Notice and Agenda of a Meeting of the Beaumont Basin Watermaster

Wednesday, October 4, 2017 at 10:00 a.m.

Meeting Location:
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223
(951) 845-9581

Watermaster Members:
City of Banning
City of Beaumont
Beaumont Cherry Valley Water District
South Mesa Water Company
Yucaipa Valley Water District

I. Call to Order

II. Roll Call
   City of Banning: Arturo Vela (Alternate: __________)  
   City of Beaumont: ____________ (Alternate: Kyle Warsinski) 
   Beaumont Cherry Valley Water District: ____________ (Alternate: Tony Lara) 
   South Mesa Water Company: George Jorritsma (Alternate: Dave Armstrong) 
   Yucaipa Valley Water District: Joseph Zoba (Alternate: Jennifer Ares)

III. Pledge of Allegiance

IV. Public Comments  At this time, members of the public may address the Beaumont Basin Watermaster on matters within its jurisdiction; however, no action or discussion may take place on any item not on the agenda. To provide comments on specific agenda items, please complete a Request to Speak form and provide that form to the Secretary prior to the commencement of the meeting.

V. Consent Calendar
   A. Meeting Minutes
      1. Meeting Minutes for August 2, 2017
      2. Meeting Minutes for August 30, 2017

VI. Reports
   A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering
   B. Report from Legal Counsel - Keith McCullough/Thierry Montoya, Alvarado Smith

VII. Discussion Items
   A. Nomination of the Beaumont Basin Watermaster Committee - Secretary [Memorandum No. 17-23, Page 12 of 27]
      Recommendation: That the members of the Watermaster nominate an individual from the Watermaster Committee to be Secretary.

      Recommendation: No recommendation.

   C. Potential Scenarios to be Evaluated using the Groundwater Model for Analyzing Basin Losses [Memorandum No. 17-25, Page 21 of 27]
      Recommendation: No recommendation.


VIII. Topics for Future Meetings

A. Development of a methodology and policy to account for new yield from capturing local stormwater in the basin.

B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources.

C. Development of a methodology and policy to account for recycled water recharge.

D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster.

E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party.

IX. Comments from the Watermaster Committee Members

X. Announcements

A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, December 6, 2017 at 10:00 a.m.

XI. Closed Session

A. Closed Session-Conference with Legal Counsel—Existing Litigation, Government Code section 54956.9:

XII. Adjournment
Consent Calendar
I. Call to Order

Chairman Arturo Vela called the meeting to order at 10:02 a.m.

II. Roll Call

<table>
<thead>
<tr>
<th>City of Banning</th>
<th>Arturo Vela</th>
<th>Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Beaumont</td>
<td>Kyle Warsinski</td>
<td>Present</td>
</tr>
<tr>
<td>Beaumont Cherry Valley Water District</td>
<td>Tony Lara</td>
<td>Present</td>
</tr>
<tr>
<td>South Mesa Water Company</td>
<td>David Armstrong</td>
<td>Present</td>
</tr>
<tr>
<td>Yucaipa Valley Water District</td>
<td>Joseph Zoba</td>
<td>Present</td>
</tr>
</tbody>
</table>

Kyle Warsinski was present as the alternate representing the City of Beaumont in the absence of Member Dave Dillon. Tony Lara was present as the alternate representing the Beaumont Cherry Valley Water District in the absence of Member Eric Fraser. David Armstrong was present as the alternate representing the South Mesa Water Company in the absence of Member George Jorritsma. Keith McCullough was present representing legal counsel for the Beaumont Basin Watermaster.

Members of the public who registered their attendance were: Luwana Ryan, Mike Kostelecky, Ashley Gibson, John Covington, Bruce Granlund, Hannibal Blandon, David Dazilih, Ron Duncan, Matt Porras, and Kathryn Hallberg.

III. Pledge of Allegiance

Chairman Vela led the pledge of allegiance.

IV. Public Comments

No public comment was received at this time.

V. Consent Calendar

A. Meeting Minutes

1. Meeting Minutes for June 7, 2017

   Legal Counsel McCullough pointed out that the proposed minutes contain a note indicating that Mr. Vela was absent and yet later is noted as having led the pledge and voting on an action item, so the note indicating his absence would need to be changed. Member Joseph Zoba moved to approve the
consent calendar with the noted change. The motion was seconded by Member Kyle Warsinski and passed 5-0.

VI. Reports

A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering

Engineer Hannibal Blandon stated that he had nothing to report beyond the agenda items he would be commenting on later.

B. Report from Legal Counsel - Keith McCullough, Alvarado Smith

Legal Counsel Keith McCullough stated that he had nothing to report beyond the agenda items he would be commenting on later.

VII. Discussion Items

A. Approval of the Watermaster Budget for Fiscal Year 2017-18 [Memorandum No. 17-17, Page 6 of 34]

Recommendation: That the Watermaster Committee approve the budget for Fiscal Year 2017-18 as presented.

Member Zoba gave a presentation on the proposed budget. Member Tony Lara made a motion to approve the Fiscal Year 2017-2018 budget as presented. Member David Armstrong seconded the motion and the motion passed 5-0.

B. Consideration of Resolution No. 2017-02 Approving the Transfer of Overlying Water Rights to Specific Parcels – Oak Valley Partners [Memorandum No. 17-18, Page 8 of 34]

Recommendation: That the Watermaster Committee approves Resolution No. 2017-02.

Legal Counsel McCullough provided background information on the agenda item. After discussion amongst several Members, Member Lara motioned to defer the item until the next meeting.

John Ohanian, project manager for Oak Valley Partners (the Applicant), stated that the transfer of overlying rights in this scenario is consistent with the precepts of the Adjudication, and requested that the Watermaster make a decision on the matter today. Mike Turner, representing the developer of Summerwind Ranch, reiterated the request made by John Ohanian that the Watermaster make a decision on the matter today, specifically that it approves this item.

Dan Jaggers, speaking on behalf of Beaumont Cherry Valley Water District, shared a few concerns held by the District related to this transfer of water rights.

Member David Armstrong seconded the original motion to defer the item until the next meeting.
Member Warsinski provided several comments on the item, stating that he was in agreement with the Resolution as stated today.

Member Zoba pointed out a conflict in prior overlying designations where the Watermaster provided for a specific amount of acre feet to go to a parcel but is now silent as to what happens in the redetermination of safe yield. Member Zoba stated that he felt that issue has been addressed in Resolution 2017-02, and that the Resolution is good in terms of the amount and works procedurally.

Chairman Vela spoke in support of deferring the Resolution and held a vote on the original motion by Member Lara, seconded by Member Armstrong, to defer the vote until the next meeting, and it passed 3-2, with Members Lara, Armstrong, and Vela in favor and Members Warsinski and Zoba opposed.

John Ohanian requested that the Watermaster hold a special meeting the following month to revisit Resolution 2017-02. Mike Turner requested that the Watermaster approve the Resolution today with modified language to address the concerns brought up by several Members.

After further discussion of a special meeting and dates proposed for said meeting, Member Zoba moved to schedule a special meeting for August 30, 2017 at 11:00 a.m., to review Resolution 2017-02. The motion was seconded by Member Lara and passed 5-0.


Recommendation: No recommendation - For discussion.

Engineer Blandon presented the draft 2016 Annual Report, which included discussion of groundwater conditions, groundwater production and recharge, transfers and adjustment of rights, and accounting of the storage.

Tom Harder, hydrogeologist for the Watermaster, next spoke about water level trends across the basin as well as the operating safe yield for the basin.

Engineer Blandon concluded the presentation of the draft 2016 Annual Report with an analysis and discussion of water quality in the basin, detailing levels of common analytes in each well, and provided recommendations to be considered by the Watermaster in the future.

D. Status Report on Water Level Monitoring throughout the Beaumont Basin through July 24, 2017 [Memorandum No. 17-20, Page 21 of 34]

Recommendation: No recommendation.

Engineer Blandon gave a status report of the water level monitoring being done at thirteen locations throughout the basin.
E. Consideration of Task Order No. 14 with ALDA Inc. for the Preparation of a Methodology to Estimate Storage Losses from the Beaumont Groundwater Basin at Selected Locations [Memorandum No. 17-21, Page 29 of 34]

Recommendation: That the Watermaster Committee approves Task Order No. 14 for a sum not to exceed $46,190.

Tom Harder provided an overview of the scope of services included in the proposed Task Order No. 14 for Preparation of a Methodology to Estimate Storage Losses from the Beaumont Groundwater Basin at Selected Locations.

After questions and discussion regarding the proposed timeline in the proposal, Member Warsinski shared the City of Beaumont’s perspective regarding its perceived lack of benefit from the work being proposed and its belief that it should be regarded as a special project, and that the City of Beaumont could not participate in the funding of it. Member Zoba moved to approve Task Order No. 14, to be funded by four of the five Members. The motion was seconded by Member Lara and passed 5-0.

VIII. Topics for Future Meetings

A. Development of a methodology and policy to account for new yield from capturing local storm water in the basin.

B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources.

C. Development of a methodology and policy to account for recycled water recharge.

D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster.

E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party.

IX. Comments from the Watermaster Committee Members

X. Announcements

A. A special meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, August 30, 2017 at 11:00 a.m.

B. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, October 4, 2017 at 10:00 a.m.

XI. Adjournment

Chairman Vela adjourned the meeting at 11:28 a.m.

Attest:

______________________________
Tony Lara, Secretary (Alternate)
Beaumont Basin Watermaster
Meeting Location:

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA  92223

I.  Call to Order

Chairman Arturo Vela called the meeting to order at 11:02 a.m.

II. Roll Call

City of Banning                        Arturo Vela                        Present
City of Beaumont                      Kyle Warsinski                    Present
Beaumont Cherry Valley Water District Tony Lara                        Present
South Mesa Water Company               David Armstrong                    Present
Yucaipa Valley Water District          Joseph Zoba                        Present

Kyle Warsinski was present as the alternate representing the City of Beaumont in the absence of Member Dave Dillon. Tony Lara was present as the alternate representing the Beaumont Cherry Valley Water District in the absence of Member Eric Fraser. David Armstrong was present as the alternate representing the South Mesa Water Company in the absence of Member George Jorritsma. Keith McCullough was present representing legal counsel for the Beaumont Basin Watermaster.

Members of the public who registered their attendance were: John Ohanian, Kathryn Hallberg, Bruce Granlund, Matt Porras, Mike Kostelecky, Fran Flanders, David Castaldo, and Hannibal Blandon.

III. Pledge of Allegiance

Chairman Vela led the pledge of allegiance.

IV. Public Comments

Judy Bingham quoted from minutes of the Watermaster meeting held on May 11, 2010. She proceeded to express her opinion regarding Member Kyle Warsinski’s previous vote on the issue on the agenda for the current meeting and asked who is here to represent the people of Beaumont.

V. Reports

A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering

Engineer Hannibal Blandon reported on the anticipated timeline of the delivery of the final 2016 Consolidated Annual Report and Engineering Report, with distribution scheduled for the October 4, 2017 meeting.
He then presented a Preliminary Recharge and Recovery Scenarios Technical Memorandum, which provides five different scenarios for evaluating areas of recharge and potential water losses and recoveries from the basin, given a number of different conditions. There was some

B. Report from Legal Counsel - Keith McCullough, Alvarado Smith

Legal Counsel Keith McCullough stated that he had nothing to report beyond the agenda item he would be commenting on later.

VI. Discussion Items

A. Consideration of Resolution No. 2017-02 Approving the Transfer of Overlying Water Rights to Specific Parcels – Oak Valley Partners [Memorandum No. 17-22, Page 3 of 22]

Recommendation: That the Watermaster Committee approves Resolution No. 2017-02.

Engineer Blandon presented a map showing the parcels owned by Oak Valley Partners and pointed out that the parcels in blue are those listed in the Resolution.

Legal Counsel McCullough provided his firm’s opinion that all designated quantified rights in the original judgment are subject to adjustment based upon a re-determined safe yield, and that it was well-contemplated within the judgment.

Member Joe Zoba moved to approve Resolution 2017-02.

Member Tony Lara expressed the Beaumont Cherry Valley Water District’s desire to have return flows be credited back to an appropriator based on development and other activities in that service area. That led to a discussion among the Members and Engineer Blandon about the Watermaster’s current methodology of accounting for return flows.

Judy Bingham expressed her opinion regarding the involvement of the law firm Alvarado Smith in the decision to transfer water rights. She shared her opinion regarding the validity of the 2004 adjudication of the Beaumont Basin, and the formation of the San Timoteo Watershed Management Authority (STWMA) and this Watermaster Committee. She stated that Oak Valley Partners transferred all of their water rights over to the Beaumont Cherry Valley Water District to provide water for the Fairway Canyon development, leaving them with no water rights to transfer.

Member Zoba made an amended motion to approve Resolution 2017-02 with added language regarding the crediting of return flows back to an appropriator based on development and other activities in that service area.
The amended motion died for lack of a second. Member Zoba moved to approve Resolution 2017-02 as presented. The motion was seconded by Member Art Vela and a roll call vote was taken, with Members Zoba, Warsinski, Vela, and Armstrong voting in favor of the motion and Member Lara against.

VII. Topics for Future Meetings

A. Development of a methodology and policy to account for new yield from capturing local storm water in the basin.
B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources.
C. Development of a methodology and policy to account for recycled water recharge.
D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster.
E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party.

VIII. Comments from the Watermaster Committee Members

Member Zoba noted that in looking at the agenda, three agencies have only one individual assigned to the Watermaster, and expressed his viewpoint regarding the adjudication as a peace treaty among all of the Member agencies, ensuring they all know how the Basin is going to be managed. He requested that Legal Counsel forward a letter to the general manager or city manager of each agency as an encouragement to assign an individual from the agency so that each agency would have an alternate and regular Member. There was a consensus among the other Members for Legal Counsel to move forward with the suggestion.

IX. Announcements

A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, October 4, 2017 at 10:00 a.m.

X. Adjournment

Chairman Vela adjourned the meeting at 11:22 a.m.

Attest:

______________________________
Tony Lara, Secretary (Alternate)
Beaumont Basin Watermaster
Discussion Items
Date: October 4, 2017
From: Joseph Zoba, Treasurer
Subject: Nomination of the Beaumont Basin Watermaster Committee - Secretary
Recommendation: That the members of the Watermaster nominate an individual from the Watermaster Committee to be Secretary.

The purpose of this agenda item is to provide the Watermaster Committee members with the opportunity to nominate an individual to be Secretary for the Watermaster.

The current officers are:

- Chairman - Art Vela
- Vice Chairman - George Jorritsma
- Secretary - ___________
- Treasurer - Joseph Zoba
Date: October 4, 2017

From: Hannibal Blandon, ALDA Inc.

Subject: Status Report on Water Level Monitoring throughout the Beaumont Basin through September 25, 2017

Recommendation: No recommendation.

At the present time, there are 12 monitoring wells collecting water level information on an hourly basis at various locations throughout the basin. In addition, there are two monitoring probes collecting barometric pressures at opposite ends of the Beaumont Basin. The location of active monitoring wells is depicted in the attached Figure No. 1.

Water levels at selected locations are depicted in Figures 2 through 6 and are described as follows:

✓ Figure No. 2 – Water levels at YVWD Well No. 34 and Oak Valley Well No. 5 are considered representative of basin conditions in the Northwest portion of the basin. At YVWD No. 34 the water level is fairly stable; it has increased a mere three feet over the last 2 years. Data for the last two months was not recorded at this location as the probe is not working properly. Existing probe was replaced with a new probe at this well. Conversely, water level at Oak Valley No. 5 rose over five feet in the March 2016 to May 2017 period. Data for the last four months could not be downloaded from the field probe at this location; further, the probe is stuck inside the well. We may need to find another well in this portion of the groundwater basin.

✓ Figure No. 3 – Two of the Noble Creek observation wells are presented in this figure representing the shallow and deep aquifers. In the shallow aquifer, the water level has increased over 60 feet over the last year from a low of 2,337 ft. to 2,398 ft., recorded at the end of July 2017. The water level for the last two months was not available from this well as the data recorded by the probe was inconsistent with previous recorded information. Levels in the deep aquifer have risen recently to their highest elevation (2,253 ft) since the summer of 2015.

✓ Figure No. 4 – Southern Portion of the Basin. Water level at the Summit Cemetery well is highly influenced by a nearby pumping well that is used to irrigate the cemetery grounds. The water level at this well has fluctuated over a 20-foot band over the last two years. Conversely, the water level at the Sun Lakes well has fluctuated minimally over the same period as it decreased two feet.
Figure No. 5 illustrates levels at three wells owned by the City of Banning in the Southeast portion of the basin. While water level at the Old Well No. 15 (Chevron Well) has been fairly flat over the last two years, a somewhat significant and steady decline, close to 22 feet, has been recorded at Banning M-8. Levels at Banning M-9 have fluctuated within a 15-foot range during the same period.

Figure No. 6 illustrate recorded water level at BCVWD No. 2. Over the last two years, the level at this well has increased by over 20 feet topping in May 2017 at an elevation of 2,218 ft. The level at this well has declined by ten feet over the last four months.

Troubleshooting Issues

The following malfunctioning issues were encountered during our July 25, 2016 field visit:

- YVWD Well No. 34 – Communication cable needs to be replace and probe did not record any information over the last two months. A new probe was installed and a replacement cable has been ordered.
- Sun Lakes Well – Communication cable was replaced with a new cable; however, communications continue to be difficult at this site. Data was downloaded by pulling the probe out of the well. A new cable has been ordered to replace existing cable.
- Oak Valley No. 5 – Communications cable is not working at this time and may need to be replaced. In the past, data was downloaded by pulling the probe out of the well; however, the probe is now stuck and could not be pulled out.

New Potential Monitoring Sites

BCVWD Well No. 25, located in the central/eastern portion of the basin has been identified as a potential candidate to monitor water levels. While this well is a pumping well, it is typically not used between 12:00 Noon and 6:00 PM to take advantage of lower energy rates. A six-hour rest on this well, while not ideal, could be used to establish static levels and aquifer response in the area. Considering that pumping levels are approximately at 550 ft, the probe could be installed at 650 ft below ground. This location is approximately 50 feet above the current pump setting.
Beaumont Basin Watermaster – Monitoring Wells

**Wells with Monitoring Probes – Working**
- Bonita Vista No. 2
- Noble Creek Observation 4D and 4S
- Noble Creek Park
- BCVWD No. 2
- BCVWD Old Well No. 15 (Banning)
- Summit Cemetery No. 1
- Sun Lakes Golf Course
- Banning M-8 and M-9
- YVWD Well No. 34
- Oak Valley Partners No. 5

**Other Wells Under Consideration**
- Desert Lawn – Negotiations
- Sunny Cal Rancho – No Contact
- BCVWD – Well No. 25
Figure No. 2
Static Groundwater Elevations at YVWD No. 34 and Oak Valley No. 5
(July 29, 2015 through September 25, 2017)
Figure No. 3
Static Groundwater Elevations at Noble Creek Obs. Well 4S and 4D
(May 28, 2015 through September 25, 2017)
Figure No. 5
Static Groundwater Elevations in the Banning Area
(May 28, 2015 through September 25, 2017)
Figure No. 6
Static Groundwater Elevations at BCVWD Well No. 2
(May 28, 2015 through September 25, 2017)
Date: October 4, 2017

From: Thomas Harder, Thomas Harder & Company

Subject: Potential Scenarios to be Evaluated using the Groundwater Model for Analyzing Basin Losses

Recommendation: No recommendation.

As authorized by the Watermaster Committee at the August 2, 2017 meeting, Alda, Inc. in association with Thomas Harder & Co. will be evaluating potential basin loss scenarios using the calibrated groundwater flow model of the basin. At the August 30, 2017 meeting, a draft technical memorandum summarizing proposed scenarios for analysis was submitted for review and input. In general, the scenarios include:

- Historical Storage Losses from Existing Facilities
- Projected San Gorgonio Pass Water Agency Basin Storage Losses
- Increased Groundwater Production Impacts on Storage Losses
- Additional Groundwater Recharge in the North-Central Basin
- Additional Groundwater Recharge in the South-Central Basin

Before analyzing the scenarios using the groundwater flow model, it was the intent of the draft technical memorandum to get feedback and comments from the Board to ensure that the scenarios are realistic and address the issues of the individual Appropriators.
Date: October 4, 2017

From: Joseph Zoba, Treasurer


The Beaumont Basin Watermaster engaged the firm of Rogers, Anderson, Malody & Scott to perform an independent financial review of the Watermaster activities for the fiscal year ending June 30, 2017. The independent financial review was conducted under the same terms and scope as the prior fiscal year.

At the beginning of the 2016-2017 fiscal year, the Beaumont Basin Watermaster had an unrestricted net position of $189,260. During the fiscal year, the Watermaster collected $131,086 in revenues and expended $119,920. As of June 30, 2017, the Watermaster had unrestricted net position of $189,260.

The following illustration provides a summary of the annual revenues and expenses of the Beaumont Basin Watermaster since its formation in 2004.
BEAUMONT BASIN WATERMASTER

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES ON THE BEAUMONT BASIN WATERMASTER SCHEDULES

June 30, 2017
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Yucaipa Valley Water District as Treasurer of the Beaumont Basin Watermaster
Yucaipa, California

We have performed the procedures enumerated below, which were agreed to by the Yucaipa Valley Water District (District), as treasurer of the Beaumont Basin Watermaster (Watermaster), solely to assist the District in evaluating certain amounts reported in the Watermaster Schedules (Schedules), attached as Exhibit A and Exhibit B, on the full accrual basis of accounting as of June 30, 2017 and for the year then ended. The District and Watermaster are responsible for the accuracy of the Schedules. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure

   Agree the opening equity on Exhibit B to the ending equity noted on the trial balance for the fiscal year ended June 30, 2016.

   Finding

   No exceptions were noted as a result of applying the procedure.

2. Procedure

   Agree the cash balance reported on Exhibit A to the bank reconciliation, bank statement and trial balance. Select all of the deposits in transit and outstanding checks and trace their clearing to the subsequent month’s bank statement.

   Finding

   No exceptions were noted as a result of applying the procedure.
3. **Procedure**

   Trace all member agency assessments recorded in the schedule to invoices and the bank statements.

   **Finding**

   No exceptions were noted as a result of applying the procedure.

4. **Procedure**

   Compare the ending check number for the fiscal year ended June 30, 2016 to the beginning check number for the period beginning on July 1, 2016. Note any breaks in check sequence for the period of July 1, 2016 through June 30, 2017.

   **Finding**

   No exceptions were noted as a result of applying the procedure.

5. **Procedure**

   Based on the population of checks issued during July 1, 2016 through June 30, 2017, select all payments and trace the check to supporting invoice noting whether the activity pertains to the Watermaster. Agree the dollar amount and vendor on the invoice to the check for accuracy.

   **Finding**

   No exceptions were noted as a result of applying the procedure.

6. **Procedure**

   Obtain the general ledger detail for the period of July 1, 2016 to June 30, 2017. Select all journal entries and trace the transaction to an approved journal entry and documentation supporting the nature and rationale of the journal entry.

   **Finding**

   No exceptions were noted as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the schedules of assets, liabilities and net position (Exhibit A) and assessments and expenses (Exhibit B). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Watermaster and the District and is not intended to be and should not be used by anyone other than the specified parties.

*Sgruse, Anderson, Malody & Leott, LLP*

August 16, 2017
San Bernardino, California
### Exhibit A

**Beaumont Basin Watermaster**  
Schedule of Assets, Liabilities and Net Position  
(Unaudited)  
June 30, 2017

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Exhibit B

Beaumont Basin Watermaster
Schedule of Revenues and Expenses
(Unaudited)
For the Year Ended June 30, 2017

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<td><strong>Total revenues</strong></td>
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<td>Special projects</td>
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<td>Acquisition/computation and annual report</td>
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<td>Engineering</td>
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<td>Administrative</td>
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<td>Meetings and miscellaneous</td>
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<td>Legal and professional</td>
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<td>Bank charges</td>
<td>50</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>119,920</strong></td>
</tr>
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| Change in net position        | 11,166        |

| Unrestricted net position, beginning of year | 178,094 |
| Unrestricted net position, end of year       | $ 189,260  |