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FEE EXEMPT

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San Bernardino County Clerk

DEC 01 2004

Attorneys For
CHINO BASIN WATERMASTER

Brenda Caro

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO - RANCHO CUCAMONGA DIVISION**

11 **CHINO BASIN MUNICIPAL WATER**
12 **DISTRICT,**

Case No. RCV 51010

13 **Plaintiff,**

[Assigned for All Purposes to the Hon. J. Michael Gunn]

14 vs.

TRANSMITTAL OF FINAL COPY OF 26TH ANNUAL REPORT

15 **CITY OF CHINO, et al.,**

Hearing Date: December 2, 2004
Hearing Time: 2:30 p.m.
Dept: R8

16 **Defendants.**

18
19 On October 13, 2004, Watermaster filed a Motion to Receive and File and variety of
20 reports. This Motion indicated that the final version of the 26th Annual Report was not yet
21 available. (Motion pp. 2-3.) Since the filing of this Motion, the final version of the 26th Annual
22 Report has been received. A copy of the finalized report is attached here at Exhibit "A."

23 Dated: Nov. 30, 2004

HATCH & PARENT, A LAW CORPORATION

25 *Michael Fife*
26 By: _____

27 Scott S. Slater
28 Michael T. Fife
Attorneys for
CHINO BASIN WATERMASTER

HATCH & PARENT, A LAW CORPORATION
21 East Carrillo Street
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EXHIBIT "A"



Chino Basin Watermaster

Twenty-Sixth Annual Report

Fiscal Year 2002-03

The Chino Basin Water Community Working Together for You

Letter From The Chief Executive Officer

The year 2002-2003 marked a time of transition from previous years' work, from carrying out the extensive planning required by the Optimum Basin Management Plan, to the current construction of facilities and the implementation of the Plan's water supply and water quality programs.

Highlights of the year include:

- *Finalizing details of a new four-party agreement to recharge storm water, imported water and recycled water yielding about 12,000 acre-feet of new water supply.*
- *Beginning construction on the first of seven phases of the Recharge Facilities Improvement Project.*
- *Conducting preliminary engineering and environmental work for development of 33,000 acre-feet of Dry Year Yield.*
- *Nearing approval from the Regional Water Quality Control Board of a "Maximum Benefit" approach to regulation. Millions of dollars in water quality and supply savings are expected to result from this.*
- *Forming a Water Quality Committee to help speed implementation of projects.*

Historically, we have successfully leveraged local dollars by adding significant grant funding. Last year, Watermaster applied for a \$16 million grant and obtained several million dollars more in grant funding. The current State fiscal crisis may threaten future successes in this area.

Midway through the year, a major restructuring of staff was implemented, resulting in the elimination of several positions and the creation of new ones that provided improved engineering and administrative capabilities to implement and manage our projects.

In sum, this year saw the payoff for years of work, learning to work together, increasing our understanding of the Basin, obtaining the necessary funding, and designing projects. Of all our successes, I am proudest of our success in working together. People around the state ask me, "How did you do it?" My answer is that the secret of our success is working together, giving us the confidence that we will successfully meet the challenges of the future.

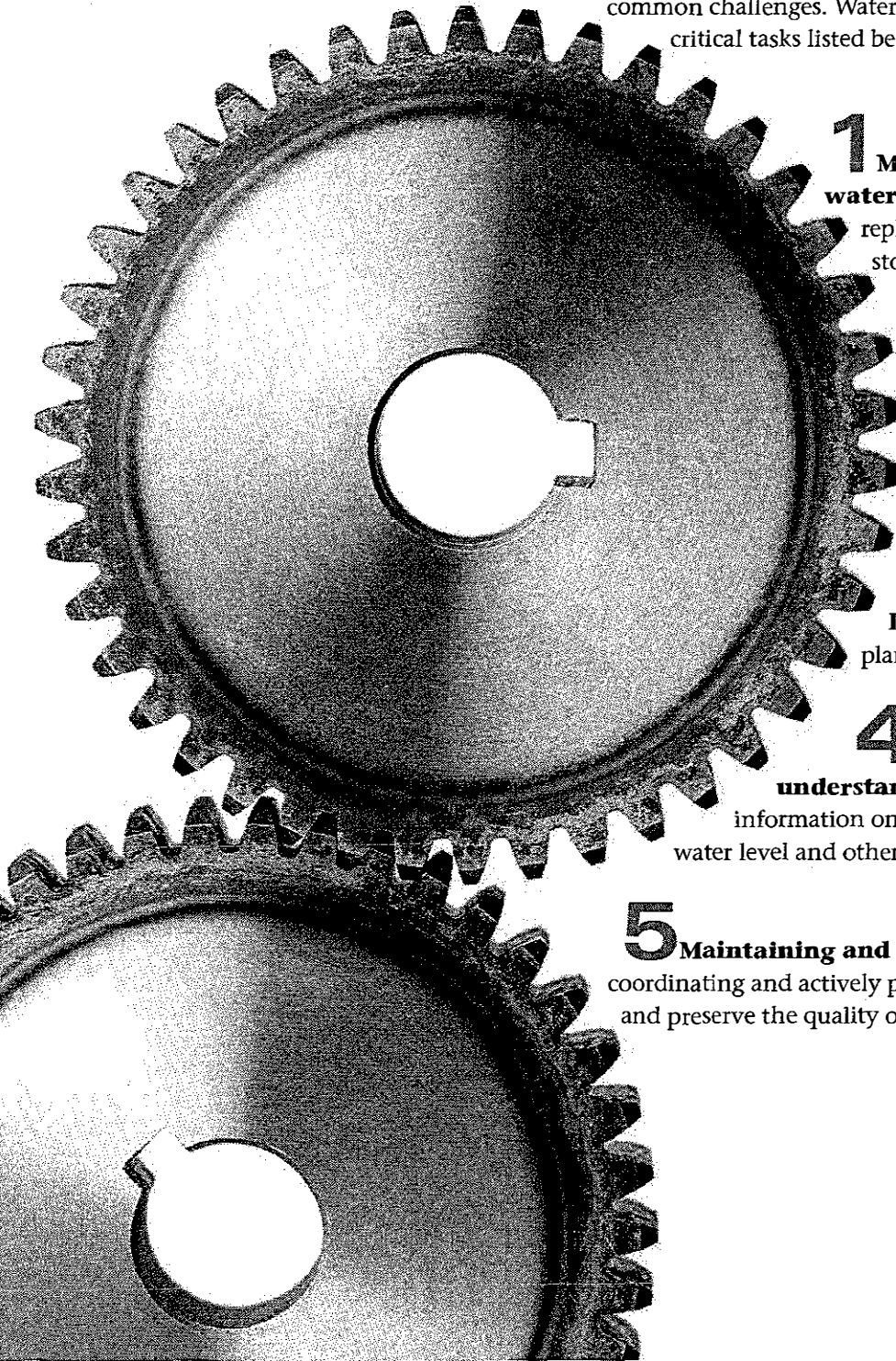
John Rossi,

CEO, Chino Basin Watermaster

Watermaster Brings Chino Basin Stakeholders Together

Watermaster Charged with Five Key Responsibilities

With dozens of public and private entities pumping, treating, buying, selling and delivering water in the Chino Basin, coordinating the management of the Basin is a critical task. Watermaster provides the forum around which water suppliers and users gather to chart a course for the future, work out financing agreements and solve common challenges. Watermaster's job is summed up in the five critical tasks listed below:



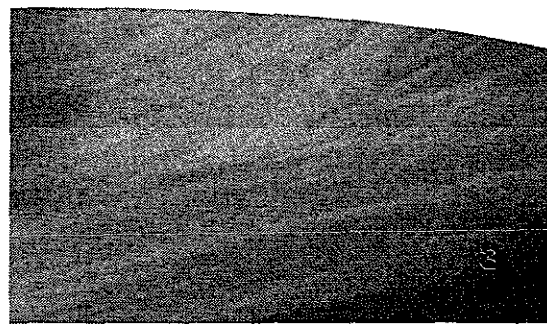
1 Maintaining and increasing the water supply by acquiring and spreading replenishment water, and facilitating the storage of supplemental water in the Basin.

2 Ensuring a fair share of the water by determining the amount of groundwater each producer is entitled to extract without incurring a replenishment obligation.

3 Providing cooperative leadership by developing consensus plans regarding management of the Basin.

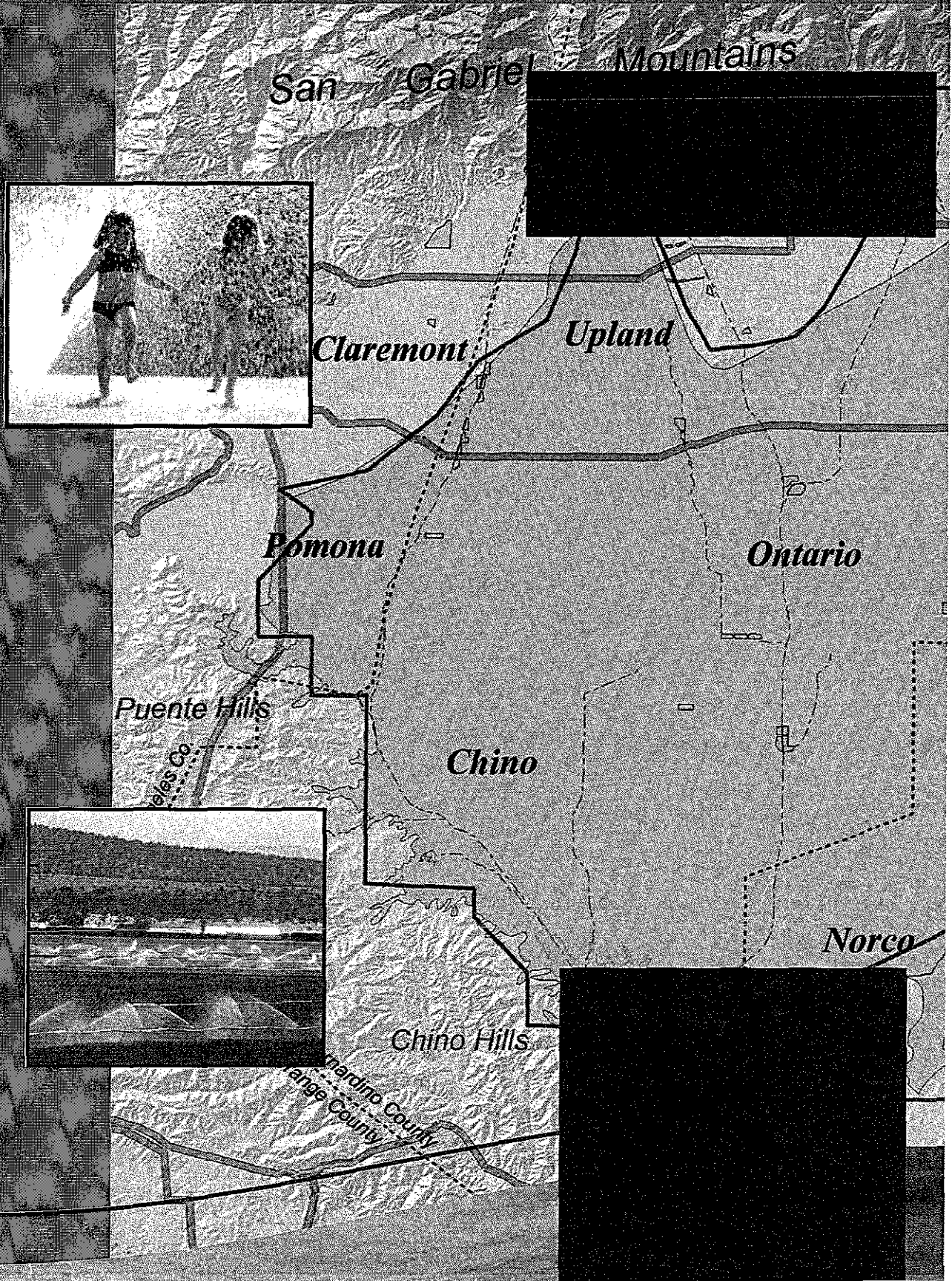
4 Monitoring and increasing the understanding of the Basin by collecting information on water production, water quality, water level and other relevant data from producers.

5 Maintaining and improving water quality by coordinating and actively participating in local efforts to restore and preserve the quality of groundwater in the Basin.

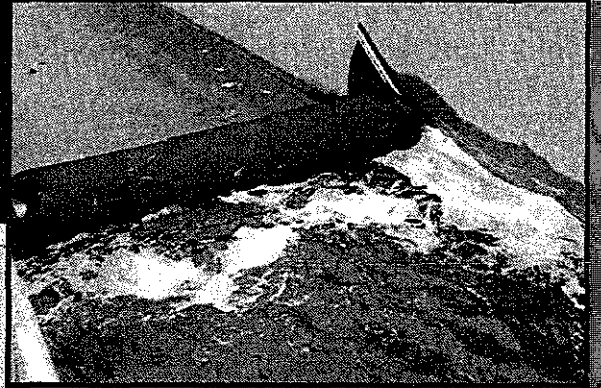


Chino Groundwater Basin — Inland Empire's Giant

Assuring Water Supply and Quality For a Rapidly Growing Region



nt Underground Reservoir

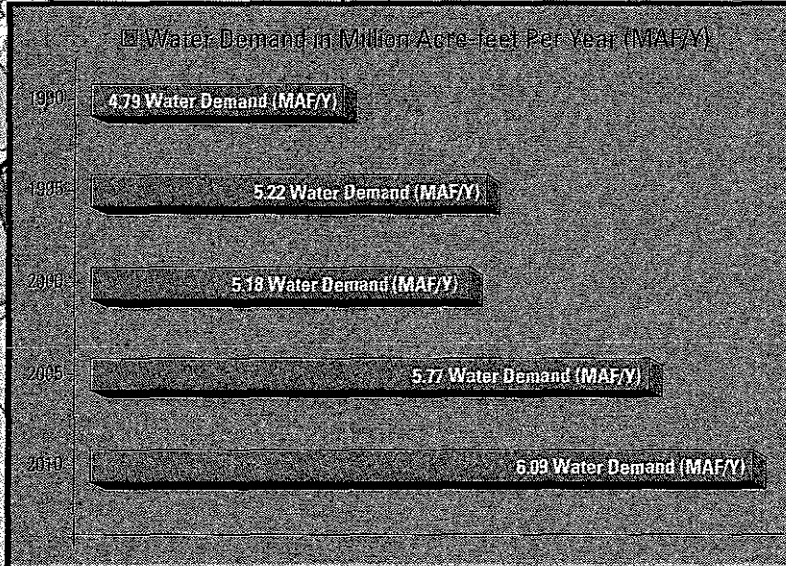


Fontana

Rialto

Chino Groundwater
Basin Boundary

San Bernardino County
Riverside County



Fixing The Basin: The Optimum Basin Management Program (OBMP)

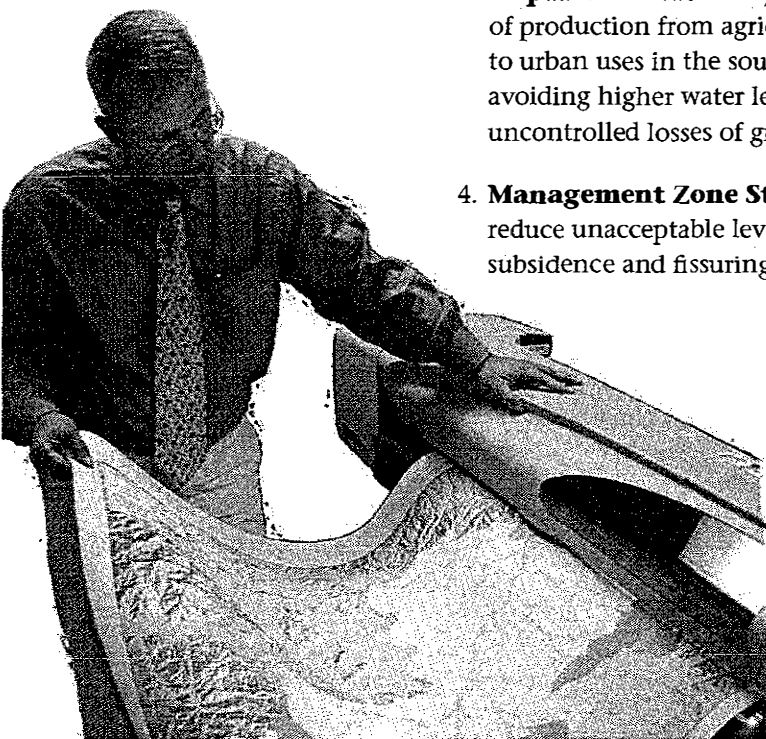
Managing the Basin: Protect and Improve Water Supply and Quality

In 1998, the Court ordered the development of an *Optimum Basin Management Program (OBMP)*, requiring regular updates to the Court on progress. In 2000, the so-called "Peace Agreement" established specifics on how the Program would actually be implemented.

The OBMP is designed to protect and manage the Chino Basin, and carry out the fundamental physical solutions: provide additional water supplies to meet the growth in the Basin area, improve water quality, "drought proof" the region, enhance economic development activities, and improve environmental quality.

The OBMP is divided into nine separate but related program elements:

- 1. Comprehensive Monitoring** of Basin conditions, including groundwater levels and water quality, to provide a factual basis for water management activities.
- 2. Comprehensive Recharge of Imported, Recycled, and Stormwater** to maintain and improve groundwater levels, making more water available to producers.
- 3. Water Supply Plan for Impaired Areas** to adjust the shift of production from agricultural uses to urban uses in the southern basin, avoiding higher water levels and uncontrolled losses of groundwater.
- 4. Management Zone Strategies** to reduce unacceptable levels of land subsidence and fissuring.
- 5. Regional Supplemental Water Program** to improve water quality and increase use of desalted water as a supplemental resource largely through construction of desalters.
- 6. Cooperative Program** to work closely and cooperatively with the State's Regional Water Quality Control Board and other agencies to improve various aspects of Basin management and quality.
- 7. Salt Management Program** to work closely with state agencies to develop information on salt loads, set objectives and determine removal benefits.
- 8. Groundwater Storage Management** to accommodate substantial increases in groundwater storage by local and outside agencies.
- 9. Conjunctive Use Programs** that utilize storage of available water in wet years for later withdrawal in dry years.



Increase Water Supplies: A Priority For Watermaster

Implementing the OBMP in 2002-03: Watermaster Working to Increase Water Supplies

A major initiative for Watermaster is to increase available water supplies to meet the demands of growth and to ultimately "drought proof" the region. Considerable progress in 2002-03 was made on a number of fronts:

- Monitoring groundwater levels
- Increasing groundwater recharge
- Implementing groundwater Dry Year Yield and Storage and Recovery programs

Monitoring Groundwater Levels

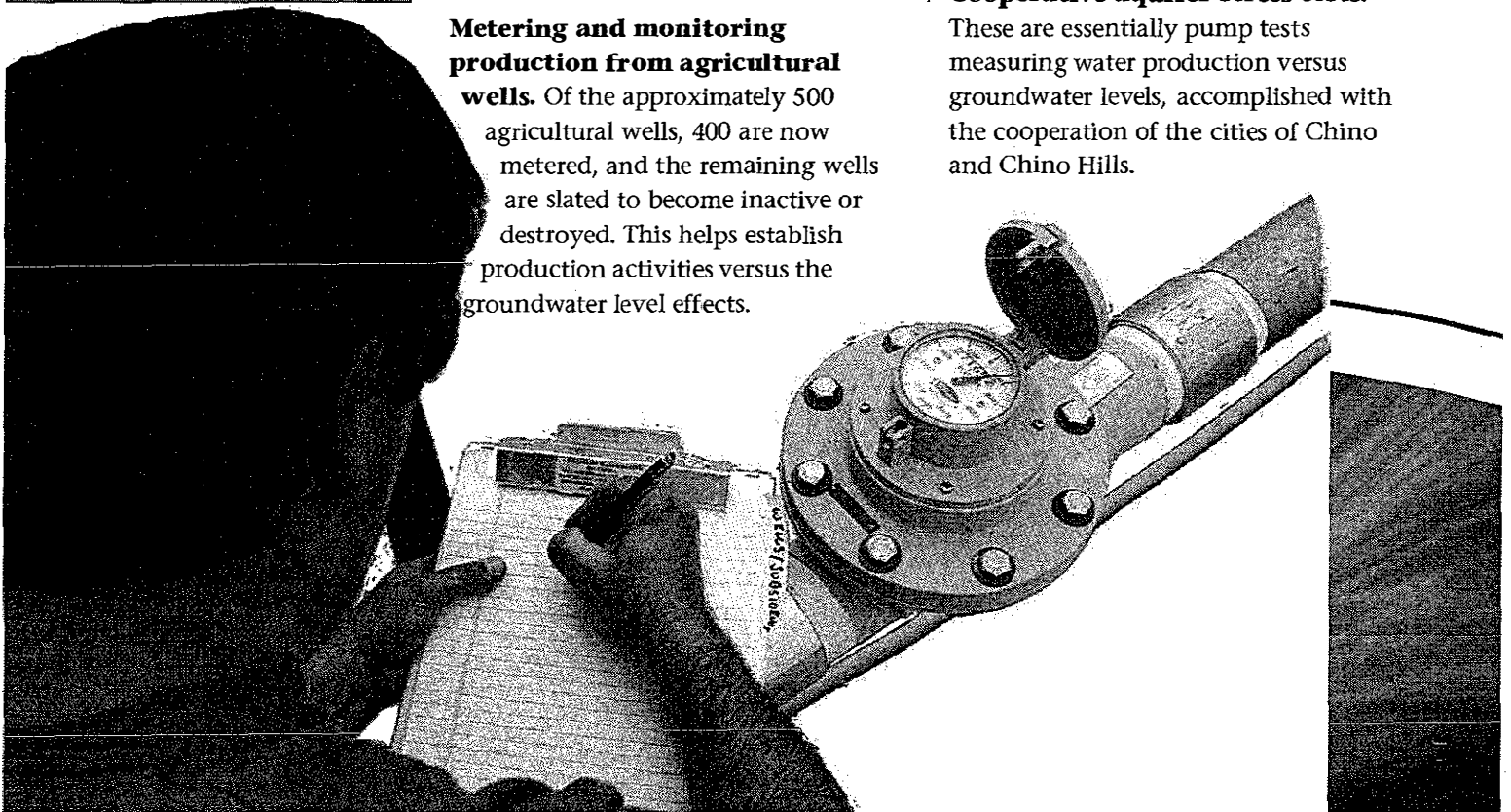
Watermaster has several active groundwater level monitoring programs, including a semi-annual Basin-wide program, programs associated with the effects of the desalter activities, and land surface monitoring in areas affected by subsidence. Highlights from the 2002-03 program are given below.

Development of a key well groundwater level monitoring network. By the completion of this program in 2003-04, the number of monitoring wells and frequency of data collection will be significantly reduced, saving costs while providing valuable data.

Metering and monitoring production from agricultural wells. Of the approximately 500 agricultural wells, 400 are now metered, and the remaining wells are slated to become inactive or destroyed. This helps establish production activities versus the groundwater level effects.

Desalter field monitoring. This program characterizes groundwater levels around the desalter wells, and the impact of the desalters on local private well owners. Analysis of the data will be completed in 2003-04, leading to development of specific activities.

Cooperative aquifer stress tests. These are essentially pump tests measuring water production versus groundwater levels, accomplished with the cooperation of the cities of Chino and Chino Hills.

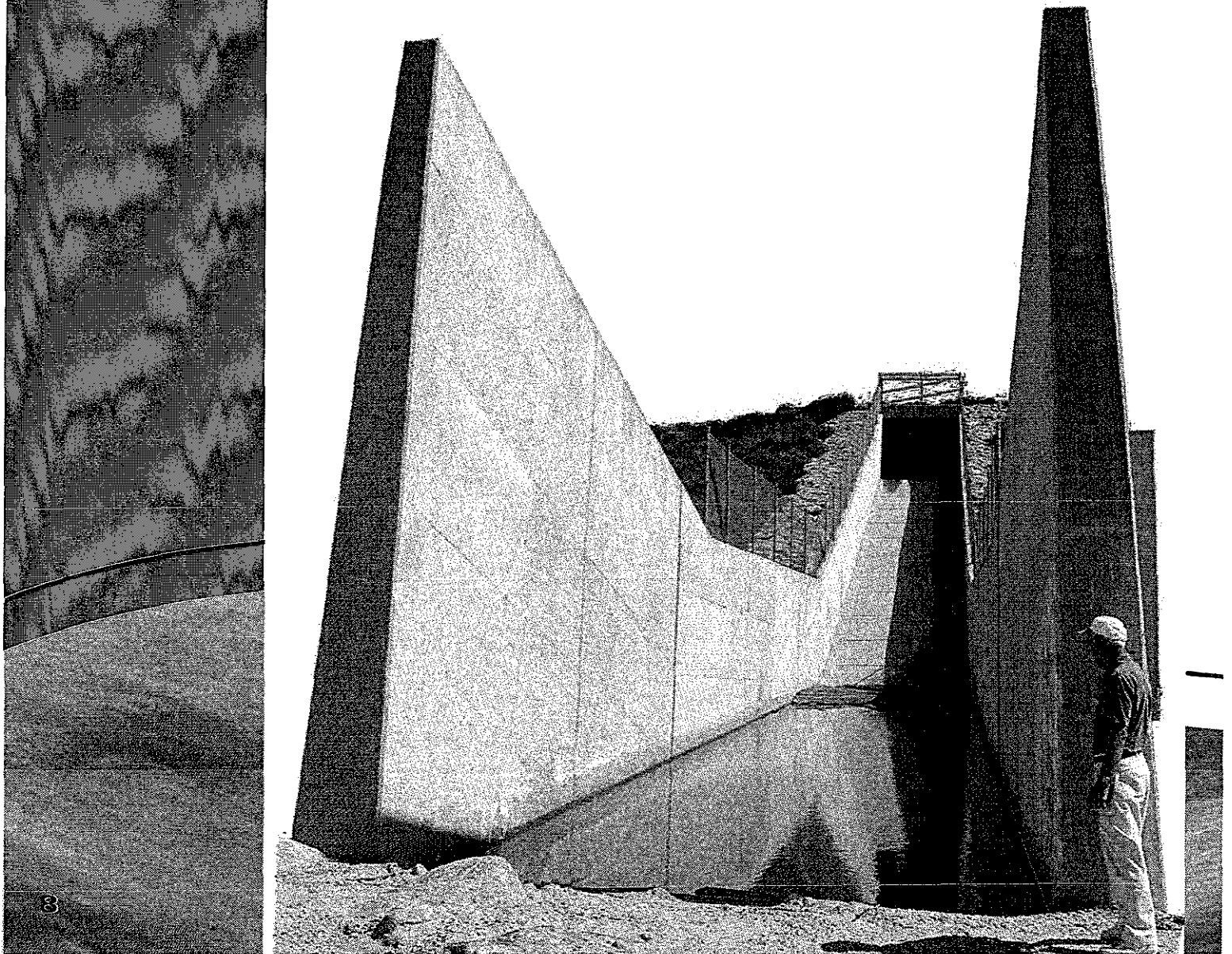


Increase Water Supplies: A Priority For Watermaster cont.

Significant Progress Achieved in Increasing Recharge of Multiple Water Sources

Notable groundwater recharge highlights in 2002-03 include:

- **Multi-Source Recharge Master Plan Advanced.** Three agencies are cooperating with Watermaster in developing recharge projects: Inland Empire Utilities Agency, San Bernardino County Flood Control District, and the Chino Basin Water Conservation District.
- **\$40 Million Recharge Facilities Improvement Project** will be built in seven stages to improve and expand 16 recharge basins. Work on the first bid package began in 2002-03. Costs will be half underwritten by Prop. 13 funds.

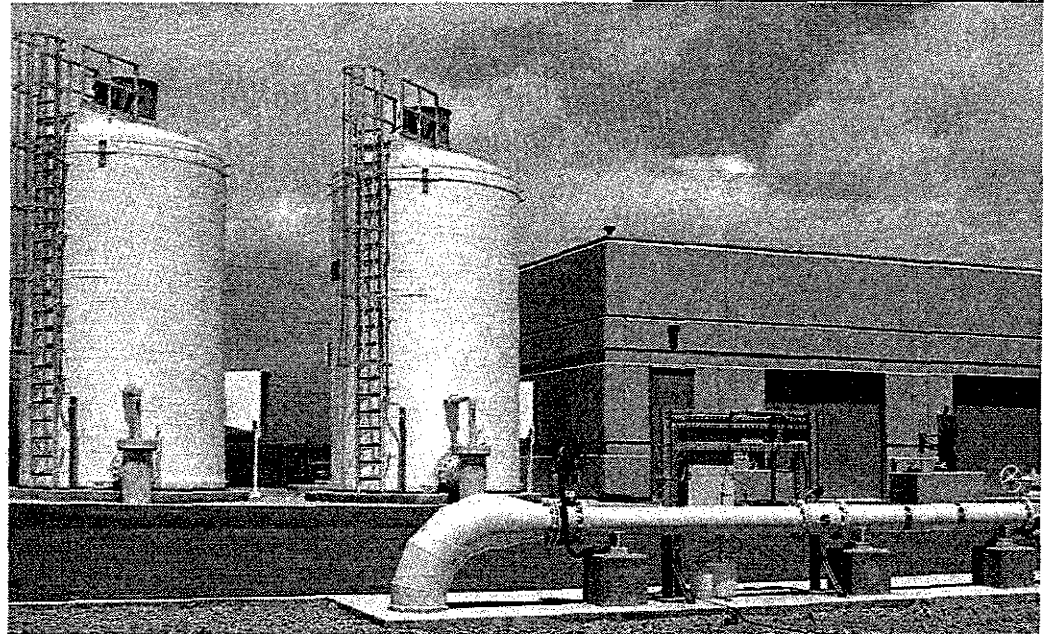


Implementing Groundwater Storage Management

The Dry Year Yield (DYY) program moves ahead. DYY involves development of up to 100,000 acre-feet of storage with the Metropolitan Water District of Southern California (MWD), and is the first program leading to the ultimate development of a half-million acre-feet of Basin storage. Major 2002-03 achievements in the DYY program included design improvements in wellheads, initiation of engineering and environmental design paid for by a \$1.6 million grant, and completion of a grant-funded \$500,000 monitoring program that provided data needed for design. Facilities for the DYY program will be financed by MWD, including treatment facilities and up to eight new wells.

Storage and Recovery program background

work: This program explores development of storage beyond the DYY program: up to 350,000 acre-feet of in-lieu storage, and 500,000 acre-feet in a Conjunctive Use program. Both are running on a parallel track. 2002-03 actions included: conducting an **Inventory of Facilities** required for groundwater production, transmission and treatment, along with completion of a **Storage and Recovery Model** to accurately evaluate storage and recovery alternatives.



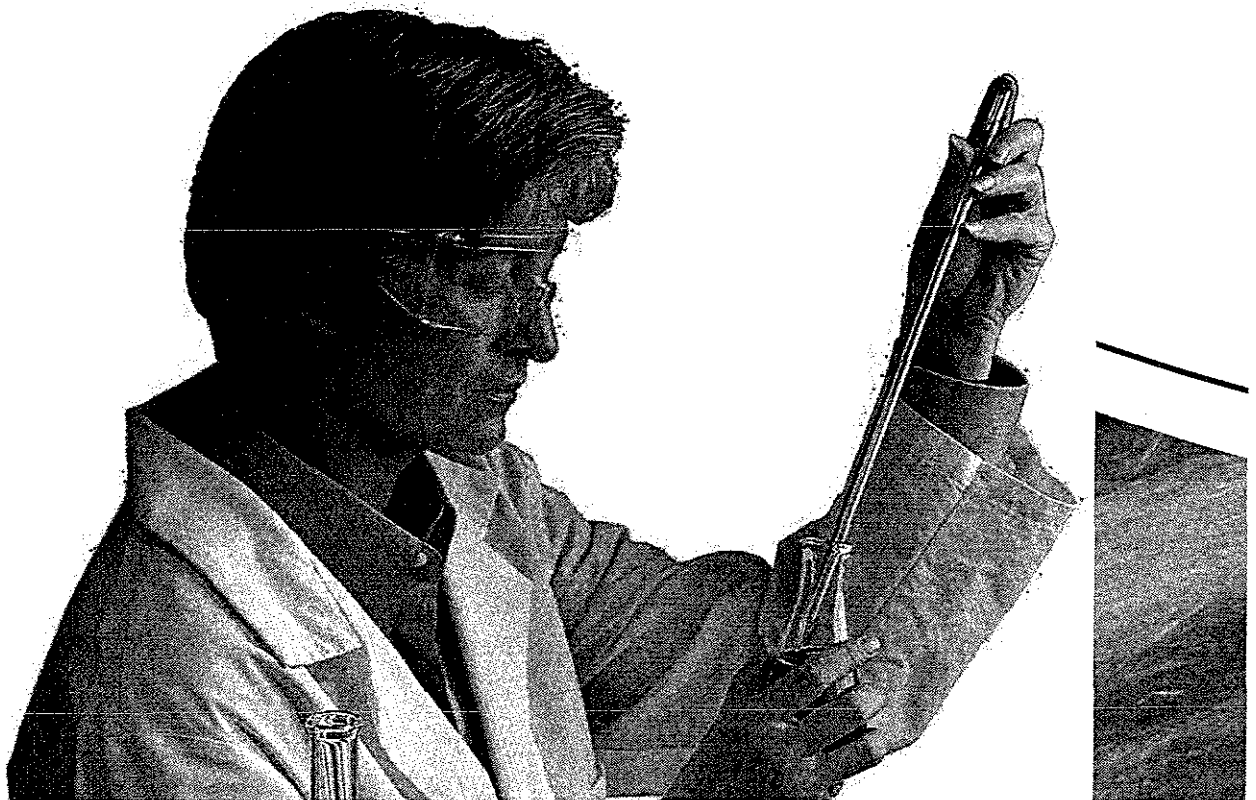
Protect and Maintain Water Quality: A Second Priority

Formed Water Quality Committee to Intensify Quality Focus

With many Basin water supply improvement efforts now underway, a new ad hoc Water Quality Committee has been formed to bring additional focus and oversight to issues related to water quality, including funding, regulatory and legal approvals. Watermaster has been working closely with the Regional Water Quality Control Board, the State Department of Toxic Substances Control and others on these quality issues.

Promoted Maximum Benefit Approach for Quality, Lower Costs

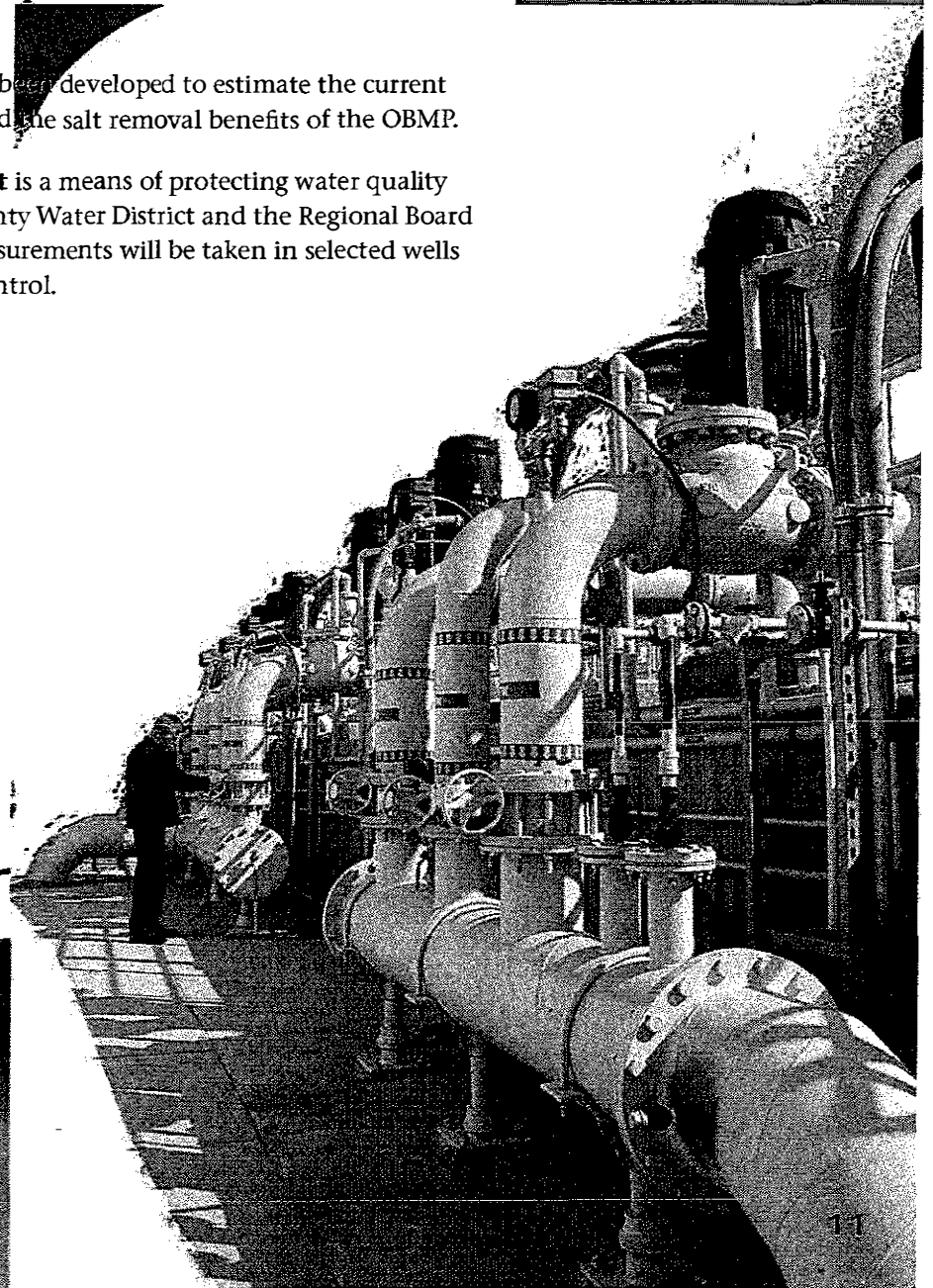
The approach developed by Watermaster to meet supplemental water objectives make it possible to continue using recycled and imported water in the Basin without implementing costly and unproductive mitigation measures. Changes to the nitrate and salt objectives in the Basin will promote maximum beneficial use of waters in the Basin. Nearing approval in fiscal year 2002-03 by the Regional Water Quality Control Board, the approach is expected to save millions of dollars in water quality and water supply costs.



Implemented Contamination Mitigation Activities Across the Basin

Watermaster has been working actively on a number of fronts to deal with groundwater contamination issues in the Basin:

- Watermaster is participating in the process to develop the **Total Maximum Daily Loads (TMDLs)**, used as the basis for determining revisions to water quality regulations, for areas along the Santa Ana River and other water bodies in the Lower Chino Basin.
- Watermaster is working with the Regional Board and the Department of Toxic Substances Control to **track perchlorate contamination** in one area.
- A **software salt budget tool** has been developed to estimate the current and future salt loads to the Basin and the salt removal benefits of the OBMP.
- **Hydraulic control management** is a means of protecting water quality in the Santa Ana River. Orange County Water District and the Regional Board are interested in this approach. Measurements will be taken in selected wells to monitor the state of hydraulic control.



Summing It Up: A Year Of Progress And Good Future Prospects

Looking to the future, Watermaster will continue to build on its progress to date in protecting and enhancing water quality and water supply for nearly one million water customers across the Chino Basin.

- Watermaster is well-positioned to be a statewide leader in conjunctive use and to continue improving both water supply and quality;
- The groundwater basin is legally adjudicated, providing clear water rights and rules;
- The Basin's parties and institutions are well-known and have deeply established working relationships;
- All water users benefit from the services of an able Special Referee assisting with Court oversight, and a progressive Regional Water Quality Control Board;
- The Basin itself is relatively large, provides many opportunities for creative action and economies of scale;
- Close physical and personal links with water providers in neighboring regions provides numerous opportunities for partnerships, joint funding and cooperative programs.

Finally, Watermaster's recent staff reorganization provides the technical and administrative skills to implement and carry out both today's and tomorrow's water supply and water quality projects.



History: Developing The Organization To Manage The Basin

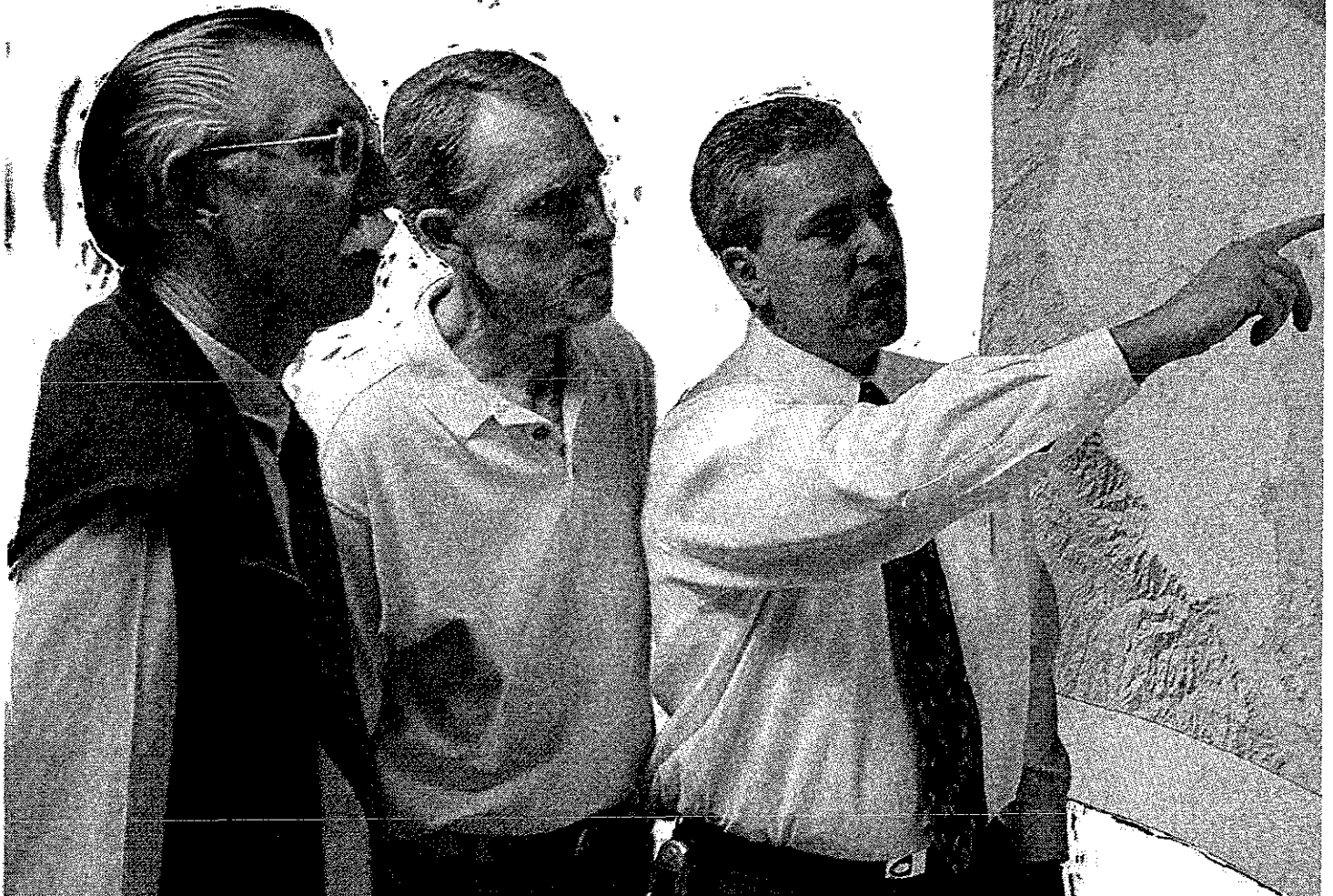
Today: Mature Organization Assuring the Region's Water Supply

Chino Basin Watermaster is a consensus-based organization facilitating development and utilization of the Chino Groundwater Basin.

The Watermaster consists of various entities pumping water from the Basin, including: cities, water districts, water companies, agricultural, commercial and other private concerns.

The Watermaster is actively implementing the Basin's

Optimum Basin Management Program, a 20-year water quality and water supply plan, which includes extensive monitoring, further developing recharge capabilities, storage and recovery projects, managing salt loads, developing new yield, such as reclaimed and stormwater recharge, and continuing to work with other agencies and entities to enhance this significant natural resource.



Watermaster Governance And Membership

Watermaster is Structured to Accommodate All Stakeholders

To draw together in a single organization all the diverse interests in the Basin, three groups or producer Pools were formed to represent the majority of producer interests:

- Overlying (Agricultural) Pool to represent dairymen, farmers, and State interests
- Overlying (Non-Agricultural) Pool to represent commercial and industrial producers
- Appropriative Pool to represent cities, water districts and water companies.

Watermaster Board

Calendar Year 2003

Agricultural Pool Representatives

Paul Hofer Crops
Geoffrey Vanden Huevel Dairy

Non-Agricultural Pool Representatives

Vic Barrion Reliant Energy, Etiwanda LLC

Appropriative Pool Representatives

Dennis Yates, Chair City of Chino
 Alternate: **Glenn Duncan**

Michael Whitehead, Nicholson Trust
 Alternate: **Robert W. Nicholson**

Dan Rodriguez, Secretary City of Pomona
 Alternate: **Paula Lantz**

Municipal Water District Representatives

Terry Catlin, Vice-Chair Inland Empire Utilities Agency
 Alternate: **John L. Anderson**

Bob Kuhn Three Valleys Municipal Water District
 Alternate: **David DeJesus**

Donald Schroeder Western Municipal Water District
 Alternate: **Donald Harriger**

Staff

Calendar Year 2003

John V. Rossi, Chief Executive Officer	Mary Staula, Administrative Assistant
Gordon Treweek, PE, PhD, Project Engineer	Sherri Lynne Molino, Executive Assistant
Danielle Maurizio, PE, Senior Engineer	Jim Theirl, Engineering Associate
Sheri Rojo, CPA, Finance Manager	Janine Wilson, Secretary

Chino Basin Watermaster Advisory Committee

Calendar Year 2003

Agricultural Pool Committee

<i>REGULAR MEMBERS</i>	<i>ALTERNATES</i>	<i>REPRESENTING</i>
Nathan deBoom, Chair	Peter Hettinga	Dairy
Robert Feenstra	Don Galleano	Dairy
Joe Delgado	Duffy Blau	State
Glen Durrington		Crops
Jack Hagerman	Pete Hall	State
Gene Koopman		Dairy
Ron LaBrucherie	Syp Vander Dussen	Crops
Marilyn Levin	Peter Van Haam	State
Nathan Mackamul	Rob Kettle	State
Jeff Pierson	John Huitsing	Crops

Non-Agricultural Pool Committee

<i>Member Entity</i>	<i>Representative</i>
California Steel Industries (CSI)	Steve Arbelbide
Reliant Energy, Etiwanda LLC	Vic Barrion, 1st Vice-Chair
San Bernardino County Dept. of Airports	James Jenkins
Vulcan materials Company	Bob Bowcock

Appropriative Pool Committee

<i>MEMBER ENTITY</i>	<i>REPRESENTATIVE</i>
Chino, City of	Dave Crosley
Chino Hills, City of	Mike Maestas
Cucamonga County Water District	Robert DeLoach
Fontana Union Water Company	Gerald Black
Fontana Water Company	Michael McGraw
Jurupa Community Services District	Carole McGreevy
Monte Vista Water District	Mark Kinsey
Ontario, City of	Ken Jeske, 2nd Vice-Chair
Pomona, City of	Henry Pepper
Upland, City of	Jim Moody
San Antonio Water Company	Ray Wellington
Santa Ana River Water Company	J. Arnold Rodriguez

Chino Basin Watermaster

Calendar Year 2003

Agricultural Pool Committee

<i>REGULAR MEMBERS</i>	<i>REPRESENTING</i>
Bob DeBerard , Chair (January-June)	Dairy
Nathan deBoom , Vice-Chair (January-June)	Dairy
Nathan deBoom , Chair (July-December)	Dairy
Gene Koopman , Vice-Chair (July-December)	Dairy
Robert Feenstra	Dairy
Jack Hagerman	State of California-CIM
Glen Durrington	Crops
Ron LaBrucherie	Dairy
Marilyn Levin	State of California
Nathan Mackamul	Attorney General's Office
Joe Delgado	State of California-CIW
Jeff Pierson	Boys Republic
	Crops
<i>Alternates</i>	<i>Representing</i>
Peter Hettinga	Dairy
Don Galleano	Crops
Pete Hall	State of California-CIM
Syp Vander Dussen	Dairy
Peter Van Haam	State of California
	Attorney General's Office
Rob Kettle	State of California-CIW
Duffy Blau	Boys Republic
John Huitsing	Crops
Gene Koopman (January-June)	Dairy

Non-Agricultural Pool Committee

<i>MEMBER ENTITY</i>	<i>REPRESENTATIVE</i>
Ameron Products	Mark Ward
Angelic Rental Service	Eric Vaughn
California Speedway	Les Richter
California Steel Industries (CSI)	Steve Arbelbide
CCG Ontario, LLC (Catellus)	Mike De Santo
General Electric Company	Mark Gage/Lisa Hamilton
Mobile Community Management (Swan Lake Mobile Home Park)	David Starnes
Praxair	R.E. Thrash III
Reliant Energy, Etiwanda LLC	Vic Barrion, Chair
San Bernardino County	
Department of Airports	James Jenkins, Vice-Chair
Space Center Mira Loma	Michael Thies
Sunkist Growers Incorporated	David Cooper
Vulcan Materials Company (Calmat Division)	Steve Cortner/Bob Bowcock

Appropriative Pool Committee

<i>MEMBER ENTITY</i>	<i>REPRESENTATIVE</i>	<i>MEMBER ENTITY</i>	<i>REPRESENTATIVE</i>
Arrowhead Mountain Spring Water	Patrick Bauer	Norco, City of	Joe Schenk
Chino Hills, City of	Mike Maestas	Ontario, City of	Ken Jeske, Chair
Chino, City of	Dave Crosley	Pomona, City of	Henry Pepper
Cucamonga County Water District	Robert DeLoach,	San Antonio Water Company	Ray Wellington
	Vice Chair	San Bernardino, County of (Prado Shooting Park)	Phil Krause
Fontana Union Water Company	Gerald Black	Santa Ana River Water Company	J. Arnold Rodriguez
Fontana Water Company	Mike McGraw	Southern California Water Company	Kyle Snay
Fontana, City of	Curtis Aaron	Upland, City of	Rob Turner
Inland Empire Utilities Agency	Rich Atwater	West End Consolidated Water District	Jim Moody
Jurupa Community Services District	Carole McGreevy	West Valley Water District	A.W. "Butch" Araiza
Los Serranos Country Club	Kevin Sullivan		
Marygold Mutual Water Company	Bill Stafford		
Monte Vista Irrigation Company	Mark Kinsey		
Monte Vista Water District	Mark Kinsey		

Appendices
A-S

COURT HEARINGS AND ORDERS

Court Hearings and Orders

During the FY 2002-03, several hearings were held related to implementation of the Optimum Basin Management Program (OBMP). Hearings were held as follows with the Honorable Judge J. Michael Gunn presiding:

Hearing Date	Primary Subject Matter
July 8, 2002	<ul style="list-style-type: none">• Application and Order Granting Ex Parte for Order Shortening Time for the Filing of the Recharge Facilities Financing Agreement• Order Granting Motion for Approval of the Recharge Facilities Financing Agreement
Oct 17, 2002	<ul style="list-style-type: none">• Special Referee's Report on Interim Plan Workshop and Recommendation Concerning Subsidence Issues• Watermaster Comments to Referee Report• City of Chino Hills' Comments to Special Referee's Report• Monte Vista Statement Re Objections to Referee's Report• Opposition of Fontana Union Water Company to Special Referee's Recommendation to Institute a Legal Proceeding to Determine Extent and Scope of the Court's Jurisdiction Under Paragraph 15 of the Judgment• Watermaster response to Comments to Referee's Report
March 27, 2003	<ul style="list-style-type: none">• Motion to Receive and File Watermaster's 25th Annual Report
June 5, 2003	<ul style="list-style-type: none">• Order Concerning Groundwater Storage Program Funding Agreement – Agreement No. 49960• Motion and Order Receiving Watermaster's 25th Annual Report and Status Reports Nos. 5 & 6• Order Confirming Intervention of Niagara Bottling Company• Motion for Approval of Metropolitan Dry Year Yield Funding Agreement

**Water Transactions—Recapture/Sales/Transfers Reported
During the Fiscal Year 2002 - 2003**

The Watermaster Board approved the following water transactions:

March 27, 2003

- Lease of Water Production Right from the City of Pomona to the Fontana Water Company in the amount of 2,500 Acre-Feet.

April 24, 2003

- Notice of Sale or Transfer of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 6,000 Acre-Feet.

June 19, 2003

- Notice of Sale or Transfer of Right to Produce Water in Storage from the City of Chino Hills to Monte Vista Water District in the amount of 2,700 Acre-Feet.

July 24, 2003

- Notice of Sale or Transfer of 1,000 Acre-Feet of Monte Vista Irrigation Company's Fiscal Year 2002-2003 Annual Production Rights to Monte Vista Water District.
- The Notice of Sale or Transfer of Right to Produce Water in Storage from Cucamonga County Water District to Fontana Water Company in the amount of 10,000 Acre-Feet.

August 28, 2003

- Application or Amendment to Application to Recapture Water in Storage and Transfer of Annual Production Right or Safe Yield from The Nicholson Trust to Fontana Water Company in the amount of 6.516 Acre-Feet.

HISTORY OF RESOLUTIONS

RESOLUTION	PURPOSE	ADOPTED
03-04	recommending that the Inland Empire Utilities Agency file a grant application to the California Department of Water Resources on behalf of the Chino Basin Watermaster and the Chino Groundwater Basin	5-29-03
03-03	celebrating the 75th anniversary of the Monte Vista Water District	5-29-03
03-02	supporting a community-wide water efficiency program "Come rain or come shine"	4-24-03
03-01	authorizing and designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	1-30-03
02-06	commending Ms. Anne Dunihue for Outstanding Public Service	12-12-02
02-05	levying replenishment and administrative assessments for fiscal year 2002-2003	11-14-02
02-04	designating an authorized representative to file an application to the Department of Water Resources to obtain AB 303 Local Groundwater Assistance Funding to complete specific tasks under the OBMP	10-24-02
02-03	San Bernardino County, CA establishing a Watermaster investment policy	11-14-02
02-02	supporting Proposition 51, the Traffic Congestion Relief and Safe School Buses Act	9-26-02
02-01	supporting Proposition 50, The Water Security, Clean Drinking Water, Coastal and Beach Protection Bond of 2002	9-26-02
01-18	authorizing and designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	12-13-01
01-17	levying assessments for FY 2001-2002	12-13-01
01-16	Establish terms & conditions for which Watermaster may hold Water Rights in Trust	10-25-01
01-15	authorize amendment to CalPERS contract	9-27-01
01-14	support nomination of Robert Neufeld to NWRA	8-23-01
01-13	support H.R. 1985 – "Western Water Enhancement Security Act"	7-19-01
01-12	support by Advisory Committee for H.R. 1985 – "Western Water Enhancement Security Act"	7-19-01
01-11	support by Overlying (Agricultural) Pool for H.R. 1985 – "Western Water Enhancement Security Act"	7-12-01
01-10	support by Appropriative Pool for H.R. 1985 – "Western Water Enhancement Security Act"	7-12-01
01-09	support by Overlying (Non-Agricultural) Pool for H.R. 1985 – "Western Water Enhancement Security Act"	7-12-01
01-08	authorizing and designating signatories of Depository Agreements, Depository Cards & Deposits, Transfers and Withdrawals of Funds	6-28-01
01-07	approving and authorizing execution of a contract with SWRCB for 205(j) Water Quality Planning Grant for Water Quality Monitoring Program	4-19-01
01-06	designating a representative to file an application with DWR for AB303 Local Groundwater Assistance Funding	4-19-01
01-05	amending the Overlying (Non-Agricultural) Pool Rules & Regulations in regard to what constitutes a quorum for the transaction of pool affairs	3-21-01
01-04	Waiver of Compensation by the Appropriative Pool	2-15-01
01-03	revising Procedure for Release of Information	2-15-01

RESOLUTION	PURPOSE	ADOPTED
01-02	designating a representative to file application with DWR for Feasibility Study or Pilot Project Grant for Groundwater Storage Facilities	1-25-01
01-01	levying Replenishment & Administrative Assessments for 2nd 6-months FY 2000-2001	1-25-01
00-09	establishing and adopting a Watermaster Investment Policy	12-22-00
00-08	Commendation to Alice Lichti, for outstanding service	10-16-00
00-07	establishing Time & Place of Regular and Annual Meetings resolution	10-26-00
00-06	levying Replenishment & Administrative Assessments for 1st 6-months FY 2000-2001	8-28-00
00-05	Board approve Peace Agreement; adopt Goals & Plans of Phase 1 Report for OBMP & Adopt Requisite Policies & Procedures to Implement Provisions set forth in Article of Peace Agmt on or before December 31, 2000	6-29-00
00-04	Non-Ag Pool Approve Peace Agreement	7-27-00
00-03	Appropriative Pool approve Peace Agreement	7-20-00
00-02	Ag Pool approve Peace Agreement	7-20-00
00-01	supporting the passage of Water Bond Proposition 13	2-10-00
99-12	authorizing and designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	11-18-99 (Rescinded by 01-08)
99-11	establishing a Watermaster Investment Policy	11-18-99 (Rescinded by 01-08)
99-10	levying Replenishment and Administrative Assessment for Fiscal Year 1999-2000	11-18-99
99-09	adopting procedures for Employee Personal Computer Purchase Assistance Program	4-26-99
99-08	electing to be subject to Public Employees' Medical and Hospital Care Act and Fixing the Employer's Contribution at an Amount at or Greater than that Prescribed by Section 22825 of the Government Code	8-26-99
99-07	supporting the Preservation of Publicly-Owned Water Basins in the Chino Basin	8-26-99
99-06	supporting March 2000 Water Bond Initiative, including projects in SAR Watershed	5-27-99
99-05	encouraging renewal and completion of the short-term demonstration conjunctive-use project agreement	5-27-99
99-04	intent to approve a contract between the Board of Administration of the Public Employees' Retirement System and the Chino Basin Watermaster	4-29-99
99-03	concerning Watermaster public meetings, hearings and confidential sessions	5-13-99
99-02	providing for Attendance at Meetings by Board Members and/or Alternates	2-25-99
99-01	adopting procedures for Release of Documents & Information	1-14-99 (Rescinded by 01-03)
98-12	commendation Edwin James, for outstanding service	7-23-98
98-11	levying Replenishment & Administrative Assessments for FY 1998-1999	11-12-98
98-10	supporting CalFed Bay-Delta Program Alternative No. 3	6-11-98

RESOLUTION	PURPOSE	ADOPTED
98-9	approving adoption of California Public Employees' Deferred Compensation Plan	5-14-98
98-8	providing for increase in Watermaster Board Compensation Rate	(Rescinded by Court amending Judgement (10/29/98))
98-7	establishing Time and Place of Regular Meetings	3-5-98 (Rescinded by 00-07)
98-6	authorizing adoption & implementation Section 457 Deferred Comp Plan (ICMA/RC)	3-5-98
98-5	authorizing adoption & implementation Section 457 Deferred Comp Plan (Great Western Bank)	3-5-98
98-4	authorizing adoption & implementation of Section 457 Deferred Compensation Plan (Lincoln National)	3-5-98
98-3	establishing a Watermaster Investment Policy	3-5-98 (Rescinded by 99-11)
98-2	regarding zero balance accounts	3-5-98
98-1	designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	3-5-98 (Rescinded by 99-12)
97-10	regarding zero balance accounts	9-4-97 (Rescinded by 98-2)
97-9	levying Replenishment and Administrative Assessments for Fiscal Year 1997-1998	9-4-97
97-8	establishing a Zero Base Appropriations Limit for Fiscal Year 1997-1998	6-5-97
97-7	resolution commending Roger Larkin	6-5-97
97-6	designating signatories of depository agreements, depository cards and deposits, transfers and withdrawals of funds	2-27-97 (Rescinded by 98-1)
97-5	intention to approve contract between the Board of Administration of the PERS and CBWM	(Superseded by 99-4)
97-4	authorizing adoption & implementation Section 457 Deferred Compensation Plan (ICMA/RC)	(Superseded by 98-6)
97-3	authorizing adoption & implementation Section 457 Deferred Comp Plan (Great Western Bank)	(Superseded by 98-5)
97-2	authorizing adoption & implementation Section 457 Deferred Comp Plan (Lincoln National)	(Superseded by 98-4)
97-1	establishing a Watermaster Investment Policy	(Superseded by 98-3)
96-6	establishing time and place of regular meetings	11-6-96 (Rescinded by 98-7)
96-5	establishing an investment policy	(Superseded by 97-1)
96-4	levying Replenishment and Administrative Assessments for Fiscal Year 1996-1997	11-6-96
96-3	financially supporting development of additional desalting in Chino Basin to protect the safe yield of the Basin	7-10-96
96-2	authorizing and designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	7-10-96 (Rescinded by 97-6)
96-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1996-1997	3-20-96
95-4	levying Replenishment and Administrative Assessments for Fiscal Year 1995-1996	12-20-95

RESOLUTION	PURPOSE	ADOPTED
95-3	approving settlement between Kaiser Ventures, Inc. & California Steel Industries, Inc. and accepting abandonment of water by Kaiser	10-18-95
95-2	Not used	N/A
95-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1995-1996	4-5-95
94-7	resolution of the Appropriative Pool regarding the pre-purchase of Replenishment Water	11-10-94
94-6	authorizing participation in the LAIF	12-7-94
94-5	authorizing and designating signatories of Depository Agreements, Depository Cards and Deposits, Transfers and Withdrawals of Funds	12-7-94 (Rescinded by 96-2)
94-4	levying Replenishment and Administrative Assessments for Fiscal Year 1994-1995	12-7-94
94-3	accepting abandonment of water by Kaiser Resources, Inc.	11-2-94
94-2	approving the formation of AGWA and authorizing participation	4-6-94
94-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1994-1995	4-6-94
93-10-3	levying Replenishment and Administrative Assessments for Fiscal Year 1993-1994	10-7-93
93-10-2	of the Agricultural Pool establishing support for an Alternative Method to Mitigate the existing practice of spreading manure in the Chino Groundwater Basin	10-7-93
93-10-1	establishing an Alternative Water Supply Source for the Replenishment Obligation of the Chino Basin Desalters	10-7-93
93-3	of the Advisory Committee commending Anthony Skvarek for outstanding public service	6-24-93
93-2	establishing a Zero Base Appropriations Limit for Fiscal Year 1993-1994	4-7-93
93-1	levying Replenishment and Administrative Assessments for Fiscal Year 1992-1993	1-20-93
92-7	authorizing participation in the Local Agency Investment Fund	11-14-92 (Rescinded by 94-6)
92-6	levying Replenishment and Administrative Assessments for Fiscal Year 1992-1993	11-4-92 (Rescinded by 93-1)
92-5	adopting & implementing a special program for abandonment of water in storage by members of the Non-Agricultural Pool; establishing a special account for retention of such abandoned water by Watermaster; establishing funding for, and establishing guidelines for application of any surplus funds that may be generated by operation of the program	8-5-92 (Stayed by Court)
92-4	amending Watermaster Rules and Regulations @ Section 3.14, 2.18 & adding 2.20, 3.22	8-5-92 (Stayed by Court)
92-3	levying Replenishment and Administrative Assessments for Fiscal Year 1991-1992	2-5-92
92-2	commending Donald R. Peters for exceptional dedication and service	2-5-92
92-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1992-1993	2-5-92
91-2	levying a Special Assessment for Chino Basin Water Resources Study for Fiscal Year 1991-1992	11-6-91
91-1	levying Replenishment and Administrative Assessments for Fiscal Year 1991-1992	11-6-91 (Rescinded by 92-3)
90-2	levying Replenishment and Administrative Assessments for Fiscal Year 1990-91	11-7-90

RESOLUTION	PURPOSE	ADOPTED
90-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1990-91	2-7-90
89-4	levying Replenishment and Administrative Assessments for Fiscal Year 1989-90	12-6-89
89-3	commending Alice W. Lichti for exceptional dedication and service	9-6-89
89-2	commending Edwin J. Dubiel for exceptional dedication and service	9-6-89
89-1	setting forth procedure and accepting the Offer of Assistance from Attorney General of the State of California to use its good offices to ensure compliance with those terms of the Chino Basin Adjudicated Judgment and Watermaster Rules & Regulations requiring Installation, Maintenance, and Repair or replacement of Water Measuring Devices	5-11-89
89-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1989-90	4-5-89
88-5	levying Replenishment and Administrative Assessments for Fiscal Year 1988-89	12-7-88
88-4	levying Replenishment and Administrative Assessments for Fiscal Year 1988-89	9-28-88 (Rescinded by 88-5)
88-3	establishing the Procedure for Transferring Unallocated Safe Yield Water from the Overlying (Agricultural) Pool	4-6-88
88-2	establishing a Zero Base Appropriations Limit for Fiscal Year 1988-89	4-6-88
88-1	levying Replenishment and Administrative Assessments for Fiscal Year 1987-88	1-6-88
87-4	levying Replenishment and Administrative Assessments for Fiscal Year 1987-88	10-7-87 (Rescinded by 88-1)
87-3	authorizing Watermaster Attorney to take such Action as may be Necessary to Ensure Compliance with the Chino Basin Adjudication Judgment and Preserve the Safe Yield of the Chino Groundwater Basin	5-6-87
87-2	establishing a Zero Base Appropriations Limit for Fiscal Year 1987-88	5-6-87
87-1	levying Replenishment and Administrative Assessments for Fiscal Year 1986-87	1-7-87
86-2	levying Replenishment and Administrative Assessments for Fiscal Year 1986-87	11-5-86 (Rescinded by 87-1)
86-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1986-87	5-7-86
85-3	levying Replenishment and Administrative Assessments for Fiscal Year 1985-86	11-6-85
85-2	establishing Time and Place of Regular Meetings	11-6-85 (Rescinded by 96-6)
85-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1985-86	6-5-85
84-4	levying Replenishment and Administrative Assessments for Fiscal Year 1984-85	10-31-84
84-3	levying Replenishment and Administrative Assessments for Fiscal Year 1984-85	8-22-84 (Rescinded by 84-4)
84-2	establishing a Procedure for Calculating and Transferring Unallocated Safe Yield Water	5-30-84 (Rescinded by 88-3)
84-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1984-85	5-30-84
83-2	levying Replenishment and Administrative Assessments for Fiscal Year 1983-84	8-31-83
83-1	establishing a Zero Base Appropriations Limit for Fiscal Year 1983-84	6-29-83

RESOLUTION	PURPOSE	ADOPTED
82-4	levying Replenishment and Administrative Assessments for Fiscal Year 1982-83	9-29-82
82-3	establishing a Zero Base Appropriations Limit for Fiscal Year 1982-83	6-30-82
81-4	establishing a Zero Base Appropriations Limit for Fiscal Year 1981-82	4-29-81
81-3	levying Replenishment and Administrative Assessments for Fiscal Year 1979-80	12-30-81
81-2	levying Replenishment and Administrative Assessments for Fiscal Year 1981-82	12-30-81
81-1	levying Replenishment and Administrative Assessments for Fiscal Year 1981-82	9-30-81 (Rescinded by 81-2)
80-1	levying Replenishment and Administrative Assessments for Fiscal Year 1980-81	9-10-80
79-2	levying Replenishment and Administrative Assessments for Fiscal Year 1979-80	9-12-79 (Rescinded by 81-3)
79-1	extending the effective period of In Lieu Area No. 2 established by Resolution 78-3	5-29-79
78-4	establishing and maintaining Security Cash Accounts	2-22-78 (Rescinded by 94-5)
78-3	establishing In Lieu Area No. 2	2-15-78
78-2	adopting a Facilities and Services Contract	2-15-78
78-1	adopting their Regular Meeting Schedule	2-15-78

RESOLUTION 02-05

A Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2002 – 2003

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under Case No. RCV 51010 (formerly Case No. SCV 164327) entitled Chino Basin Municipal Water District v. City of Chino, et al., with powers to levy and collect administrative and replenishment assessments necessary to maintain water levels and to cover the cost of administering the Chino Basin Judgement; and

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2002-2003 Budget on May 23, 2002 in the amount of \$5,171,148 to carry out the necessary Watermaster functions under the Judgement; and

WHEREAS, the parties named in this Judgement have pumped 5,872,862 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective November 14, 2002 as shown on Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED, that pursuant to the Judgement, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgement.

THE FOREGOING RESOLUTION WAS

APPROVED by the Advisory Committee on the 14th day of November 2002.

ADOPTED by the Watermaster Board on the 14th day of November 2002.

/s/ Michael J. McGraw

Michael J. McGraw
Chairman, Watermaster Board

APPROVED: /s/ Ken Jeske
Ken Jeske
Chairman, Advisory Committee

ATTEST: /s/ Dennis Yates
Dennis Yates
Secretary, Watermaster Board

Revised 11/14/02

**SUMMARY OF ASSESSMENTS PER ACRE-FOOT
YEAR 2002-2003
PRODUCTION YEAR 2001-2002**

1 NON AGRICULTURAL POOL

a. 2002-2003 Administrative Budget	<u>\$ 4.83</u> Per AF/Production Admin
	<u>\$ 22.03</u> Per AF/Production OBMP
	<u>\$ 5.00</u> Minimum
 b. Replenishment	 <u>\$ 244.00</u> Per AF

2 APPROPRIATIVE POOL

a. Administration

1 2002-2003 Administrative Budget	<u>\$ 4.11</u> Per AF/Production Admin
	<u>\$ 17.30</u> Per AF/Production OBMP
	<u>\$ 5.00</u> Minimum

2 2001-2002 Ag Pool Unallocated Safe Yield Water Transfers	<u>\$ 9.25</u> Per AF Reallocated Admin
	<u>\$ 26.56</u> Per AF Reallocated OBMP

b. 100% Net Replenishment	<u>\$ 244.00</u> Per AF
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c. 15/85

Gross - 15%	<u>\$ 2.05</u> Per AF
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Net - 85%	<u>\$ 207.40</u> Per AF
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HISTORIC ASSESSMENTS*

HISTORIC ASSESSMENTS*				
FY	Ag Pool** Admin+Spec Proj \$/AF	Non-Ag Pool Admin+Spec Proj \$/AF	Appr Pool Admin+Spec Proj \$/AF	Gross Repl* Water Rate \$/AF
1977-78	0.29	0.32	0.42	
1978-79	0.65	1.29	0.77	51.00
1979-80	0.54	0.20	0.51	56.20
1980-81	0.32	0.00	0.00	62.51
1981-82	0.10	0.00	0.00	63.78
1982-83	0.10	0.00	0.00	81.46
1983-84	0.10	0.00	0.00	102.18
1984-85	0.10	0.00	0.10	154.00
1985-86	0.10	0.00	0.45	149.39
1986-87	0.10	0.00	0.41	155.10
1987-88	0.10	0.00	0.25	155.42
1988-89	0.09	0.00	0.67	155.33
1989-90	3.27	0.00	0.48	115.00
1990-91	2.31	0.00	0.43	117.55
1991-92	3.53	0.12	0.11	132.55
1992-93	7.03	4.07	3.41	169.89
1993-94	12.37	6.67	2.51	210.69
1994-95	9.86	3.24	2.06	222.00
1995-96	11.68	3.43	1.57	233.15
1996-97	19.70	7.55	3.69	233.15
1997-98	15.19	6.56	2.73	237.15
1998-99	19.04	9.85	7.77	243.00
1999-00	26.30	14.12	11.75	243.00
2000-01	18.15	25.79	24.74	242.00
2001-02	34.37	29.93	25.42	243.00
2002-03	35.69	26.72	21.35	244.00

* Equals gross replenishment rate assessed for overproduction

** \$/AF of water reallocated to the Appropriative Pool

CURRENT YEAR ASSESSMENTS

MEMO ONLY 2003/2004 BUDGET TOTALS	ASSESSMENT		APPROPRIATIVE POOL		AGRICULTURAL POOL (2)		NON-AGRICULTURAL POOL	
	TOTALS (Acre-Feet)	TOTALS (Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)
PRODUCTION BASIS								
2001-02	Production & Exchanges in Acre-Feet	166,531,537	121,488,707	72.952%	39,494,349	23.716%	6,540,481	3.932%
2002-03	Production & Exchanges in Acre-Feet	163,896,982	121,586,420	74.186%	37,457,314	22.854%	4,863,248	2.961%
2003/2004 Approved Budget Expenditures								
Administration, Advisory Committee & Watermaster Board (1)	\$661,549	\$661,555	\$490,777		\$151,190		\$19,588	
OBMP, less Debt Service #6900 & #7000 less #7690	4,054,897	4,054,938	53,008,166		\$926,706		\$120,066	
Pool Administration #8300, #8400, #8500	255,148	239,148	14,471		217,979		6,698	
Recharge Project Debt Service (3) #7690	429,250	0						
Forbearance Expenses, Net (3) #5012.4 less #4231	84,000	84,000	84,000					
MZ1 Recharge (3) #5012.3, #5015, & #5017	1,574,500	0						
Total Budgeted Expenditures	7,059,344	5,039,641	505,248	3,092,166	369,169	926,706	26,286	120,066
Set-Aside for Reserves - General Administration	33%	297,232	166,732		121,826		8,674	
Set-Aside for Reserves - OBMP	15%	620,841		463,825		139,006		18,010
SUBTOTAL ASSESSMENT REVENUE REQUIREMENT		5,957,714	671,980	3,555,991	490,995	1,065,712	34,960	138,076
Contributions from Outside Agencies	#4030 series	0	0	0	0	0	0	0
02-03 Appropriative Pool Interest Revenue		(79,237)	(15,221)	(64,016)				
SUBTOTAL ASSESSMENT REVENUE REQUIREMENT		5,878,477	656,759	3,491,975	490,995	1,065,712	34,960	138,076
Less: Funds on Hand in Excess of Reserve Requirements		\$1,425,342	(1,425,342)	(288,451)	(1,066,916)	(10,168)	(6,909)	(40,898)
FUNDS TO BE ASSESSED FY 03-04			\$4,453,135	\$368,308	\$480,827	\$1,065,712	\$28,051	\$97,178
Net Assessment Revenue Requirement								
Proposed Assessments for Fiscal 2003/2004								
General Administration Assessment - rate per acre foot		Per Acre-Foot	\$2.947	\$19.945			\$6.368	\$20.023
OBMP Assessment - rate per acre foot		Per Acre-Foot			\$10.604	\$23.804		
2002-2003 Assessments (For Information Only)		Per Acre-Foot	\$4.1003	\$17,2471	\$9,2295	\$26,4574	\$4,8043	\$21,9191
			\$21.347		\$35.687		\$26.723	

Total AG Pool Available for Re-Allocation 45,342,686 Acre-Feet

Footnotes:

- (1) Costs are allocated to Pools by actual production percentages.
- (2) Appropriative Pool members have agreed to assume the Ag Pool's administrative assessments in exchange for unpumped Ag water reallocated to the Appropriative Pool pursuant to the Peace Agreement. Costs have been allocated to each Appropriative Pool member based on its assigned share (percent) of Operating Safe Yield.
- (3) Recharge Debt Service and MZ1 Recharge Commitment will be billed separately based on percentage of safe yield.

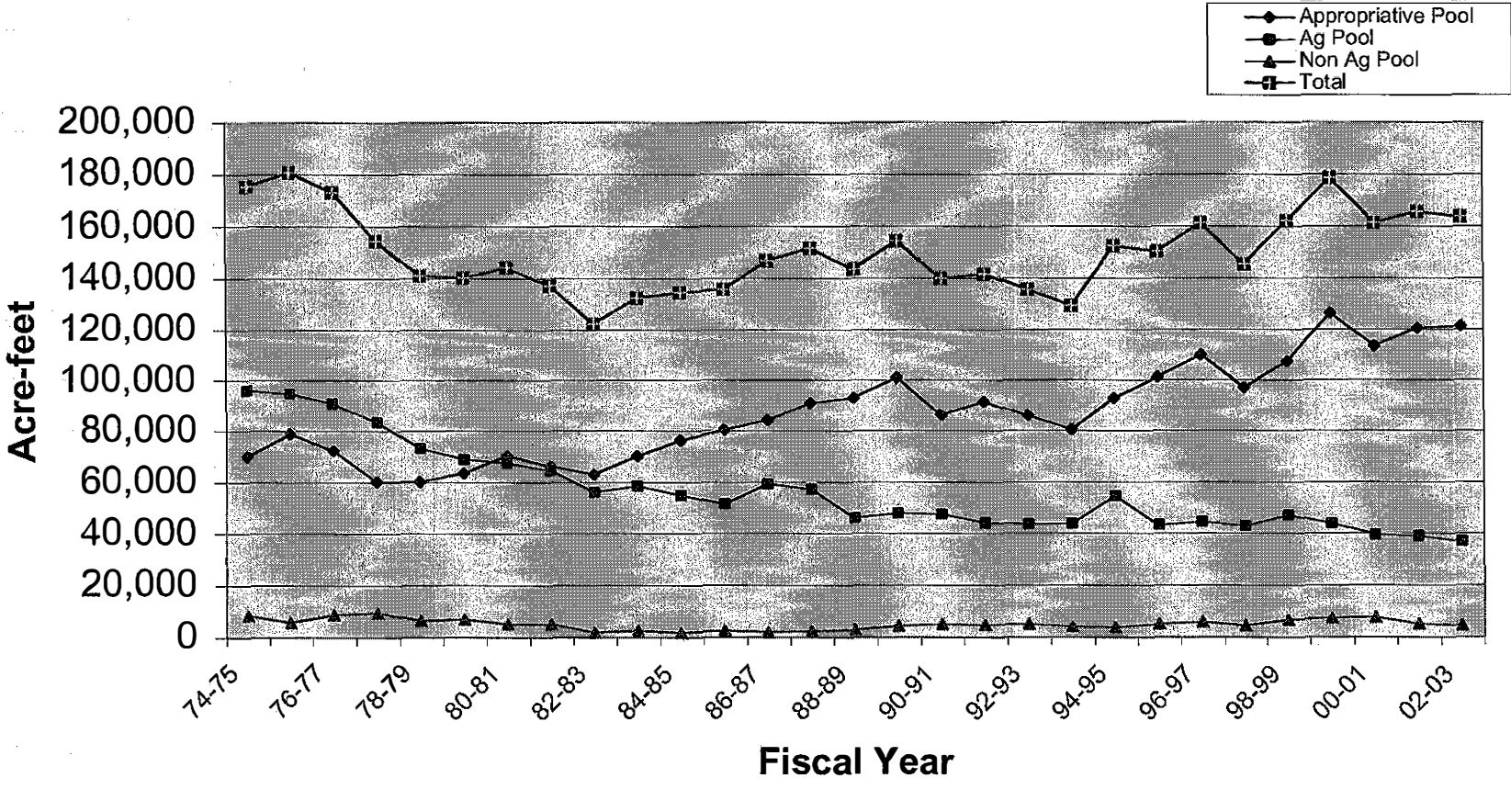
**HISTORY OF TOTAL ANNUAL GROUNDWATER
PRODUCTION BY POOL (ACRE-FEET)**

Fiscal Year	Appropriative	Agricultural	Non-Agricultural	Total
74-75	70,312	96,567	8,878	175,757
75-76	79,312	95,349	6,356	181,017
76-77	72,707	91,450	9,198	173,355
77-78	60,659	83,934	10,082 ²	154,675
78-79	60,597	73,688	7,127	141,412
79-80	63,834	69,369	7,363	140,566
80-81	70,726	68,040	5,650	144,416
81-82	66,731	65,117	5,684	137,532
82-83	63,481	56,759	2,395	122,635
83-84	70,558	59,033	3,208	132,799
84-85	76,912	55,543	2,415	134,870
85-86	80,859	52,061	3,193	136,113
86-87	84,662	59,847	2,559	147,068
87-88	91,579 ³	57,865	2,958	152,402
88-89	93,617 ⁴	46,762	3,619	143,998
89-90	101,344 ⁵	48,420	4,856	154,620
90-91	86,658 ⁶	48,085	5,407	140,150
91-92	91,982 ⁷	44,682	5,240	141,904
92-93	86,367 ⁸	44,092	5,464	135,923
93-94	80,798 ⁹	44,298	4,586	129,682
94-95	93,419 ¹⁰	55,022	4,327	152,768
95-96	101,606 ¹¹	43,639	5,424	150,669
96-97	110,163 ¹²	44,809	6,309	161,281
97-98	97,435 ¹³	43,345	4,955 ¹⁴	145,735
98-99	107,723	47,538	7,006	162,267
99-00	126,645	44,401	7,774	178,820
00-01	113,437 ^{15, 16}	39,954	8,084	161,475
01-02	121,489 ^{17, 18}	39,494	5,548	166,531
02-03	121,587	37,457	4,853	163,897

NOTES

1	Assessed production or production reported in Annual Reports.
2	Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.
3	Does not include 7,674.3 AF exchanged with MWDSC.
4	Does not include 6,423.6 AF exchanged with MWDSC.
5	Does not include 16,377.1 AF exchanged with MWDSC.
6	Does not include 14,929.1 AF exchanged with MWDSC.
7	Does not include 12,202.4 AF exchanged with MWDSC.
8	Does not include 13,657.3 AF exchanged with MWDSC.
9	Does not include 20,194.7 AF exchanged with MWDSC.
10	Does not include 4,221.9 AF exchanged with MWDSC.
11	Does not include 6,167.2 AF exchanged with MWDSC and reflects corrected production after reporting errors accounted for.
12	Reflects corrected production after reporting errors were accounted for.
13	Does not include 4,275.4 AF exchanged with MWDSC.
14	Does not include 216.5 AF exchanged with MWDSC.
15	Reflects corrected production after reporting errors accounted for.
16	Does not include 7,989 AF desalter production or 99.8 AF Dept. of Toxic Substances Control (DTSC) production.
17	Does not include 9,458 AF desalter production.
18	Reflects corrected production after reporting errors were accounted for.

HISTORY OF ANNUAL TOTAL PRODUCTION BY POOL



History of Reallocation of Unproduced AG Pool Safe Yield¹ (Acre Feet)

Fiscal Year	Land Use Conversions	Remaining 50% Allocated	Balance Available	Total Ag Pool Reallocated SY to Appr
74-75				
75-76				
76-77				
77-78				
78-79				
79-80				
80-81				
81-82				
82-83				
83-84	297	297	25,762	26,355 ²
84-85	297	297	18,543	19,136
85-86	406	406	21,091	21,902
86-87	406	406	36,348	37,159
87-88	2,028	2,028	74,433	78,489 ³
88-89	406	406	24,124	24,935
89-90	406	406	35,227	36,038
90-91	406	406	33,569	34,380
91-92	406	406	33,904	34,715
92-93	406	406	37,307	38,118
93-94	406	406	37,897	38,708
94-95	3,246	406	34,850	38,502
95-96	5,855	5,855	16,067	27,778
96-97	6,310	6,310	26,541	39,161
97-98	7,213	7,213	23,565	37,991
98-99	8,511	8,511	22,433	39,455
99-00	10,471	N/A	63,191	73,662 ⁴
00-01	13,920	N/A	28,926	42,846
01-02	14,133	N/A	29,173	43,306
02-03	16,480	N/A	28,863	45,343

1. Source: Watermaster Annual Reports and Assessment Packages
2. First year reallocation occurred under the Judgment
3. Appropriators agree to pay Ag Pool assessments, reallocation procedure changed by agreement
4. Peace Agreement signed, Appropriators agree to pay Ag Pool assessments for life of Peace Agreement, procedure changed by agreement.

**SUMMARY OF MWDC DELIVERIES
FISCAL YEAR 2002-03 (ACRE-FEET)**

Water Facilities Authority - CB-12						
MONTH	Upland	MVWD	Ontario	Chino	Chino Hills	Total
JUL	1,305	1,541	1,487	500	12	4,845
AUG	1,394	1,468	966	550	16	4,394
SEP	1,246	1,510	948	545	7	4,256
OCT	716	1,117	479	568		2,880
NOV	292	556	157	539		1,544
DEC	156	238	114	463		972
JAN	321	504	164	502		1,491
FEB	231	434	181	446		1,292
MAR	275	495	454	500		1,725
APR	284	583	765	469		2,101
MAY	320	870	1,118	516		2,824
JUN	610	1,123	1,465	555		3,753
Total	7,150	10,440	8,299	6,152	35	32,075

MONTH	Reliant	Cucamonga County Water District			Pomona	Total
	CB-01	CB-07	CB-16	Sub-Total		
JUL	181	508	3,252	3,760	550	9,337
AUG	20	449	3,252	3,701	490	8,604
SEP	45	479	3,056	3,535	465	8,300
OCT	9	402	2,243	2,644	242	5,775
NOV	11	345	1,752	2,097	132	3,783
DEC	3	158	1,477	1,635	28	2,638
JAN		240	1,696	1,936	140	3,566
FEB		166	1,274	1,440	131	2,863
MAR		216	1,212	1,428	65	3,218
APR		243	1,694	1,937	107	4,144
MAY		41	2,280	2,321	231	5,376
JUN		54	2,689	2,743	316	6,811
Total	269	3,302	25,875	29,176	2,895	64,415

**SUMMARY OF REPLENISHMENT,
SUPPLEMENTAL AND CYCLIC ACTIVITIES
FISCAL YEAR 2002- 2003 (ACRE-FEET)**

Month	Replenishment Water Purchased from Cyclic CB59	Supplemental Water Deliveries CB59	Total
Jul	-	-	-
Aug	-	-	-
Sep	-	1,752.8	1,752.8
Oct	-	2,605.9	2,605.9
Nov	-	1,112.0	1,112.0
Dec	-	1,028.7	1,028.7
Jan	-	-	-
Feb	-	-	-
Mar	-	-	-
Apr	-	-	-
May	3,883.2	-	3,883.2
Jun	-	-	-
Total	3,883.2	6,499.4	10,382.6

SUMMARY OF SUPPLEMENTAL SUPPLIES

Member Agency	Other Basins	Surface Diversions	SBVMWD MWDSC Imported Deliveries	Recycled Water	Total
Chino, City of	0.0	0.0	0.0	976.9	976.9
Chino Hills, City of	0.0	0.0	0.0	784.3	784.3
Cucamonga County Water District ¹	5,887.1	3,550.0	0.0	40.4	9,477.5
Inland Empire Utilities Agency ²	0.0	0.0	0.0	50.9	50.9
Fontana Water Company ³	18,017.4	2,413.2	1,847.5	0.0	22,278.0
Marygold Mutual Water Company ⁴	1,451.4	0.0	0.0	0.0	1,451.4
MWDSC ⁵	0.0	0.0	61,520.1	0.0	61,520.1
Monte Vista Water District	0.0	0.0	0.0	9.1	9.1
Ontario, City of	0.0	0.0	0.0	1,275.4	1,275.4
Pomona, City of ⁶	1,730.4	974.3	2,895.1	0.0	5,599.8
San Antonio Water Company ⁷	6,111.3	534.4	0.0	0.0	6,645.7
San Bernardino, County of	0.0	0.0	0.0	1,341.6	1,341.6
State of California, CIM ⁸	0.0	0.0	0.0	764.3	764.3
Upland, City of ⁹	10,742.5	1,152.4	0.0	107.6	12,002.5
West End Consolidated Water Company	2,939.2	0.0	0.0	0.0	2,939.2
West Valley Water District ¹⁰	7,037.2	0.0	0.0	0.0	7,037.2
Total	53,916.4	8,624.2	66,262.7	5,350.5	134,153.8

1. Includes groundwater produced from Cucamonga Basin & surface water from Lloyd Michaels, Royer-Nesbit, Arthur H. Bridge WTP's and Deer Canyon.
2. IEUA provided 4,498.3 AF of recycled water as follows: 1,341.6 AF to San Bernardino County; 1,196.7 AF to Ontario; 957.9 AF to the City of Chino and 766.7 AF to the City of Chino Hills. Ely Basin Groundwater Recharge in the amount of 184.5 AF is shown as allocated to the individual participants.
3. Imported groundwater produced from Colton/Rialto and "unnamed" basin. Surface water deliveries are from Lytle Creek.
4. Imported groundwater produced from wells located in the Rialto Basin.
5. MWDSC/SBVMWD deliveries (See Appendix G-1 for individual agencies breakdown).
6. Includes 933.4 AF of groundwater from Six Basins and 797.0 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.
7. An amount of 534.4 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 696.7 AF from San Antonio Tunnel, 4,427.8 AF from Cucamonga Basin and 986.8 AF from Six Basins.
8. Recycled wastewater that was applied to fields, including water held in storage ponds.
9. Includes 87.9 AF from Cucamonga Basin. Surface water deliveries are from the San Antonio Canyon WTP.
10. Listed amount was delivered to "meter book" service area.

**TOTAL WATER CONSUMPTION
WITHIN CHINO BASIN¹ (ACRE FEET)**

Fiscal Year	Chino Basin Extractions ²	Other Imported Supplies ³	Total
1974-75	175,757	49,383	225,140
1975-76	181,017	57,686	238,703
1976-77	173,355	55,765	229,120
1977-78	154,675	61,567	216,242
1978-79	142,412 ⁴	75,864	218,276
1979-80	140,566	70,727	211,293
1980-81	144,416	77,765	222,181
1981-82	137,532	67,491	205,023
1982-83	122,635	76,000	198,635
1983-84	132,799	99,257	232,056
1984-85	134,870	92,952	227,822
1985-86	136,113	114,624	250,737
1986-87	147,068	126,493	273,561
1987-88	152,402	116,175	268,577
1988-89	143,998	128,167	272,165
1989-90	154,620	139,004	293,624
1990-91	140,151	116,493	256,644
1991-92	141,904	104,480	246,384
1992-93	135,923	117,205	253,128
1993-94	129,682	136,038	265,720
1994-95	152,768	116,797	269,565
1995-96	150,669 ⁴	130,494	281,163
1996-97	161,281 ⁴	115,031	276,312
1997-98	145,735	106,360	252,095
1998-99	162,267	113,040	275,307
1999-00	178,820	129,208	308,028
2000-01	161,475 ⁴	128,596	290,071
2001-02	165,898	140,907	306,805
2002-03	163,897	132,306	296,203

- 1 Total includes water used over Cucamonga Basin.
- 2 See Appendix B.
- 3 Total does not include recycled water, cyclic deliveries, water delivered by exchange or water from direct spreading that was used for replenishment.
- 4 Reflects corrected production after accounting for reporting errors.

2002-2003 APPROPRIATIVE POOL LOCAL STORAGE ACTIVITY

PRODUCER	NOTES	Excess Carry Over Water Activity				Local Supplemental Water Activity (B)				
		Amount In Storage From June 30, 2001	Eligible for Storage In 2002-03	Transfer To/(From)	From Suppl Water	Excess CO Yr End 2002-03	Local Suppl Water July 1, 2002	MZI 6,500 (C) Eligible for Storage In 2002-03	To Excess Carry Over	Local Suppl Yr End 2002-03
Arrowhead Mountain Spring Water		0.000	0.000	0.000	0.000	0.000	0.000		0.000	
Chino, City of	1	7,304.790	3,528.292	(6,000.000)	0.000	4,833.082	2,262.923	478.161	2,741.084	
Chino Hills, City of	2	0.000	0.000	(2,700.000)	0.000	0.000	7,704.023	250.292	7,954.315	
Cucamonga County Water District	5	0.000	343.003	(10,000.000)	10,000.000	343.003	23,252.971	429.025	13,681.996	
Desalter Authority	A,8,9,10	27,897.556	0.000	(5,219.268)	0.000	22,678.288	0.000	0.000	0.000	
Fontana Union Water Company		0.000	0.000	0.000	0.000	0.000	0.000	757.635	757.635	
Fontana Water Company	4,5,6	0.000	0.000	0.000	0.000	0.000	0.119	0.130	0.249	
Inland Empire Utilities Agency		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Jurupa Community Services District	7	6,953.561	1,893.551	0.000	0.000	8,847.112	488.670	244.312	732.982	
Los Serranos Country Club		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Marygold Mutual Water Company		0.000	604.048	0.000	0.000	604.048	2,051.871	77.668	2,129.539	
Metropolitan Water Dist of So Calif	E	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Monte Vista Irrigation Company	3	233.703	0.000	0.000	0.000	233.703	7,175.733	80.203	7,255.936	
Monte Vista Water District	2,3	0.000	0.000	0.000	0.000	0.000	5,110.969	571.752	5,682.721	
Niagara Bottling Company, LLC		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Nicholson Trust	6	0.000	0.000	0.000	0.000	0.000	0.474	0.455	0.929	
Norco, City of		447.082	0.000	(127.675)	0.000	319.407	47.840	23.918	71.758	
Ontario, City of	D,1	0.000	0.000	0.000	0.000	0.000	11,920.320	1,348.104	13,268.424	
Pomona, City of	4	0.000	0.000	(2,946.450)	2,946.450	0.000	17,039.250	1,329.387	15,422.187	
Santa Ana River Water Company	7	294.793	0.000	(469.153)	174.360	0.000	308.490	154.231	288.361	
San Antonio Water Company		7,858.910	1,109.031	0.000	0.000	8,967.941	357.240	178.604	535.844	
San Bernardino County (Shooting Park)		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Southern California Water Company		661.813	368.178	0.000	0.000	1,029.996	2,196.325	48.746	2,245.071	
Upland, City of		1.239	2,591.028	0.000	0.000	2,592.267	7,506.612	338.099	7,844.711	
West End Consolidated Water Company		13,386.505	1,446.466	0.000	0.000	14,832.971	224.640	112.310	336.950	
West San Bernardino County Water District		5,063.320	983.457	0.000	0.000	6,046.777	152.750	76.368	229.118	
TOTALS		70,103.277	12,867.054	(27,462.546)	13,120.810	71,328.595	87,801.220	6,499.400	(13,120.810)	81,179.810

- (A) Account reduced by desalter production of 10,438.535 and increased by new yield of 5,219.267
 (B) 93,862.143 af quantified as supplemental water on 5/24/01 pursuant to Peace Agreement & Watermaster Rules & Regulations.
 (C) 6499.4 af of supplemental water purchased and recharged in MZI pursuant to Peace Agreement & Watermaster Rules & Regulations.
 (D) The City of Ontario underreported production by 633.133 af in the prior year. No replenishment obligation occurred as their storage account was reduced by this amount.
 (E) See individual accounts for balances

2002-2003 OVERLYING (NON-AGRICULTURAL) POOL PRODUCTION

PRODUCER	NOTES	Carry-Over From 2001-02	Share of Operating Safe Yield	Transfers	2002-03 Production & Exchange	Net Over Production	Carry-Over To 2002/2003	Eligible for Local Storage	Amount In Storage From 2001-02	Storage Transfer	Local Storage At Yr End 2002-03
Ameron Steel		97.858	97.858	0.000	0.000	0.000	97.858	97.858	1,560.279	0.000	1,658.137
Angelica Rental Service	2, 11	0.000	18.789	0.000	34.194	15.405	0.000	0.000	0.000	0.000	0.000
California Speedway	9, 11	423.445	1,000.000	0.000	633.902	0.000	789.543	0.000	0.000	0.000	0.000
California Steel Industries (CSI)	3, 6, 11	0.000	1,300.000	0.000	0.000	0.000	1,300.000	0.000	0.000	0.000	0.000
CCG Ontario LLC	6, 9, 10, 11	630.274	630.274	0.000	0.000	0.000	630.274	630.274	6,332.592	0.000	6,962.866
Edison Company	11	27.959	27.959	0.000	0.000	0.000	27.959	27.959	83.877	0.000	111.836
General Electric - Geomatrix	5, 11	0.000	0.000	0.000	1,028.620	30.859	0.000	0.000	0.000	0.000	0.000
Praxair Inc.	3, 11	427.446	427.446	0.000	151.599	0.000	427.446	275.847	3,254.457	0.000	3,530.304
Reliant Energy, Etiwanda	11	954.540	954.540	0.000	1,217.536	0.000	691.544	0.000	5,566.943	0.000	5,566.943
S. B. County, Chino Airport	8, 11	65.510	133.870	0.000	76.200	0.000	123.180	0.000	0.000	0.000	0.000
Space Center-Mira Loma	4, 11	2.838	104.121	125.697	232.656	0.000	0.000	0.000	467.240	-125.697	341.543
Sunkist	7, 11	1,873.402	1,873.402	0.000	1,114.439	0.000	1,873.402	758.963	8,045.767	0.000	8,804.730
Swan Lake	11	464.240	464.240	0.000	359.656	0.000	464.240	104.584	1,889.275	0.000	1,993.859
Vulcan Materials Co.(Calmat)	1, 11	317.844	317.844	0.000	4.446	0.000	317.844	313.398	7,566.406	0.000	7,879.804
West Venture Development	11		0.000								
TOTALS		5,285.356	7,350.343	125.697	4,853.248	46.264	6,743.290	2,208.883	34,766.836	(125.697)	36,850.022

FOOTNOTES:

1. Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
2. Southern Service Company became Angelica Rental Service in FY 94-95.
3. Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996. Praxair assigned 151.599 af. CSI did not assign water to FWC for service it provided to them in this FY.
4. JCSD assigned 232.656 af of production to Space Center. Assignmtns over S.Y. will reduce storage until Space Center has no water in storage, then assignmtns will be limited by S.Y. per Michael Thies 9/9/03.
5. GE pumped and recharged after treatment, 1028.620 af. By agreement, they are assessed 3% losses due to spreading.
6. Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1300.000 af permanent right as of July 1, 1995, Kaiser 1000 af & 630.274 af of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
7. Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was only 55.041 af of their production in this FY.
8. San Bernardino County Department of Airports production has been increased by 762 af from the City of Chino, whose production was decreased the same, under an Agency agreement approved by Watermaster.
9. Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 af to be held as "tenants in common", with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water. CCG Ontario LLP transferred an additional 525 af to SDC effective 8/16/00.
10. Kaiser Ventures sold its last property holdings & all water rights to CCG Ontario LLP on August 16, 2000. [(CCG - 630.274) + (Calif Speedway - 1000) + (CSI - 1300) = (Original Kaiser - 2,930.274 af)]
11. West Venture dissolved and their Non Ag rights of 15.657 af/yr were divided up between other Non Ag producers based on their % share of safe yield for purposes of the volume vote calculation.

**APPROPRIATIVE RIGHTS
(Original Per Judgement)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino	5,271.70	3,670.07	6.69
City of Norco	289.50	201.55	0.37
City of Ontario	16,337.40	11,373.82	20.74
City of Pomona	16,110.50	11,215.85	20.45
City of Upland	4,097.20	2,852.40	5.20
Cucamonga County Water District	4,431.00	3,084.79	5.63
Jurupa Community Services District	1,104.10	768.66	1.40
Monte Vista County Water District	5,958.70	4,148.34	7.57
West Valley Water District	925.50	644.32	1.18
Etiwanda Water Company	768.00	534.67	0.98
Feldspar Gardens Mutual Water Company	68.30	47.55	0.09
Fontana Union Water Company	9,188.30	6,396.74	11.67
Marygold Mutual Water Company	941.30	655.32	1.20
Mira Loma Water Company	1,116.00	776.94	1.42
Monte Vista Irrigation Company	972.10	676.76	1.23
Mutual Water Company of Glen Avon Heights	672.20	467.97	0.85
Park Water Company	236.10	164.37	0.30
Pomona Valley Water Company	3,106.30	2,162.55	3.94
San Antonio Water Company	2,164.50	2,506.89	2.75
Santa Ana River Water Company	1,869.30	1,301.37	2.37
Southern California Water Company	1,774.50	1,235.38	2.25
West End Consolidated Water Company	1,361.30	947.71	1.73
Total	78,763.80	55,834.00	100.00

APPROPRIATIVE RIGHTS

(as of June, 2003)

Party	Appropriative Right (Acre-Feet)	Share of Initial Operating Safe Yield (Acre-Feet)	Share of Operating Safe Yield (Percent)
City of Chino ^A	5,794.60	4,033.86	7.36
City of Chino Hills ^B	3,033.20	2,111.42	3.85
City of Norco	289.50	201.55	0.37
City of Ontario	16,337.40	11,373.82	20.74
City of Pomona	16,110.50	11,215.85	20.45
City of Upland	4,097.20	2,852.40	5.20
Cucamonga County Water District ^C	5,199.20	3,619.45	6.60
Jurupa Community Services District ^D	2,960.70	2,061.12	3.76
Monte Vista County Water District ^E	6,928.80	4,823.95	8.80
West Valley Water District ^F	925.50	644.32	1.18
Fontana Union Water Company ^G	9,188.30	6,391.74	11.66
Fontana Water Company ^H	0.00	1.00	0.00
Los Serranos County Club ^I	0.00	0.00	0.00
Marygold Mutual Water Company	941.30	655.32	1.20
Monte Vista Irrigation Company	972.10	676.76	1.23
Niagara Bottling Company	0.00	0.00	0.00
Nicholson Trust ^J	0.00	4.00	0.01
San Antonio Water Company	2,164.50	2,506.89	2.75
Santa Ana River Water Company	1,869.30	1,301.37	2.37
Southern California Water Company ^K	590.70	411.48	0.75
West End Consolidated Water Company	1,361.30	947.71	1.73
San Bernardino County (Shooting Park) ^L	0.00	0.00	0.00
Arrowhead Mountain Springs Water Company ^M	0.00	0.00	0.00
City of Fontana ^N	0.00	0.00	0.00
TOTAL	78,764.10	55,834.00	100.00

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

^B City of Chino Hills incorporated in 1991 and assumed the responsibility for providing the public services formerly provided by WW#8. WW#8 acquired a portion of the rights of Park and Pomona Valley Water Companies in 1983.

^C CCWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986).

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

^E In 1990, MVWD received 675.610 AF of WW#8 OSY as a result of a permanent transfer.

^F WSBCWD changed name to WVWD in 2003.

^G In FY 2001-02 5 AF of Safe Yield was reassigned. 1AF to FWC and 4 AF to the Nicholson Trust.

^H FWC intervened in FY 91-92 and was assigned 1 AF of OSY as a result of a permanent transfer of water rights from FUWC.

^I Los Serranos intervened in FY 83-84.

^J Nicholson Trust intervened in FY 2001-02.

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

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

^M Arrowhead intervened in FY 92-93.

^N Fontana intervened in FY 98-99.

OVERLYING NON-AGRICULTURAL RIGHTS
(Original Per Judgement)

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield Acre-Feet</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Conrock Company	406.00	317.84
Kaiser Steel Corporation	3,743.00	2,930.27
Red Star Fertilizer	20.00	15.66
Southern California Edison Co.	1,255.00	982.50
Space Center, Mira Loma	133.00	104.12
Southern Service Co. dba Blue Seal Linen	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Carlsberg Mobile Home Properties, Ltd '73	593.00	464.24
Union Carbide Corporation	546.00	427.45
Quaker Chemical Co.	-	-
TOTAL	9,409.00	7,366.00

OVERLYING NON-AGRICULTURAL RIGHTS
(as of June, 2003)

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield Acre-Feet</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Vulcan Materials Company ^o	406.00	317.84
CCG Ontario LLC ^p	805.00	630.27
West Venture Development Co. ^q	20.00	15.66
Southern California Edison Co. ^r	37.00	27.96
Reliant Energy, Etiwanda ^s	1,219.00	954.54
Space Center, Mira Loma	133.00	104.12
Angelica Rental Service ^t	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Swan Lake Mobile Home Park ^u	593.00	464.24
California Steel Industries ^v	1,660.00	1,300.00
Praxair ^w	546.00	427.45
General Electric Corporation ^x	-	-
California Speedway ^y	1,277.00	1,000.00
Loving Savior of the Hills Lutheran Church ^z	-	-
	9,409.00	7,366.00

^o Conrock became Calmat and in FY 99-00 became Vulcan Materials Co.

^p Kaiser Steel Corporation became Kaiser Resources and then Kaiser Venture, Inc. Kaiser sold portions of its property to CSI & Speedway, its last property holdings and all its remaining water rights to CCG Ontario LLP on 8-16-00.

^q Anaheim Citrus became Red Star Fertilizer, West Venture Development. West Venture went out of business in 91-92.

^r A portion of SCE was sold in FY 98-99. SCE retained 27,959 AF OSY.

^s Mountain Vista Power Generating Company (MVPG) purchased the Etiwanda Generating Facility owned by SCE in FY 98-99. MVPG became Reliant Energy, Etiwanda with 954,540 AF OSY.

^t Southern Service Company became Angelica Rental Service.

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

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

^w Union Carbide Corp. became Praxair, Inc.

^x General Electric Company intervened in FY 95-96.

^y California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000 Catellus permanently transferred 525 AF OSY to Speedway.

^z Loving Savior of the Hills Lutheran Church intervened in FY 00-01.

HISTORY OF INTERVENTIONS AFTER JUDGMENT

FY	Appropriative	Non-Agricultural	Agricultural
02-03	Niagara Bottling Company		
01-02	Nicholson Trust		
00-01		Loving Savior of the Hills Lutheran Church	
		CCG Ontario, LLC (Catellus Commercial Group)	
99-00			
98-99			
97-98			Louis Badders
		Mountain Vista Power Generation Company, LLC	Paul Russavage
96-97		California Speedway Corporation	Ambrosia Farms, Chin T. Lee
95-96	City of Fontana	General Electric Company	Elizabeth H. Rohrs
			Richard Van Loon
			S.N.S. Dairy
			Wineside 45
			Frank Lizaraga
94-95			
93-94			
92-93			
91-92	Arrowhead Mountain Springs Water Co	California Steel Industries, Inc.	
90-91			
89-90	Fontana Water Company		Gary Teed
88-89			
87-88			Que Fulmer
86-87		American Diversified Capital Corporation	Robert Barth
			Richard Lambeth
			Jim Nace
			Lemon D and Louise Thrail
			Whispering Lakes Community Church
85-86			Carlos Palacio
			Jay Park
			Andy Sytsma
			Fred Scane
			Bob DeJager
			Chino Valley Investment
			John Vander Poel
84-85			Eric Daale
			James Idsinga
83-84			Marvin H. Belville
			Los Serranos Golf Club, Inc.
			Rick and Debbie Mouw
			Geoffrey Vanden Heuvel
82-83			Manual Moreno
			Ronald C. and Kristine Pietersma
			Francisco Islas
			Gene and Geneva Burbridge
			Dick Bosma
			Richard Lorenz

HISTORY OF INTERVENTIONS AFTER JUDGMENT

FY	Appropriative	Non-Agricultural	Agricultural
81-82		Anaheim Citrus Products	Joe Heim
			Louis Struikman
			George Noble
			Everett/Charles, Inc.
			Abel Villalpando
			Ontario Planned Residential Joint Venture
80-81			Pete Boersma
			David Chez
			Judith Collins
			Sharon Schact
			Andy Dyt
			J.D. Smith
			Charlie Tadema
			Maynard Troost
			Ralph D. Wenger
			Walter W. Wurster
			Jeannette Wurster
			Theodore Zwicker
79-80			Ray Albers
			Intex Corporation
			Dutchmen Properties
			Frank Jacques
			Mobile Home Partners of California
			Alfred B. and Sandra Tourigny
			Leon Weaver
78-79			Jim and Linda Carroll
			Richard Haagsma
			John R and Claudell Moore
			Jack Pinheiro
			A.C. Pinheiro
			Mary Pinheiro
			August Vandenberg
			Andrew W. Vandenberg
			Ben Vandenberg
			Turn Key Associates, Inc.
			Albert Levinson, Tomlev, Inc.
			R.C. Land Company
			Frans and Cornelia Aardema
			Sylvester and Arlene Vander Tuig
77-78			Mira Loma Thoroughbred Farm
			Sky Country Development Co., Magnolia Farms
			George Yamamoto
			Carol A. Larsen and Mary L. Rawitser
			Tex L. and Phyllis T. Rexius
			Paul C and Linda E. Sackin
			Chino Grain and Mill, Inc.
			Amil and Helen Steiner
			Anthony H and Darlene Olive Osterkamp
			Pete Borba and Sons

APPROPRIATIVE POOL SUMMARY OF WATER TRANSACTIONS & NOTES

Appropriative Pool Summary of Water Transactions & Notes

Note Number	To	From	Quantity	Date of Watermaster Approved	\$/AF	Total \$	Financial Impact on 85%/15% Producers		Watermaster Pays 15% To
							85%	15%	
1	Ontario	Chino	6,000.000	2/27/03	201.00	1,206,000.00	1,025,100.00	180,900.00	Chino
2	MVWD	Chino Hills	2,700.000	6/19/03	207.00	558,900.00	475,065.00	83,835.00	Chino Hills
3		MVIC	1,000.000	7/24/03	212.00	212,000.00	180,200.00	31,800.00	MVIC
4	Fontana Water Co	Pomona	2,500.000	2/27/03	208.00	512,500.00	435,625.00	76,875.00	Pomona
5		CCWD	10,000.000	5/28/03	216.00	2,160,000.00	1,836,000.00	324,000.00	CCWD
6		Nicholson Trust	6.516	8/28/03	216.00	1,407.46	1,196.34	211.12	FWC
7	JCSD	Santa Ana	2,000.000		N/A				
Total			24,206.516			\$4,650,807.46	\$3,953,186.34	\$697,621.12	

ASSIGNMENTS (13)

Norco	JCSD	397.497	N/A						
Santa Ana		456.010	N/A						
Space Center		232.656	N/A						
Swan Lake		359.656	N/A						
Praxair	FWC(B)	151.599	85.00	18,984.36	16,136.70	2,847.65	FWC		
Sunkist	Ontario	55.041	200.00	11,008.20	9,356.97	1,651.23	Ontario		
Ag Pool Assign		187.250	N/A						
Chino Airport	Chino	97.200	N/A						
Ag Pool Assign		873.200	N/A						
El Prado Golf		312.010	N/A						
Ag Pool Assign	MVWD	390.000	N/A						
Higgins Ranch	Chino Hills	13.012							
Boys Republic		155.080							
Los Serranos		208.920	N/A						
Total Assignments		3,889.131		\$29,992.56	\$25,493.67	4,498.883			
						Total Credits	\$702,120.00		

OTHER NOTES

- | | Acre Feet |
|--|--------------------------------|
| 8 Desalter Production | 10,438.535 |
| 9 Desalter - Rising Water Cap | 5,219.268 |
| 10 Desalter Account reduced by acre feet of production and increased by rising water capture. | |
| 11 Stringfellow/DTSC Up to 300,000 acre feet per year is exempt from assessment. | Production included in AG Pool |
| 12 Some water transferred from storage to eliminate a potential replenishment obligation due to water transactions & supplemental water designations. | |
| 13 Assignment of equivalent production based on metered service in net production shown by entity/pool. Reflected here for assessment adjustment page. | |

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

PLEASE TAKE NOTICE that on this 30th day of January 2003, Chino Basin Watermaster hereby files this "NOTICE OF INTENT" to change the operating safe yield of the Chino Groundwater Basin pursuant to the Judgement entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

Approved by
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE

CHINO BASIN WATERMASTER
BOARD OF DIRECTORS

By: /s/ Nathan deBoom
Nathan deBoom
Chairman, Advisory Committee

By: /s/ Dennis Yates
Dennis Yates
Chairman, Watermaster Board

ATTEST: CHINO BASIN WATERMASTER
BOARD OF DIRECTORS

By: /s/ Dan Rodriguez
Dan Rodriguez
Secretary, Watermaster Board

SUMMARY BUDGET

FY 2002/2003

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Ordinary Income/Expense					
4000 Mutual Agency Revenue	\$85,125	\$26,629	\$20,000	\$0	-\$20,000
4110 Admin Asmnts-Approp Pool	4,241,553	4,470,785	3,580,590	3,931,695	351,105
4120 Admin Asmnts-Non-Agri Pool	241,981	149,042	196,982	88,201	-109,781
4730 Prorated Interest Income	118,608	38,085	132,890	112,025	-20,865
Total Income	4,687,290	4,684,551	3,930,462	4,131,921	201,459
Administrative Expenses					
6010 Salary Costs	428,397	198,285	414,173	385,900	-28,273
6020 Office Building Expense	70,561	40,491	123,845	108,995	-14,850
6030 Office Supplies & Equip.	30,082	14,814	29,800	41,000	11,200
6040 Postage & Printing Costs	63,155	28,726	72,450	66,400	-6,050
6050 Information Services	95,905	43,348	101,800	105,750	3,950
6060 WM Special Contract Services	184,846	53,569	227,600	121,000	-106,600
6080 Insurance Expense	10,689	7,128	11,210	16,710	5,500
6110 Dues and Subscriptions	12,619	11,217	13,500	14,500	1,000
6150 Field Supplies & Equipment	4,258	1,907	3,950	4,250	300
6170 Vehicle Maintenance Costs	24,656	9,816	25,500	46,300	20,800
6190 Conferences & Seminars	11,682	10,952	14,500	16,000	1,500
6200 Advisory Committee Expenses	20,256	7,311	17,870	15,071	-2,799
6300 Watermaster Board Expenses	42,198	13,818	42,522	28,371	-14,151
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration	15,236	6,746	16,310	14,471	-1,839
8400 Agricultural Pool Administration	120,221	33,821	119,010	233,979	114,969
8500 Non-Agricultural Pool Administration	6,666	2,380	4,462	6,698	2,236
9500 Allocated G&A Expenditures	0	-119,852	-286,120	-309,073	-22,953
Total Administrative Expenses	1,141,602	364,479	952,757	916,697	-36,060
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	806,676	443,070	810,777	942,065	131,288
6950 Cooperative Efforts	103,504	38,156	2,500	85,004	82,504
9501 Allocated G&A Expenditures	0	33,419	80,857	91,999	11,142
Total General OBMP Expenditures	910,180	514,645	894,134	1,119,068	224,934
7000 OBMP Implementation Projects					
7101 Production Monitoring	28,488	14,174	61,062	79,283	18,221
7102 In-Line Meter Installation/Maintenance	222,973	187,302	439,399	131,380	-308,019
7103 Groundwater Quality Monitoring	194,891	101,120	321,829	274,613	-47,216
7104 Groundwater Level Monitoring	182,501	51,492	205,916	157,852	-48,064
7105 Surface Water Quality Monitoring	23,727	17,028	85,161	133,595	48,434
7106 Water Level Sensors Install	20,969	16,596	34,501	26,835	-7,666
7107 Ground Level Monitoring	51,302	367,981	801,070	202,283	-598,787
7108 Hydraulic Control Monitoring Program	0	0	0	718,227	718,227
7200 OBMP Pgm Element 2 - Comp Recharge Program	286,856	114,523	184,168	89,575	-94,593
7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter	133,099	5,300	123,587	47,499	-76,088
7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies	98,523	98,803	81,172	187,308	106,136
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	37,889	87,942	58,299	51,820	-6,479
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	157,334	26,656	102,830	146,179	43,349
7700 Inactive Well Protection Program	0	0	0	30,447	30,447
7206 Comp Recharge - Basin Program O&M	0	0	0	441,859	441,859
7690 Recharge Improvement Debt Payment	0	429,250	620,000	429,250	-190,750
9502 Allocated G&A Expenditures	0	86,433	205,263	217,074	11,811
Total OBMP Implementation Projects	1,438,552	1,604,600	3,324,257	3,365,079	40,822
Total Expenses	3,490,334	2,483,725	5,171,148	5,400,844	229,696
Net Ordinary Income	1,196,956	2,200,826	-1,240,686	-1,268,923	-28,237
Other Income					
4210 Approp Pool-Replenishment	38,946	1,424,041	0	0	0
4220 Non-Ag Pool-Replenishment	9,329	8,567	0	0	0
4230 Groundwater Recharge Activity	1,579,500	1,586,000	2,285,049	2,189,500	-95,549
Total Other Income	1,627,776	3,018,609	2,285,049	2,189,500	-95,549
Other Expense					
5010 Groundwater Recharge	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
5050 SB222 Cyclic Storage Program	0	0	0	0	0
Total Other Expense	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
Net Other Income	60,252	1,685,541	0	-84,000	-84,000
9800 From/(To) Reserves	-1,257,208	-3,886,368	1,240,686	1,352,923	112,237
Net Income	\$0	\$0	\$0	\$0	\$0

8 6

Chino Basin Watermaster Financial Statements

Year Ended June 30, 2003
(with Independent Auditor's Report Thereon)

CONRAD AND
ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2301 DUPONT DRIVE, SUITE 200
IRVINE, CALIFORNIA 92612
(949) 474-2000
Fax (949) 263-5520

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CONRAD AND
ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1301 DUPONT DRIVE, SUITE 200
IRVINE, CALIFORNIA 92612
19491-474-2020
Fax 19491-263-5520

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2003, as listed in the accompanying table of contents. These financial statements are the responsibility of the Chino Basin Watermaster's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Conrad and Associates, L.L.P.

August 29, 2003

MEMBERS OF AICPA AND CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES PRACTICE SECTION

BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2003

<u>Assets</u>	General Fund	General Fixed Assets Account Group	Totals (Memorandum Only)	
			2003	2002
Cash (Note 2)	\$ 116,893		\$ 116,893	\$ 85,082
Short-term investments (Note 2)	4,343,138		4,343,138	4,045,244
Accounts receivable	34,788		34,788	108,905
Prepaid expenses	31,876		31,876	30,976
Property and equipment, at cost (Note 3)		\$ 222,809	222,809	237,434
Total assets	\$ 4,526,695	\$ 222,809	\$ 4,749,504	\$ 4,507,641
Liabilities and Fund Equity				
Accounts payable and accrued liabilities	\$ 605,103		\$ 605,103	\$ 261,958
Compensated absences payable (Note 4)	82,177		82,177	82,248
Total liabilities	687,280	-	687,280	344,206
Fund Equity				
Investment in general fixed assets		\$ 222,809	222,809	237,434
Fund balance:				
Reserved for:				
SB222 expenditures (Note 6)	158,251		158,251	158,251
Groundwater replenishment	266,503		266,503	204,948
Appropriative pool	2,780,770		2,780,770	2,936,186
Agricultural pool (Note 7)	466,068		466,068	448,150
Non-agricultural pool	165,291		165,291	175,621
Educational programs	2,532		2,532	2,845
Total fund equity	3,839,415	222,809	4,062,224	4,163,435
Total liabilities and fund equity	\$ 4,526,695	\$ 222,809	\$ 4,749,504	\$ 4,507,641

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
Revenues:				
Administrative Assessments (Note 8)	\$ 3,797,572	\$ 4,619,827	\$ 822,255	\$ 4,483,514
Interest	132,890	93,888	(39,002)	118,608
Local Agency Subsidies	-	25,879	25,879	-
Grants	-	-	-	76,151
Miscellaneous Revenue	-	-	-	9,017
Total Revenues	<u>3,930,462</u>	<u>4,739,594</u>	<u>809,132</u>	<u>4,687,290</u>
Expenditures:				
Watermaster Administration	752,208	813,545	(61,337)	999,104
Pool, Advisory & Board Administration	200,174	129,655	70,519	142,214
Education Funds Expenditures	375	375	-	375
Optimum Basin Management Plan	4,215,891	3,866,001	349,890	2,245,137
Mutual Agency Project Costs	2,500	78,158	(75,658)	103,505
Total Expenditures	<u>5,171,148</u>	<u>4,887,734</u>	<u>283,414</u>	<u>3,490,335</u>
Excess of Revenues over/(under) Expenditures	(1,240,686)	(148,140)	525,718	1,196,955
Other Revenues:				
Replenishment Water Assessments	-	1,473,723	1,473,723	48,276
MZ1 Supplemental Water Assessments	2,285,049	1,586,000	(699,049)	1,579,500
Total Other Revenues	<u>2,285,049</u>	<u>3,059,723</u>	<u>774,674</u>	<u>1,627,776</u>
Other Expenditures:				
Replenishment Water Purchases	699,000	1,430,645	(731,645)	-
MZ1 Supplemental Water	1,586,049	1,567,524	18,525	1,567,524
Total Other Expenditures	<u>2,285,049</u>	<u>2,998,169</u>	<u>713,120</u>	<u>1,567,524</u>
Excess of Other Revenues over/(under) Other Expenditures	-	61,554	61,554	60,252
Net Excess of Revenues over/(under) Expenditures	(1,240,686)	(86,586)	1,154,100	1,257,207
Fund Balance at Beginning of Year	3,926,001	3,926,001	-	2,668,794
Fund Balance at End of Year	<u>\$ 2,685,315</u>	<u>\$ 3,839,415</u>	<u>\$ 1,154,100</u>	<u>\$ 3,926,001</u>

**CHINO BASIN WATERMASTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 1 – REPORTING ENTITY AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES**

Description of 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. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five (5) member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five (5) years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three (3) Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2002-03 expenses are based on the 2001-02 production volume.

	2001-02	
	Acre Feet	%
Appropriative Pool	120,856	72.84
Agricultural Pool	39,494	23.80
Non-Agricultural Pool	<u>5,548</u>	<u>3.34</u>
Total Production	<u>165,898</u>	<u>100.00</u>

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.

The accounting policies of the Watermaster conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

Description of Fund and Account Group

General Fund

The General Fund is used to account for all revenues and activities financed by the Watermaster except those required to be accounted for in another fund.

General Fixed Asset Account Group

The General Fixed Asset Account Group is used to account for the cost of fixed assets required to perform general governmental functions.

Cash and investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Investment income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

Basis of Accounting

The Watermaster financial statements are prepared on the modified accrual basis of accounting. Revenues are accrued when they become both measurable and available. "Available" means collected in the current period or soon enough thereafter to pay for the expenditures incurred during the current period. Expenditures are recorded when the related liability for goods or services received is incurred.

General Fixed Assets

General fixed assets are recorded as expenditures of the General Fund at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Assets Account Group. No depreciation is provided on general fixed assets.

NOTE 2 – CASH, DEPOSITS, SHORT-TERM AND POOLED INVESTMENTS

State statutes and the Watermaster's investment policy authorize the Watermaster to invest in certificates of deposit with financial institutions having an operating branch within the Watermaster's geographic area and the State of California Treasurer's Local Agency Investment Fund (LAIF).

The Watermaster's deposits and investments are categorized to give an indication of the level of risk assumed at year-end by the following three categories:

Category 1

- Includes deposits insured or collateralized with securities held by the Watermaster or its agent in the Watermaster's name.

- Includes investments that are insured or registered or for which the securities are held by the Watermaster or its agent in the Watermaster's name.

Category 2

- Includes deposits with collateralized securities held by the pledging financial institution's trust department or agent in the Watermaster's name and deposits collateralized by an interest in an undivided collateral pool held by an authorized agent or depository and subject to certain regulatory requirements under State law.
- Includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Watermaster's name.

Category 3

- Includes uncollateralized deposits or deposits with collateralized securities held by the pledging financial institution or by its trust department or agent, but not in the Watermaster's name.
- Includes uninsured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the Watermaster's name.

In accordance with Government Accounting Standards Board Statement Number 3 ("GASB 3") criteria, the Watermaster's deposits and investments are categorized as follows for the year ended June 30, 2003:

	CATEGORIES			Bank Balance	Carrying Amount
	1	2	3		
DEPOSITS					
Demand deposits	\$198,064	\$0	\$0	\$198,064	\$116,893
INVESTMENTS					
Pooled funds:					
Local Agency Investment Funds (LAIF)*	0	0	4,343,138	4,343,138	
Total deposits and investments	\$198,064	\$0	\$4,541,202	\$4,460,031	

**Monies pooled with the State Treasurer in the Local Agency Investment Fund (LAIF) are not subject to risk categorization.*

The bank balance reflects the amount credited by a financial institution to the Watermaster's account as opposed to the Watermaster's own ledger balance for the account. The carrying value reflects the ledger value, which includes checks written by the Watermaster, which have not cleared the bank as of June 30, 2003.

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 investment accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

NOTE 3 – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2003 is as follows:

General fixed assets at June 30, 2002, as previously reported	\$237,434
Additions	18,808
Deletions	<u>(33,433)</u>
General fixed assets at June 30, 2003	<u>222,809</u>

NOTE 4 – COMPENSATED ABSENCES PAYABLE

Permanent Watermaster employees earn from 10 to 20 days vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation.

NOTE 5 – DEFERRED COMPENSATION PLAN

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of \$12,000 or 33.33% of includible compensation, or 25% of gross compensation. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2003 the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

NOTE 6 – SB 222 FUNDS

On November 21, 1978, the Chino Basin Watermaster unanimously approved that remaining SB222 funds be utilized primarily to deliver and spread cyclic water and secondarily to purchase and spread replenishment water.

NOTE 7 – AGRICULTURAL POOL SALE OF WATER

In June 1988, the Agricultural Pool sold 2,000 acre feet of water in storage to Cucamonga County Water District. Funds from this sale are held and invested by the Watermaster for future use as determined by the Agricultural Pool members. At June 30, 2003, the proceeds from the sale and related interest earned thereon totaled \$466,068.

NOTE 8 – APPROPRIATIVE POOL INTEREST REVENUE ALLOCATION

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2001-02 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2002-03 assessments.

NOTE 9 – OPERATING LEASE

The Watermaster currently has a lease agreement for office space expiring March 31, 2004. The amount paid under this lease was \$53,272 for the year ended June 30, 2003. The future minimum lease payments for this lease are as follows:

Year Ending	
<u>June, 30</u>	<u>Amount</u>
2004	40,365
Total	<u>\$ 40,365</u>

NOTE 10 – EMPLOYEE RETIREMENT PLAN

Plan Description and Provision

The Watermaster contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Watermaster resolutions. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 12.756% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

Annual Pension Cost

For the fiscal year ended June 30, 2003, Watermaster's Annual Pension Cost (APC) of \$117,941 was equal to the Watermaster's required and actual contributions. The required contribution for the year ended June 30, 2003 was determined as part of the June 30, 2000 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by age, service and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS' unfunded actuarial accrued liability may not be lower than the payment calculated over a 30 year amortization period.

Three-Year Trend Information for PERS

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC) (Employer Contribution)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$58,089	100%	-0-
6/30/02	96,279	100%	-0-
6/30/03	117,941	100%	-0-

Required Supplementary Information

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>*UAAL As a % of Payroll</u>
6/30/00	\$124,832	116,301	8,531	93.2%	333,316	(2.6%)
6/30/01	192,890	178,838	14,052	92.7%	291,502	(4.8%)
6/30/02	294,441	262,540	31,901	89.2%	517,200	(6.2%)

**UAAL refers to unfunded actuarial accrued liability.*

NOTE 11 – LEGAL MATTERS

The Watermaster is involved in pending litigation for which a final outcome is not known at this time.

NOTE 12 – PROJECT COMMITMENTS

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge supplemental water to the Chino Groundwater Basin. In addition, stormwater and recycled water recharge would be increased. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

**COMBINING SCHEDULE OF REVENUE,
EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE PERIOD JULY 1, 2002 THROUGH JUNE 30, 2003**

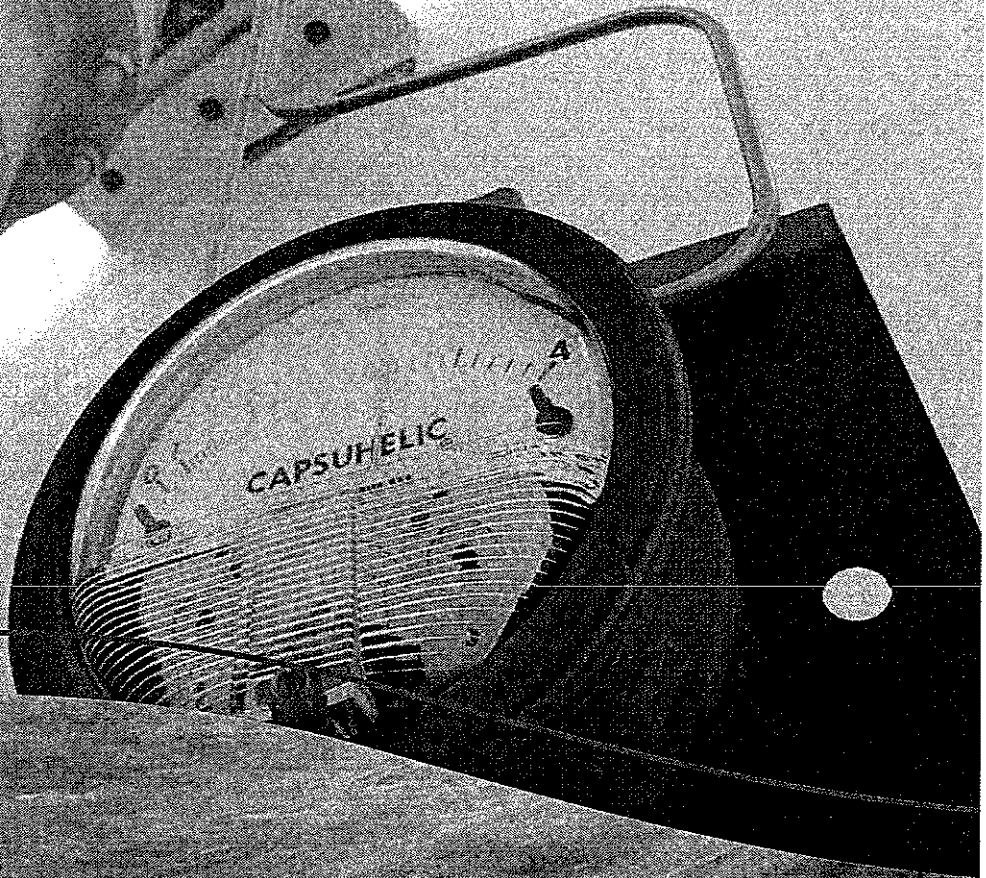
	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2002-03
Administrative Revenues										
Administrative Assessments			4,470,785		149,042				4,619,827	3,797,672
Interest Revenue			79,234	10,168	4,423			62	93,888	132,890
Mutual Agency Project Revenue	25,879								25,879	-
Grant Income									-	-
Miscellaneous Income									-	-
Total Revenues	25,879	-	4,550,019	10,168	153,466	-	-	62	4,739,594	3,930,462
Administrative & Project Expenditures										
Watermaster Administration	813,546								813,546	752,208
Watermaster Board-Advisory Committee	39,415								39,415	60,392
Pool Administration			14,129	71,706	4,404				90,240	139,782
Optimum Basin Mgmt Administration		939,061							939,061	891,634
OBMP Project Costs		2,926,940							2,926,940	3,324,257
Education Funds Use								375	375	375
Mutual Agency Project Costs	78,158								78,158	2,500
Total Administrative/OBMP Expenses	931,119	3,866,001	14,129	71,706	4,404			375	4,887,735	5,171,148
Net Administrative/OBMP Income	(905,240)	(3,866,001)								
Allocate Net Admin Income To Pools	905,240		659,460	215,505	30,276				-	-
Allocate Net OBMP Income To Pools		3,866,001	2,816,349	920,354	129,299				-	-
Agricultural Expense Transfer			1,195,315	(1,195,315)					-	-
Total Expenses			4,685,252	12,250	163,979	-	-	375	4,887,735	5,171,148
Net Administrative Income			(135,233)	(2,082)	(10,513)			(313)	(148,141)	(1,240,686)
Other Income/(Expense)										
Replenishment Water Purchases						1,473,724			1,473,724	615,000
MZ1 Supplemental Water Assessments						1,586,000			1,586,000	1,670,049
Water Purchases									-	-
MZ1 Imported Water Purchase									-	(699,000)
Groundwater Replenishment						(2,998,169)			(2,998,169)	(1,586,049)
Net Other Income						61,555			61,555	-
Net Transfers To/(From) Reserves			(135,233)	(2,082)	(10,513)	61,555		(313)	(86,586)	(1,240,686)
Working Capital, July 1, 2002			2,916,003	468,150	175,805	204,948	158,251	2,845	3,926,002	
Working Capital, End Of Period			2,780,770	466,069	165,292	266,503	158,251	2,532	3,839,416	
01/02 Production			120,855.574	39,494.349	5,548.481				165,898.404	
01/02 Production Percentages			72.849%	23.806%	3.345%				100.000%	

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Chino Basin Watermaster
Twenty-Sixth Annual Report
Fiscal Year 2002-03

H2O



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

CHINO BASIN WATERMASTER
Case No. RCV 51010
Chino Basin Municipal Water District v. The City of Chino

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; Telephone (909) 484-3888.

On December 1, 2004 I served the following:

TRANSMITTAL OF FINAL COPY OF 26TH ANNUAL REPORT

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

See attached service list:
Mailing List 1

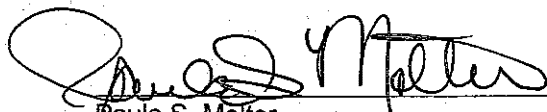
BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on December 1, 2004 in Rancho Cucamonga, California.



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Chino Basin Watermaster

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