary focus of the GLMP.

## GROUND-LEVEL MONITORING AND MANAGEMENT HIGHLIGHTS

### PROGRAM-WIDE

- Finalized the 2016 Annual Report of the Ground-Level Monitoring Committee, which analyzes and interprets data from the monitoring program and recommends future monitoring and testing.
- Conducted extensive technical monitoring and management activities in the MZ-1 Managed Area.

### NORTHWEST MZ-1 AREA

- Developed the initial hydrogeologic conceptual model and the monitoring and testing program for the Northwest MZ-1 Area report, which was finalized in December 2017.
- Completed California Environmental Quality Act (CEQA) analysis toward installing a vertical extensometer in the Northwest MZ-1 Area.
- Started collaboration with the City of Pomona and Monte Vista Water District to enhance groundwater level monitoring in the Northwest MZ-1 Area in order to study ground-level dynamics in the area.
- Conducted proof of concept studies to analyze the use of ultrasound technology to monitor water levels. Although this technology proved ineffective, the study is part of an ongoing effort to identify ways to monitor more efficiently and effectively.
- Conducted modeling of subsidence in Northwest MZ-1 Area to explore the future occurrence of subsidence and to identify potential subsidence mitigation strategies.

### RECHARGE EXCEEDS REQUIREMENTS

The total amount of supplemental water recharged in MZ-1 since the Peace II Agreement through June 30, 2018, was approximately 88,711 acre-feet, which is more than the 71,500 acre-feet required by that date (annual minimum requirement of 6,500 acre-feet per year).

### ADDITIONAL EXTENSOMETER PLANNED

The Ground-Level Monitoring Committee has recommended installation of a vertical extensometer in the Northwest MZ-1 Area. The extensometer is expected to be completed by early 2019.

# ADDITIONAL FOCUS ON TRACKING ALL CONTAMINATION PLUMES

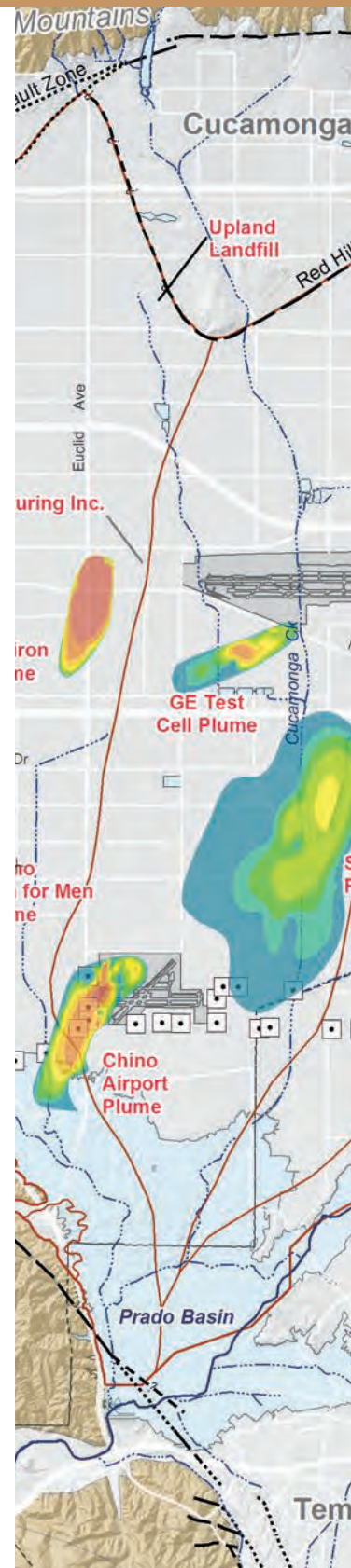
*The goal of Watermaster's effort to track the monitoring and remediation of point-source contamination plumes in the Basin is to determine their current and potential future impact on groundwater quality, the parties' municipal water supply wells, and groundwater management activities, such as how groundwater recharge and pumping could impact the movement of plumes.*

**Recent Focus on Chino Airport and South Archibald Plumes.** In the last several years, Watermaster's focus was primarily on tracking the activities of the Chino Airport and South Archibald plumes, both of which impact the operation of the Chino Basin Desalters. Watermaster has also provided input and support to move the remediation efforts forward for these two plumes, and provides detailed updates on the status of remediation activities to the Board twice each year.

**Focus on Tracking Monitoring Activities and Status of Remediation.** This year, Watermaster re-engaged its efforts to track the current monitoring activities and the status of remediation for the other major point-source contamination plumes across the Basin, including General Electric Test Cell plume, General Electric Flatiron plume, Former Kaiser Steel Mill plume, Milliken Sanitary Landfill plume, and the Stringfellow plumes. For each plume, Watermaster prepared detailed status reports that describe the contaminants of concern, the extent of the contamination, the history of regulatory oversight, and the ongoing monitoring and remediation activities. Going forward, Watermaster will update these status reports annually.



*One of the major contaminant plumes is near the Chino Airport.*





## Watermaster Board

### Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Jeff Pierson</b> , Vice-Chair	Crops
Alternate: <b>Robert Feenstra</b>	Dairy
<b>Paul Hofer</b>	Crops
Alternate: <b>Ron Pietersma</b>	Dairy

### Non-Agricultural Pool Representatives

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

### Appropriative Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Eunice Ulloa</b>	City of Chino
Alternate: <b>Tom Haughey</b>	
<b>Robert DiPrimio</b> , Chair	Fontana Water Company
Alternate: <b>Josh Swift</b>	

### Municipal Water District Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<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>	

### Minor Representative

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Gino L. Filippi</b>	City of Upland
Alternate: <b>Manny Martinez</b>	Monte Vista Water District

## Staff

<b>Peter Kavounas</b> , PE	General Manager
<b>Joseph Joswiak</b> , MBA	Chief Financial Officer
<b>Anna Nelson</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>David Huynh</b> (Oct - Dec)	Field Operations Specialist
<b>Alonso Jurado</b> (Oct - Dec)	Field Operations Specialist
<b>Rick Zapien</b> (Jan - Jul)	Sr. Field Operations Specialist

## Advisory Committee

### Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Ron LaBrucherie, Jr.</b>	Crops
<b>Jeff Pierson</b> , Chair	Crops
<b>Nathan deBoom</b>	Dairy
<b>Geoffrey Vanden Heuvel</b>	Dairy
<b>Robert Feenstra</b>	Dairy
<b>John Huitsing</b>	Dairy
Alternates to any Ag Pool Seat: <b>Henry DeHaan, Ron Pietersma</b>	
<b>Bob Page</b>	County of San Bernardino
<b>Carol Boyd</b>	State of California-CIM
<b>Lawrence Dimock</b>	State of California-CIM
<b>Pete Hall</b>	State of California-CIM

### Non-Agricultural Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Brian Geye</b> , 2nd Vice-Chair	California Speedway Corporation
Alternate: <b>Bob Bowcock</b>	CalMat Co.
<b>Ramsey Haddad</b>	California Steel Industries, Inc.
Alternate: <b>Kathleen Brundage</b>	
<b>Tom O'Neill</b>	City of Ontario (Non-Ag)
Alternate: <b>Michael Sigsbee</b>	

### Appropriative Pool Representatives

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Jose Alire, Amanda Coker, Landon Kern, Jesus Plasencia</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, Eduardo Espinoza</b>	
<b>Eric Tarango</b>	Fontana Union Water Company
Alternates: <b>Josh Swift, Seth Zielke</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternate: <b>Seth Zielke</b>	
<b>Todd Corbin</b> , Vice-Chair	Jurupa Community Services District
Alternate: <b>Steven Popelar</b>	
<b>Van Jew</b>	Monte Vista Irrigation Company <sup>a</sup>
Alternate: <b>Mark Kinsey</b>	
<b>Van Jew</b>	Monte Vista Water District
Alternate: <b>Mark Kinsey</b>	
<b>Scott Burton</b>	City of Ontario
Alternates: <b>Katie Gienger, Courtney Jones</b> (Aug - Dec)	
<b>Darron Poulsen</b>	City of Pomona
Alternate: <b>Raul Garibay</b>	
<b>Teri Layton</b>	San Antonio Water Company <sup>a</sup>
Alternates: <b>Tommy Hudspeth</b> (Jan - Sep), <b>Brian Lee</b> (Oct - Dec)	
<b>Rosemary Hoerning</b>	City of Upland
Alternate: <b>Bill Manis</b> (Jan - Sep), <b>Jeannette Vagnozzi</b> (Oct - Dec)	

## 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>Ron LaBrucherie, Jr.</b>	Crops
<b>Jeff Pierson</b> , Vice-Chair	Crops
<b>Nathan deBoom</b>	Dairy
<b>Robert Feenstra</b> , Chair	Dairy
<b>John Huitsing</b>	Dairy
<b>Henry DeHaan</b>	Dairy
<b>Ron Pietersma</b>	Dairy
<b>Geoffrey Vanden Heuvel</b>	Dairy
<b>Bob Page</b>	County of San Bernardino
Alternate: <b>Andrew Silva</b>	
<b>Carol Boyd</b>	State of California-CIM
<b>Pete Hall</b>	State of California-CIM
<b>Lawrence Dimock</b>	State of California-CIM
Alternates to any State of California Seat:	
<b>Diana Frederick</b>	
<b>Julie Cavender</b>	
<b>Marilyn Levin</b>	
<b>Noah Golden-Krasner</b>	

## Non-Agricultural Pool Committee

<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>
<b>Richard Zuniga</b> (Jan - Oct)	Ameron International Corporation
<b>David Penrice</b>	Aqua Capital Management, LP
—	CCG Ontario, LLC
<b>Brian Geye</b> , Chair	California Speedway Corporation
Alternate: <b>Ray Wilkings</b>	
<b>Ramsey Haddad</b>	California Steel Industries, Inc.
Alternate: <b>Kathleen Brundage</b>	
<b>Bob Bowcock</b> , Vice-Chair	CalMat Co.
Alternate: <b>Kevin Sage</b>	
<b>Randall McAlister</b>	General Electric Company
Alternate: <b>Paul Deutsch</b>	
<b>Natalie Costaglio</b>	Hamner Park Associates
Alternate: <b>Michael Adler</b>	A California Limited Partnership
<b>Mark Kinsey</b>	Monte Vista Water District (Non-Ag)
Alternate: <b>Van Jew</b>	
<b>Rick Fatten</b> (Jan - Jul), <b>Jeffrey Edwards</b> (Jul - Dec)	
Alternate: <b>Robert Rea</b>	NRG California South, LP
<b>Tom O'Neill</b>	City of Ontario (Non-Ag)
Alternate: <b>Michael Sigsbee</b>	
<b>David LeValley</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>John Partridge</b>	Southern Service Company
Alternate: <b>Tony Long</b>	
<b>Tom Cruikshank</b>	Space Center Mira Loma, Inc.
Alternate: <b>Patty Jett</b>	
<b>Jesse White</b>	TAMCO
Alternates: <b>Giannina Espinoza</b> , <b>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>Bob Bowcock</b>	CalMat Co.
Alternate: <b>Kevin Sage</b>	
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Amanda Coker</b>	
<b>Landon Kern</b> , <b>Jesus Plasencia</b> , <b>Jose Alire</b>	
<b>Ron Craig</b>	City of Chino Hills
Alternate: <b>Nadeem Majaj</b>	
<b>John Bosler</b>	Cucamonga Valley Water District
Alternates: <b>Eduardo Espinoza</b> , <b>Marty Zvirbulis</b>	
<b>Chuck Hays</b>	City of Fontana <sup>a</sup>
Alternate: <b>Dan Chadwick</b>	
<b>Eric Tarango</b>	Fontana Union Water Company
Alternates: <b>Josh Swift</b> , <b>Seth Zielke</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternate: <b>Seth Zielke</b>	
<b>Ben Lewis</b>	Golden State Water Company <sup>a</sup>
Alternate: <b>Toby Moore</b>	
<b>Todd Corbin</b>	Jurupa Community Services District
Alternate: <b>Steven Popelar</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>Mark Kinsey</b>	
<b>Van Jew</b> , Vice-Chair	Monte Vista Water District
Alternate: <b>Mark Kinsey</b>	
<b>Bob Bowcock</b>	NCL Co., LLC
Alternate: <b>Kevin Sage</b>	
<b>Geoff Kamansky</b>	Niagara Bottling, LLC <sup>a</sup>
Alternates: <b>Ankita Patel</b> (Jan - Oct), <b>Pamela Anderson Cridlebaugh</b> (Nov - Dec)	
<b>Cris Fealy</b>	Nicholson Trust <sup>a</sup>
Alternate: <b>Josh Swift</b>	
<b>Chad Blais</b>	City of Norco <sup>a</sup>
Alternate: <b>Bill Thompson</b>	
<b>Scott Burton</b>	City of Ontario
Alternates: <b>Katie Gienger</b> , <b>Courtney Jones</b> (Aug - Dec)	
<b>Darron Poulsen</b>	City of Pomona
Alternate: <b>Raul Garibay</b>	
<b>Teri Layton</b> , Chair	San Antonio Water Company <sup>a</sup>
Alternate: <b>Tommy Hudspeth</b> (Jan - Sep), <b>Brian Lee</b> (Oct - Dec)	
<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>Bill Manis</b> (Jan - Sep), <b>Jeannette Vagnozzi</b> (Oct - Dec)	
<b>Rosemary Hoerning</b>	West End Consolidated Water Co. <sup>a</sup>
Alternate: <b>Kevin Watson</b>	
<b>Matthew Litchfield</b> (Jan - Jul), <b>Clarence Mansell</b> (Aug - Dec)	
Alternate: <b>Joanne Chan</b>	West Valley Water District <sup>a</sup>

<sup>a</sup> Minor Producer.

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**COURT HEARINGS AND ORDERS  
FISCAL YEAR 2017-18**

During the fiscal year 2017-18, 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:

<b>Hearing Date</b>	<b>Primary Subject Matter</b>
January 12, 2018	<ul style="list-style-type: none"><li>• Order re Request for Court to Amend the Annual Reporting Schedule for the Ground-Level Monitoring Committee</li></ul>
January 12, 2018	<ul style="list-style-type: none"><li>• Hearing re Request for Court to Amend the Annual Reporting Schedule for the Ground-Level Monitoring Committee</li></ul>
December 15, 2017	<ul style="list-style-type: none"><li>• Order re Watermaster's Request for the Court to: (1) Approve the Interventions of CalMat Co. and NCL Co., LLC into the Appropriative Pool; and, (2) Receive and File the 39<sup>th</sup> Annual Report, the 2016 Annual Report of the Ground-Level Monitoring Committee, and the Semi-Annual OBMP Status Reports</li></ul>
December 15, 2017	<ul style="list-style-type: none"><li>• Hearing re Watermaster's Request for the Court to: (1) Approve the Interventions of CalMat Co. and NCL Co., LLC into the Appropriative Pool; and, (2) Receive and File the 39<sup>th</sup> Annual Report, the 2016 Annual Report of the Ground-Level Monitoring Committee, and the Semi-Annual OBMP Status Reports</li></ul>

**RESOLUTIONS  
FISCAL YEAR 2017-18**

<b>Resolution</b>	<b>Adopted</b>	<b>Summary of Resolution</b>
2018-03	June 28, 2018	<p><i>Adoption of the VantageCare Retirement Health Savings (RHS) Program</i></p> <ul style="list-style-type: none"> <li>• The Employer hereby adopts the ICMA Retirement Corporation's VantageCare Retirement Health Savings Program ("Program") through the Employer's integral part trust ("Trust") and the Employer's welfare benefits plan ("Plan"); and</li> <li>• The assets of the Plan shall be held in trust, with the following position within the Employer, Chief Financial Officer of the Watermaster (the "CFO"), serving as trustee for the exclusive benefit of Plan participants and their survivors, and the assets of the Plan shall not be diverted to any other purpose prior to the satisfaction of all liabilities of the Plan. The Employer has executed the Declaration of Trust of the Chino Basin Watermaster Integral Part Trust in the form of the sample trust made available by the ICMA Retirement Corporation; and</li> <li>• The CFO of the Watermaster shall be the coordinator and contact for the Program and shall receive necessary reports, notices, etc.; and</li> <li>• The CFO of the Watermaster, on behalf of the Watermaster, may delegate any administrative duties relating to the Retirement Health Savings Program to appropriate employees and others; and shall execute all necessary agreements and other documents and take all actions incidental to the administration of the Retirement Health Savings Program.</li> </ul>
2018-02	January 25, 2018	<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>
2018-01	January 25, 2018	<p><i>Establishing a Watermaster Investment Policy</i></p> <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; and</li> <li>• This resolution shall take effect from and after its date of adoption and Resolution 2017-01 is rescinded in its entirety.</li> </ul>
2017-07	November 16, 2017	<p><i>Levying Administrative, Replenishment, and Special Project Assessments for Fiscal Year 2017-2018</i></p> <ul style="list-style-type: none"> <li>• The Chino Basin Watermaster levies the respective assessments for each pool effective November 16, 2017 as shown on Exhibit "A" attached hereto; and</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>

**INTERVENTIONS AFTER JUDGEMENT  
PRODUCTION YEAR 2017-18<sup>1</sup>**

<b>Appropriative Pool<sup>2</sup></b>	<b>Non-Agricultural Pool</b>	<b>Agricultural Pool</b>
CalMat Co. (December 15, 2017)		
NCL Co., LLC (December 15, 2017)		

A complete list of interventions after judgment may be found in Watermaster's History of Interventions After Judgment at the following link: [www.cbwm.org/docs/legaldocs/WatermastersHistoryofInterventionsAfterJudgment.pdf](http://www.cbwm.org/docs/legaldocs/WatermastersHistoryofInterventionsAfterJudgment.pdf)

<sup>1</sup> Production Year is July 1 to June 30.

<sup>2</sup> Dates in parentheses are the dates of Court orders or notices of ruling relating to interventions. Reference is made to the order or notice of ruling for further information. The intervening party may have received a transfer of water rights on a date other than the date of the order or notice of ruling.



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

**PLEASE TAKE NOTICE** that on this 25<sup>th</sup> day of January 2018, 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. RCVRS 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/ Robert J. DiPrimio**

**Attest:**

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

**Signature: /s/ Bob G. Kuhn**

## APPROPRIATIVE RIGHTS

**As shown on Exhibit E of Judgment entered January 27, 1978**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>	<u>Share of 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

**As of June 30, 2018**

City of Chino	5,794.25	7.357	3,666.287
City of Chino Hills	3,032.86	3.851	1,919.107
City of Norco	289.50	0.368	183.389
City of Ontario	16,337.40	20.742	10,336.568
City of Pomona	16,110.50	20.454	10,193.046
City of Upland	4,097.20	5.202	2,592.365
Cucamonga Valley Water District	5,199.00	6.601	3,289.542
Jurupa Community Services District	2,960.60	3.759	1,873.260
Monte Vista Water District	6,929.15	8.797	4,383.897
West Valley Water District	925.50	1.175	585.550
Fontana Union Water Company	9,181.12	11.657	5,809.149
Fontana Water Company	1.44	0.002	0.997
Marygold Mutual Water Company	941.30	1.195	595.516
Monte Vista Irrigation Company	972.10	1.234	614.952
Niagara Bottling, LLC	0	0	0
Nicholson Trust	5.75	5.75 0.007	3.488
San Antonio Water Company	2,164.50	2.748	1,369.438
Santa Ana River Water Company	1,869.30	2.373	1,182.561
Golden State Water Company	591.05	0.750	373.755
West End Consolidated Water Company	1,361.30	1.728	861.132
San Bernardino County (Shooting Park)	0	0	0
Arrowhead Mountain Spring Water Company	0	0	0
City of Fontana	0	0	0
CalMat Co.	0	0	0
NCL Co., LLC	0	0	0
Total	78,763.82	100.000	49,834.000

## DISPOSITION OF ORIGINAL APPROPRIATIVE RIGHTS<sup>1</sup>

Original Party and Quantities	Current Party(s) as of June 30, 2018 and Original Quantities <sup>3</sup>
City of Chino (3,670.067 AF)	City of Chino (3,670.067 AF)
City of Norco (201.545 AF)	City of Norco (201.545 AF)
City of Ontario (11,373.816 AF)	City of Ontario (11,373.816 AF)
City of Pomona (11,215.852 AF)	City of Pomona (11,215.852 AF)
City of Upland (2,852.401 AF)	City of Upland (2,852.401 AF)
Cucamonga County Water District (3,084.786 AF)	Cucamonga Valley Water District (3,084.786 AF)
Jurupa Community Services District (768.655 AF)	Jurupa Community Services District (768.655 AF)
Monte Vista County Water District (4,148.344 AF)	Monte Vista Water District (4,148.344 AF)
West San Bernardino County Water District (644.317 AF)	West Valley Water District (644.317 AF)
Etiwanda Water Company (534.668 AF)	Cucamonga Valley Water District (534.668 AF)
Feldspar Gardens Mutual Water Company (47.549 AF)	Jurupa Community Services District (47.549 AF)
Fontana Union Water Company (6,396.736 AF)	Fontana Union Water Company (6,391.736 AF); Fontana Water Company (1.000 AF); Nicholson Trust (4.00 AF)
Marygold Mutual Water Company (655.317 AF)	Marygold Mutual Water Company (655.317 AF)
Mira Loma Water Company (776.940 AF)	Jurupa Community Services District (776.940 AF)
Monte Vista Irrigation Company (676.759 AF)	Monte Vista Irrigation Company (676.759 AF)
Mutual Water Company of Glen Avon Heights (467.974 AF)	Jurupa Community Services District (467.974 AF)
Park Water Company (164.369 AF)	City of Chino/City of Chino Hills/Monte Vista Water District (164.369 AF) <sup>2</sup>
Pomona Valley Water Company (2,162.553 AF)	City of Chino/City of Chino Hills/Monte Vista Water District (2,162.553 AF) <sup>2</sup>
San Antonio Water Company (1,506.888 AF)	San Antonio Water Company (1,506.888 AF)
Santa Ana River Water Company (1,301.374 AF)	Santa Ana River Water Company (1,301.374 AF)
Southern California Water Company (1,235.376 AF)	Golden State Water Company (411.476 AF); City of Chino/City of Chino Hills/Monte Vista Water District (823.900 AF) <sup>2</sup>
West End Consolidated Water Company (947.714 AF)	West End Consolidated Water Company (947.714 AF)

<sup>1</sup> A detailed history of the transactions/assignments that led to the current allocation of Appropriative Rights under the Judgment is contained in the History of Appropriative Rights at the following link: [www.cbwm.org/docs/legaldocs/HistoryofAppropriativeRights.pdf](http://www.cbwm.org/docs/legaldocs/HistoryofAppropriativeRights.pdf)

<sup>2</sup> The joint listing of parties separated by a "/" does not indicate any joint interest in the right indicated but indicates that these parties each have succeeded to a portion of the original right decreed in the 1978 Judgment. For additional information, see the History of Appropriative Rights.

<sup>3</sup> The amounts shown in this column are reflective of the original shares in the Operating Safe Yield (OSY) that was apportioned under the 1978 Judgment and do not include the 5,000 acre-foot decrease in OSY that occurred in FY 2017-18 after the exhaustion of the 200,000 AF controlled overdraft. For information as to each Party's current rights in OSY, see Appendix E-1 Appropriative Rights.

**NON-AGRICULTURAL RIGHTS  
(AS SHOWN ON EXHIBIT D OF JUDGMENT ENTERED JANUARY 27, 1978)**

<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
Carlsberg Mobile Home Properties, Ltd '73	593	464.240
Conrock Company	406	317.844
County of San Bernardino	171	133.870
Kaiser Steel Corporation	3,743	2,930.274
Quaker Chemical Co.	0	0
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Southern Service Co. dba Blue Seal Linen	24	18.789
Space Center, Mira Loma	133	104.121
Sunkist Growers, Inc.	2,393	1,873.402
Union Carbide Corporation	<u>546</u>	<u>427.446</u>
Total	9,409	7,366.000

**NON-AGRICULTURAL RIGHTS<sup>1</sup>  
(AS OF JUNE 30, 2018)**

Ameron International Corporation	0
Aqua Capital Management LP	0
California Speedway Corporation	1,000.000
California Steel Industries, Inc.	1,615.137
CalMat Co.	0
CCG Ontario, LLC	0
City of Ontario (Non-Ag)	2,966.027
County of San Bernardino (Non-Ag)	133.870
General Electric Company	0
Hamner Park Associates, a California Limited Partnership	464.240
Monte Vista Water District (Non-Ag)	50.000
NRG California South LP	954.540
Praxair, Inc.	1.000
Riboli Family and San Antonio Winery, Inc.	0
Southern Service Company	18.789
Space Center Mira Loma, Inc.	104.12
TAMCO	42.619
West Venture Development Company (Pending Court Disposition)	<u>15.657</u>
Total	7,366.000

<sup>1</sup>This list identifies the names of the members of the Non-Agricultural Pool according to the records of the Non-Agricultural Pool Committee. This list is not reflective of all "Active Parties" of the Non-Agricultural Pool, as that term is used in Paragraph 58 of the Restated Judgment.

**DISPOSITION OF ORIGINAL  
NON-AGRICULTURAL RIGHTS<sup>1</sup>**

<b>Original Party and Quantities</b>	<b>Current Party(s) and Quantities as of June 30, 2018</b>
Ameron Steel Producers (97.858 AF)	TAMCO (42.619 AF), City of Ontario (Non-Ag) (55.239 AF)
Carlsberg Mobile Home Properties, Ltd '73 (464.240 AF)	Hamner Park Associates, a California Limited Partnership (464.240 AF)
Conrock Company (317.844 AF)	City of Ontario (Non-Ag) (317.844 AF)
County of San Bernardino (133.870 AF)	County of San Bernardino (Non-Ag) (133.870 AF)
Kaiser Steel Corporation (2930.274 AF)	California Speedway Corporation (1000.000 AF), California Steel Industries, Inc. (1615.137 AF), City of Ontario (Non-Ag) (265.137 AF), Monte Vista Water District (Non-Ag) (50.000 AF)
Red Star Fertilizer (15.657 AF)	West Venture Development Company (Pending Court Disposition) (15.657 AF)
Southern California Edison Co. (982.499 AF)	NRG California South LP (954.540 AF), City of Ontario (Non-Ag) (27.959 AF)
Southern Service Co. dba Blue Seal Linen (18.789 AF)	Southern Service Company (18.789 AF)
Space Center, Mira Loma (104.121 AF)	Space Center Mira Loma, Inc. (104.121 AF)
Sunkist Growers, Inc. (1,873.402 AF)	City of Ontario (Non-Ag) (1,873.402 AF)
Union Carbide Corporation (427.446 AF)	City of Ontario (Non-Ag) (426.446 AF), Praxair, Inc. (1.000 AF)

<sup>1</sup> A detailed history of the transactions/assignments that led to the current allocation of Non-Agricultural Rights under the Judgment is contained in the History of Non-Agricultural Rights at the following link:  
[www.cbwm.org/docs/legaldocs/HistoryofNonAgriculturalRights.pdf](http://www.cbwm.org/docs/legaldocs/HistoryofNonAgriculturalRights.pdf)

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## 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>  <i>F = B - E</i>	Total Reallocation of Unproduced Ag Pool Safe Yield <sup>10</sup>  <i>G = B</i>
	Assessable Ag Pool Production  <i>A</i>	Water Rights Available for Reallocation  <i>B</i>	Claims Resulting from Land Use Conversions <sup>6</sup>  <i>C</i>	Early Transfer Claims <sup>6,8</sup>  <i>D</i>	Total Claims  <i>E = C + D</i>		
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
17-18	28,461	54,339	29,031	32,800	61,831	-7,492	54,339

<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 appropriate 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	22,319 <sup>17</sup>	3,162	28,411	89	147,595
12-13	109,294	23,718 <sup>17</sup>	3,686	27,098	87	163,883
13-14	113,976	21,796 <sup>17</sup>	3,834	29,282	85	168,973
14-15	97,842	17,118 <sup>17</sup>	3,371	30,022	84	148,436
15-16	100,297	17,109 <sup>17</sup>	2,670	28,191	85	148,352
16-17	93,699	17,715 <sup>17</sup>	3,636	28,284	104	143,438
17-18	88,740	18,857	2,919	30,088	83	140,687

\* 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.

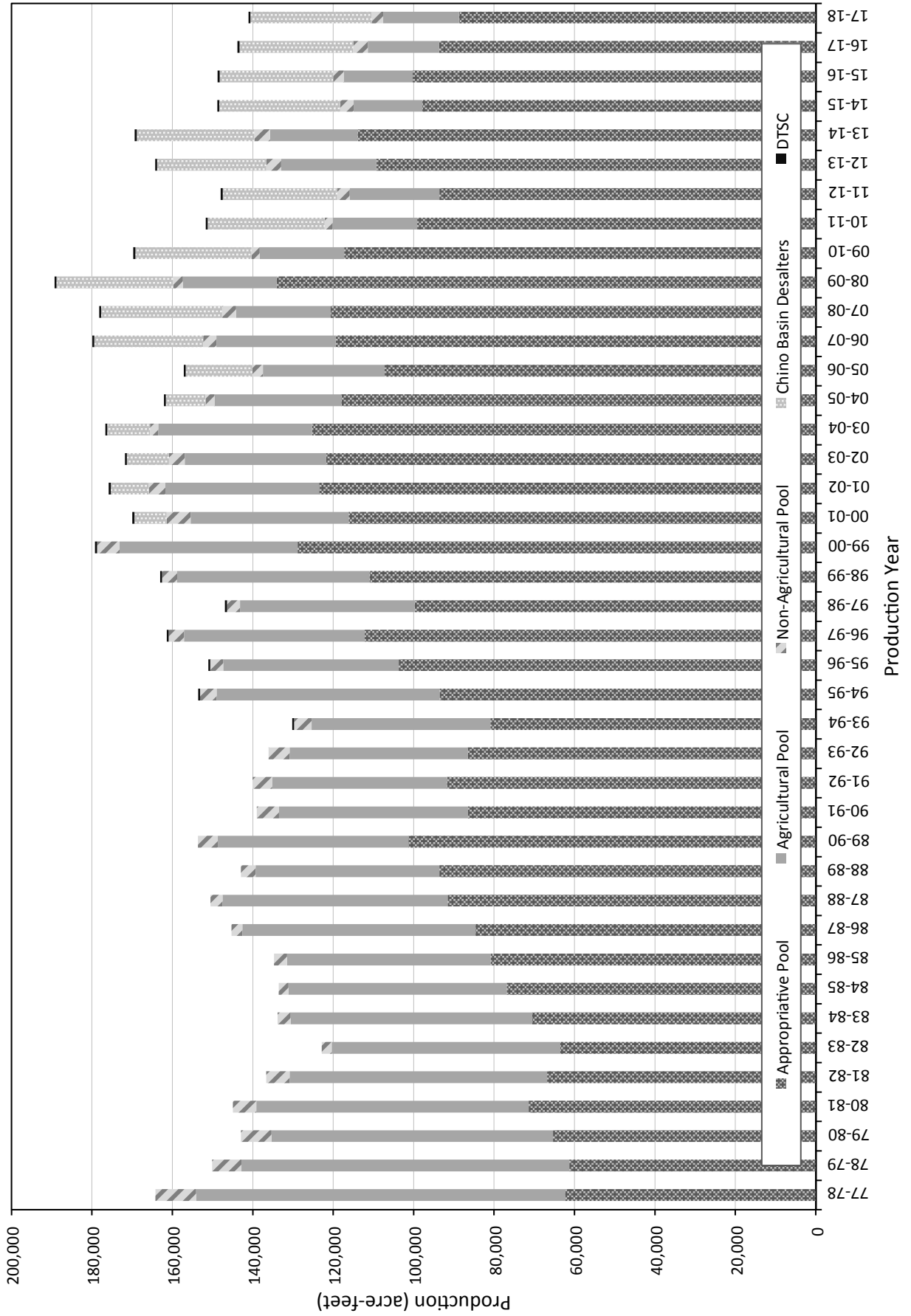
<sup>14</sup> Production by the Chino Basin Desalters is not considered assessable production. Desalter replenishment obligation accounting is shown in the Assessment Package.

<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 pumpers and does not account for any adjustments that are made in the Assessment Packages.

<sup>17</sup> Total Agricultural Pool production revised due to incorrect multiplier used on an irrigation well meter.

# 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 2017-18  
(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	-	-	-	4,292	-	-	6,480	10,772
Chino Hills, City of	-	-	-	1,500	-	-	1,857	3,357
Cucamonga Valley Water District <sup>3</sup>	6,707	2,692	-	30,559	-	-	1,262	41,220
Inland Empire Utilities Agency	-	-	-	-	-	-	448	448
Fontana Water Company <sup>4</sup>	10,725	2,735	-	13,642	-	-	177	27,279
Golden State Water Company <sup>5</sup>	3,512	-	-	-	6,287	-	-	9,799
Jurupa Community Services District <sup>6</sup>	1,854	-	-	-	-	-	-	1,854
Marygold Mutual Water Company <sup>7</sup>	-	-	-	-	-	-	-	-
Monte Vista Water District	-	-	-	9,935	-	-	318	10,253
Norco, City of <sup>8</sup>	5,580	-	-	-	-	26	-	5,606
Ontario, City of	-	-	-	3,211	-	-	9,654	12,865
Pomona, City of <sup>9</sup>	3,184	1,969	-	-	5,102	-	1,830	12,086
San Antonio Water Company <sup>10</sup>	1,968	2,564	-	-	-	-	-	4,531
San Bernardino, County of	-	-	-	-	-	-	261	261
Santa Ana River Water Company <sup>11</sup>	36	-	-	-	-	-	-	36
State of California, CIM <sup>12</sup>	-	-	-	-	-	-	1,562	1,562
Upland, City of <sup>13</sup>	7,738	1,550	-	6,073	-	-	705	16,066
West End Consolidated Water Company <sup>14</sup>	1,298	-	-	-	-	-	-	1,298
West Valley Water District <sup>15</sup>	10,516	3,508	2,606	-	-	-	-	16,630
<b>Total</b>	<b>53,117</b>	<b>15,018</b>	<b>2,606</b>	<b>69,212</b>	<b>11,389</b>	<b>26</b>	<b>24,554</b>	<b>175,922</b>

<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.

<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 183 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 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 includes water treated by CIM and reused on location for irrigation purposes, and IEUA recycled water reused by Cal Poly Pomona for farming on CIM property.

<sup>13</sup> Other groundwater is produced from Six Basins and Cucamonga Basin. Supplemental Supplies shown herein do not include sales to Golden State Water Company (GSWC) - these supplies are shown as part of GSWC's supply within this table.

<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 2017-18  
(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	899	520	343	577	200	<b>2,539</b>	-
August	857	568	326	419	200	<b>2,370</b>	-
September	851	717	296	398	100	<b>2,362</b>	-
October	668	986	296	317	100	<b>2,366</b>	-
November	362	953	301	289	100	<b>2,005</b>	-
December	381	970	273	307	100	<b>2,031</b>	-
January	403	891	271	356	100	<b>2,021</b>	-
February	376	1,057	194	324	100	<b>2,051</b>	-
March	198	862	157	294	100	<b>1,610</b>	-
April	173	929	186	265	100	<b>1,652</b>	-
May	355	976	417	374	150	<b>2,272</b>	-
June	551	508	150	374	150	<b>1,733</b>	-
<b>Total</b>	<b>6,073</b>	<b>9,935</b>	<b>3,210</b>	<b>4,294</b>	<b>1,500</b>	<b>25,012</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	1,265	-	3,422	<b>3,422</b>	851	730	-	<b>8,808</b>
August	1,241	-	4,152	<b>4,152</b>	838	735	-	<b>9,336</b>
September	1,107	-	3,839	<b>3,839</b>	825	745	-	<b>8,878</b>
October	1,046	-	3,978	<b>3,978</b>	729	717	-	<b>8,836</b>
November	1,082	-	2,714	<b>2,714</b>	519	508	-	<b>6,828</b>
December	1,059	-	1,981	<b>1,981</b>	444	450	-	<b>5,965</b>
January	926	-	1,289	<b>1,289</b>	255	338	8	<b>4,837</b>
February	1,220	-	1,264	<b>1,264</b>	33	336	19	<b>4,922</b>
March	1,055	-	1,192	<b>1,192</b>	-	211	-	<b>4,068</b>
April	1,235	-	654	<b>654</b>	62	481	-	<b>4,085</b>
May	1,211	-	2,963	<b>2,963</b>	183	435	-	<b>7,064</b>
June	1,195	-	3,109	<b>3,109</b>	362	602	-	<b>7,001</b>
<b>Total</b>	<b>13,642</b>	-	<b>30,559</b>	<b>30,559</b>	<b>5,102</b>	<b>6,287</b>	<b>26</b>	<b>80,628</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	311,157
15-16	148,595	114,780	263,375
16-17	143,405	147,767	291,172
17-18	140,687	185,964	326,651

<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 2017-18 (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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Storage / (Withdrawals)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Replenishment (and Preemptive Replenishment) Deliveries</b>													
Watermaster's Cumulative Unmet Replenishment Obligation (CURO) from Past Years: 0.000 AF													
Watermaster's Replenishment Obligation Resulting from 2017-18 Production: 1,092.392 AF													
Direct*	-	-	-	-	-	-	-	-	-	-	-	-	-
ASR (Monte Vista Water District)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-11 (Deer Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-13 (San Seavine)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-14 (Etiwanda)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-15 (Day Creek)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-18 (Etiwanda Inter-tie)	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-20 (West Cucamonga)	-	-	-	-	-	1,145.9	-	-	-	-	-	-	1,145.9
OC-59 (San Antonio)	-	-	-	-	-	1,145.9	-	-	-	-	-	-	1,145.9
In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Connections	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-12	-	-	-	-	-	-	-	-	-	-	-	-	-
CB-16	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Parties	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased from Cyclic Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Purchased Previous Year(s)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Replenishment</b>	-	-	-	-	-	1,145.9	-	-	-	-	-	-	1,145.9

**SUMMARY OF STORMWATER, IMPORTED WATER,  
AND RECYCLED WATER RECHARGE  
FISCAL YEAR 2017-18  
(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	155	0	0	278	0	0	268	0	0	276	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	415	0	0	365	0	0	243	0	0	249	0	0	54	0	0	116	0
College Heights	0	1,997	0	0	2,301	0	0	636	0	0	1,010	0	0	721	0	0	483	0
Montclair 1, 2 3 & 4	0	2,219	0	0	1,852	0	0	1,402	0	10	1,172	0	0	1,147	0	0	1,922	0
Brooks	0	94	228	0	96	55	1	3	169	0	0	99	1	0	151	0	0	122
<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	0	0	0	3	538	178	2	224	101	0	137	172	3	0	83	3	0	212
7th Street	4	0	1	0	45	18	0	63	30	0	63	32	0	0	17	0	0	0
	4	4,724	229	3	5,197	251	3	2,725	300	10	2,908	303	4	2,189	251	3	2,797	334
<b>MZ 2</b>																		
<b>Cucamonga /Deer Creek Channels</b>																		
Turner 1 & 2	3	0	156	3	0	43	2	0	70	3	0	234	3	0	147	1	0	156
Turner 3 & 4	10	220	0	21	79	13	16	0	52	1	0	4	4	0	0	2	0	0
<b>Day Creek Channel</b>																		
Lower Day	0	657	0	4	497	0	0	201	0	0	319	0	0	438	0	0	498	0
<b>Etiwanda Channel</b>																		
Etiwanda Debris Basin	0	110	0	9	319	0	0	124	0	0	176	0	0	29	0	0	292	0
Victoria	0	235	140	4	20	239	0	130	167	0	150	44	0	0	40	0	4	99
<b>Minor Drainage</b>																		
Grove	0	0	0	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>San Sevaine Channel</b>																		
San Sevaine 1, 2, 3 & 4	0	567	0	44	117	0	0	151	0	0	503	0	0	54	0	0	1,104	0
San Sevaine 5	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>West Cucamonga Channel</b>																		
Ely 1, 2 & 3	37	0	34	0	0	27	0	0	216	48	9	87	0	0	36	0	0	218
<b>West Fontana Channel</b>																		
Hickory	0	527	168	2	420	20	10	263	119	10	154	171	15	0	170	8	68	106
	50	2,316	498	103	1,453	342	27	869	623	61	1,309	540	22	522	394	10	1,967	579
<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	7	45	0	70	0	0	6	20	0	6	66	0	6	0	0	6	0	0
RP3 Cell 1, 3, & 4	5	232	225	13	371	176	16	192	214	4	133	235	0	0	254	1	63	336
RP3 Cell 2	0	14	0	2	47	32	0	9	9	0	31	54	0	0	31	0	0	67
<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	2	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	0
<b>West Fontana Channel</b>																		
Banana	0	0	0	0	0	131	2	134	161	3	121	241	0	0	463	2	138	252
	14	305	225	85	418	339	24	354	384	12	350	529	6	0	747	9	209	655
<b>Total</b>	<b>68</b>	<b>7,346</b>	<b>952</b>	<b>191</b>	<b>7,068</b>	<b>932</b>	<b>54</b>	<b>3,948</b>	<b>1,307</b>	<b>83</b>	<b>4,567</b>	<b>1,373</b>	<b>32</b>	<b>2,711</b>	<b>1,392</b>	<b>23</b>	<b>4,972</b>	<b>1,567</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	248	0	0	316	0		363	0		287	0	0	306	0	0	0	0	0	2,495	0	2,495
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70	106	0	1	0	0	80	0	0	1	0	0	3	0	0	0	0	0	155	1,547	0	1,702
13	672	0	9	0	0	2	0	0	0	0	0	0	0	0	0	0	0	24	7,819	0	7,842
130	1,540	0	22	0	0	115	0	0	1	0	0	14	0	0	0	0	0	292	11,253	0	11,545
28	5	95	5	0	106	43	0	13	1	0	36	2	0	85	0	0	109	81	197	1,268	1,546
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
84	0	99	34	0	81	110	0	9	6	0	0	6	0	6	5	59	0	256	959	940	2,155
38	0	0	15	0	0	32	0	0	6	0	0	1	0	0	2	0	0	97	171	98	365
<b>362</b>	<b>2,571</b>	<b>193</b>	<b>86</b>	<b>316</b>	<b>187</b>	<b>382</b>	<b>363</b>	<b>21</b>	<b>16</b>	<b>287</b>	<b>36</b>	<b>26</b>	<b>306</b>	<b>91</b>	<b>6</b>	<b>59</b>	<b>109</b>	<b>904</b>	<b>24,441</b>	<b>2,305</b>	<b>27,650</b>
37	0	26	19	0	0	208	0	15	6	0	33	6	0	0	2	0	83	292	0	964	1,256
116	0	0	75	0	13	107	0	38	4	0	139	35	0	164	14	0	138	403	299	562	1,264
23	422	0	7	0	0	104	0	0	0	0	0	0	0	0	0	0	0	138	3,033	0	3,172
18	199	0	0	0	0	32	0	0	0	0	0	0	0	0	0	0	0	59	1,249	0	1,308
57	36	7	9	0	33	40	0	25	3	0	0	0	0	0	0	0	0	112	575	793	1,480
92	0	0	19	0	0	81	0	0	0	0	0	0	0	0	0	0	0	204	0	0	204
50	893	0	8	0	0	74	0	0	0	0	0	4	0	0	0	0	0	180	3,388	0	3,568
54	0	0	13	0	0	54	0	0	0	0	0	0	0	0	0	0	0	125	0	0	125
255	0	30	91	0	181	266	0	0	19	0	154	0	0	300	0	0	226	715	9	1,511	2,234
85	40	85	16	0	134	59	0	16	10	0	185	0	0	133	2	0	92	216	1,472	1,399	3,087
<b>787</b>	<b>1,589</b>	<b>148</b>	<b>257</b>	<b>0</b>	<b>361</b>	<b>1,024</b>	<b>0</b>	<b>94</b>	<b>41</b>	<b>0</b>	<b>512</b>	<b>45</b>	<b>0</b>	<b>597</b>	<b>18</b>	<b>0</b>	<b>540</b>	<b>2,445</b>	<b>10,025</b>	<b>5,228</b>	<b>17,698</b>
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
136	0	0	49	0	0	223	0	0	18	0	56	30	0	294	17	0	238	574	131	588	1,294
85	62	156	11	0	218	62	0	92	30	0	211	5	0	172	0	0	201	230	1,052	2,489	3,771
7	0	67	8	0	12	42	0	10	0	0	72	10	0	70	1	0	49	70	101	472	642
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	7	0	0	39	0	0	0	0	0	6	0	0	0	0	0	77	23	0	100
115	93	126	11	0	206	60	0	88	0	0	172	0	0	161	0	0	129	193	485	2,131	2,809
<b>365</b>	<b>155</b>	<b>349</b>	<b>86</b>	<b>0</b>	<b>435</b>	<b>426</b>	<b>0</b>	<b>190</b>	<b>48</b>	<b>0</b>	<b>511</b>	<b>51</b>	<b>0</b>	<b>698</b>	<b>18</b>	<b>0</b>	<b>617</b>	<b>1,144</b>	<b>1,792</b>	<b>5,679</b>	<b>8,615</b>
<b>1,514</b>	<b>4,315</b>	<b>690</b>	<b>428</b>	<b>316</b>	<b>983</b>	<b>1,832</b>	<b>363</b>	<b>305</b>	<b>105</b>	<b>287</b>	<b>1,059</b>	<b>122</b>	<b>306</b>	<b>1,386</b>	<b>42</b>	<b>59</b>	<b>1,266</b>	<b>4,494</b>	<b>36,258</b>	<b>13,212</b>	<b>53,963</b>



**LEFT  
INTENTIONALLY  
BLANK**



**CHINO BASIN WATERMASTER**

**APPROVED 2018/2019 ASSESSMENT PACKAGE  
(PRODUCTION YEAR 2017/2018)**

**NOVEMBER 15, 2018**



## Chino Basin Watermaster Assessment Breakdown

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**Assessment Year 2018-2019 (Production Year 2017-2018)**

# Water Production Overview

**AGRICULTURAL POOL SUMMARY IN ACRE FEET**

Agricultural Pool Safe Yield	82,800.0
Agricultural Total Pool Production	(28,460.6)
	<b>54,339.4</b>
<hr/>	
Early Transfer	(32,800.0)
Total Conversions	(29,031.1)
	<b>(61,831.1)</b>
<hr/>	
Under(Over) Production:	<b>(7,491.7)</b>

Well County	Physical Production	Voluntary Agreements	Total Ag Pool Production
Los Angeles County	194.5	0.0	194.5
Riverside County	3,238.8	0.0	3,238.8
San Bernardino County	15,507.0	9,520.4	25,027.3
	<b>18,940.3</b>	<b>9,520.4</b>	<b>28,460.6</b>



**POOL 2**

**Assessment Year 2018-2019 (Production Year 2017-2018)**  
**Assessment Fee Summary**

	Non-Agricultural Pool			Replenishment Assessments		CURO Adjmnt	RTS Charges	Other Adjmnts	Total Assmnts Due
	AF Production	\$18.00 AF/Admin	\$54.57 AF/OBMP	AF Over Annual Right	\$697.00 Per AF				
Ameron International Corporation	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Aqua Capital Management LP	0.0	0.00	0.00	0.0	0.00	(35.07)	289.84	0.00	254.77
California Speedway Corporation	438.2	7,887.82	23,913.23	0.0	0.00	0.00	0.00	0.00	31,801.04
California Steel Industries, Inc.	1,266.0	22,787.51	69,084.15	0.0	0.00	0.00	0.00	0.00	91,871.66
CalMat Co.	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
CCG Ontario, LLC	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
City of Ontario (Non-Ag)	1,542.0	27,756.32	84,147.92	0.0	0.00	0.00	0.00	0.00	111,904.25
County of San Bernardino (Non-Ag)	149.9	2,698.15	8,179.88	0.0	0.00	0.00	0.00	0.00	10,878.02
General Electric Company	0.0	0.00	0.00	0.0	0.00	0.09	0.31	0.00	0.40
Hamner Park Associates, a California Limited Partn	331.9	5,973.95	18,111.02	0.0	0.00	0.00	0.00	0.00	24,084.97
Monte Vista Water District (Non-Ag)	16.1	289.53	877.76	0.0	0.00	0.00	0.00	0.00	1,167.29
NRG California South LP	212.0	3,816.86	11,571.46	0.0	0.00	0.00	0.00	0.00	15,388.32
Praxair, Inc.	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Riboli Family and San Antonio Winery, Inc.	6.0	108.56	329.11	6.0	4,203.61	20.24	165.23	0.00	4,826.75
Southern Service Company	20.9	375.77	1,139.20	4.0	2,764.30	(3.65)	367.51	0.00	4,643.13
Space Center Mira Loma, Inc.	93.7	1,686.74	5,113.65	0.0	0.00	0.00	0.00	0.00	6,800.39
TAMCO	18.0	324.58	984.01	0.0	0.00	12.75	183.36	0.00	1,504.69
West Venture Development Company	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
	<b>4,094.8</b>	<b>73,705.79</b>	<b>223,451.38</b>	<b>10.0</b>	<b>6,967.91</b>	<b>(5.64)</b>	<b>1,006.25</b>	<b>0.00</b>	<b>305,125.68</b>
	<b>2A</b>	<b>2B</b>	<b>2C</b>	<b>2D</b>	<b>2E</b>	<b>2F</b>	<b>2G</b>	<b>2H</b>	<b>2I</b>



**POOL 2**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

## Water Production Overview

	Physical Production	Assignments	Other Adjustments	Actual FY Production (Assmnt Pkg Column 4H)
Ameron International Corporation	0.0	0.0	0.0	0.0
Aqua Capital Management LP	0.0	0.0	0.0	0.0
California Speedway Corporation	438.2	0.0	0.0	438.2
California Steel Industries, Inc.	1,266.0	0.0	0.0	1,266.0
CalMat Co.	0.0	0.0	0.0	0.0
CCG Ontario, LLC	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	0.0	1,542.0	0.0	1,542.0
County of San Bernardino (Non-Ag)	0.0	149.9	0.0	149.9
General Electric Company	957.5	0.0	(957.5)	0.0
Hamner Park Associates, a California Limited Partn	0.0	331.9	0.0	331.9
Monte Vista Water District (Non-Ag)	0.0	16.1	0.0	16.1
NRG California South LP	212.0	0.0	0.0	212.0
Praxair, Inc.	0.0	0.0	0.0	0.0
Riboli Family and San Antonio Winery, Inc.	6.0	0.0	0.0	6.0
Southern Service Company	20.9	0.0	0.0	20.9
Space Center Mira Loma, Inc.	0.0	93.7	0.0	93.7
TAMCO	18.0	0.0	0.0	18.0
West Venture Development Company	0.0	0.0	0.0	0.0
	<b>2,918.7</b>	<b>2,133.6</b>	<b>(957.5)</b>	<b>4,094.8</b>
	<b>3A</b>	<b>3B</b>	<b>3C</b>	<b>3D</b>

p3:  
General Electric Company extracted, and subsequently injected, 957.480 AF of water. No extracted groundwater was discharged to the Ely Basins during the fiscal year.



Assessment Year 2018-2019 (Production Year 2017-2018)

## Water Production Summary

	Percent of Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Safe Yield (AF)
Ameron International Corporation	0.000%	55.2	0.0	0.0
Aqua Capital Management LP	0.000%	0.0	0.0	0.0
California Speedway Corporation	13.605%	1,000.0	0.0	1,000.0
California Steel Industries, Inc.	21.974%	1,615.1	0.0	1,615.1
CalMat Co.	0.000%	0.0	0.0	0.0
CCG Ontario, LLC	0.000%	0.0	0.0	0.0
City of Ontario (Non-Ag)	40.352%	2,910.8	0.0	2,966.0
County of San Bernardino (Non-Ag)	1.821%	133.9	0.0	133.9
General Electric Company	0.000%	0.0	0.0	0.0
Hamner Park Associates, a California Limited Partn	6.316%	464.2	0.0	464.2
Monte Vista Water District (Non-Ag)	0.680%	50.0	0.0	50.0
NRG California South LP	12.986%	954.5	0.0	954.5
Praxair, Inc.	0.014%	1.0	0.0	1.0
Riboli Family and San Antonio Winery, Inc.	0.000%	0.0	0.0	0.0
Southern Service Company	0.256%	0.0	0.0	18.8
Space Center Mira Loma, Inc.	1.417%	0.0	0.0	104.1
TAMCO	0.579%	41.4	0.0	42.6
West Venture Development Company	0.000%	0.0	0.0	0.0
	<b>100.00%</b>	<b>7,226.3</b>	<b>0.0</b>	<b>7,350.3</b>
	<b>4A</b>	<b>4B</b>	<b>4C</b>	<b>4D</b>

p4:

1) In October 2017, Ameron International Corporation transferred 55.239 AF of carryover balance from the previous year, 387.810 AF of stored water, and permanently trans

**POOL 2**

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
(55.2)	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
(100.0)	0.0	1,900.0	438.2	0.0	1,461.8	1,000.0	461.8
(161.5)	0.0	3,068.8	1,266.0	0.0	1,802.8	1,615.1	187.7
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
(241.4)	0.0	5,635.5	1,542.0	0.0	4,093.4	2,966.0	1,127.4
(13.4)	0.0	254.4	149.9	0.0	104.5	104.5	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(46.4)	0.0	882.1	331.9	0.0	550.2	464.2	85.9
(5.0)	0.0	95.0	16.1	0.0	78.9	50.0	28.9
(95.5)	0.0	1,813.6	212.0	0.0	1,601.6	954.5	647.0
(0.1)	0.0	1.9	0.0	0.0	1.9	1.0	0.9
0.0	0.0	0.0	6.0	6.0	0.0	0.0	0.0
(1.9)	0.0	16.9	20.9	4.0	0.0	0.0	0.0
(10.4)	0.0	93.7	93.7	0.0	0.0	0.0	0.0
(4.3)	0.0	79.8	18.0	0.0	61.8	42.6	19.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>(735.0)</b>	<b>0.0</b>	<b>13,841.6</b>	<b>4,094.8</b>	<b>10.0</b>	<b>9,756.8</b>	<b>7,198.0</b>	<b>2,558.8</b>
<b>4E</b>	<b>4F</b>	<b>4G</b>	<b>4H</b>	<b>4I</b>	<b>4J</b>	<b>4K</b>	<b>4L</b>

ferred 55.239 AF of Assigned Share of Operating Safe Yield to City of Ontario (Non-Ag).





Assessment Year 2018-2019 (Production Year 2017-2018)

## Local Storage Accounts Summary

	Local Excess Carry Over Storage Account (ECO)			
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	From Under-Production
Ameron International Corporation	388.1	(0.3)	(387.8)	0.0
Aqua Capital Management LP	0.0	0.0	0.0	0.0
California Speedway Corporation	1,157.8	(0.8)	0.0	461.8
California Steel Industries, Inc.	1,754.6	(1.2)	0.0	187.7
CalMat Co.	5.0	0.0	0.0	0.0
CCG Ontario, LLC	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	4,940.5	(3.5)	387.8	1,127.4
County of San Bernardino (Non-Ag)	89.7	(0.1)	0.0	0.0
General Electric Company	0.0	0.0	0.0	0.0
Hamner Park Associates, a California Limited Partn	1,327.5	(0.9)	0.0	85.9
Monte Vista Water District (Non-Ag)	9.6	0.0	0.0	28.9
NRG California South LP	1,439.7	(1.0)	0.0	647.0
Praxair, Inc.	60.9	0.0	0.0	0.9
Riboli Family and San Antonio Winery, Inc.	0.0	0.0	0.0	0.0
Southern Service Company	0.0	0.0	0.0	0.0
Space Center Mira Loma, Inc.	0.0	0.0	0.0	0.0
TAMCO	169.4	(0.1)	0.0	19.1
West Venture Development Company	0.0	0.0	0.0	0.0
	<b>11,342.8</b>	<b>(7.9)</b>	<b>0.0</b>	<b>2,558.8</b>
	<b>5A</b>	<b>5B</b>	<b>5C</b>	<b>5D</b>

p5:

Ameron International Corporation transferred 387.810 AF from their ECO storage account to City of Ontario's (Non-Ag) ECO storage account.

**POOL 2**

Ending Balance	Local Supplemental Storage Account					Combined
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Transfers (To) / From ECO Account	Ending Balance	Ending Balance
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
1,618.8	0.0	0.0	0.0	0.0	0.0	1,618.8
1,941.0	0.0	0.0	0.0	0.0	0.0	1,941.0
5.0	0.0	0.0	0.0	0.0	0.0	5.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
6,452.2	0.0	0.0	0.0	0.0	0.0	6,452.2
89.7	0.0	0.0	0.0	0.0	0.0	89.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,412.5	0.0	0.0	0.0	0.0	0.0	1,412.5
38.5	0.0	0.0	0.0	0.0	0.0	38.5
2,085.7	0.0	0.0	0.0	0.0	0.0	2,085.7
61.7	0.0	0.0	0.0	0.0	0.0	61.7
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
188.4	0.0	0.0	0.0	0.0	0.0	188.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>13,893.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13,893.6</b>
<b>5E</b>	<b>5F</b>	<b>5G</b>	<b>5H</b>	<b>5I</b>	<b>5J</b>	<b>5K</b>



**Assessment Year 2018-2019 (Production Year 2017-2018)**

**Water Transaction Summary**

	Water Transactions					
	Percent of Safe Yield	Assigned Share of Safe Yield (AF)	10% of Operating Safe Yield ("Haircut")	Transfers (To) / From ECO Account	General Transfers / Exhibit G Water Sales	Total Water Transactions
Ameron International Corporation	0.000%	0.0	0.0	387.8	(443.0)	(55.2)
Aqua Capital Management LP	0.000%	0.0	0.0	0.0	0.0	0.0
California Speedway Corporation	13.605%	1,000.0	(100.0)	0.0	0.0	(100.0)
California Steel Industries, Inc.	21.974%	1,615.1	(161.5)	0.0	0.0	(161.5)
CalMat Co.	0.000%	0.0	0.0	0.0	0.0	0.0
CCG Ontario, LLC	0.000%	0.0	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	40.352%	2,966.0	(296.6)	(387.8)	443.0	(241.4)
County of San Bernardino (Non-Ag)	1.821%	133.9	(13.4)	0.0	0.0	(13.4)
General Electric Company	0.000%	0.0	0.0	0.0	0.0	0.0
Hamner Park Associates, a California L	6.316%	464.2	(46.4)	0.0	0.0	(46.4)
Monte Vista Water District (Non-Ag)	0.680%	50.0	(5.0)	0.0	0.0	(5.0)
NRG California South LP	12.986%	954.5	(95.5)	0.0	0.0	(95.5)
Praxair, Inc.	0.014%	1.0	(0.1)	0.0	0.0	(0.1)
Riboli Family and San Antonio Winery,	0.000%	0.0	0.0	0.0	0.0	0.0
Southern Service Company	0.256%	18.8	(1.9)	0.0	0.0	(1.9)
Space Center Mira Loma, Inc.	1.417%	104.1	(10.4)	0.0	0.0	(10.4)
TAMCO	0.579%	42.6	(4.3)	0.0	0.0	(4.3)
West Venture Development Company	0.000%	0.0	0.0	0.0	0.0	0.0
	<b>100.000%</b>	<b>7,350.3</b>	<b>(735.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(735.0)</b>
	<b>6A</b>	<b>6B</b>	<b>6C</b>	<b>6D</b>	<b>6E</b>	<b>6F</b>

p6:

- 1) Transfers in Column [6C] is 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 Corporation transferred 387.810 AF from their ECO storage account to City of Ontario's (Non-Ag) ECO storage account, and 55.239 AF from their Annual Account to City of Ontario's (Non-Ag) Annual Account.
- 3) There were no Exhibit "G" Water Sales in FY 2017/2018.



Assessment Year 2018-2019 (Production Year 2017-2018)

**POOL 2**

## Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF
Appropriative - 100	0.0
Appropriative - 15/85	0.0
Non-Agricultural - 100	0.0
	<b>0.0</b>

Replenishment Rate	
2018 Rate	\$697.00
2017 Rate	\$668.00

### Pool 2 Non-Agricultural

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
Ameron International Corporation	0.0	\$0.00	\$0.00
Aqua Capital Management LP	0.0	\$35.07	(\$35.07)
California Speedway Corporation	0.0	\$0.00	\$0.00
California Steel Industries, Inc.	0.0	\$0.00	\$0.00
CalMat Co.	0.0	\$0.00	\$0.00
CCG Ontario, LLC	0.0	\$0.00	\$0.00
City of Ontario (Non-Ag)	0.0	\$0.00	\$0.00
County of San Bernardino (Non-Ag)	0.0	\$0.00	\$0.00
General Electric Company	0.0	(\$0.09)	\$0.09
Hamner Park Associates, a California Limited Partn	0.0	\$0.00	\$0.00
Kaiser Ventures, Inc.	0.0	\$0.00	\$0.00
KCO, LLC / The Koll Company	0.0	\$0.00	\$0.00
Loving Savior Of The Hills Lutheran Church	0.0	\$0.00	\$0.00
Monte Vista Water District (Non-Ag)	0.0	\$0.00	\$0.00
NRG California South LP	0.0	\$0.00	\$0.00
Praxair, Inc.	0.0	\$0.00	\$0.00
Riboli Family and San Antonio Winery, Inc.	0.0	(\$20.24)	\$20.24
Southern California Edison Co. (SCE)	0.0	\$0.00	\$0.00
Southern Service Company	0.0	\$3.65	(\$3.65)
Space Center Mira Loma, Inc.	0.0	\$0.00	\$0.00
Sunkist Growers, Inc.	0.0	\$0.00	\$0.00
TAMCO	0.0	(\$12.75)	\$12.75
West Venture Development Company	0.0	\$0.00	\$0.00
<b>Pool 2 Non-Agricultural Total</b>	<b>0.0</b>	<b>\$5.64</b>	<b>(\$5.64)</b>

p7:

1) There is no IEUA Surcharge in the 2018 Rate; an RTS charge will be applied for Assessment Year 18/19 for a period of ten years beginning with Assessment Year 20/21.



Assessment Year 2018-2019 (Production Year 2017-2018)

# Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		Ag Pool SY Reallocation			Replenishment Assess	
		\$18.00 AF/Admin	\$54.57 AF/OBMP	AF Total Reallocation	\$512,300.00 \$9.43 AF/Admin	\$1,553,005.00 \$28.58 AF/OBMP	AF/15%	\$592.45 AF/85%
Arrowhead Mtn Spring Water Co	307.9	5,542.74	16,803.74	0.0	0.00	0.00	0.00	0.00
CalMat Co. (Appropriative)	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00
Chino Hills, City Of	2,764.8	49,766.47	150,875.35	2,233.2	21,054.57	63,825.59	49.60	0.00
Chino, City Of	609.3	10,967.99	33,251.30	9,697.8	91,428.68	277,160.26	10.93	0.00
Cucamonga Valley Water District	6,828.8	122,918.58	372,648.16	2,428.7	22,896.84	69,410.32	122.50	0.00
Desalter Authority	30,052.3	0.00	0.00	0.0	0.00	0.00	0.00	0.00
Fontana Union Water Company	0.0	0.00	0.00	3,360.2	31,679.48	96,034.34	0.00	0.00
Fontana Water Company	11,392.1	205,057.06	621,664.66	733.5	6,915.52	20,963.97	204.36	0.00
Fontana, City Of	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00
Golden State Water Company	147.8	2,659.70	8,063.32	216.2	2,038.23	6,178.77	2.65	0.00
Jurupa Community Services District	14,843.7	267,186.94	810,021.75	14,079.9	132,742.63	402,400.88	266.28	0.00
Marygold Mutual Water Company	944.2	16,996.19	51,526.79	344.5	3,247.58	9,844.83	0.00	0.00
Monte Vista Irrigation Company	0.0	0.00	0.00	355.7	3,353.57	10,166.12	0.00	0.00
Monte Vista Water District	6,334.6	114,022.01	345,676.72	2,595.2	24,467.26	74,170.96	113.63	0.00
NCL Co, LLC	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00
Niagara Bottling, LLC	1,571.3	28,283.13	85,745.02	0.0	0.00	0.00	0.00	0.00
Nicholson Trust	0.0	0.00	0.00	2.0	19.03	57.67	0.00	0.00
Norco, City Of	0.0	0.00	0.00	106.1	1,000.09	3,031.71	0.00	0.00
Ontario, City Of	19,816.0	356,687.39	1,081,357.26	8,477.8	79,926.54	242,292.25	355.47	0.00
Pomona, City Of	9,285.5	167,139.22	506,710.39	5,896.0	55,586.53	168,507.03	0.00	0.00
San Antonio Water Company	428.4	7,710.66	23,376.15	792.1	7,468.07	22,638.97	7.68	0.00
San Bernardino, County of (Shootin	11.1	199.98	606.27	0.0	0.00	0.00	0.20	6,582.12
Santa Ana River Water Company	52.6	946.53	2,869.56	684.0	6,448.95	19,549.59	0.94	0.00
Upland, City Of	1,521.9	27,394.11	83,049.81	1,499.5	14,137.14	42,855.84	27.30	0.00
West End Consolidated Water Co	0.0	0.00	0.00	498.1	4,696.07	14,235.85	0.00	0.00
West Valley Water District	0.0	0.00	0.00	338.7	3,193.22	9,680.04	0.00	0.00
	<b>106,912.2</b>	<b>1,383,478.70</b>	<b>4,194,246.26</b>	<b>54,339.4</b>	<b>512,300.00</b>	<b>1,553,005.00</b>	<b>1,161.55</b>	<b>6,582.12</b>
	<b>8A</b>	<b>8B</b>	<b>8C</b>	<b>8D</b>	<b>8E</b>	<b>8F</b>	<b>8G</b>	<b>8H</b>

p8:

- 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. This Parties, allocated on % OSY.
- 2) There are no Recharge Improvement Project expenses this fiscal year.

**POOL 3**

Payments	85/15 Transaction Activity			ASSESSMENTS DUE							
	\$697.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Total Production Based	Pomona Credit	Recharge Debt Payment	Recharge Imprvmt Project	RTS Charges	Other Adjustment	Total Due
	0.00	0.00	0.00	(188.37)	22,158.11	0.00	0.00	0.00	7,482.85	0.00	29,640.96
	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	34,831.16	0.45	320,403.19	2,567.35	22,358.33	0.00	0.73	0.00	345,329.60
	0.00	0.00	7,676.41	0.10	420,495.68	4,904.69	42,713.64	0.00	0.00	0.00	468,114.01
	0.00	0.00	86,029.75	1.12	674,027.27	4,400.69	38,324.42	0.00	9.72	0.00	716,762.10
	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	127,713.82	7,771.37	67,678.79	0.00	0.00	0.00	203,163.98
	0.00	(815,736.52)	143,517.83	1.86	182,588.75	1.33	11.61	0.00	7.25	0.00	182,608.94
	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	1,861.50	0.02	20,804.19	500.00	4,354.39	0.00	0.38	0.00	25,658.95
	0.00	0.00	187,002.05	2.43	1,799,622.95	2,506.01	21,824.19	0.00	4.24	0.00	1,823,957.39
	0.00	0.00	0.00	(48.00)	81,567.40	796.67	6,937.99	0.00	760.87	0.00	90,062.93
	0.00	0.00	0.00	0.00	13,519.69	822.67	7,164.42	0.00	0.00	0.00	21,506.78
	0.00	0.00	79,803.11	1.04	638,254.73	5,864.70	51,074.06	0.00	3.90	0.00	695,197.39
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	746,685.65	0.00	0.00	5,929.61	866,643.41	0.00	0.00	0.00	19,049.78	0.00	885,693.19
	0.00	0.00	0.00	0.00	76.70	4.67	40.64	0.00	0.00	0.00	122.01
	0.00	0.00	0.00	0.00	4,031.80	245.34	2,136.55	0.00	0.00	0.00	6,413.68
	0.00	0.00	249,642.71	3.24	2,010,264.87	13,828.07	120,424.94	0.00	8.54	0.00	2,144,526.42
	0.00	0.00	0.00	0.00	897,943.17	(53,030.93)	118,752.86	0.00	0.00	0.00	963,665.09
	0.00	0.00	5,396.63	0.07	66,598.23	1,832.01	15,954.48	0.00	0.49	0.00	84,385.21
	0.00	0.00	139.96	60.02	7,588.55	0.00	0.00	0.00	208.78	0.00	7,797.33
	0.00	0.00	662.47	0.01	30,478.05	1,582.01	13,777.28	0.00	361.51	0.00	46,198.85
	0.00	0.00	19,172.92	0.25	186,637.37	3,468.02	30,202.03	0.00	1.23	0.00	220,308.65
	0.00	0.00	0.00	0.00	18,931.92	1,152.01	10,032.51	0.00	0.00	0.00	30,116.43
	0.00	0.00	0.00	0.00	12,873.26	783.34	6,821.87	0.00	177.78	0.00	20,656.25
<b>746,685.65</b>	<b>(815,736.52)</b>	<b>815,736.51</b>	<b>5,763.85</b>	<b>8,403,223.09</b>	<b>0.00</b>	<b>580,584.99</b>	<b>0.00</b>	<b>28,078.05</b>	<b>0.00</b>	<b>9,011,886.13</b>	
<b>8I</b>	<b>8J</b>	<b>8K</b>	<b>8L</b>	<b>8M</b>	<b>8N</b>	<b>8O</b>	<b>8P</b>	<b>8Q</b>	<b>8R</b>	<b>8S</b>	

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

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**POOL 3**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

**Water Production Overview**

	Physical Production	Voluntary Agreements (w/ Ag)	Assignments (w/ Non-Ag)	Other Adjustments	Actual FY Production (Assmnt Pkg Column 10J)
Arrowhead Mtn Spring Water Co	307.9	0.0	0.0	0.0	307.9
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	2,838.6	(73.8)	0.0	0.0	2,764.8
Chino, City Of	5,162.1	(4,402.9)	(149.9)	0.0	609.3
Cucamonga Valley Water District	6,837.9	0.0	0.0	(9.1)	6,828.8
Desalter Authority	30,087.8	0.0	0.0	(35.5)	30,052.3
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	11,392.1	0.0	0.0	0.0	11,392.1
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	147.8	0.0	0.0	0.0	147.8
Jurupa Community Services District	15,286.4	0.0	(425.6)	(17.1)	14,843.7
Marygold Mutual Water Company	944.2	0.0	0.0	0.0	944.2
Metropolitan Water District	0.0	0.0	0.0	0.0	0.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	6,482.6	(121.3)	(16.1)	(10.7)	6,334.6
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	1,571.3	0.0	0.0	0.0	1,571.3
Nicholson Trust	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	26,280.4	(4,922.4)	(1,542.0)	0.0	19,816.0
Pomona, City Of	9,285.5	0.0	0.0	0.0	9,285.5
San Antonio Water Company	428.4	0.0	0.0	0.0	428.4
San Bernardino, County of (Shooting	11.1	0.0	0.0	0.0	11.1
Santa Ana River Water Company	0.0	0.0	0.0	52.6	52.6
Upland, City Of	1,764.0	0.0	0.0	(242.1)	1,521.9
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	0.0	0.0	0.0	0.0
	<b>118,828.1</b>	<b>(9,520.4)</b>	<b>(2,133.6)</b>	<b>(261.9)</b>	<b>106,912.2</b>
Less Desalter Authority Production					<b>(30,052.3)</b>
Total Less Desalter Authority Production					<b>76,859.9</b>
	<b>9A</b>	<b>9B</b>	<b>9C</b>	<b>9D</b>	<b>9E</b>

p9:  
 Evaporative Losses will be applied to recharged water from Pump-to-Waste activities beginning in October 2017.  
 (Evaporative Loss Rates: 1.5% Nov - Mar; 4.2% Apr - Oct)

Other Adj:

- 1) CDA provided 35.464 AF to JCSD for irrigation at Orchard Park.
- 2) Cucamonga Valley Water District received credit of 9.120 AF due to Pump-to-Waste activities. No evaporative losses were applied because recharge occurred before October 2017.
- 3) Santa Ana River Water Company had an over-allotment of 52.585 AF with Jurupa Community Services District.
- 4) Monte Vista Water District received credit of 10.819 AF minus evaporative losses due to Pump-to-Waste activities.
- 5) City of Upland received credit of 245.516 AF minus evaporative losses due to Pump-to-Waste activities.





Assessment Year 2018-2019 (Production Year 2017-2018)

# 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%	0.0	0.0	0.0	0.0	307.9	0.0
CalMat Co. (Appropriative)	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	3.851%	2,111.4	0.0	1,919.1	2,233.2	0.0	0.0
Chino, City Of	7.357%	4,033.9	0.0	3,666.3	9,697.8	0.0	0.0
Cucamonga Valley Water District	6.601%	0.0	0.0	3,289.5	2,428.7	1,110.6	0.0
Desalter Authority	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	11.657%	0.0	0.0	5,809.1	3,360.2	(9,169.4)	0.0
Fontana Water Company	0.002%	1.0	0.0	1.0	733.5	12,509.0	0.0
Fontana, City Of	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.750%	83.0	(573.3)	373.8	216.2	80.0	0.0
Jurupa Community Services District	3.759%	2,061.1	0.0	1,873.3	14,079.9	0.0	0.0
Marygold Mutual Water Company	1.195%	655.3	0.0	595.5	344.5	0.0	0.0
Monte Vista Irrigation Company	1.234%	676.8	0.0	615.0	355.7	0.0	0.0
Monte Vista Water District	8.797%	4,824.0	0.0	4,383.9	2,595.2	0.0	0.0
NCL Co, LLC	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.000%	0.0	0.0	0.0	0.0	500.0	0.0
Nicholson Trust	0.007%	4.0	0.0	3.5	2.0	(9.0)	0.0
Norco, City Of	0.368%	201.5	0.0	183.4	106.1	0.0	0.0
Ontario, City Of	20.742%	11,373.8	0.0	10,336.6	8,477.8	62.1	0.0
Pomona, City Of	20.454%	11,215.9	0.0	10,193.0	5,896.0	0.0	0.0
San Antonio Water Company	2.748%	1,217.7	0.0	1,369.4	792.1	0.0	0.0
San Bernardino, County of (Shooting P	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	2.373%	1,301.4	0.0	1,182.6	684.0	0.0	0.0
Upland, City Of	5.202%	2,107.5	0.0	2,592.4	1,499.5	853.7	0.0
West End Consolidated Water Co	1.728%	801.9	0.0	861.1	498.1	(933.7)	0.0
West Valley Water District	1.175%	644.3	0.0	585.6	338.7	0.0	0.0
	<b>100.00%</b>	<b>43,314.4</b>	<b>(573.3)</b>	<b>49,834.0</b>	<b>54,339.4</b>	<b>5,311.3</b>	<b>0.0</b>

Less Desalter Authority Production

Total Less Desalter Authority Production

**10A**

**10B**

**10C**

**10D**

**10E**

**10F**

**10G**

p10:

- 1) The Restated Judgment allowed an accumulated overdraft of 200,000 AF over 40 years. The total Operating Safe Yield is now 49,834 AF, allocated by percent;
- 2) 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 necessary.
- 3) An adjustment of (573.345) was applied to this year's Golden State Water Company's production right due to two years of under-reporting of production.

**POOL 3**

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
0.0	307.9	307.9	0.0	307.9	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	6,263.8	2,764.8	0.0	2,764.8	0.0	0.0	3,499.0	1,919.1	1,579.9
0.0	17,397.9	609.3	0.0	609.3	0.0	0.0	16,788.6	3,666.3	13,122.3
0.0	6,828.8	6,828.8	0.0	6,828.8	0.0	0.0	0.0	0.0	0.0
0.0	0.0	30,052.3	0.0	30,052.3	0.0	30,052.3	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	13,244.5	11,392.1	0.0	11,392.1	0.0	0.0	1,852.5	1.0	1,851.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	179.6	147.8	0.0	147.8	0.0	0.0	31.8	31.8	0.0
0.0	18,014.3	14,843.7	0.0	14,843.7	0.0	0.0	3,170.6	1,873.3	1,297.3
0.0	1,595.3	944.2	0.0	944.2	0.0	0.0	651.1	595.5	55.6
0.0	1,647.4	0.0	0.0	0.0	0.0	0.0	1,647.4	615.0	1,032.5
0.0	11,803.1	6,334.6	0.0	6,334.6	0.0	0.0	5,468.5	4,383.9	1,084.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	500.0	1,571.3	0.0	1,571.3	0.0	1,071.3	0.0	0.0	0.0
0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0
0.0	491.0	0.0	0.0	0.0	0.0	0.0	491.0	183.4	307.6
0.0	30,250.2	19,816.0	0.0	19,816.0	0.0	0.0	10,434.3	10,336.6	97.7
0.0	27,304.9	9,285.5	0.0	9,285.5	0.0	0.0	18,019.4	10,193.0	7,826.4
0.0	3,379.2	428.4	0.0	428.4	0.0	0.0	2,950.9	1,369.4	1,581.4
0.0	0.0	11.1	0.0	11.1	11.1	0.0	0.0	0.0	0.0
0.0	3,168.0	52.6	0.0	52.6	0.0	0.0	3,115.4	1,182.6	1,932.8
0.0	7,053.1	1,521.9	0.0	1,521.9	0.0	0.0	5,531.2	2,592.4	2,938.8
0.0	1,227.5	0.0	0.0	0.0	0.0	0.0	1,227.5	861.1	366.4
0.0	1,568.6	0.0	0.0	0.0	0.0	0.0	1,568.6	585.6	983.0
<b>0.0</b>	<b>152,225.7</b>	<b>106,912.2</b>	<b>0.0</b>	<b>106,912.2</b>	<b>11.1</b>	<b>31,123.6</b>	<b>76,448.2</b>	<b>40,390.4</b>	<b>36,057.8</b>
		<b>(30,052.3)</b>		<b>(30,052.3)</b>		<b>(30,052.3)</b>			
		<u><b>76,859.9</b></u>		<u><b>76,859.9</b></u>		<u><b>1,071.3</b></u>			
<b>10H</b>	<b>10I</b>	<b>10J</b>	<b>10K</b>	<b>10L</b>	<b>10M</b>	<b>10N</b>	<b>10O</b>	<b>10P</b>	<b>10Q</b>

age of Operating Safe Yield during 2017/2018. When the Safe Yield Recalculation and Stormwater New Yield allocation matters are resolved, the 2017/18 allocation will be recalculated and credited, if

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**Assessment Year 2018-2019 (Production Year 2017-2018)**

**Local Excess Carry Over Storage Account Summary**

	Excess Carry Over Account (ECO)					Ending Balance
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	
Arrowhead Mtn Spring Water Co	524.3	(0.4)	(307.9)	0.0	0.0	216.0
CalMat Co. (Appropriative)	0.0	0.0	0.4	0.0	0.0	0.4
Chino Hills, City Of	10,582.2	(7.4)	(2,567.0)	0.0	1,579.9	9,587.6
Chino, City Of	87,497.2	(61.2)	0.0	0.0	13,122.3	100,558.3
Cucamonga Valley Water District	41,591.9	(29.1)	(8,941.2)	0.0	0.0	32,621.5
Desalter Authority	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	2,944.1	(2.1)	0.0	0.0	1,851.5	4,793.6
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	1,177.0	(0.8)	0.0	0.0	0.0	1,176.2
Jurupa Community Services District	26,011.0	(18.2)	(5,000.0)	0.0	1,297.3	22,290.1
Marygold Mutual Water Company	642.6	(0.4)	0.0	0.0	55.6	697.7
Monte Vista Irrigation Company	8,000.6	(5.6)	0.0	0.0	1,032.5	9,027.5
Monte Vista Water District	9,949.2	(7.0)	0.0	0.0	1,084.6	11,026.9
NCL Co, LLC	0.0	0.0	4.0	0.0	0.0	4.0
Niagara Bottling, LLC	0.0	0.0	(500.0)	500.0	0.0	0.0
Nicholson Trust	4.7	0.0	0.0	0.0	0.0	4.7
Norco, City Of	1,894.2	(1.3)	0.0	0.0	307.6	2,200.5
Ontario, City Of	40,526.8	(28.4)	(6,000.0)	0.0	97.7	34,596.1
Pomona, City Of	39,531.2	(27.7)	(8,500.0)	0.0	7,826.4	38,829.9
San Antonio Water Company	1,377.6	(1.0)	(1,436.5)	62.1	1,581.4	1,583.7
San Bernardino, County of (Shooting Par	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	4,344.3	(3.0)	0.0	0.0	1,932.8	6,274.1
Upland, City Of	18,924.6	(13.2)	(2,500.0)	0.0	2,938.8	19,350.2
West End Consolidated Water Co	4,878.7	(3.4)	(700.0)	0.0	366.4	4,541.6
West Valley Water District	7,697.8	(5.4)	0.0	0.0	983.0	8,675.4
	<b>308,100.1</b>	<b>(215.7)</b>	<b>(36,448.3)</b>	<b>562.1</b>	<b>36,057.8</b>	<b>308,056.0</b>
	<b>11A</b>	<b>11B</b>	<b>11C</b>	<b>11D</b>	<b>11E</b>	<b>11F</b>

p11:

1) In May 2018, the following Appropriators transferred water out of their Excess Carry Over Storage Account to be used toward their future Desalter replenishment obligation: City of Ontario (6,000 AF), City of Pomona (6,000 AF), Jurupa Community Services District (5,000 AF), Cucamonga Valley Water District (5,000 AF), Fontana Union Water Company via CVWD (2,000 AF), City of Chino Hills (2,567 AF), City of Upland (2,500 AF), San Antonio Water Company (1,370 AF), and West End Consolidated Water Company (700 AF).

2) In September 2018, Arrowhead Mtn Spring Water Co transferred 307.930 AF from their Excess Carry Over Storage Account to offset their Production Year 2017/2018 overproduction obligations.



Assessment Year 2018-2019 (Production Year 2017-2018)

## 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	0.0	0.0	0.0	0.0	0.0	0.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	7,614.5	(5.3)	1,329.9	0.0	8,939.0	4,799.5
Chino, City Of	7,327.4	(5.1)	0.0	0.0	7,322.3	1,054.0
Cucamonga Valley Water District	20,224.8	(14.2)	3,718.6	0.0	23,929.3	10,715.9
Desalter Authority	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0	1,391.9
Jurupa Community Services District	5,311.7	(3.7)	0.0	0.0	5,307.9	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0	1,529.9
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0	5,659.3
Monte Vista Water District	3,079.5	(2.2)	641.5	0.0	3,718.8	3,383.6
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	0.0	0.0	0.0	0.0	0.0
Nicholson Trust	0.0	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	34,463.8	(24.1)	6,119.2	0.0	40,558.9	8,067.0
Pomona, City Of	0.0	0.0	0.0	0.0	0.0	10,935.0
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Upland, City Of	8,396.9	(5.9)	1,402.8	0.0	9,793.8	5,815.4
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	0.0	0.0	0.0	0.0	0.0
	<b>86,418.6</b>	<b>(60.5)</b>	<b>13,212.0</b>	<b>0.0</b>	<b>99,570.1</b>	<b>53,351.5</b>
	<b>12A</b>	<b>12B</b>	<b>12C</b>	<b>12D</b>	<b>12E</b>	<b>12F</b>

p12:

- 1) 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."
- 2) Second Amendment to Peace Agreement Section 2 increases the cumulative total from 50,000 acre-feet to 100,000 acre-feet.

**POOL 3**

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
0.0	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
(3.4)	0.0	0.0	4,796.1	0.0	0.0	0.0	0.0	0.0	13,735.2
(0.7)	0.0	0.0	1,053.2	1,930.7	(1.4)	0.0	0.0	1,929.3	10,304.8
(7.5)	0.0	0.0	10,708.4	639.2	(0.4)	0.0	0.0	638.8	35,276.4
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	0.0	0.0	310.7	(0.2)	0.0	0.0	310.5	310.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(1.0)	0.0	0.0	1,390.9	57.3	0.0	0.0	0.0	57.3	1,448.2
0.0	0.0	0.0	0.0	986.5	(0.7)	0.0	0.0	985.8	6,293.7
(1.1)	0.0	0.0	1,528.9	95.8	(0.1)	0.0	0.0	95.8	1,624.6
(4.0)	0.0	0.0	5,655.3	323.8	(0.2)	0.0	0.0	323.6	5,978.9
(2.4)	0.0	0.0	3,381.2	2,125.4	(1.5)	0.0	0.0	2,124.0	9,224.0
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	1,466.1	(1.0)	0.0	(500.0)	965.1	965.1
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	96.6	(0.1)	0.0	0.0	96.5	96.5
(5.6)	0.0	0.0	8,061.4	4,817.1	(3.4)	0.0	0.0	4,813.8	53,434.1
(7.7)	0.0	0.0	10,927.4	1,563.1	(1.1)	0.0	0.0	1,562.0	12,489.4
0.0	0.0	0.0	0.0	2,201.9	(1.5)	0.0	(62.1)	2,138.2	2,138.2
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	482.1	(0.3)	0.0	0.0	481.8	481.8
(4.1)	0.0	0.0	5,811.3	0.0	0.0	0.0	0.0	0.0	15,605.1
0.0	0.0	0.0	0.0	453.5	(0.3)	0.0	0.0	453.2	453.2
0.0	0.0	0.0	0.0	308.4	(0.2)	0.0	0.0	308.1	308.1
(37.3)	0.0	0.0	53,314.1	17,858.3	(12.5)	0.0	(562.1)	17,283.7	170,168.0
<b>12G</b>	<b>12H</b>	<b>12I</b>	<b>12J</b>	<b>12K</b>	<b>12L</b>	<b>12M</b>	<b>12N</b>	<b>12O</b>	<b>12P</b>

99,570.1 + 17,283.7 = 116,853.8 \*  
 [ 12E ] [ 12O ]

\* See footnotes #1 and #2 below.

d 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 2018-2019 (Production Year 2017-2018)

# Other Storage and Replenishment Accounts Summary

Desalter Replenishment	Desalter Replenishment Account				
	Preemptive Replenishment (2011)			Replenishment	
	Beginning Balance	Transfers From	Ending Balance	Beginning Balance	Water Purchases
Re-Op Offset Pre-Peace II / CDA				0.0	
Re-Op Offset Peace II Expansion				171,855.5	
Non-Ag Dedication				0.0	
Non-Ag 10% Haircut				0.0	

**Desalter Replenishment Storage Account**

Arrowhead Mtn Spring Water Co	0.0	0.0	0.0	12.8	0.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	0.0	0.0	0.0	0.0	0.0
Chino, City Of	1,416.5	0.0	1,416.5	0.0	0.0
Cucamonga Valley Water District	0.0	0.0	0.0	0.0	0.0
Desalter Authority	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	0.0	0.0	0.0	5,514.7	0.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0
Jurupa Community Services District	2,360.8	0.0	2,360.8	0.0	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	72.2	0.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	0.0	0.0	35.5	0.0
Nicholson Trust	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	3,322.2	0.0	3,322.2	0.0	0.0
Pomona, City Of	0.0	0.0	0.0	0.0	0.0
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.4	0.8
Santa Ana River Water Company	0.0	0.0	0.0	71.7	118.7
Upland, City Of	0.0	0.0	0.0	0.0	0.0
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	0.0	0.0	35.3	58.8
	<b>7,099.5</b>	<b>0.0</b>	<b>7,099.5</b>	<b>5,742.6</b>	<b>178.2</b>

**Storage and Recovery**

Metropolitan Water District DYY/CUP					
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13A

13B

13C

13D

13E

p13:

Column [13F] includes water that was made available by several Appropriative Pool Parties through the Preemptive Replenishment Agreement in May 2018.

**POOL 3**

unt				Storage and Recovery Account				
Purchases and Transfers			Overall	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
Transfers To	Transfers From	Ending Balance	Combined Balance					
0.0	0.0	0.0						
0.0	(1,462.5)	170,393.0						
0.0	0.0	0.0						
735.0	(735.0)	0.0						
0.0	0.0	12.8	12.8			0.0		
0.0	0.0	0.0	0.0			0.0		
2,567.0	0.0	2,567.0	2,567.0			0.0		
0.0	0.0	0.0	1,416.5			0.0		
5,000.0	0.0	5,000.0	5,000.0			0.0		
0.0	0.0	0.0	0.0			0.0		
2,000.0	0.0	2,000.0	2,000.0			0.0		
0.0	0.0	5,514.7	5,514.7			0.0		
0.0	0.0	0.0	0.0			0.0		
0.0	0.0	0.0	0.0			0.0		
5,000.0	0.0	5,000.0	7,360.8			0.0		
0.0	0.0	72.2	72.2			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	35.5	35.5			0.0		
0.0	0.0	0.0	0.0			0.0		
0.0	0.0	0.0	0.0			0.0		
6,000.0	0.0	6,000.0	9,322.2			0.0		
6,000.0	0.0	6,000.0	6,000.0			0.0		
1,370.0	0.0	1,370.0	1,370.0			0.0		
0.0	0.0	1.2	1.2			0.0		
0.0	0.0	190.3	190.3			0.0		
2,500.0	0.0	2,500.0	2,500.0			0.0		
700.0	0.0	700.0	700.0			0.0		
0.0	0.0	94.0	94.0			0.0		
<b>31,137.0</b>	<b>0.0</b>	<b>37,057.8</b>	<b>44,157.3</b>			<b>0.0</b>		
				6,314.9	(4.4)	35,069.5	0.0	41,380.0
<b>13F</b>	<b>13G</b>	<b>13H</b>	<b>13I</b>	<b>13J</b>	<b>13K</b>	<b>13L</b>	<b>13M</b>	<b>13N</b>





**POOL 3**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

# Water Transaction Summary

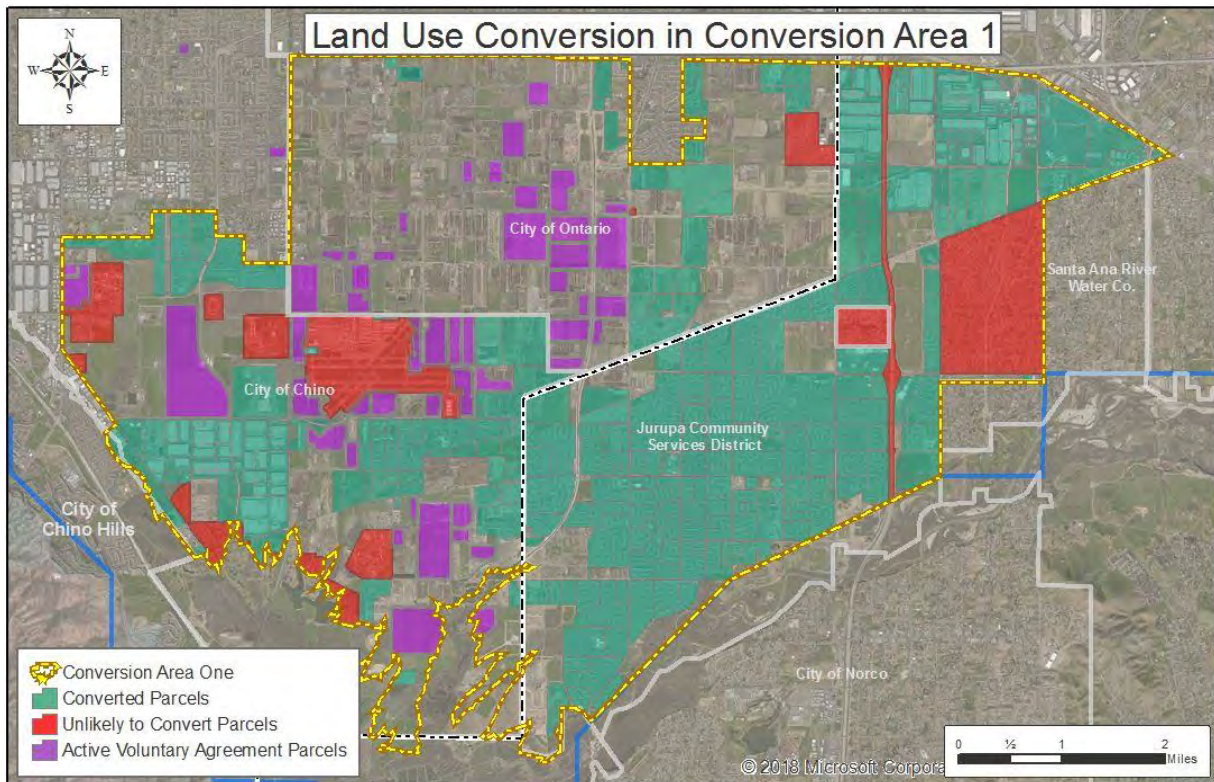
	Water Transactions				Total Water Transactions
	Assigned Rights	General Transfer	Transfers (To) / From ECO Account	Transfers (To) Desalter Replenishment	
Arrowhead Mtn Spring Water Co	0.0	307.9	0.0	0.0	307.9
CalMat Co. (Appropriative)	0.4	0.0	(0.4)	0.0	0.0
Chino Hills, City Of	0.0	0.0	2,567.0	(2,567.0)	0.0
Chino, City Of	0.0	0.0	0.0	0.0	0.0
Cucamonga Valley Water District	(10,000.0)	9,110.6	7,000.0	(5,000.0)	1,110.6
Desalter Authority	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	(7,169.4)	0.0	(2,000.0)	(9,169.4)
Fontana Water Company	12,509.0	0.0	0.0	0.0	12,509.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	80.0	0.0	0.0	0.0	80.0
Jurupa Community Services District	0.0	0.0	5,000.0	(5,000.0)	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0
NCL Co, LLC	4.0	0.0	(4.0)	0.0	0.0
Niagara Bottling, LLC	0.0	500.0	0.0	0.0	500.0
Nicholson Trust	(9.0)	0.0	0.0	0.0	(9.0)
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	62.1	0.0	6,000.0	(6,000.0)	62.1
Pomona, City Of	(2,500.0)	0.0	8,500.0	(6,000.0)	0.0
San Antonio Water Company	(66.5)	0.0	1,436.5	(1,370.0)	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	0.0	0.0	0.0	0.0	0.0
Upland, City Of	853.7	0.0	2,500.0	(2,500.0)	853.7
West End Consolidated Water Co	(933.7)	0.0	700.0	(700.0)	(933.7)
West Valley Water District	0.0	0.0	0.0	0.0	0.0
	<b>0.0</b>	<b>2,749.2</b>	<b>33,699.1</b>	<b>(31,137.0)</b>	<b>5,311.3</b>
	<b>14A</b>	<b>14B</b>	<b>14C</b>	<b>14D</b>	<b>14E</b>



Assessment Year 2018-2019 (Production Year 2017-2018)

## 2018-2019 Land Use Conversion Summary

	Prior Conversion	Conversion @ 1.3 af/ac		Total Prior to Peace Agrmt	Conversion @ 2.0 af/ac		Total Land Use Conversion Acre-Feet
		Acres	Acre-Feet		Acres	Acre-Feet	
Chino Hills, City Of	0.0	670.266	871.3	871.3	203.334	406.7	1,278.0
Chino, City Of	196.2	1,454.750	1,891.2	2,087.4	3,267.154	6,534.3	8,621.7
Cucamonga Valley Water District	0.0	460.280	598.4	598.4	0.000	0.0	598.4
Fontana Water Company	0.0	0.000	0.0	0.0	417.000	834.0	834.0
Jurupa Community Services District	0.0	2,756.920	3,584.0	3,584.0	5,602.088	11,204.2	14,788.2
Monte Vista Water District	0.0	28.150	36.6	36.6	15.510	31.0	67.6
Ontario, City Of	209.4	527.044	685.2	894.6	974.326	1,948.7	2,843.2
	<b>405.6</b>	<b>5,897.410</b>	<b>7,666.6</b>	<b>8,072.3</b>	<b>10,479.412</b>	<b>20,958.8</b>	<b>29,031.1</b>
	<b>15A</b>	<b>15B</b>	<b>15C</b>	<b>15D</b>	<b>15E</b>	<b>15F</b>	<b>15G</b>



p15: Remaining eligible parcels for Land Use Conversion are mostly within the Conversion Area 1 boundary.

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**POOL 3**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

**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%	0.0	0.0	0.0	0.000%	0.0	0.0
CalMat Co. (Appropriative)	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Chino Hills, City Of	3.851%	1,263.1	1,278.0	2,541.1	4.110%	(307.9)	2,233.2
Chino, City Of	7.357%	2,413.1	8,621.7	11,034.8	17.847%	(1,337.0)	9,697.8
Cucamonga Valley Water District	6.601%	2,165.1	598.4	2,763.5	4.469%	(334.8)	2,428.7
Desalter Authority	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Fontana Union Water Company	11.657%	3,823.5	0.0	3,823.5	6.184%	(463.3)	3,360.2
Fontana Water Company	0.002%	0.7	834.0	834.7	1.350%	(101.1)	733.5
Fontana, City Of	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Golden State Water Company	0.750%	246.0	0.0	246.0	0.398%	(29.8)	216.2
Jurupa Community Services District	3.759%	1,233.0	14,788.2	16,021.1	25.911%	(1,941.2)	14,079.9
Marygold Mutual Water Company	1.195%	392.0	0.0	392.0	0.634%	(47.5)	344.5
Monte Vista Irrigation Company	1.234%	404.8	0.0	404.8	0.655%	(49.0)	355.7
Monte Vista Water District	8.797%	2,885.4	67.6	2,953.0	4.776%	(357.8)	2,595.2
NCL Co, LLC	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Niagara Bottling, LLC	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Nicholson Trust	0.007%	2.3	0.0	2.3	0.004%	(0.3)	2.0
Norco, City Of	0.368%	120.7	0.0	120.7	0.195%	(14.6)	106.1
Ontario, City Of	20.742%	6,803.4	2,843.2	9,646.6	15.602%	(1,168.8)	8,477.8
Pomona, City Of	20.454%	6,708.9	0.0	6,708.9	10.850%	(812.9)	5,896.0
San Antonio Water Company	2.748%	901.3	0.0	901.3	1.458%	(109.2)	792.1
San Bernardino, County of (Shooting	0.000%	0.0	0.0	0.0	0.000%	0.0	0.0
Santa Ana River Water Company	2.373%	778.3	0.0	778.3	1.259%	(94.3)	684.0
Upland, City Of	5.202%	1,706.3	0.0	1,706.3	2.760%	(206.7)	1,499.5
West End Consolidated Water Co	1.728%	566.8	0.0	566.8	0.917%	(68.7)	498.1
West Valley Water District	1.175%	385.4	0.0	385.4	0.623%	(46.7)	338.7
	<b>100.000%</b>	<b>32,800.0</b>	<b>29,031.1</b>	<b>61,831.1</b>	<b>100.000%</b>	<b>(7,491.7)</b>	<b>54,339.4</b>
	<b>16A</b>	<b>16B</b>	<b>16C</b>	<b>16D</b>	<b>16E</b>	<b>16F</b>	<b>16G</b>



Assessment Year 2018-2019 (Production Year 2017-2018)

## Watermaster Cumulative Unmet Replenishment Obligation (C)

Remaining Replenishment Obligation:	AF	Replenishment Rate	
Appropriative - 100	0.0	2018 Rate	\$697.00
Appropriative - 15/85	0.0	2017 Rate	\$668.00
Non-Agricultural - 100	0.0		
	<b>0.0</b>		

### Pool 3 Appropriative

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges
Arrowhead Mtn Spring Water Co	0.0	\$188.37	(\$188.37)	307.9
CalMat Co. (Appropriative)	0.0	\$0.00	\$0.00	0.0
Chino Hills, City Of	0.0	\$0.00	\$0.00	2,764.8
Chino, City Of	0.0	\$0.00	\$0.00	609.3
Cucamonga Valley Water District	0.0	\$0.00	\$0.00	6,828.8
Fontana Union Water Company	0.0	\$0.00	\$0.00	0.0
Fontana Water Company	0.0	\$0.00	\$0.00	11,392.1
Fontana, City Of	0.0	\$0.00	\$0.00	0.0
Golden State Water Company	0.0	\$0.00	\$0.00	147.8
Jurupa Community Services District	0.0	\$0.00	\$0.00	14,843.7
Marygold Mutual Water Company	0.0	\$48.00	(\$48.00)	944.2
Monte Vista Irrigation Company	0.0	\$0.00	\$0.00	0.0
Monte Vista Water District	0.0	\$0.00	\$0.00	6,334.6
NCL Co, LLC	0.0	\$0.00	\$0.00	0.0
Niagara Bottling, LLC	0.0	(\$5,929.61)	\$5,929.61	1,571.3
Nicholson Trust	0.0	\$0.00	\$0.00	0.0
Norco, City Of	0.0	\$0.00	\$0.00	0.0
Ontario, City Of	0.0	\$0.00	\$0.00	19,816.0
Pomona, City Of	0.0	\$0.00	\$0.00	9,285.5
San Antonio Water Company	0.0	\$0.00	\$0.00	428.4
San Bernardino, County of (Shooting Park)	0.0	(\$70.61)	\$70.61	11.1
Santa Ana River Water Company	0.0	\$0.00	\$0.00	52.6
Upland, City Of	0.0	\$0.00	\$0.00	1,521.9
West End Consolidated Water Co	0.0	\$0.00	\$0.00	0.0
West Valley Water District	0.0	\$0.00	\$0.00	0.0
<b>Pool 3 Appropriative Total</b>	<b>0.0</b>	<b>(\$5,763.85)</b>	<b>\$5,763.85</b>	<b>76,859.9</b>

p17:

1) There is no IEUA Surcharge in the 2018 Rate; an RTS charge will be applied for Assessment Year 18/19 for a period of ten years beginning with Assessment Year 20/21.

**URO)**

85/15 Producers	Percent	15%	85%	100%	Total
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	(\$188.37)	(\$188.37)
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	\$0.00	\$0.00
2,764.8	4.270%	\$0.45	\$0.00	x x x x x x x x	\$0.45
609.3	0.941%	\$0.10	\$0.00	x x x x x x x x	\$0.10
6,828.8	10.546%	\$1.12	\$0.00	x x x x x x x x	\$1.12
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
11,392.1	17.594%	\$1.86	\$0.00	x x x x x x x x	\$1.86
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	\$0.00	\$0.00
147.8	0.228%	\$0.02	\$0.00	x x x x x x x x	\$0.02
14,843.7	22.924%	\$2.43	\$0.00	x x x x x x x x	\$2.43
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	(\$48.00)	(\$48.00)
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
6,334.6	9.783%	\$1.04	\$0.00	x x x x x x x x	\$1.04
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	\$0.00	\$0.00
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	\$5,929.61	\$5,929.61
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
19,816.0	30.603%	\$3.24	\$0.00	x x x x x x x x	\$3.24
x x x x x x x x	0.000%	x x x x x x x x	x x x x x x x x	\$0.00	\$0.00
428.4	0.662%	\$0.07	\$0.00	x x x x x x x x	\$0.07
11.1	0.017%	\$0.00	\$60.02	x x x x x x x x	\$60.02
52.6	0.081%	\$0.01	\$0.00	x x x x x x x x	\$0.01
1,521.9	2.350%	\$0.25	\$0.00	x x x x x x x x	\$0.25
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
0.0	0.000%	\$0.00	\$0.00	x x x x x x x x	\$0.00
<b>64,751.0</b>	<b>100.000%</b>	<b>\$10.59</b>	<b>\$60.02</b>	<b>\$5,693.24</b>	<b>\$5,763.85</b>



Assessment Year 2018-2019 (Production Year 2017-2018)

**Desalter Replenishment Accounting, Shortfall Deducted fr  
Per Peace II Agreement, Section 6.2 (PIIA, 6.2)**

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)
	Pre-Peace II Desalter Production	Peace II Desalter Expansion Production <sup>2</sup>	Total			
2001	7,989.0	0.0	7,989.0	3,994.5	0.0	0.0
2002	9,457.8	0.0	9,457.8	4,728.9	0.0	0.0
2003	10,438.5	0.0	10,438.5	5,219.3	0.0	0.0
2004	10,605.0	0.0	10,605.0	5,302.5	0.0	0.0
2005	9,853.6	0.0	9,853.6	4,926.8	0.0	0.0
2006	16,475.8	0.0	16,475.8	11,579.1	0.0	0.0
2007	26,356.2	0.0	26,356.2	608.4	4,273.1	0.0
2008	26,972.1	0.0	26,972.1	0.0	0.0	0.0
2009	32,920.5	0.0	32,920.5	0.0	0.0	0.0
2010	28,516.7	0.0	28,516.7	0.0	0.0	0.0
2011	29,318.7	0.0	29,318.7	0.0	0.0	0.0
2012	28,378.9	0.0	28,378.9	0.0	0.0	0.0
2013	27,061.7	0.0	27,061.7	0.0	0.0	0.0
2014	29,228.0	14.6	29,242.6	0.0	0.0	0.0
2015	29,541.3	448.7	29,990.0	0.0	0.0	0.0
2016	27,008.8	1,154.1	28,162.9	0.0	0.0	0.0
2017	26,725.6	1,527.2	28,252.8	0.0	0.0	0.0
<b>2018</b>	<b>28,589.8</b>	<b>1,462.5</b>	<b>30,052.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
2019	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2020	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2021	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2022	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2023	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2024	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2025	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2026	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2027	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2028	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2029	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2030	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
	<b>765,438.0</b>	<b>124,607.0</b>	<b>890,045.1</b>	<b>36,359.6</b>	<b>4,273.1</b>	<b>0.0</b>

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- 1) Table and content of the original Desalter Replenishment Accounting: WEI, Response to Condition Subsequent Number 7, November 2008.
- 2) Peace II Desalter Expansion expected to increase total desalter production in October 2015.
- 3) 3,956.877 acre-feet + 316.177 acre-feet added as Non-Ag dedicated stored water per Paragraph 31 Settlement Agreements. Per Agreements, the water is deemed to
- 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 ft 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 pr 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 mer 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 distributec
- 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
- 9) Through production year 2017/2018, the desalter replenishment obligation could be as high as 138,335 AF. Due to the ongoing Safe Yield Recalculation process and desalter replenishment obligation will be recalculated and assessed, if necessary.

**om the Pre-Peace II Desalters Re-Operation Account<sup>1</sup>**

Desalter Replenishment						Residual Replenishment Obligation <sup>5,8,9</sup>
"Leave Behind" Losses PIIA, 6.2(a)(iv)	Safe Yield Contributed by Parties PIIA, 6.2(a)(v)	Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi)			Non-Ag OBMP Assessment (10% Haircut) <sup>7</sup> PIIA, 6.2(b)(i)	
		Allocation to Pre-Peace II Desalters <sup>5</sup>	Allocation for Peace II Desalter Expansion <sup>6</sup>	Balance		
0.0	0.0	0.0	0.0	0.0	0.0	3,994.5
0.0	0.0	0.0	0.0	0.0	0.0	4,728.9
0.0	0.0	0.0	0.0	0.0	0.0	5,219.3
0.0	0.0	0.0	0.0	0.0	0.0	5,302.5
0.0	0.0	0.0	0.0	0.0	0.0	4,926.8
0.0	0.0	0.0	0.0	400,000.0	0.0	4,896.7
0.0	0.0	21,474.7	0.0	378,525.3	0.0	0.0
0.0	0.0	26,972.1	0.0	351,553.2	0.0	0.0
0.0	0.0	61,989.1	0.0	289,564.1	0.0	(29,068.6)
0.0	0.0	28,516.7	0.0	261,047.4	0.0	0.0
0.0	0.0	29,318.7	0.0	231,728.7	0.0	0.0
0.0	0.0	28,378.9	0.0	203,349.7	0.0	0.0
0.0	0.0	27,061.7	0.0	176,288.1	0.0	0.0
0.0	0.0	1,288.1	14.6	174,985.4	0.0	27,939.9
0.0	0.0	0.0	448.7	174,536.8	0.0	29,541.3
0.0	0.0	0.0	1,154.1	173,382.7	0.0	27,008.8
0.0	0.0	0.0	1,527.2	171,855.5	735.0	25,990.6
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,462.5</b>	<b>170,393.0</b>	<b>735.0</b>	<b>27,854.8</b>
0.0	0.0	0.0	10,000.0	160,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	150,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	140,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	130,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	120,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	110,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	100,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	90,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	80,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	70,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	60,393.0	735.0	29,265.0
0.0	0.0	0.0	10,000.0	50,393.0	735.0	29,265.0
<b>0.0</b>	<b>0.0</b>	<b>225,000.0</b>	<b>124,607.0</b>		<b>10,290.5</b>	<b>489,515.0</b>

have been dedicated as of June 30, 2007.  
 or each year. In the near future, through the modeling work and Safe Yield Recalculation process, Watermaster will determine the DIR and will produce a new  
 oduction was being offset by Desalter Induced Recharge. Condition Subsequent 7 included an adjustment of 29,070 AF against Desalter replenishment in

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  
 l 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.  
 l total share of OSY and the previous year's actual production.  
 related DIR matter, the desalter replenishment obligation is not being assessed at this time. When the Safe Yield Recalculation and DIR matters are resolved, the





Assessment Year 2018-2019 (Production Year 2017-2018)

**Assessment Calculation - Includes "10% Administrative and 15% OBMP/Project Operating Reserves"**

PRODUCTION BASIS	FY BUDGET		FY 2018/19 BUDGET	ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
	2017/18 BUDGET	2018/19 BUDGET			General Administration	OBMP	General Administration	OBMP	General Administration	OBMP
<b>PRODUCTION BASIS</b>										
2016/17 Production & Exchanges in Acre-Feet (Actuals)			113,323,292	82,269,159	72.597%	26,862,554	23.704%	4,191,579	3.69%	
2017/18 Production & Exchanges in Acre-Feet (Actuals)			109,415,299	76,859,928	70.246%	28,460,605	26.012%	4,094,166	3.742%	
<b>BUDGET</b>										
Administration, Advisory Committee & Watermaster Board*	\$2,043,498	\$2,046,203	\$2,046,203	\$1,437,377	4,302,877	\$532,249	1,593,320	76,577	229,239	
OBMP & Implementation Projects <sup>1</sup>	6,305,824	6,125,437	6,125,437	1,437,377	4,302,877	532,249	1,593,320	76,577	229,239	
General Admin & OBMP Assessments	\$8,349,322	\$8,171,640	8,171,640	1,437,377	4,302,877	532,249	1,593,320	76,577	229,239	
<b>TOTAL BUDGET</b>			8,171,640	1,437,377	4,302,877	532,249	1,593,320	76,577	229,239	
Less: Budgeted Interest Income	(39,906)	(63,968)	(63,968)	(63,968)	(44,935)	(16,639)	(43,625)	(2,394)	(6,276)	
Less: Contributions from Outside Agencies	(191,626)	(167,712)	(167,712)	(167,712)	(117,811)	(43,625)	(43,625)	(6,276)	(6,276)	
<b>Subtotal: CASH DEMAND</b>	8,117,790	7,939,960	7,939,960	1,437,377	4,140,131	532,249	1,533,056	76,577	220,569	
<b>Add: OPERATING RESERVE</b>										
Administrative (10%)	204,350	204,620	\$204,620	\$143,737	645,432	\$53,225	238,998	\$7,658	34,386	
OBMP (15%)	945,874	918,816	918,816	143,737	645,432	53,225	238,998	7,658	34,386	
<b>Subtotal: OPERATING RESERVE</b>	1,150,223	1,123,436	1,123,436	143,737	645,432	53,225	238,998	7,658	34,386	
Less: Cash Balance On Hand Available for Assessments <sup>2</sup>	(1,150,223)	(1,123,436)	(1,123,436)	(197,610)	(591,559)	(73,174)	(219,050)	(10,528)	(31,510)	
<b>Total: CASH REQUIRED TO BE ASSESSED</b>	\$8,117,790	\$7,939,960	\$7,939,960	\$1,383,504.02	\$4,194,004	\$512,300	\$1,553,005	\$73,707	\$223,439	
<b>Current Year Assessments</b>										
General Administration/OBMP Assessments (Minimum \$5.00 Per Producer)				\$18.00	\$54.57	\$18.00	\$54.57	\$18.00	\$54.57	
<b>Grand Total</b>				\$72.57	\$72.57	\$72.57	\$72.57	\$72.57	\$72.57	
<b>Prior Year Assessments (Actuals) Information Only</b>										
Grand Total				\$18.03	\$53.60	\$18.03	\$53.60	\$18.03	\$53.60	
<b>Variance Between Proposed Assessments and Prior Year Assessments</b>										
Grand Total				(\$0.03)	\$0.97	(\$0.03)	\$0.97	(\$0.03)	\$0.97	
<b>Estimated Assessment as of "Approved" Budget May 24, 2018, Information Only</b>										
Grand Total				\$17.72	\$53.72	\$17.72	\$53.72	\$17.72	\$53.72	

<sup>1</sup> Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects, Replenishment Water purchases, or RTS charges.  
<sup>2</sup> June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, and Carryover replenishment obligations.

May 24, 2018  
 ASSESSMENT CALCULATION - APPROVED



**ALL POOLS**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

**2018-2019 Water Transaction Detail**

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:		
						85%	15%	WM Pays
CalMat Co. (Appropriative)	San Antonio Water Company Storage Account	12/19/2017	4.4	296.20	1,295.88			
City of Ontario (Non-Ag)	Ameron International Corporation Storage Account <i>Transfer from Ameron ECO to Ont Non-Ag ECO</i>	10/31/2017	387.8	0.00	0.00			
	Ameron International Corporation Annual Account	10/31/2017	55.2	0.00	0.00			
Fontana Water Company	Cucamonga Valley Water District Annual Account <i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$500.40.</i>	2/20/2018	10,000.0	510.32	5,103,200.00	4,337,720.00	765,480.00	Fontana Water Company
	Nicholson Trust Annual Account	3/19/2018	9.0	550.00	4,950.00			
	Pomona, City Of Storage Account <i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$550.00.</i>	2/20/2018	1,843.5	510.32	940,756.55			
	Pomona, City Of Storage Account <i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$550.00.</i>	2/20/2018	656.5	510.32	335,043.45	284,786.93	50,256.52	Fontana Water Company
Golden State Water Company	West End Consolidated Water Co Annual Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/10/2018	80.0	49.00	3,920.00			
NCL Co, LLC	CalMat Co. (Appropriative) Storage Account <i>Transfer from ECO account to ECO account.</i>	12/19/2017	4.0	0.00	0.00			
Ontario, City Of	San Antonio Water Company Storage Account <i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>	3/1/2018	62.1	296.00	18,377.46			
Upland, City Of	West End Consolidated Water Co Annual Account <i>85/15 Rule does not apply -- method of utilizing West End shares.</i>	5/31/2018	853.7	49.00	41,830.17			
					<b>13,956.2</b>	<b>6,449,373.50</b>	<b>4,622,506.93</b>	<b>815,736.52</b>
					<b>Total 15% Credits from all Transactions:</b>		<b>\$815,736.52</b>	



**Assessment Year 2018-2019 (Production Year 2017-2018)**

**2018-2019 Water Transaction Detail**

**Applied Recurring Transactions:**

<b>From:</b>	<b>To:</b>	<b>Quantity</b>	<b>\$ / Acre Feet</b>	
Fontana Union Water Company Annual Account - Assigned Rights	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	<i>Transfer FUWC water transfer rights to CVWD.</i>
Fontana Union Water Company Annual Account - Transfer (To) / From	Cucamonga Valley Water District Annual Account - Transfer (To) / From	0.0	0.00	<i>Transfer FUWC water transfer rights to CVWD.</i>
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.</i>
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.</i>
Fontana Union Water Company Annual Account - Stormwater New Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC New Yield to CVWD.</i>
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Share of Safe Yield to CVWD.</i>

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\* Fontana Water Company had two Water Transactions on 2/20/2018. Because each of the transaction had a different cost per AF, a blended rate was used for both transactions (see below for blended rate calculation):

From	AF	\$/AF	Total \$
Cucamonga Valley Water District	10,000	\$500.40	\$5,004,000
City of Pomona	2,500	\$550.00	\$1,375,000
	<u>12,500</u>		<u>\$6,379,000</u>

2/20/18 Blended Rate: \$510.32 (\$6,379,000 / 12,500 AF)

1) The Water Transaction between Fontana Water Company and the City of Pomona submitted on 2/20/2018 for the amount of 2,500 AF had been split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.



Assessment Year 2018-2019 (Production Year 2017-2018)

ALL POOLS

2018-2019 Analysis of the Application of the 85/15 Rule to Water Transfers

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
CalMat Co. (Appropriative)	0.0	San Antonio Water Company Storage Account	12/19/2017	4.4	No	No	Yes	0.0
City of Ontario (Non-Ag)	4,334.8	Ameron International Corporation Storage Account	10/31/2017	387.8	No	No	No	0.0
		<i>Transfer from Ameron ECO to Ont Non-Ag ECO</i>						
		Ameron International Corporation Annual Account	10/31/2017	55.2	No	Yes	No	0.0
Fontana Water Company	(10,656.5)	Cucamonga Valley Water District Annual Account	2/20/2018	10,000.0	Yes	Yes	No	10,000.0
		<i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$500.40.</i>						
		Nicholson Trust Annual Account	3/19/2018	9.0	Yes	Yes	No	0.0
		Pomona, City Of Storage Account	2/20/2018	1,843.5	Yes	Yes	No	0.0
		<i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$550.00.</i>						
		Pomona, City Of Storage Account	2/20/2018	656.5	Yes	Yes	No	656.5
		<i>* Using blended rate for all 2/20/18 transactions (see footnote on page 20.2). Original AF rate for this transaction was \$550.00.</i>						
Golden State Water Company	(48.2)	West End Consolidated Water Co Annual Account	5/10/2018	80.0	Yes	Yes	Yes	0.0
		<i>85/15 Rule does not apply -- method of utilizing West End shares.</i>						
NCL Co, LLC	0.0	CalMat Co. (Appropriative) Storage Account	12/19/2017	4.0	No	No	No	0.0
		<i>Transfer from ECO account to ECO account.</i>						
Ontario, City Of	10,372.2	San Antonio Water Company Storage Account	3/1/2018	62.1	Yes	Yes	Yes	0.0
		<i>85/15 Rule does not apply -- method of utilizing SAWCO shares.</i>						
Upland, City Of	4,677.5	West End Consolidated Water Co Annual Account	5/31/2018	853.7	Yes	Yes	Yes	0.0
		<i>85/15 Rule does not apply -- method of utilizing West End shares.</i>						

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The Water Transaction between Fontana Water Company and the City of Pomona submitted on 2/20/2018 for the amount of 2,500 AF had been split because the amount purchased exceeds what is required to satisfy overproduction; the 85/15 Rule only applies to the portion that satisfies overproduction per the direction of the Appropriative Pool on November 2, 2011.

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**ALL POOLS**

**Assessment Year 2018-2019 (Production Year 2017-2018)**

## Watermaster Replenishment Calculation

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

Watermaster Replenishment Cost	\$695.00
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 (see footnote)</b>	<b>\$697.00</b>

Replenishment Obligation:	AF @ \$697.00	15%	85%	Total
Appropriative - 100	1,071.3			\$746,685.65
Appropriative - 15/85	11.1	\$1,161.55	\$6,582.12	\$7,743.67
Non-Agricultural - 100	10.0			\$6,967.91
	<b>1,092.4</b>			<b>\$761,397.22</b>

Company	AF Production and Exchanges	85/15 Producers	Percent of Total 85/15 Producers	15% Replenishment Assessment	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	307.9			-	-
CalMat Co. (Appropriative)	0.0			-	-
Chino Hills, City Of	2,764.8	2,764.8	4.270%	\$49.60	\$34,831.16
Chino, City Of	609.3	609.3	0.941%	\$10.93	\$7,676.41
Cucamonga Valley Water District	6,828.8	6,828.8	10.546%	\$122.50	\$86,029.75
Desalter Authority	30,052.3			-	-
Fontana Union Water Company	0.0	0.0	0.000%	-	\$0.00
Fontana Water Company	11,392.1	11,392.1	17.594%	\$204.36	\$143,517.83
Fontana, City Of	0.0			-	-
Golden State Water Company	147.8	147.8	0.228%	\$2.65	\$1,861.50
Jurupa Community Services District	14,843.7	14,843.7	22.924%	\$266.28	\$187,002.05
Marygold Mutual Water Company	944.2			-	-
Monte Vista Irrigation Company	0.0	0.0	0.000%	-	\$0.00
Monte Vista Water District	6,334.6	6,334.6	9.783%	\$113.63	\$79,803.11
NCL Co, LLC	0.0			-	-
Niagara Bottling, LLC	1,571.3			-	-
Nicholson Trust	0.0	0.0	0.000%	-	\$0.00
Norco, City Of	0.0	0.0	0.000%	-	\$0.00
Ontario, City Of	19,816.0	19,816.0	30.603%	\$355.47	\$249,642.71
Pomona, City Of	9,285.5			-	-
San Antonio Water Company	428.4	428.4	0.662%	\$7.68	\$5,396.63
San Bernardino, County of (Shooting Park)	11.1	11.1	0.017%	\$0.20	\$139.96
Santa Ana River Water Company	52.6	52.6	0.081%	\$0.94	\$662.47
Upland, City Of	1,521.9	1,521.9	2.350%	\$27.30	\$19,172.92
West End Consolidated Water Co	0.0	0.0	0.000%	-	\$0.00
West Valley Water District	0.0	0.0	0.000%	-	\$0.00
<b>** Fee assessment total is 15% of Appropriative 15/85 replenishment obligation</b>	<b>106,912.2</b>	<b>64,751.0</b>	<b>**</b>	<b>\$1,161.55</b>	<b>\$815,736.51</b>

Transfers to  
**8G**

Transfers to  
**8K**

p22: There is no IEUA Surcharge in the 2018 Rate; an RTS charge will be applied for Assessment Year 18/19 for a period of ten years beginning with Assessment Year 20/21.



Assessment Year 2018-2019 (Production Year 2017-2018)

Readiness to Serve Charges for Water Purchased in Fiscal Year 2016/2017

yyyyymmdd = Order #

RO = Replenishment Obligation

DRO = Desalter Replenishment Obligation

RTS = "Readiness to Serve" Charge

**Pool 3 Appropriate**

	Purchased Water in Acre-Feet				Total	Actual FY 2015/16 Production from 85/15 Producers (For Reference)
	20160623		20161216	20170418		
	For RO	For DRO	For DRO	For RO		
Arrowhead Mtn Spring Water Co	1,135.3	8.9	4.0	335.7	1,483.8	
Chino Hills, City of	-	-	-	-	-	1,548.3
Chino, City of	-	-	-	-	-	-
Cucamonga Valley Water District	-	-	-	-	-	20,534.7
Desalter Authority	-	-	-	-	-	-
Fontana Union Water Company	-	-	-	-	-	-
Fontana Water Company	-	-	-	-	-	15,317.2
Fontana, City of	-	-	-	-	-	-
Golden State Water Company	-	-	-	-	-	807.4
Jurupa Community Services District	-	-	-	-	-	8,952.8
Marygold Mutual Water Company	78.7	51.9	20.3	-	150.9	-
Monte Vista Irrigation Company	-	-	-	-	-	-
Monte Vista Water District	-	-	-	-	-	8,203.7
Niagara Bottling, LLC	2,567.5	35.5	-	1,174.3	3,777.3	-
Nicholson Trust	-	-	-	-	-	-
Norco, City of	-	-	-	-	-	-
Ontario, City of	-	-	-	-	-	18,053.8
Pomona, City of	-	-	-	-	-	-
San Antonio Water Company	-	-	-	-	-	1,030.8
San Bernardino, County of (Shooting Park)	38.8	0.3	0.1	9.4	48.6	9.4
Santa Ana River Water Company	-	48.0	23.7	-	71.7	-
Upland, City of	-	-	-	-	-	2,600.7
West End Consolidated Water Co	-	-	-	-	-	-
West Valley Water District	-	23.5	11.8	-	35.3	-

**Pool 2 Non-Agricultural**

Ameron International Corporation	-	-	-	-	-	-
Aqua Capital Management LP	57.5	-	-	-	57.5	-
California Speedway Corporation	-	-	-	-	-	-
California Steel Industries, Inc.	-	-	-	-	-	-
CalMat Co.	-	-	-	-	-	-
CCG Ontario, LLC	-	-	-	-	-	-
General Electric Company	0.0	-	-	0.1	0.1	-
Hamner Park Associates, a California Limited Partn	-	-	-	-	-	-
Monte Vista Water District (Non-Ag)	-	-	-	-	-	-
NRG California South LP	-	-	-	-	-	-
City of Ontario (Non-Ag)	-	-	-	-	-	-
Praxair, Inc.	-	-	-	-	-	-
Riboli Family and San Antonio Winery, Inc.	28.8	-	-	4.0	32.8	-
County of San Bernardino (Non-Ag)	-	-	-	-	-	-
Southern California Edison Company	-	-	-	-	-	-
Southern Service Company	62.2	-	-	10.6	72.9	-
Space Center Mira Loma, Inc.	-	-	-	-	-	-
TAMCO	19.8	-	-	16.5	36.4	-
West Venture Development Company	-	-	-	-	-	-
	3,988.7	168.0	59.9	1,550.5	5,767.0	

**Year 1 RTS Charges**

Total RTS: \$29,084.30

\$/AF: \$5.04

20160623			20161216		20170418			Total
RO		DRO			RO			
15%	85%	100%	100%	100%	15%	85%	100%	
\$0.76	\$4.29	\$5.04	\$5.04	\$5.04	\$0.76	\$4.29	\$5.04	
		5,725.43	44.64	19.98			1,692.80	7,482.85
0.59	-		-	-	0.14	-		0.73
-	-		-	-	-	-		-
7.83	-		-	-	1.89	-		9.72
-	-		-	-	-	-		-
5.84	-		-	-	1.41	-		7.25
0.31	-		-	-	0.07	-		0.38
3.41	-		-	-	0.83	-		4.24
		396.67	261.71	102.49				760.87
-	-		-	-	-	-		-
3.13	-		-	-	0.77	-		3.90
		12,948.63	179.11	-			5,922.04	19,049.78
-	-		-	-	-	-		-
-	-		-	-	-	-		-
6.88	-		-	-	1.66	-		8.54
0.39	-		-	-	0.10	-		0.49
0.01	166.49		1.48	0.53	-	40.27		208.78
-	-		241.82	119.69	-	-		361.51
0.99	-		-	-	0.24	-		1.23
-	-		-	-	-	-		-
-	-		118.52	59.26	-	-		177.78

		-						-
		289.84						289.84
		0.02					0.29	0.31
		145.30					19.93	165.23
		313.85					53.66	367.51
		99.98					83.38	183.36
29.38	166.49	19,919.72	847.28	301.95	7.11	40.27	7,772.10	29,084.30





**Assessment Year 2018-2019 (Production Year 2017-2018)  
Assessment Package Notes**

Page	Note
pg01	"Agricultural Total Pool Production" includes Voluntary Agreements between Appropriators and Agricultural Pool Parties.
pg04 (a)	Transfers in Column [4E] include the annual transfer of 10% 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 solution
pg04 (b)	Column [4H], "Actual Fiscal Year Production," includes physical production and Assignments between Appropriators and Non-Ag Pool Parties.
pg04 (c)	"Net Over Production" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.
pg05 (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%.
pg05 (b)	When applicable, column [5C] includes the Exhibit "G" physical solution transfers to the Appropriative Pool.
pg07 (a)	The financial Outstanding Obligations are reconciled on pages 7.1 and 17.1.
pg07 (b)	Fund Balance is maintained on a spreadsheet by Watermaster.
pg07 (c)	Outstanding Obligation is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund Balance.
pg07 (d)	Fund Balance is the money collected by Watermaster, Outstanding Obligation is the money owed by the Parties or credited to the Parties.
pg08	Recharge Debt Project expenses [8O] and Recharge Improvement Project expenses [8P] are each allocated on % OSY, based on the approved budget.
pg09	Other Adjustments include water provided to another Appropriator, pump-to-waste that has been captured in a recharge basin (as verified by IEUA), and other miscellaneous recharge / injection of native water.
pg10 (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.
pg10 (b)	Column [10J], "Actual Fiscal Year Production," includes physical production, Voluntary Agreements, Assignments, and, if applicable, other adjustments. A detailed breakdown can be found on Page 9.1.
pg10 (c)	"Net Over Production" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.
pg11 pg12	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.
pg13 (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 future Assessment Package.
pg13 (b)	The 29,070 AF correction required by Condition Subsequent 7 has been included in the "Re-Operation Offset: Pre-Peace II Desalters". (See Page 18.1)
pg13 (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.



Assessment Year 2018-2019 (Production Year 2017-2018)

Assessment Package Notes

Page	Note
pg13 (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.
pg13 (e)	Chino, Ontario, and JCSD Preemptive Replenishment Agreement water is shown. Per the Agreements, no losses are deducted against these accounts.
pg13 (f)	"Non-Ag Dedication" was used in a prior Assessment Package to indicate Non-Ag Pool desalter dedication.
pg14	Transfers in Column [14A] 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 when applicable.
pg17 (a)	The financial Outstanding Obligations are reconciled on pages 7.1 and 17.1.
pg17 (b)	Fund Balance is maintained on a spreadsheet by Watermaster.
pg17 (c)	Outstanding Obligation is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund Balance.
pg17 (d)	Fund Balance is the money collected by Watermaster, Outstanding Obligation is the money owed by the Parties or credited to the Parties.
pg21	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). ([10B] + [10C] + [10D] + [10E] + [14B] - [10J])
pg22 (a)	The "15% Water Transaction Debits" total is the "Total 15% Credits from all Transaction" from Page 20.1.
pg22 (b)	"Replenishment Obligation" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.



Assessment Year 2018-2019 (Production Year 2017-2018)

**Assessment Package References and Definitions**

- 
- 2A AF Production**  
Actual fiscal year production by each Party. Copied from [4H].
- 2B Non-Agricultural Pool - AF/Admin**  
Production [2A]  $\times$  per acre-foot Admin fee.
- 2C Non-Agricultural Pool - AF/OBMP**  
Production [2A]  $\times$  per acre-foot OBMP fee.
- 2D Replenishment Assessments - AF Exceeding Annual Right**  
Over-production for each Party beyond their annual production right. Copied from [4I].
- 2E Replenishment Assessments - Per AF**  
Amount overproduced [2D]  $\times$  the current replenishment rate.
- 2F CURO Adjustment**  
Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 7.1.
- 2G RTS Charges**  
Annual Readiness to Serve charges for water purchased in prior years.
- 2H Other Adjustments**  
Used as necessary for any other monetary adjustments needed to the Assessment Package.
- 2I Total Assessments Due**  
Total fees assessed based on Party production.  $[2B] + [2C] + [2E] + [2F] + [2G] + [2H]$ .
- 
- 3A Physical Production**  
Fiscal year physical production by each Party.
- 3B Assignments**  
Total of water received from an Appropriator by each Party.
- 3C Other Adjustments**  
Any other adjustments that result in off-set of the fiscal year's production.
- 3D Actual FY Production (Assmnt Pkg Column 4H)**  
Total adjusted production for the fiscal year. Also known as Assessable Production.  $[3A] + [3B] + [3C]$ .
- 
- 4A Percent of Safe Yield**  
The Party's yearly percentage of Safe Yield.
- 4B Carryover Beginning Balance**  
The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
- 4C Prior Year Adjustments**  
This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
- 4D Assigned Share of Safe Yield (AF)**  
The Party's yearly volume of Safe Yield.

**Assessment Year 2018-2019 (Production Year 2017-2018)****Assessment Package References and Definitions**

- 
- 4E 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.
- 4F Other Adjustments**  
This number reflects adjusted production rights, in the event that corrections are needed.
- 4G Annual Production Right**  
Current Year Production Right.  $[4B] + [4C] + [4D] + [4E] + [4F]$ .
- 4H 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.
- 4I Net Over Production**  
Over-production, if any, for each Party beyond their annual production right.  $[4H] - [4G]$ , equaling more than zero.
- 4J Under Production Balances - Total Under-Produced**  
Production rights  $[4G]$  <minus> production  $[4H]$ , equaling more than zero.
- 4K Under Production Balances - Carryover: Next Year Begin Bal**  
Either total under-produced  $[4J]$  or share of Safe Yield  $[4D]$ , whichever is less.
- 4L Under Production Balances - To Excess Carryover Account**  
Total under-produced  $[4J]$  <minus> Carryover to next year  $[4K]$ , equaling more than zero.
- 
- 5A Local Excess Carry Over Storage Account (ECO) - Beginning Balance**  
The beginning balance in each ECO account. This number will carry forward from the ending balance in the previous period Assessment Package.
- 5B Local Excess Carry Over Storage Account (ECO) - 0.07% Storage Loss**  
Beginning balance  $[5A]$  <times>  $-0.0007$ .
- 5C Local Excess Carry Over Storage Account (ECO) - Transfers To / (From)**  
Total of water transferred to and from the Annual Account.
- 5D Local Excess Carry Over Storage Account (ECO) - From Under-Production**  
Total of water transferred from the Annual Account due to under production. Copied from  $[4L]$ .
- 5E Local Excess Carry Over Storage Account (ECO) - Ending Balance**  
The current balance in each ECO account.  $[5A] + [5B] + [5C] + [5D]$ .
- 5F Local Supplemental Storage 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.
- 5G Local Supplemental Storage Account - 0.07% Storage Loss**  
Beginning balance  $[5F]$  <times>  $-0.0007$ .
- 5H Local Supplemental Storage Account - Transfers To / (From)**  
Total of water transferred to and from the Annual Account.



ALL POOLS

Assessment Year 2018-2019 (Production Year 2017-2018)

## Assessment Package References and Definitions

- 
- 5I Local Supplemental Storage Account - Transfers (To) / From ECO Account**  
Total of water transferred to the ECO Account.
- 5J Local Supplemental Storage Account - Ending Balance**  
The current balance in each Supplemental Account.  $[5F] + [5G] + [5H] + [5I]$ .
- 5K Combined - Ending Balance**  
The combined amount in all local storage accounts.  $[5E] + [5J]$ .
- 
- 6A Percent of Safe Yield**  
The Party's yearly percentage of Operating Safe Yield.
- 6B Assigned Share of Safe Yield (AF)**  
The Party's yearly volume of Operating Safe Yield.
- 6C Water Transactions - 10% of Operating Safe Yield ("Haircut")**  
Operating Safe Yield  $[6B] \times -0.1$
- 6D Water Transactions - Transfers (To) / From ECO Account**  
Total of water transferred between the Annual Account and ECO Account.
- 6E Water Transactions - General Transfers and Exhibit G Water Sales**  
Total of water transfers between Parties for this period including Exhibit G Water Sales.
- 6F Water Transactions - Total Water Transactions**  
Total water transactions.  $[6C] + [6D] + [6E]$ . This column is used to populate  $[4E]$ .
- 
- 8A AF Production and Exchanges**  
Total production and exchanges. Copied from  $[10L]$ .
- 8B Appropriative Pool - AF/Admin**  
Production and Exchanges  $[8A] \times$  per acre-foot Admin fee.
- 8C Appropriative Pool - AF/OBMP**  
Production and Exchanges  $[8A] \times$  per acre-foot OBMP fee.
- 8D Ag Pool SY Reallocation - AF Total Reallocation**  
Reallocation of Ag Pool Safe Yield. Copied from  $[10E]$  and  $[16G]$ .
- 8E Ag Pool SY Reallocation - AF/Admin**  
Party Ag Pool reallocation  $[8D] \div$  Total Ag Pool Reallocation  $[8D \text{ Total}] \times$  total dollar amount needed for Ag Pool Administration.
- 8F Ag Pool SY Reallocation - AF/OBMP**  
Party Ag Pool reallocation  $[8D] \div$  Total Ag Pool Reallocation  $[8D \text{ Total}] \times$  total dollar amount needed for Ag Pool OBMP.
- 8G 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 22.1.



Assessment Year 2018-2019 (Production Year 2017-2018)

## Assessment Package References and Definitions

**8H Replenishment Assessments - AF/85%**  
For parties participating in the 85/15 Rule: Total volume overproduced [10M] <times> 85% of the replenishment rate.

**8I Replenishment Assessments - AF/100%**  
For parties not participating in the 85/15 Rule: Total volume overproduced [10N] <times> 100% of the replenishment rate.

**8J 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 20.1.

**8K 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 22.1.

**8L CURO Adjustment**  
Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 17.1.

**8M ASSESSMENTS DUE - Total Production Based**  
Total fees assessed based on Party production. [8B] + [8C] + [8E] + [8F] + [8G] + [8H] + [8I] + [8J] + [8K] + [8L].

**8N ASSESSMENTS DUE - Pomona Credit**  
Debit amount to Pomona <times> -1 <times> percent share of Operating Safe Yield [10A].

**8O ASSESSMENTS DUE - Recharge Debt Payment**  
Total recharge debt payment <times> percent share of Operating Safe Yield [10A].

**8P ASSESSMENTS DUE - Recharge Improvement Project**  
Total Recharge Improvement Project <times> Percent Share of Operating Safe Yield [10A].

**8Q ASSESSMENTS DUE - RTS Charges**  
Annual Readiness to Serve charges for water purchased in prior years.

**8R ASSESSMENTS DUE - Other Adjustments**  
Used as necessary for any other monetary adjustments needed to the Assessment Package.

**8S ASSESSMENTS DUE - Total Due**  
Total assessments. [8M] + [8N] + [8O] + [8P] + [8Q] + [8R].

**9A Physical Production**  
Fiscal year physical production by each Party.

**9B Voluntary Agreements (w/ Ag)**  
Total of water provided to Agricultural Pool Parties.

**9C Assignments (w / Non-Ag)**  
Total of water provided to Non-Agricultural Pool Parties.

**9D Other Adjustments**  
Total of water received from, or provided to, another Appropriator. Also includes production off-sets.



Assessment Year 2018-2019 (Production Year 2017-2018)

**Assessment Package References and Definitions**

- 
- 9E Actual FY Production (Assmnt Pkg Column 10J)**  
Total adjusted production for the fiscal year. [9A] + [9B] + [9C] + [9D].
- 
- 10A Percent of Operating Safe Yield**  
The Party's yearly percentage of Operating Safe Yield.
- 10B Carryover Beginning Balance**  
The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
- 10C Prior Year Adjustments**  
This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
- 10D Assigned Share of Operating Safe Yield**  
The Party's yearly volume of Operating Safe Yield.
- 10E Net Ag Pool Reallocation**  
Reallocation of Ag Pool Safe Yield. Copied from [16G]. The calculations that lead to this are made on Page 16.1.
- 10F Water Transaction Activity**  
Water transactions. Copied from [14E]. The calculations that lead to this are made on Page 14.1.
- 10G Stormwater New Yield**  
Stormwater New Yield <times> percent share of Operating Safe Yield [10A].
- 10H Other Adjustments**  
This number reflects adjusted production rights, in the event that corrections are needed.
- 10I Annual Production Right**  
Current Year Production Right. [10B] + [10C] + [10D] + [10E] + [10F] + [10G] + [10H].
- 10J 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 Page 9.1.
- 10K Storage and Recover 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.
- 10L Total Production and Exchanges**  
Actual production [10J] <plus> Storage and Recovery exchanges [10K]. Includes a sub note subtracting Desalter production. Also known as Assessable Production.
- 10M Net Over-Production - 85/15%**  
For 85/15 Rule participants: Production rights [10I] <minus> total production and exchanges [10L], equaling less than zero.
- 10N Net Over-Production - 100%**  
For non-85/15 Rule participants: Production rights [10I] <minus> total production and exchanges [10L], equaling less than zero. Includes a sub note subtracting Desalter production.



Assessment Year 2018-2019 (Production Year 2017-2018)

**Assessment Package References and Definitions**

- 
- 10O Under Production Balances - Total Under-Produced**  
Production rights [10I] <minus> total production and exchanges [10L], equaling more than zero.
- 10P Under Production Balances - Carryover: Next Year Begin Bal**  
Either total under-produced [10O] or share of Operating Safe Yield [10D], whichever is less.
- 10Q Under Production Balances - To Excess Carryover Account**  
Total under produced [10O] <minus> Carryover to next year [10P], equaling more than zero.
- 
- 11A 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.
- 11B Excess Carry Over Account (ECO) - 0.07% Storage Loss**  
Beginning balance [11A] <times> -0.0007.
- 11C Excess Carry Over Account (ECO) - Transfers To / (From)**  
Total of water transferred to and from ECO and the Annual Account.
- 11D Excess Carry Over Account (ECO) - From Supplemental Storage**  
Total of water transferred to and from Local Supplemental Storage accounts, as shown on Page 12.1.
- 11E Excess Carry Over Account (ECO) - From Under-Production**  
Total of water transferred from the Annual Account due to under production. Copied from [10Q].
- 11F Excess Carry Over Account (ECO) - Ending Balance**  
The current balance in each ECO account. [11A] + [11B] + [11C] + [11D] + [11E].
- 
- 12A 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.
- 12B Recharged Recycled Account - 0.07% Storage Loss**  
Beginning balance [12A] <times> -0.0007.
- 12C Recharged Recycled Account - Current Recharged Recycled**  
Total recharged recycled water credited to each Party for the year, as provided by IEUA.
- 12D Recharged Recycled Account - Transfer to ECO Account**  
Total of water transferred to the ECO Account, as shown on Page 11.1.
- 12E Recharged Recycled Account - Ending Balance**  
The current balance in each Recharged Recycled account. [12A] + [12B] + [12C] + [12D].
- 12F 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.
- 12G Quantified (Pre 7/1/2000) Account - 0.07% Storage Loss**  
Beginning balance [12F] <times> -0.0007.
- 12H Quantified (Pre 7/1/2000) Account - Transfers To / (From)**  
Total of water transferred to and from the Annual Account.





Assessment Year 2018-2019 (Production Year 2017-2018)

**Assessment Package References and Definitions**

- 
- 12I Quantified (Pre 7/1/2000) Account - Transfer to ECO Account**  
Total of water transferred to the ECO Account, as shown on Page 11.1.
- 12J Quantified (Pre 7/1/2000) Account - Ending Balance**  
The current balance in each Quantified Supplemental account.  $[12F] + [12G] + [12H] + [12I]$ .
- 12K 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.
- 12L New (Post 7/1/2000) Account - 0.07% Storage Loss**  
Beginning balance  $[12K] \times -0.0007$ .
- 12M New (Post 7/1/2000) Account - Transfers To / (From)**  
Total of water transferred to and from the Annual Account.
- 12N New (Post 7/1/2000) Account - Transfer to ECO Account**  
Total of water transferred to the ECO Account, as shown on Page 11.1.
- 12O New (Post 7/1/2000) Account - Ending Balance**  
The current balance in each New Supplemental Account.  $[12K] + [12L] + [12M] + [12N]$ .
- 12P Combined - Ending Balance**  
The combined amount in all supplemental storage accounts  $[12E] + [12J] + [12O]$ .
- 
- 13A Desalter Replenishment Account - Preemptive Replenishment (2011) - Beginning Balance**  
The beginning balances in each Desalter Preemptive Replenishment account. These numbers carry forward from the ending balances in the previous period Assessment Package.
- 13B Desalter Replenishment Account - Preemptive Replenishment (2011) - Transfers From**  
Total of water transferred from each 2011 Desalter Replenishment account.
- 13C Desalter Replenishment Account - Preemptive Replenishment (2011) - Ending Balance**  
The current balance in each 2011 Desalter Preemptive Replenishment account.  $[13A] + [13B]$ .
- 13D Desalter Replenishment Account - Replenishment Purchases and Transfers - Beginning Balance**  
The beginning balances in each Desalter Replenishment account post 2011. These numbers carry forward from the ending balances in the previous period Assessment Package.
- 13E Desalter Replenishment Account - Replenishment Purchases and Transfers - Water Purchases**  
Total of water purchased by each Desalter Replenishment account.
- 13F Desalter Replenishment Account - Replenishment Purchases and Transfers - Transfers To**  
Total of water transferred to each Desalter Replenishment account.
- 13G Desalter Replenishment Account - Replenishment Purchases and Transfers - Transfers From**  
Total of water transferred from each Desalter Replenishment account.
- 13H Desalter Replenishment Account - Replenishment Purchases and Transfers - Ending Balance**  
The current balances in each Desalter Replenishment account.  $[13D] + [13E] + [13F] + [13G]$ .
- 13I Desalter Replenishment Account - Overall - Combined Balance**  
The combined amount in all Desalter Replenishment accounts.  $[13C] + [13H]$ .

**Assessment Year 2018-2019 (Production Year 2017-2018)****Assessment Package References and Definitions**

**13J Storage and Recovery Account - 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.

**13K Storage and Recovery Account - Storage Loss**  
Beginning balance [13J] <times> -0.0007

**13L Storage and Recovery Account - Transfers To**  
Total of water transferred to the Storage and Recovery Account ("puts"), and/or to each Storage and Recovery accounts.

**13M Storage and Recovery Account - Transfers From**  
Total of water transferred from the Storage and Recovery Account ("takes").

**13N Storage and Recovery Account - Ending Balance**  
The current balances in each Storage and Recovery accounts. [13J] + [13K] + [13L] + [13M].

**14A 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 20.1 - 20.2.

**14B Water Transactions - General Transfer**  
Total of water transfers between Parties for this period.

**14C Water Transactions - Transfers (To) / From ECO Account**  
Total of water transferred between the Annual Account and ECO Account.

**14D Water Transactions - Transfers (To) Desalter Replenishment**  
Total of water transferred from the ECO Account to the Desalter Replenishment Obligation.

**14E Water Transactions - Total Water Transactions**  
Total water transactions. [14A]+ [14B] + [14C] + [14D]. This column is used to populate [10F].

**15A Prior Conversion**  
Prior Land Use Conversion in acre-feet.

**15B Conversion @ 1.3 af/ac - Acres**  
Converted parcels in acres at 1.3 acre-feet per acre.

**15C Conversion @ 1.3 af/ac - Acre-Feet**  
Converted parcels in acre-feet at 1.3 acre-feet per acre. [15B] <times> 1.3.

**15D Total Prior to Peace Agrmt**  
Total Land Use Conversion in acre-feet prior to the Peace Agreement. [15A] + [15C].

**15E Conversion @ 2.0 af/ac - Acres**  
Converted parcels in acres at 2.0 acre-feet per acre.

**15F Conversion @ 2.0 af/ac - Acre-Feet**  
Converted parcels in acre-feet at 2.0 acre-feet per acre. [15E] <times> 2.0.



ALL POOLS

Assessment Year 2018-2019 (Production Year 2017-2018)

## Assessment Package References and Definitions

- 
- 15G Total Land Use Conversion Acre-Feet**  
Total Land Use Conversion in acre-feet for each Party. [15D] + [15F].
- 
- 16A % Share of Operating Safe Yield**  
The Party's yearly percentage of Operating Safe Yield. Copied from [10A].
- 16B Reallocation of Agricultural Pool Safe Yield - 32,800 AF Early Transfer**  
The Party's percent share of Operating Safe Yield [16A] multiplied by 32,800.
- 16C Reallocation of Agricultural Pool Safe Yield - Land Use Conversions**  
Total land use conversions claimed on Page 15.1 (as verified by each Party on their Water Activity Report). Copied from [15G].
- 16D Reallocation of Agricultural Pool Safe Yield - Potential for Reallocation (AF)**  
The Agricultural Pool Reallocation amount potentially available to each Appropriator. [16B] + [16C].
- 16E Reallocation of Agricultural Pool Safe Yield - Percent of Ag Pool Reallocation**  
Each Party's pro rata share of the potential for reallocation [16D] from the total of [16D].
- 16F Reallocation of Agricultural Pool Safe Yield - Difference: Potential vs. Net**  
The total over or under Agricultural Pool Reallocation (from Page 1.1)  $\times$  each Party's percent of Ag Pool reallocation [16E].
- 16G Reallocation of Agricultural Pool Safe Yield - Net Ag Pool Reallocation**  
Net Agricultural Pool Reallocation to each Party. [16D] + [16F]. This column is used to populate [10E].
-

## 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
18-19	38.01	72.57	72.57	697.00

<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 2017-18

	FY 16-17		FY 17-18		Amended vs. Amended
	Approved Budget	Amended Budget	Approved Budget	Amended Budget	
4000 Mutual Agency Revenue	\$ 158,923	\$ 158,923	\$ 191,626	\$ 191,626	\$ 32,703
4110 Appropriative Pool Assessments	10,002,660	10,043,417	11,279,242	11,279,242	1,235,825
4120 Non-Agricultural Pool Assessments	311,996	311,996	327,924	327,924	15,928
4730 Prorated Interest Income	19,890	19,890	39,906	39,906	20,016
4900 Miscellaneous Income	-	-	-	-	-
<b>Total Income</b>	<b>10,493,469</b>	<b>10,534,226</b>	<b>11,838,698</b>	<b>11,838,698</b>	<b>1,304,472</b>
<b>Administrative Expenses</b>					
6010 Salary Costs	971,056	971,056	1,022,564	1,022,564	51,508
6020 Office Building Expense	111,356	104,356	112,913	107,913	3,557
6030 Office Supplies & Equip.	32,540	27,240	28,850	24,350	(2,890)
6040 Postage & Printing Costs	56,852	53,852	45,693	45,693	(8,159)
6050 Information Services	141,092	140,092	152,912	152,912	12,820
6060 WM Special Contract Services	26,000	55,500	68,000	77,500	22,000
6070 Watermaster Legal Services	200,713	275,713	176,075	448,075	172,362
6080 Insurance Expense	31,962	31,962	29,768	29,768	(2,194)
6110 Dues and Subscriptions	21,054	21,354	24,885	24,885	3,531
6150 Field Supplies & Equipment	1,450	1,450	1,450	1,450	-
6170 Travel & Transportation	24,870	19,870	47,469	19,070	(800)
6190 Conferences & Seminars	36,600	28,100	37,428	37,428	9,328
6200 Advisory Committee Expenses	42,819	42,819	43,908	43,908	1,089
6300 Watermaster Board Expenses	159,234	159,234	175,546	153,546	(5,688)
6500 Education Fund Expenditures	-	-	-	-	-
8300 Appropriative Pool Administration	110,765	151,522	137,642	125,642	(25,880)
8400 Agricultural Pool Administration	351,776	451,776	373,503	399,656	(52,120)
8500 Non-Agricultural Pool Administration	107,152	107,152	108,507	96,507	(10,645)
9400 Depreciation Expense	-	-	-	-	-
9500 Allocated G&A Expenditures	(378,506)	(427,708)	(403,615)	(403,615)	24,093
<b>Total Administrative Expenses</b>	<b>2,048,785</b>	<b>2,215,340</b>	<b>2,183,498</b>	<b>2,407,252</b>	<b>191,912</b>
<b>General OBMP Expenditures</b>					
6900 Optimum Basin Mgmt Program	1,654,053	1,679,053	1,284,844	1,106,844	(572,209)
6950 Cooperative Efforts	-	-	-	-	-
9501 Allocated G&A Expenditures	45,956	51,930	84,298	84,298	32,368
<b>Total General OBMP Expenses</b>	<b>1,700,009</b>	<b>1,730,983</b>	<b>1,369,142</b>	<b>1,191,142</b>	<b>(539,841)</b>
<b>OBMP Implementation Projects</b>					
7101 Production Monitoring	81,372	81,372	54,742	70,742	(10,630)
7102 In-Line Meter Installation/Maintenance	67,264	67,264	68,072	68,072	808
7103 Groundwater Quality Monitoring	262,397	262,397	314,051	298,051	35,654
7104 Groundwater Level Monitoring	258,416	258,416	307,320	307,320	48,904
7105 Recharge Basin Water Quality Monitoring	-	-	-	-	-
7107 Ground Level Monitoring	241,237	241,237	286,714	358,729	117,492
7108 Hydraulic Control Monitoring Program	482,859	482,859	112,504	112,504	(370,355)
7109 Recharge & Well Monitoring Program	23,318	23,318	23,377	23,377	59
7200 OBMP Pgm Element 2 - Comp Recharge	1,204,006	1,204,006	1,324,086	1,313,332	109,326
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	31,972	31,972	32,657	32,657	685
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	257,736	257,736	1,643,113	1,643,113	1,385,377
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	52,912	52,912	215,016	215,016	162,104
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	113,336	113,336	230,213	515,414	402,078
7700 Inactive Well Protection Program	500	500	500	500	-
7690 Recharge Improvement Debt Projects	3,334,800	3,334,800	3,354,375	3,354,375	19,575
9502 Allocated G&A Expenditures	332,550	375,778	319,318	319,318	(56,460)
<b>Total OBMP Implementation Projects</b>	<b>6,744,675</b>	<b>6,787,903</b>	<b>8,286,058</b>	<b>8,632,520</b>	<b>1,844,617</b>
<b>Total Expenses</b>	<b>10,493,469</b>	<b>10,734,226</b>	<b>11,838,698</b>	<b>12,230,914</b>	<b>1,496,688</b>
<b>Net Ordinary Income</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>(392,216)</b>	<b>(192,216)</b>
<b>9900 To / From Reserves</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>392,216</b>	<b>192,216</b>
<b>Net Other Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>392,216</b>	<b>392,216</b>
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## **Chino Basin Watermaster**

### **Annual Financial Report**

**For the Fiscal Year Ended June 30, 2018**

## 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	Jeff Pierson	Vice-Chair	Ongoing <sup>1</sup>
Non-Agricultural	Robert Bowcock	Member	Ongoing <sup>1</sup>
Appropriative	Robert DiPrimio	Chair	January 2019 <sup>1,2</sup>
Appropriative	Gino L. Filippi	Member	January 2020 <sup>1,2</sup>
Appropriative	Eunice Ulloa	Member	January 2020 <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 Year Ended June 30, 2018**



**Chino Basin Watermaster  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

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# **Introductory Section**



October 25, 2018

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 year ended June 30, 2018, following guidelines set forth by the Governmental Accounting Standards Board. 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. RCVRS 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. 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 February 19, 1998.

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, full-time 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. RCVRS 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.

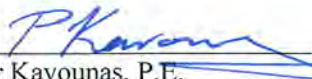
### **Other References**

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

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6081 Orange Avenue  
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FAX (714) 527-9154

Riverside Office:  
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Riverside, California 92507  
(951) 783-9149

### 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 year ended June 30, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report, continued**

### ***Emphasis of a Matter***

As discussed in note 1 to the financial statements, the Watermaster adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended June 30, 2018. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, the required supplementary information on pages 37 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Watermaster's basic financial statements. The introductory section on pages 1 through 3 and combining schedule of revenue, expenses and changes in net position on page 41, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of revenue, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of revenue, expenses and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance 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 October 25, 2018, 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 42 and 43.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2018 and 2017**

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, 2018 (with comparative information for fiscal year ended June 30, 2017). 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 increased by 12.06% or \$1,051,508, which is comprise of an increase from operations of \$754,759 and a decrease from prior period adjustment in the amount of \$296,749. Please see Note 10 to the basic financial statements for further discussion. In fiscal year 2017, the Watermaster's net position decreased by 10.92% or \$1,068,722 as a result of ongoing operations.
- The Watermaster's total revenues decreased by 16.67% or \$1,996,332. In fiscal year 2017, the Watermaster's total revenues decreased by 7.79% or \$1,011,194.
- The Watermaster's total expenses decreased by 29.29% or \$3,819,813. In fiscal year 2017, the Watermaster's total expenses increased by 19.58% or \$2,135,072.

**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, 2018 and 2017**

**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 15 through 36.

**Statements of Net Position**

**Condensed Statements of Net Position**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 11,736,601	11,758,298	(21,697)
Capital assets, net	<u>43,558</u>	<u>13,997</u>	<u>29,561</u>
Total assets	<u>11,780,159</u>	<u>11,772,295</u>	<u>7,864</u>
<b>Deferred outflows of resources</b>	<u>478,980</u>	<u>451,446</u>	<u>27,534</u>
<b>Liabilities:</b>			
Current liabilities	755,892	1,716,958	(961,065)
Non-current liabilities	<u>1,693,678</u>	<u>1,731,968</u>	<u>(38,291)</u>
Total liabilities	<u>2,449,570</u>	<u>3,448,926</u>	<u>(999,356)</u>
<b>Deferred inflows of resources</b>	<u>42,132</u>	<u>58,886</u>	<u>(16,754)</u>
<b>Net position:</b>			
Net investment in capital assets	43,558	13,997	29,561
Restricted	845	15,000	(14,155)
Unrestricted	<u>9,723,034</u>	<u>8,686,932</u>	<u>1,036,102</u>
<b>Total net position</b>	<u>\$ 9,767,437</u>	<u>8,715,929</u>	<u>1,051,508</u>

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of the Watermaster, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,767,437 and \$8,715,929 as of June 30, 2018 and 2017, 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, 2018 and 2017**

**Statements of Net Position, continued**

At the end of fiscal years 2018 and 2017, the Watermaster reflected a positive balance in its unrestricted net position of \$9,723,034 and \$8,686,932, respectively that may be utilized in future years. (See Note 10)

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

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 9,821,667	11,902,087	(2,080,420)
Non-operating revenues	154,744	70,656	84,088
<b>Total revenues</b>	<u>9,976,411</u>	<u>11,972,743</u>	<u>(1,996,332)</u>
Expenses:			
Operating expense	9,133,198	12,845,102	(3,711,904)
Depreciation	10,057	5,841	4,216
Non-operating expense	78,397	190,522	(112,125)
<b>Total expenses</b>	<u>9,221,652</u>	<u>13,041,465</u>	<u>(3,819,813)</u>
<b>Change in net position</b>	<u>754,759</u>	<u>(1,068,722)</u>	<u>1,823,481</u>
<b>Net position, beginning of period, as previously stated</b>	8,715,929	9,784,651	(1,068,722)
<b>Prior period adjustment (note 10)</b>	<u>296,749</u>	<u>-</u>	<u>296,749</u>
<b>Net position, beginning of period, as restated</b>	<u>9,012,678</u>	<u>9,784,651</u>	<u>(771,973)</u>
<b>Net position, end of period</b>	<u>\$ 9,767,437</u>	<u>8,715,929</u>	<u>1,051,508</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 2018, Watermaster's net position increased by 12.06% or \$1,051,508, which is comprise of an increase from normal operations of \$754,759 and a decrease from prior period adjustment in the amount of \$296,749. Please see Note 10 to the basic financial statements for further discussion. In fiscal year 2017, the Watermaster's net position decreased by 10.92% or \$1,068,722 as a result of ongoing operations.

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

In fiscal year 2018, Watermaster's total revenues decreased by 16.67% or \$1,996,332 due primarily to decreases in administrative assessments of \$1,429,767 and replenishment water revenue of \$686,344, which was offset by an increase in investment earnings and other revenues of \$119,779. 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.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2018 and 2017**

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

In fiscal year 2018, Watermaster's total expenses decreased by 29.29% or \$3,819,813, primarily due to a \$3,357,804 decrease in groundwater replenishment costs and other water purchases, and a \$476,700 decrease in optimum basin management plan expenditures. 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.

**Capital Asset Administration**

At the end of fiscal year 2018 and 2017, the Watermaster's investment in capital assets amounted to \$43,558 and \$13,997 (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 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2018</u>
Capital assets:				
Depreciable assets	\$ 270,604	39,618	(35,522)	274,700
Accumulated depreciation	<u>(256,607)</u>	<u>(10,057)</u>	<u>35,522</u>	<u>(231,142)</u>
Total capital assets	<u>\$ 13,997</u>	<u>29,561</u>	<u>-</u>	<u>43,558</u>

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>

**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 S. Joswiak, at Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA 91730 or (909) 484-3888.

# **Basic Financial Statements**

**Chino Basin Watermaster  
Statement of Net Position  
June 30, 2018**

	<b>2018</b>
<b>Current assets:</b>	
Cash and cash equivalents (note 2)	\$ 11,572,318
Cash and cash equivalents - restricted (note 2)	845
Accounts receivable	62,287
Accrued interest receivable	57,429
Prepaid expenses and other current assets	43,722
Total current assets	11,736,601
<b>Non-current assets:</b>	
Capital assets, net (note 3)	43,558
Total non-current assets	43,558
<b>Total assets</b>	<b>11,780,159</b>
<b>Deferred outflows of resources:</b>	
Deferred outflows of resources (notes 4 and 9)	478,980
<b>Total deferred outflows of resources</b>	<b>478,980</b>
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	611,457
Accrued salaries and benefits	40,674
Long-term liabilities – due within one year:	
Compensated absences (note 5)	103,761
Total current liabilities	755,892
<b>Non-current liabilities:</b>	
Long-term liabilities – due in more than one year:	
Compensated absences (note 5)	192,700
Net OPEB liability (note 6)	208,799
Net pension liability (note 9)	1,210,470
Employee compensation plan (note 8)	81,709
Total non-current liabilities	1,693,678
<b>Total liabilities</b>	<b>2,449,570</b>
<b>Deferred inflows of resources:</b>	
Deferred inflows of resources (note 9)	42,132
<b>Total deferred inflows of resources</b>	<b>42,132</b>
<b>Net Position:</b> (note 11)	
Net investment in capital assets	43,558
Restricted	845
Unrestricted	9,723,034
<b>Total net position</b>	<b>\$ 9,767,437</b>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	<b>2018</b>
<b>Operating revenues:</b>	
Administrative assessments	\$ 8,767,827
Replenishment water revenue	858,518
Other revenue	195,322
Total operating revenue	9,821,667
<b>Operating expenses:</b>	
Groundwater replenishment and other water purchases	763,169
Optimum basin management plan	5,645,872
Watermaster administration	2,053,973
Pool, advisory, and board administration	670,184
Total operating expense	9,133,198
Operating income before depreciation	688,469
Depreciation expense	(10,057)
<b>Operating income</b>	<b>678,412</b>
<b>Non-operating revenue (expense):</b>	
Reserve distribution	(78,397)
Investment earnings	154,744
Total non-operating revenue, net	76,347
<b>Change in net position</b>	<b>754,759</b>
<b>Net position, beginning of period, as previously stated</b>	8,715,929
<b>Prior period adjustment (note 10)</b>	296,749
<b>Net position, beginning of period, as restated</b>	9,012,678
<b>Net position at end of period</b>	<b>\$ 9,767,437</b>

See accompanying notes to the basic financial statements



**Chino Basin Watermaster  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2018**

	<b>2018</b>
<b>Cash flows from operating activities:</b>	
Cash received from stakeholders	\$ 9,977,365
Cash paid to employees for salaries and wages	(1,109,913)
Cash paid to vendors and suppliers for materials and services	(8,778,330)
<b>Net cash provided by operating activities</b>	<b>89,122</b>
<b>Cash flows from non-capital financing activities:</b>	
Payments for non-operating expenses	(78,397)
<b>Net cash used in non-capital financing activities</b>	<b>(78,397)</b>
<b>Cash flows from capital financing activities:</b>	
Acquisition of capital assets	(39,618)
<b>Net cash used in capital financing activities</b>	<b>(39,618)</b>
<b>Cash flows from investing activities:</b>	
Investment earnings received	126,710
<b>Net cash provided by investing activities</b>	<b>126,710</b>
<b>Net increase in cash and cash equivalents</b>	<b>97,817</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>11,475,346</b>
<b>Cash and cash equivalents at the end of year</b>	<b>\$ 11,573,163</b>
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>	
Cash and cash equivalents	\$ 11,572,318
Cash and cash equivalents - restricted	845
<b>Total cash and cash equivalents</b>	<b>\$ 11,573,163</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**Chino Basin Watermaster  
Statement of Cash Flows, continued  
For the Fiscal Year Ended June 30, 2018**

	<b>2018</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ <u>678,412</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	10,057
<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	155,698
Prepaid expenses and other current assets	(8,150)
Deferred outflows of resources	(27,534)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and accrued expense	(980,650)
Accrued salaries and benefits	7,787
Compensated absences	33,708
Other post employment benefits obligation	296,749
Net OPEB liability	(259,373)
Net pension liability	166,608
Employee compensation plan	32,564
Deferred inflows of resources	<u>(16,754)</u>
<b>Total adjustments</b>	<u>(589,290)</u>
<b>Net cash provided by operating activities</b>	<b>\$ <u><u>89,122</u></u></b>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**(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 2017-2018 expenses are based on the 2016-2017 production volume.

	<b>Fiscal Year 2018</b>	
<b>Production volume</b>	<b>Acre Feet</b>	<b>Percentage</b>
Appropriative Pool	82,269	72.597%
Agricultural Pool	26,862	23.704%
Non-agricultural Pool	4,192	3.699%
Total production volume	113,323	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 Year Ended June 30, 2018**

**(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. 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.

*Government 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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

**C. Financial Reporting**

*Government 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]).

*Government 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.

**(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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**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, 2018.

**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.

**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. Deferred Inflows of Resources**

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**10. 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.

**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, 2016 and 2015
- Measurement Date: June 30, 2017 and 2016
- Measurement Period: July 1, 2016 to June 30, 2017 and July 1, 2015 to June 30, 2016

**12. Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Watermaster's Retiree Health Plan and additions to/deductions from the Watermaster's fiduciary net position have been determined on the same basis as they are reported by the Watermaster. For this purpose, the Watermaster recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**13. 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.

**14. Budgetary Policies**

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**15. 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 Statement of Net Position as follows:

	<b>2018</b>
Cash and cash equivalents	\$ 11,572,318
Cash and cash equivalents - restricted	845
	<b>\$ 11,573,163</b>

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

	<b>2018</b>
Cash on hand	\$ 500
Deposits held in trust with County of San Bernardino	845
Deposits with financial institutions	668,805
Investments	10,903,013
Total cash and investments	<b>\$ 11,573,163</b>

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

	<b>2018</b>
Deposits held with the California Local Agency Investment Fund	193 days



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

***Investment in State Investment Pool***

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

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

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Watermaster's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

***Custodial Credit Risk, continued***

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the Watermaster's bank balances, up to \$250,000 at June 30, 2018, 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, 2018 were as follows:

Investment Type	Total	Minimum Legal Rating	Not Rated
California Local Agency Investment Fund	\$ 10,903,013	N/A	10,903,013

***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, 2018.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

**(3) Capital Assets**

Changes in capital assets for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2018</u>
Depreciable assets:				
Computer equipment	\$ 107,551	-	-	107,551
Furniture and fixtures	49,126	-	-	49,126
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	39,618	(35,522)	94,580
Total depreciable assets	<u>270,604</u>	<u>39,618</u>	<u>(35,522)</u>	<u>274,700</u>
Accumulated depreciation:				
Computer equipment	(104,484)	(1,534)	-	(106,018)
Furniture and fixtures	(38,196)	(2,863)	-	(41,059)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(90,484)	(5,660)	# 35,522	(60,622)
Total accumulated depreciation	<u>(256,607)</u>	<u>(10,057)</u>	<u>35,522</u>	<u>(231,142)</u>
Total capital assets, net	<u>\$ 13,997</u>			<u>43,558</u>

**(4) Deferred Outflows of Resources**

Changes in deferred outflows of resources for 2018, were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2018</u>
Deferred outflows of resources				
Deferred pension outflows	\$ 451,446	259,385	(244,070)	466,761
Deferred OPEB outflows	-	14,256	(2,037)	12,219
Total deferred outflows of resources	<u>\$ 451,446</u>	<u>273,641</u>	<u>(246,107)</u>	<u>478,980</u>

**(5) Compensated Absences**

The changes to compensated absences for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2018</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	<u>262,753</u>	<u>151,308</u>	<u>(117,600)</u>	<u>296,461</u>	<u>103,761</u>	<u>192,700</u>

**(6) Other Post-Employment Benefits Payable**

**Plan Description**

The Watermaster's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all permanent and vested full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the Watermaster. The Watermaster's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. Watermaster participates in a CalPERS Health Program, a community-rated program for its medical coverage. Watermaster does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Chino Basin Watermaster  
Notes to the Financial Statements, continued  
For the Fiscal Year Ended June 30, 2018**

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

***Benefits Provided***

The Plan provides a contribution equal to 50% of the retiree only costs for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement from the Watermaster.

Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree. Board members during or prior to 1994 are also eligible for a Watermaster contribution at retirement.

***Employee Covered by Benefit Terms***

At June 30, 2018, the following employees were covered by the benefit terms:

	<b>2018</b>
Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	5
Total plan membership	14

***Total OPEB Liability***

The Watermaster's total OPEB liability of \$208,799 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the June 30, 2018 actuarial valuation, which was measured at December 31, 2017, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2017
Measurement Date	December 31, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Discount rate	3.35%; the discount rate is based on the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Byer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index
Healthcare cost trend rates	6.0% and 6.5% for HMO and PPO, respectively as of June 30, 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for both HMO and PPO as of June 30, 2022 and later years.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

*Changes in the Net OPEB Liability*

Changes in the net OPEB Liability as of June 30, 2018 (measured at December 31, 2017) were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at July 1, 2017	\$ 173,730	-	173,730
Changes during the year:			
Service cost	16,048	-	16,048
Interest	7,073	-	7,073
Changes in assumptions	14,256	-	14,256
Contributions - employer	-	2,308	(2,308)
Benefit payments	(2,308)	(2,308)	-
Net changes	35,069	-	35,069
Balance at June 30, 2018	\$ 208,799	-	208,799

*Sensitivity of the net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the Watermaster, as well as what the Watermaster's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.35%) or 1-percentage-point higher (4.35%) than the current discount rate:

	<u>Discount Rate - 1% 2.35%</u>	<u>Current Discount Rate 3.35%</u>	<u>Discount Rate + 1% 4.35%</u>
	Net OPEB Liability	\$ 251,250	208,799

*Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the Watermaster, as well as what the Watermaster's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>5% HMO/ 5.50% PPO decreasing to 4% HMO/PPO)</u>	<u>Healthcare Cost Trend Rates (6% HMO 6.50% PPO decreasing to 5% HMO/PPO)</u>	<u>7% HMO/ 7.50% PPO decreasing to 6% HMO/PPO)</u>
Net OPEB Liability	\$ 169,024	208,799	261,776

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

***OPEB Expense and Deferred Outflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2018, the Watermaster recognized OPEB expense of \$25,158.

At June 30, 2018, the Watermaster reported deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources
Changes in assumptions	\$ 12,219
Total	\$ <u>12,219</u>

The changes in assumptions are amortized over a seven-year period. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows of Resources
2019	2,037
2020	2,037
2021	2,037
2022	2,037
2023	2,037
Thereafter	2,034

***Payable to the OPEB Plan***

At June 30, 2018, the Watermaster had no outstanding amount of contributions required to the OPEB plan.

**(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, 2018 was \$1,242,494.

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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

**(8) 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, 2018, 2017, 2016 and 2015, Watermaster made an employer contribution of \$32,564, \$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, 2017 to June 30, 2018, 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.

On June 22, 2017, Watermaster agrees to make an employer contribution to the Plan for the benefit of another eligible employee equal to 4% of the corresponding salary for the payroll period effective following July 1, 2017; and shall continue to be provided on each paycheck date thereafter until the Board takes further action.

The balance of Watermaster's Employee Compensation Plan as of June 30, 2018 amounted to \$81,709.

**(9) Defined Benefit Pension Plan**

***Plan Description***

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

***Benefits provided***

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

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

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

	<u>Miscellaneous Plan</u>	
	<u>Classic</u>	<u>PEPRA</u>
Hire date	Prior to January 1,	On or after January 1,
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	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	10.110%	6.533%

***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 year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$ <u>114,507</u>

***Net Pension Liability***

As of June 30, 2018, the Watermaster reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<u>Miscellaneous</u>
Miscellaneous Plan	\$ <u>1,210,470</u>

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, 2017 (the measurement date), 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, 2016 (the valuation date), rolled forward to June 30, 2017, 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.



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

*Net Pension Liability, continued*

The Watermaster's proportionate share of the pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2017 was as follows:

	<b>Miscellaneous</b>
Proportion – June 30, 2016	0.01206%
Proportion – June 30, 2017	0.01220%
Increase in proportionate share	0.00014%

*Deferred Pension Outflows (Inflows) of Resources*

For the fiscal year ended June 30, 2018, the Watermaster recognized pension expense of \$286,056.

As of June 30, 2018, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to the measurement date	\$ 151,517	-
Differences between actual and expected experience	-	(20,416)
Changes in assumptions	175,581	-
Net differences between projected and actual earnings on plan investments	42,987	-
Differences between actual contribution and proportionate share of contribution	-	(21,716)
Net adjustment due to differences in proportions of net pension liability	96,676	-
Total	\$ 466,761	(42,132)

As of June 30, 2018, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$151,517 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

At June 30, 2018, 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</u> <u>Ending</u> <u>June 30,</u>	<u>Deferred Net</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2019	\$ 120,333
2020	137,280
2021	91,200
2022	(33,569)

***Actuarial assumptions***

The total pension liabilities were determined by actuarial valuations as of June 30, 2016, which were rolled forward to June 30, 2017, using the following actuarial assumptions:

Valuation Date	June 30, 2016 and 2015
Measurement Date	June 30, 2017 and 2016
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15% and 7.65%
Inflation rate	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011
Post Retirement Benefit Increase	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 rates used in the actuarial valuations to measure the total pension liability as of June 30, 2017, reflect the long-term expected rates of return. The discount rates used to measure the total pension liability as of June 30, 2017, was 7.15%. These differ from the discount rates used as of June 30, 2016, which was 7.65%, due to a decrease in the long-term expected rate of return. The financial reporting discount rates are not adjusted for administrative expenses and are consistent with the funding discount rates at the end of the three-year funding discount rate phase-in period.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

***Discount Rate***

To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by CalPERS in 2013 were used. 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 PERF C.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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, 2018, 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

As of June 30, 2018, 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:

	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
Watermaster's Net Pension Liability	\$ <u>1,879,064</u>	<u>1,210,470</u>	<u>647,485</u>

***Payable to the Pension Plan***

At June 30, 2018 and 2017, 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.

**(10) Prior Period Adjustment**

In fiscal year 2018, the Watermaster implemented GASB Statement No. 75, to recognize its net OPEB liability. As a result of the implementation, the Watermaster recognized net OPEB liability and remove the net OPEB obligation associated with GASB 45 as of June 30, 2017 in the amount of \$173,730 and \$468,172, respectively. The Watermaster recorded a prior period adjustment to reclassify prior year's employer OPEB Contribution from expense to deferred outflows of resources of \$2,307 at June 30, 2017.

Previously recorded net position of \$8,715,929 has been restated to \$9,012,678 as of June 30, 2017. In addition, the effect of the implementation of GASB 75 is recorded as an adjustment to the beginning net position at July 1, 2017.

The effect of the above changes is summarized as follows:

<b>Net position at June 30, 2017, as previously stated</b>		\$ <u>8,715,929</u>
<b>Net OPEB Liability - GASB 75 Implementation:</b>		
Effect of adjustment to record net OPEB liability	\$ (173,730)	
Effect of adjustment to remove net OPEB liability associated with GASB 45	468,172	
Effect of adjustment to record deferred OPEB outflows	2,307	
<b>Total adjustment to net position</b>		296,749
<b>Net position – beginning, as restated at July 1, 2017</b>		\$ <u>9,012,678</u>

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

**(11) Net Position**

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

	<b>2018</b>
Net investment in capital assets:	
Capital assets, net	\$ 43,558
Total net investment in capital assets	43,558
Restricted with other governments:	
Restricted - cash and cash equivalents	845
Total restricted with other governments	845
Unrestricted net position:	
Non-spendable net position:	
Prepaid expenses and deposits	43,722
Total non-spendable net position	43,722
Spendable net position are designated as follows:	
Undesignated net position reserve	9,679,312
Total spendable net position	9,679,312
Total unrestricted net position	9,723,034
Total net position	\$ 9,767,437

**(12) 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, 2018:

- 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).
- 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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

**(12) Risk Management, continued**

- 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.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that has effective dates that may impact future financial presentations.

***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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

***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.

***Governmental Accounting Standards Board Statement No. 88***

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Year Ended June 30, 2018**

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

***Governmental Accounting Standards Board Statement No. 89, continued***

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**(14) 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.

**(15) Subsequent Events**

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of October 25, 2018 which is the date the financial statements were available to be issued.



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# **Required Supplementary Information**

**Chino Basin Watermaster**  
**Schedule of Changes in the Watermaster's Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2018**  
**Last Ten Years\***

**Defined Benefit OPEB Plan**

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 16,048
Interest	7,073
Change in assumptions	14,256
Benefit payments	(2,308)
<b>Net change in total OPEB liability</b>	35,069
<b>Total OPEB liability - beginning of year</b>	173,730
<b>Total OPEB liability - end of year (a)</b>	\$ 208,799
 <b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 2,308
Administrative expense	(2,308)
<b>Net change in plan fiduciary net position</b>	-
<b>Plan Fiduciary Net Position - beginning of year</b>	-
<b>Plan Fiduciary Net Position - end of year (b)</b>	-
<b>Net OPEB Liability - ending (a) - (b)</b>	\$ 208,799
 <b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	0.00%
<b>Covered - employee payroll</b>	N/A
<b>Net OPEB Liability as a percentage of covered-employee payroll</b>	115.30%

**Note:**

The Watermaster adopted GASB 75 for the fiscal year ended June 30, 2018.

**Benefit changes** – None noted.

\* 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 Watermaster's OPEB Contributions  
For the Year Ended June 30, 2018  
Last Ten Years\***

**Defined Benefit OPEB Plan**

		<u>2018</u>
Actuarially Determined Contribution	\$	402,609
Contributions in relation to the Actuarially Determined Contribution		-
Contribution Deficiency (Excess)	\$	-
District's Covered-Employee Payroll		N/A
Contribution's as a percentage of Covered-Employee Payroll		13.46%

**Notes to Schedule**

***Valuation date:***

Actuarially determined contribution rates are calculated as of December 31, 2017, six months prior to the end of the fiscal year in which contributions are reported.

***Methods and assumptions used to determine contribution rates:***

Valuation Date	December 31, 2017
Measurement Date	December 31, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
<b>Actuarial assumptions:</b>	
Discount rate	3.35% per annum
Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Funding Practice	Pay go
Participation Rates	50% of eligible active employees are assumed to elect medical coverage at retirement. Future retirees are assumed to elect similar plans as current retirees. Actual plan coverage is used for current retirees.
Healthcare cost trend rates	Medical costs are adjusted in future years by the following trends:
2018	Actual
2019	PPO: 6.5%; HMO: 6.0%
2020	PPO: 6.0%; HMO: 5.5%
2021	PPO: 5.5%; HMO: 5.0%
2022+	PPO: 5.0%; HMO: 5.0%

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

**Chino Basin Watermaster  
Schedules of the Watermaster's Proportionate Share of the Net Pension Liability  
As of June 30, 2018  
Last Ten Years\***

<b>Description</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Watermaster's Proportion of the Net Pension Liability	0.01221%	0.01206%	0.01182%	0.00964%
Watermaster's Proportionate Share of the Net Pension Liability	\$ 1,210,470	\$ 1,043,862	\$ 811,437	\$ 599,803
Watermaster's Covered-Employee Payroll	\$ 860,266	\$ 979,741	\$ 888,483	\$ 726,672
Watermaster's proportionate share of the net pension liability as a Percentage of its Covered-Employee Payroll	140.71%	106.54%	91.33%	82.54%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.43%	75.36%	78.02%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 126,549	\$ 118,862	\$ 99,615	\$ 79,352

**Notes to the Schedule of the Watermaster's Proportionate Share of Net Pension Liability:**

**Changes in Benefit Terms** – The Watermaster can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for the Watermaster's plan can be found in the plan's annual valuation report.

**Changes of Assumptions** – In fiscal year 2018, the financial reporting discount rate was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50% to 7.00%, which is to be phased-in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

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

**Chino Basin Watermaster  
Schedules of Pension Plan Contributions  
As of June 30, 2018  
Last Ten Years\***

<b>Description</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contribution	\$ 151,169	\$ 132,932	\$ 110,292	\$ 97,178
Contributions in Relation to the Actuarially Determined Contribution	<u>(114,507)</u>	<u>(83,557)</u>	<u>(133,410)</u>	<u>(112,177)</u>
Contribution Deficiency (Excess)	\$ 36,662	\$ 49,375	\$ (23,118)	\$ (14,999)
Covered Payroll	\$ 860,266	\$ 979,741	\$ 888,483	\$ 726,672
Contribution's as a percentage of Covered-Employee Payroll	<u>13.31%</u>	<u>8.53%</u>	<u>15.02%</u>	<u>15.44%</u>

**Note to the Schedule of Pension Plan Contributions:**

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

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# **Supplemental Information Section**



**Chino Basin Watermaster  
Combining Schedule of Revenue, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2018**

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			Groundwater Replenishment	LAIF Value Adj.	GASB 68 Beginning Net Position	Grand Totals	Amended Budget 2017-2018
			Appropriative Pool	Agricultural Pool	Non-Ag Pool					
Administrative Revenues:										
Administrative Assessments		8,407,584			360,243			8,767,827	11,607,166	
Interest Revenue		152,265	6,931		1,757			160,953	39,906	
Mutual Agency Project Revenue	193,622							193,622	191,626	
Miscellaneous Income	89							89	-	
<b>Total Revenues</b>	<b>193,711</b>	<b>-</b>	<b>8,559,849</b>	<b>6,931</b>	<b>362,000</b>	<b>-</b>	<b>-</b>	<b>9,122,491</b>	<b>11,838,698</b>	
Administrative & Project Expenditures:										
Watermaster Administration	1,983,263							1,983,263	1,587,994	
Watermaster Board-Advisory Committee	172,281							172,281	197,454	
Ag Pool Misc. Expense - Ag Fund				57				57	400	
Pool Administration		113,185	371,750		93,678			578,613	621,405	
Optimum Basin Mgmt Administration	1,118,624							1,118,624	1,191,142	
OBMP Project Costs	3,211,873							3,211,873	5,544,630	
Debt Service	457,644							457,644	515,375	
Basin Recharge Improvements	857,731							857,731	6,692,293	
Total Administrative/OBMP Expenses	2,155,545	5,645,872	371,750		93,678			8,380,086	16,350,693	
Net Administrative/OBMP Expenses	(1,961,834)	(5,645,872)								
Allocate Net Admin Expenses To Pools	1,961,834									
Allocate Net OBMP Expenses To Pools	4,330,497		465,040		72,564					
Allocate Debt Service to App Pool	3,143,805		1,026,516		160,176					
Allocate Basin Recharge to App Pool	457,644									
Agricultural Expense Transfer*	857,731									
Total Expenses	1,863,306	(1,863,306)								
Net Administrative Income	7,859,901	57	6,874		326,417			8,380,086	16,350,693	
Other Income/(Expense)	699,948				35,583			742,405	(4,511,995)	
Replenishment Water Assessments						858,518		858,518	-	
Interest Revenue						2,259		2,259	-	
MWD Water Purchases									-	
Groundwater Replenishment						(763,169)		(763,169)	-	
LAIF - Fair Market Value Adjustment							(8,556)		-	
Gain on Sale of Assets		1,637			63			1,700	-	
Other Post-Employment Benefits (OPEB)									-	
Refund-Recharge Debt							296,749	296,749	-	
Funding To/(From) Reserves		(78,397)						(78,397)	-	
Net Other Income/(Expense)	(76,760)				63	97,607	(8,556)	309,103	(392,216)	
Net Transfers To/(From) Reserves	754,759		6,874		35,646	97,607	(8,556)	1,051,508	(4,119,779)	
Net Assets, July 1, 2017	9,038,790	486,234	45,146			(102,141)	(11,905)	8,715,929		
Net Assets, End of Period	9,661,978	493,108	80,792			(4,534)	(20,461)	9,767,437	9,767,437	
<b>16/17 Assessable Production</b>	82,269,159	26,862,554	4,191,579					113,323,292		
<b>16/17 Production Percentages</b>	72.597%	23.704%	3.699%					100.000%		

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

# **Report on Internal Controls and Compliance**



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

Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the Watermaster's basic financial statements, and have issued our report thereon dated October 25, 2018.

#### **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  
October 25, 2018

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**CHINO BASIN WATERMASTER STAFF 2018**

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