

## IRVINE RANCH WATER DISTRICT

26-2446103

	2012	2011	DIFF
<b>TRADE OR BUSINESS INCOME</b>			
GROSS RECEIPTS LESS RETURNS.....	562,833	518,439	44,394
COST OF GOODS SOLD.....	473,926	279,037	194,889
GROSS PROFIT.....	88,907	239,402	-150,495
OTHER INCOME (LOSS).....	514,749	265,835	248,914
TOTAL INCOME (LOSS).....	603,656	505,237	98,419
<b>TRADE OR BUSINESS DEDUCTIONS</b>			
DEPRECIATION.....	71,198	15,714	55,484
OTHER DEDUCTIONS.....	39,189	36,730	2,459
TOTAL DEDUCTIONS.....	110,387	52,444	57,943
<b>SCHEDULE K - INCOME</b>			
ORDINARY BUSINESS INCOME (LOSS).....	493,269	452,793	40,476
INTEREST INCOME.....	53,858	73,774	-19,916
<b>SCHEDULE K - ALTERNATIVE MINIMUM TAX ITEMS</b>			
POST-1986 DEPRECIATION ADJUSTMENT.....	-20,056	-20,690	634
<b>SCHEDULE K - OTHER</b>			
DISTRIBUTIONS OF CASH & MARKETABLE SEC... INVESTMENT INCOME.....	9,066 53,858	8,894 73,774	172 -19,916
<b>SCHEDULE L - BALANCE SHEET</b>			
BEGINNING ASSETS.....	6,067,042	4,331,462	1,735,580
BEGINNING LIABILITIES AND CAPITAL.....	6,067,042	4,331,462	1,735,580
ENDING ASSETS.....	6,228,084	6,067,042	161,042
ENDING LIABILITIES AND CAPITAL.....	6,228,084	6,067,042	161,042

## IRVINE RANCH WATER DISTRICT

26-2446103

**ENDING ASSETS**

OTHER CURRENT ASSETS .....		3,105,545
BUILDINGS AND OTHER ASSETS .....	3,749,855	
LESS ACCUMULATED DEPRECIATION.....	(628,666)	3,121,189
LAND.....		1,350
TOTAL ASSETS.....		6,228,084

**ENDING LIABILITIES & CAPITAL**

ACCOUNTS PAYABLE.....		1,864,194
OTHER CURRENT LIABILITIES.....		1,068,811
LONG TERM NOTES PAYABLE.....		155,652
PARTNERS' CAPITAL ACCOUNTS.....		3,139,427
TOTAL LIABILITIES AND CAPITAL.....		6,228,084

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26-2446103

	2012	2011	DIFF
<b>TRADE OR BUSINESS INCOME</b>			
GROSS RECEIPTS LESS RETURNS.....	562,833	518,439	44,394
COST OF GOODS SOLD.....	473,926	279,037	194,889
GROSS PROFIT.....	88,907	239,402	-150,495
OTHER INCOME.....	514,749	267,478	247,271
OTHER LOSS.....	0	-1,643	1,643
TOTAL INCOME (LOSS).....	603,656	505,237	98,419
<b>TRADE OR BUSINESS DEDUCTIONS</b>			
DEPRECIATION.....	71,204	15,714	55,490
OTHER DEDUCTIONS.....	39,189	36,730	2,459
TOTAL DEDUCTIONS.....	110,393	52,444	57,949
<b>SCHEDULE K - INCOME</b>			
ORDINARY INCOME (LOSS).....	493,263	452,793	40,470
INTEREST INCOME.....	53,858	73,774	-19,916
<b>SCHEDULE K - ADJUSTMENTS</b>			
DEPR. ADJUST. ON PROPERTY AFTER 1986.....	-20,028	-20,661	633
<b>SCHEDULE K - OTHER</b>			
DISTRIBUTIONS OF MONEY.....	9,066	8,894	172
INVESTMENT INCOME.....	53,858	73,774	-19,916
OTHER INFORMATION.....	1,131,440	858,048	273,392
<b>SCHEDULE L - BALANCE SHEET</b>			
BEGINNING ASSETS.....	6,067,042	4,331,462	1,735,580
BEGINNING LIABILITIES AND CAPITAL.....	6,067,042	4,331,462	1,735,580
ENDING ASSETS.....	6,228,084	6,067,042	161,042
ENDING LIABILITIES AND CAPITAL.....	6,228,084	6,067,042	161,042

IF AMOUNT OF PAYMENT IS ZERO, DO NOT MAIL THIS VOUCHER.

WHERE TO FILE: Using black or blue ink, make check or money order payable to the 'Franchise Tax Board.' Write the California SOS file number or FEIN and '2013 FTB 3522' on the check or money order. Detach voucher below. Enclose, but do not staple, payment with voucher and mail to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE: Fiscal Year - File and Pay by the 15th day of the 4th month after the beginning of the taxable year.
Calendar Year - File and Pay by April 15, 2013.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES: Make a payment online using Web Pay for Businesses. After a one-time online registration, businesses can make an immediate payment or schedule payments up to a year in advance. For more information, go to ftb.ca.gov.

DETACH HERE IF NO PAYMENT IS DUE OR PAID ELECTRONICALLY, DO NOT MAIL THIS VOUCHER DETACH HERE

TAXABLE YEAR

CALIFORNIA FORM

2013 LLC Tax Voucher

3522

200803210250 IRVI 26-2446103
TYB 07-01-13 TYE 06-30-14
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II LLC
P O BOX 57000
IRVINE CA 926197000

13

FORM 0

TOTAL PAYMENT AMT

800.

FORM FTB 3536

IF AMOUNT OF PAYMENT IS ZERO, DO NOT MAIL THIS FORM.

WHERE TO FILE: Using black or blue ink, make check or money order payable to the 'Franchise Tax Board.' Write the California SOS file number or FEIN and '2013 FTB 3536' on the check or money order. Detach form below. Enclose, but do not staple, payment with form and mail to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE: Fiscal Year - File and Pay by the 15th day of the 6th month after the beginning of the taxable year.
Calendar Year - File and Pay by June 17, 2013.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

ONLINE SERVICES: Make payments online using Web Pay for Businesses. After a one-time online registration, businesses can make an immediate payment or schedule payments up to a year in advance. For more information, go to ftb.ca.gov.

DETACH HERE IF NO PAYMENT IS DUE OR PAID ELECTRONICALLY, DO NOT MAIL THIS FORM DETACH HERE

TAXABLE YEAR

CALIFORNIA FORM

2013 Estimated Fee for LLCs

3536 (LLC)

200803210250 IRVI 26-2446103
TYB 07-01-13 TYE 06-30-14
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II LLC
P O BOX 57000
IRVINE CA 926197000

13 FORM 0

TOTAL PAYMENT AMT 6000.

## Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

▶ **File a separate application for each return.**  
▶ **Information about Form 7004 and its separate instructions is at [www.irs.gov/form7004](http://www.irs.gov/form7004).**

<b>Print or Type</b>	Name <b>IRVINE RANCH WATER DISTRICT</b>	Identifying number <b>26-2446103</b>
	Number, street, and room or suite number. (If P.O. box, see instructions.)	
	P. O. BOX 57000	
	City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). <b>IRVINE, CA 92619-7000</b>	

**Note.** File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

### Part I Automatic 5-Month Extension

**1 a** Enter the form code for the return that this application is for (see below) ..... **09**

Application Is For:	Form Code	Application Is For:	Form Code
Form 1065	<b>09</b>	Form 1041 (estate other than a bankruptcy estate)	<b>04</b>
Form 8804	<b>31</b>	Form 1041 (trust)	<b>05</b>

### Part II Automatic 6-Month Extension

**b** Enter the form code for the return that this application is for (see below) .....

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	<b>01</b>	Form 1120-ND (section 4951 taxes)	<b>20</b>
Form 706-GS(T)	<b>02</b>	Form 1120-PC	<b>21</b>
Form 1041 (bankruptcy estate only)	<b>03</b>	Form 1120-POL	<b>22</b>
Form 1041-N	<b>06</b>	Form 1120-REIT	<b>23</b>
Form 1041-QFT	<b>07</b>	Form 1120-RIC	<b>24</b>
Form 1042	<b>08</b>	Form 1120S	<b>25</b>
Form 1065-B	<b>10</b>	Form 1120-SF	<b>26</b>
Form 1066	<b>11</b>	Form 3520-A	<b>27</b>
Form 1120	<b>12</b>	Form 8612	<b>28</b>
Form 1120-C	<b>34</b>	Form 8613	<b>29</b>
Form 1120-F	<b>15</b>	Form 8725	<b>30</b>
Form 1120-FSC	<b>16</b>	Form 8831	<b>32</b>
Form 1120-H	<b>17</b>	Form 8876	<b>33</b>
Form 1120-L	<b>18</b>	Form 8924	<b>35</b>
Form 1120-ND	<b>19</b>	Form 8928	<b>36</b>

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here. .... ▶
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here. .... ▶   
If checked, attach a statement, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

### Part III All Filers Must Complete This Part

**4** If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here. .... ▶

**5 a** The application is for calendar year 20 \_\_, or tax year beginning 7/01, 20 12, and ending 6/30, 20 13

**b Short tax year.** If this tax year is less than 12 months, check the reason:  Initial return  Final return  
 Change in accounting period  Consolidated return to be filed  Other (see instructions – attach explanation)

<b>6</b> Tentative total tax .....	<b>6</b>	0.
<b>7</b> Total payments and credits (see instructions) .....	<b>7</b>	0.
<b>8</b> Balance due. Subtract line 7 from line 6 (see instructions) .....	<b>8</b>	0.

Form **1065**

Department of the Treasury  
Internal Revenue Service

**U.S. Return of Partnership Income**  
For calendar year 2012, or tax year beginning 7/01, 2012,  
ending 6/30, 20 13.

OMB No. 1545-0099

**2012**

Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

<b>A</b> Principal business activity  <b>WATER UTILITIES</b>	<b>Print or type.</b>	IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000	<b>D</b> Employer identification number  26-2446103
<b>B</b> Principal product or service <b>SALES AND DIST.</b>			<b>E</b> Date business started  4/21/2007
<b>C</b> Business code number  221300			<b>F</b> Total assets (see instrs) \$ 6,228,084.

**G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
(6)  Technical termination — also check (1) or (2)

**H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year 2

**J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1 a</b> Gross receipts or sales	<b>1 a</b>	562,833.		
	<b>b</b> Returns and allowances	<b>1 b</b>			
	<b>c</b> Balance. Subtract line 1b from line 1a	<b>1 c</b>		562,833.	
	<b>2</b> Cost of goods sold (attach Form 1125-A)	<b>2</b>		473,926.	
	<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>3</b>		88,907.	
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	<b>4</b>			
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))	<b>5</b>			
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	<b>6</b>			
<b>7</b> Other income (loss) (attach statement)		SEE STATEMENT 1		<b>7</b>	514,749.
<b>8 Total income (loss).</b> Combine lines 3 through 7	<b>8</b>				603,656.
<b>SEE INSTRUCTIONS FOR LIMITATIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)	<b>9</b>			
	<b>10</b> Guaranteed payments to partners	<b>10</b>			
	<b>11</b> Repairs and maintenance	<b>11</b>			
	<b>12</b> Bad debts	<b>12</b>			
	<b>13</b> Rent	<b>13</b>			
	<b>14</b> Taxes and licenses	<b>14</b>			
	<b>15</b> Interest	<b>15</b>			
	<b>16 a</b> Depreciation (if required, attach Form 4562)	<b>16 a</b>	71,198.		
	<b>b</b> Less depreciation reported on Form 1125-A and elsewhere on return	<b>16 b</b>			
	<b>16 c</b>	<b>16 c</b>		71,198.	
	<b>17</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> )	<b>17</b>			
<b>18</b> Retirement plans, etc.	<b>18</b>				
<b>19</b> Employee benefit programs	<b>19</b>				
<b>20</b> Other deductions (attach statement)		SEE STATEMENT 2		<b>20</b>	39,189.
<b>21 Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20	<b>21</b>				110,387.
<b>22 Ordinary business income (loss).</b> Subtract line 21 from line 8	<b>22</b>				493,269.

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instrs)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name <b>CHARLES Z. FEDAK CPA</b>	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P00558851</b>
Firm's name ▶ <b>CHARLES Z. FEDAK &amp; CO.</b>	Firm's EIN ▶ <b>01-0825482</b>			
Firm's address ▶ <b>6081 ORANGE AVE STE 2 CYPRESS, CA 90630-3378</b>	Phone no. <b>(714) 527-1818</b>			

**Schedule B Other Information**

<b>1</b> What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b> <input type="checkbox"/> Domestic general partnership		
<b>b</b> <input type="checkbox"/> Domestic limited partnership		
<b>c</b> <input checked="" type="checkbox"/> Domestic limited liability company		
<b>d</b> <input type="checkbox"/> Domestic limited liability partnership		
<b>e</b> <input type="checkbox"/> Foreign partnership		
<b>f</b> <input type="checkbox"/> Other . . . . . ▶		

<b>2</b> At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person? . . . . .		X
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<b>3</b> At the end of the tax year:		
<b>a</b> Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership . . . . .	X	
<b>b</b> Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership . . . . .		X

<b>4</b> At the end of the tax year, did the partnership:		
<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below. . . . .		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</b> Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below . . . . .		X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

<b>5</b> Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details. . . . .		X
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<b>6</b> Does this partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b> The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b> The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b> Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
<b>d</b> The partnership is not filing and is not required to file Schedule M-3 . . . . . If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		X

<b>7</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		X
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<b>8</b> During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? . . . . .		X
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<b>9</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		X
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<b>10</b> At any time during calendar year 2012, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country. ▶		X
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**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions. ....		X
<b>12a</b> Is the partnership making, or had it previously made (and not revoked), a section 754 election? ..... See instructions for details regarding a section 754 election.		X
<b>b</b> Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions. ....		X
<b>c</b> Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions. ....		X
<b>13</b> Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) ..... <input type="checkbox"/>		
<b>14</b> At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?.....		X
<b>15</b> If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
<b>16</b> Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. .... ▶		
<b>18a</b> Did you make any payments in 2012 that would require you to file Form(s) 1099? See instructions. ....	X	
<b>b</b> If 'Yes,' did you or will you file all required Form(s) 1099? .....	X	
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. .... ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892 ▶ 0		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	493,269.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach stmt)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	53,858.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c (2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other ▶	16k	
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l	
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	-20,056.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties — gross income	17d	
	e Oil, gas, and geothermal properties — deductions	17e	
	f Other AMT items (attach stmt)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	9,066.
	b Distributions of other property	19b	
	20a Investment income	20a	53,858.
b Investment expenses	20b		
c Other items and amounts (attach stmt)			

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l.						1	547,127.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners.							
b Limited partners.					547,127.		

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt) SEE ST 3		3,664,422.		3,105,545.
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets	2,959,934.		3,749,855.	
b	Less accumulated depreciation	558,664.	2,401,270.	628,666.	3,121,189.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		1,350.		1,350.
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)				
14	Total assets		6,067,042.		6,228,084.
<b>Liabilities and Capital</b>					
15	Accounts payable		1,734,165.		1,864,194.
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt) SEE ST 4		1,573,865.		1,068,811.
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		158,842.		155,652.
20	Other liabilities (attach stmt)				
21	Partners' capital accounts		2,600,170.		3,139,427.
22	Total liabilities and capital		6,067,042.		6,228,084.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	548,323.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest .. \$	
3	Guaranteed pmts (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation .. \$	1,196.
a	Depreciation .. \$		8	Add lines 6 and 7	1,196.
b	Travel and entertainment .. \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	547,127.
5	Add lines 1 through 4	548,323.			

**Schedule M-2 Analysis of Partners' Capital Accounts**

1	Balance at beginning of year	2,600,170.	6	Distributions: a Cash	9,066.
2	Capital contributed: a Cash		b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	548,323.	8	Add lines 6 and 7	9,066.
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	3,139,427.
5	Add lines 1 through 4	3,148,493.			

### Cost of Goods Sold

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, or 1065-B.**  
▶ **Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name <b>IRVINE RANCH WATER DISTRICT</b>		Employer identification number <b>26-2446103</b>
--	--	---

<b>1</b> Inventory at beginning of year.....	<b>1</b>	
<b>2</b> Purchases.....	<b>2</b>	473,926.
<b>3</b> Cost of labor.....	<b>3</b>	
<b>4</b> Additional section 263A costs (attach schedule).....	<b>4</b>	
<b>5</b> Other costs (attach schedule).....	<b>5</b>	
<b>6 Total.</b> Add lines 1 through 5.....	<b>6</b>	473,926.
<b>7</b> Inventory at end of year.....	<b>7</b>	
<b>8 Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions).....	<b>8</b>	473,926.

**9 a** Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation)..... ▶

**b** Check if there was a writedown of subnormal goods..... ▶

**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ▶

**d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO..... **9d** |

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?.....  Yes  No

**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation.....  Yes  No

**BAA For Paperwork Reduction Act Notice, see instructions.**

**SCHEDULE B-1  
(Form 1065)**

(December 2011)  
Department of the Treasury  
Internal Revenue Service

**Information on Partners Owning 50% or  
More of the Partnership**

▶ **Attach to Form 1065. See instructions.**

OMB No. 1545-0099

Name of partnership <b>IRVINE RANCH WATER DISTRICT</b>	Employer identification number (EIN) <b>26-2446103</b>
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**Part I Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
IRVINE RANCH WATER DISTRICT	95-2232918	TAX-EXEMPT	U.S.	99.000

**Part II Individuals or Estates Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

BAA For Paperwork Reduction Act Notice, see the instructions for Form 1065.

Schedule B-1 (Form 1065) (12-2011)

**Schedule K-1**  
**(Form 1065)**

**2012**

Department of the Treasury  
Internal Revenue Service

For calendar year 2012, or tax  
year beginning 7/01, 2012  
ending 6/30, 2013

Final K-1

Amended K-1

651112  
OMB No. 1545-0099

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

<b>Part I Information About the Partnership</b>	
<b>A</b> Partnership's employer identification number	26-2446103
<b>B</b> Partnership's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000
<b>C</b> IRS Center where partnership filed return	OGDEN, UT
<b>D</b> <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
<b>Part II Information About the Partner</b>	
<b>E</b> Partner's identifying number	95-2232918
<b>F</b> Partner's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
<b>G</b> <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
<b>H</b> <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
<b>I1</b> What type of entity is this partner? (see instr)	EXEMPT ORG.
<b>I2</b> If this partner is a retirement plan (IRA/SEP/Keogh/etc), check here (see instructions)	<input type="checkbox"/>
<b>J</b> Partner's share of profit, loss, and capital (see instructions):	
<b>Beginning</b>	<b>Ending</b>
Profit 99 %	99 %
Loss 99 %	99 %
Capital 99 %	99 %
<b>K</b> Partner's share of liabilities at year end:	
Nonrecourse	\$ 3,057,770.
Qualified nonrecourse financing	\$
Recourse	\$
<b>L</b> Partner's capital account analysis:	
Beginning capital account	\$ 2,574,905.
Capital contributed during the year	\$
Current year increase (decrease)	\$ 542,839.
Withdrawals and distributions	\$ ( 8,975.)
Ending capital account	\$ 3,108,769.
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	
<b>M</b> Did the partner contribute property with a built-in gain or loss?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes', attach statement (see instructions)	

<b>Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items</b>		
<b>1</b>	Ordinary business income (loss)	<b>15</b> Credits
	488,336.	
<b>2</b>	Net rental real estate income (loss)	
<b>3</b>	Other net rental income (loss)	<b>16</b> Foreign transactions
<b>4</b>	Guaranteed payments	
<b>5</b>	Interest income	
	53,319.	
<b>6a</b>	Ordinary dividends	
<b>6b</b>	Qualified dividends	
<b>7</b>	Royalties	
<b>8</b>	Net short-term capital gain (loss)	
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b> Alternative minimum tax (AMT) items
		<b>A</b> -19,855.
<b>9b</b>	Collectibles (28%) gain (loss)	
<b>9c</b>	Unrecaptured section 1250 gain	
<b>10</b>	Net section 1231 gain (loss)	<b>18</b> Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)	
<b>12</b>	Section 179 deduction	<b>19</b> Distributions
		<b>A</b> 8,975.
<b>13</b>	Other deductions	
		<b>20</b> Other information
		<b>A</b> 53,319.
<b>14</b>	Self-employment earnings (loss)	
*See attached statement for additional information.		
<b>F O R  U S E  O N L Y</b>		

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Code	Report on	
<b>1 Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (i)	
<b>2 Net rental real estate income (loss)</b>	See the Partner's Instructions	
<b>3 Other net rental income (loss)</b>	See the Partner's Instructions	
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
<b>4 Guaranteed payments</b>	Schedule E, line 28, column (j)	
<b>5 Interest income</b>	Form 1040, line 8a	
<b>6 a Ordinary dividends</b>	Form 1040, line 9a	
<b>6 b Qualified dividends</b>	Form 1040, line 9b	
<b>7 Royalties</b>	Schedule E, line 4	
<b>8 Net short-term capital gain (loss)</b>	Schedule D, line 5	
<b>9 a Net long-term capital gain (loss)</b>	Schedule D, line 12	
<b>9 b Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	
<b>9 c Unrecaptured section 1250 gain</b>	See the Partner's Instructions	
<b>10 Net section 1231 gain (loss)</b>	See the Partner's Instructions	
<b>11 Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)	See the Partner's Instructions	
<b>B</b> Involuntary conversions	See the Partner's Instructions	
<b>C</b> Section 1256 contracts and straddles	Form 6781, line 1	
<b>D</b> Mining exploration costs recapture	See Pub 535	
<b>E</b> Cancellation of debt	Form 1040, line 21 or Form 982	
<b>F</b> Other income (loss)	See the Partner's Instructions	
<b>12 Section 179 deduction</b>	See the Partner's Instructions	
<b>13 Other deductions</b>		
<b>A</b> Cash contributions (50%)	See the Partner's Instructions	
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)		
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense	Form 4952, line 1	
<b>I</b> Deductions — royalty income	Schedule E, line 19	
<b>J</b> Section 59(e)(2) expenditures	See the Partner's Instructions	
<b>K</b> Deductions — portfolio (2% floor)	Schedule A, line 23	
<b>L</b> Deductions — portfolio (other)	Schedule A, line 28	
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
<b>N</b> Educational assistance benefits	See the Partner's Instructions	
<b>O</b> Dependent care benefits	Form 2441, line 12	
<b>P</b> Preproductive period expenses	See the Partner's Instructions	
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
<b>R</b> Pensions and IRAs	See the Partner's Instructions	
<b>S</b> Reforestation expense deduction	See the Partner's Instructions	
<b>T</b> Domestic production activities information	See Form 8903 Instructions	
<b>U</b> Qualified production activities income	Form 8903, line 7b	
<b>V</b> Employer's Form W-2 wages	Form 8903, line 17	
<b>W</b> Other deductions	See the Partner's Instructions	
<b>14 Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B	
<b>B</b> Gross farming or fishing income	See the Partner's Instructions	
<b>C</b> Gross non-farm income	See the Partner's Instructions	
<b>15 Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
<b>D</b> Low-income housing credit (other) from post-2007 buildings		
<b>E</b> Qualified rehabilitation expenditures (rental real estate)		
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Form 1040, line 71; check box a
<b>I</b> Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions
<i>Code</i>		
<b>J</b> Work opportunity credit		
<b>K</b> Disabled access credit		
<b>L</b> Empowerment zone and renewal community employment credit	See the Partner's Instructions	
<b>M</b> Credit for increasing research activities		
<b>N</b> Credit for employer social security and Medicare taxes		
<b>O</b> Backup withholding		
<b>P</b> Other credits		
<b>16 Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession	Form 1116, Part I	
<b>B</b> Gross income from all sources		
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Passive category	Form 1116, Part I	
<b>E</b> General category		
<b>F</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>G</b> Interest expense	Form 1116, Part I	
<b>H</b> Other	Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>I</b> Passive category	Form 1116, Part I	
<b>J</b> General category		
<b>K</b> Other		
<i>Other information</i>		
<b>L</b> Total foreign taxes paid	Form 1116, Part II	
<b>M</b> Total foreign taxes accrued	Form 1116, Part II	
<b>N</b> Reduction in taxes available for credit	Form 1116, line 12	
<b>O</b> Foreign trading gross receipts	Form 8873	
<b>P</b> Extraterritorial income exclusion	Form 8873	
<b>Q</b> Other foreign transactions	See the Partner's Instructions	
<b>17 Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
<b>B</b> Adjusted gain or loss		
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal — gross income		
<b>E</b> Oil, gas, & geothermal — deductions		
<b>F</b> Other AMT items		
<b>18 Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income	Form 1040, line 8b	
<b>B</b> Other tax-exempt income	See the Partner's Instructions	
<b>C</b> Nondeductible expenses	See the Partner's Instructions	
<b>19 Distributions</b>		
<b>A</b> Cash and marketable securities	See the Partner's Instructions	
<b>B</b> Distribution subject to section 737		
<b>C</b> Other property		
<b>20 Other information</b>		
<b>A</b> Investment income	Form 4952, line 4a	
<b>B</b> Investment expenses	Form 4952, line 5	
<b>C</b> Fuel tax credit information	Form 4136	
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
<b>E</b> Basis of energy property	See the Partner's Instructions	
<b>F</b> Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
<b>G</b> Recapture of low-income housing credit (other)	Form 8611, line 8	
<b>H</b> Recapture of investment credit	See Form 4255	
<b>I</b> Recapture of other credits	See the Partner's Instructions	
<b>J</b> Look-back interest — completed long-term contracts	See Form 8697	
<b>K</b> Look-back interest — income forecast method	See Form 8866	
<b>L</b> Dispositions of property with section 179 deductions	See the Partner's Instructions	
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> Section 453(j)(3) information		
<b>P</b> Section 453A(c) information		
<b>Q</b> Section 1260(b) information		
<b>R</b> Interest allocable to production expenditures		
<b>S</b> CCF nonqualified withdrawals		
<b>T</b> Depletion information — oil and gas		
<b>U</b> Amortization of reforestation costs		
<b>V</b> Unrelated business taxable income		
<b>W</b> Precontribution gain (loss)		
<b>X</b> Section 108(i) information		
<b>Y</b> Other information		

**Schedule K-1**  
**(Form 1065)**

**2012**

Department of the Treasury  
Internal Revenue Service

For calendar year 2012, or tax  
year beginning 7/01, 2012  
ending 6/30, 2013

Final K-1  Amended K-1

651112  
OMB No. 1545-0099

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

<b>Part I Information About the Partnership</b>	
<b>A</b> Partnership's employer identification number	26-2446103
<b>B</b> Partnership's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000
<b>C</b> IRS Center where partnership filed return	OGDEN, UT
<b>D</b> <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
<b>Part II Information About the Partner</b>	
<b>E</b> Partner's identifying number	91-1874346
<b>F</b> Partner's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
<b>G</b> <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
<b>H</b> <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
<b>I1</b> What type of entity is this partner? (see instr)	EXEMPT ORG.
<b>I2</b> If this partner is a retirement plan (IRA/SEP/Keogh/etc), check here (see instructions)	<input type="checkbox"/>
<b>J</b> Partner's share of profit, loss, and capital (see instructions):	
<b>Beginning</b>	<b>Ending</b>
Profit 1 %	1 %
Loss 1 %	1 %
Capital 1 %	1 %
<b>K</b> Partner's share of liabilities at year end:	
Nonrecourse	\$ 30,887.
Qualified nonrecourse financing	\$
Recourse	\$
<b>L</b> Partner's capital account analysis:	
Beginning capital account	\$ 25,265.
Capital contributed during the year	\$
Current year increase (decrease)	\$ 5,484.
Withdrawals and distributions	\$ ( 91.)
Ending capital account	\$ 30,658.
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	
<b>M</b> Did the partner contribute property with a built-in gain or loss?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes', attach statement (see instructions)	

<b>Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items</b>		
<b>1</b>	Ordinary business income (loss)	<b>15</b> Credits
	4,933.	
<b>2</b>	Net rental real estate income (loss)	
<b>3</b>	Other net rental income (loss)	<b>16</b> Foreign transactions
<b>4</b>	Guaranteed payments	
<b>5</b>	Interest income	539.
<b>6a</b>	Ordinary dividends	
<b>6b</b>	Qualified dividends	
<b>7</b>	Royalties	
<b>8</b>	Net short-term capital gain (loss)	
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b> Alternative minimum tax (AMT) items
		A -201.
<b>9b</b>	Collectibles (28%) gain (loss)	
<b>9c</b>	Unrecaptured section 1250 gain	
<b>10</b>	Net section 1231 gain (loss)	<b>18</b> Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)	
<b>12</b>	Section 179 deduction	<b>19</b> Distributions
		A 91.
<b>13</b>	Other deductions	
		<b>20</b> Other information
		A 539.
<b>14</b>	Self-employment earnings (loss)	
*See attached statement for additional information.		
FOR IRS USE ONLY		



This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Code	Report on	
<b>1 Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (j)	
<b>2 Net rental real estate income (loss)</b>	See the Partner's Instructions	
<b>3 Other net rental income (loss)</b>	See the Partner's Instructions	
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
<b>4 Guaranteed payments</b>	Schedule E, line 28, column (j)	
<b>5 Interest income</b>	Form 1040, line 8a	
<b>6 a Ordinary dividends</b>	Form 1040, line 9a	
<b>6 b Qualified dividends</b>	Form 1040, line 9b	
<b>7 Royalties</b>	Schedule E, line 4	
<b>8 Net short-term capital gain (loss)</b>	Schedule D, line 5	
<b>9 a Net long-term capital gain (loss)</b>	Schedule D, line 12	
<b>9 b Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	
<b>9 c Unrecaptured section 1250 gain</b>	See the Partner's Instructions	
<b>10 Net section 1231 gain (loss)</b>	See the Partner's Instructions	
<b>11 Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)	See the Partner's Instructions	
<b>B</b> Involuntary conversions	See the Partner's Instructions	
<b>C</b> Section 1256 contracts and straddles	Form 6781, line 1	
<b>D</b> Mining exploration costs recapture	See Pub 535	
<b>E</b> Cancellation of debt	Form 1040, line 21 or Form 982	
<b>F</b> Other income (loss)	See the Partner's Instructions	
<b>12 Section 179 deduction</b>	See the Partner's Instructions	
<b>13 Other deductions</b>		
<b>A</b> Cash contributions (50%)	See the Partner's Instructions	
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)		
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense	Form 4952, line 1	
<b>I</b> Deductions — royalty income	Schedule E, line 19	
<b>J</b> Section 59(e)(2) expenditures	See the Partner's Instructions	
<b>K</b> Deductions — portfolio (2% floor)	Schedule A, line 23	
<b>L</b> Deductions — portfolio (other)	Schedule A, line 28	
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
<b>N</b> Educational assistance benefits	See the Partner's Instructions	
<b>O</b> Dependent care benefits	Form 2441, line 12	
<b>P</b> Preproductive period expenses	See the Partner's Instructions	
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
<b>R</b> Pensions and IRAs	See the Partner's Instructions	
<b>S</b> Reforestation expense deduction	See the Partner's Instructions	
<b>T</b> Domestic production activities information	See Form 8903 Instructions	
<b>U</b> Qualified production activities income	Form 8903, line 7b	
<b>V</b> Employer's Form W-2 wages	Form 8903, line 17	
<b>W</b> Other deductions	See the Partner's Instructions	
<b>14 Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B	
<b>B</b> Gross farming or fishing income	See the Partner's Instructions	
<b>C</b> Gross non-farm income	See the Partner's Instructions	
<b>15 Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
<b>D</b> Low-income housing credit (other) from post-2007 buildings		
<b>E</b> Qualified rehabilitation expenditures (rental real estate)		
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Form 1040, line 71; check box a
<b>I</b> Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions
<i>Code</i>		
<b>J</b> Work opportunity credit		
<b>K</b> Disabled access credit		
<b>L</b> Empowerment zone and renewal community employment credit	See the Partner's Instructions	
<b>M</b> Credit for increasing research activities		
<b>N</b> Credit for employer social security and Medicare taxes		
<b>O</b> Backup withholding		
<b>P</b> Other credits		
<b>16 Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession	Form 1116, Part I	
<b>B</b> Gross income from all sources		
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Passive category	Form 1116, Part I	
<b>E</b> General category		
<b>F</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>G</b> Interest expense	Form 1116, Part I	
<b>H</b> Other	Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>I</b> Passive category	Form 1116, Part I	
<b>J</b> General category		
<b>K</b> Other		
<i>Other information</i>		
<b>L</b> Total foreign taxes paid	Form 1116, Part II	
<b>M</b> Total foreign taxes accrued	Form 1116, Part II	
<b>N</b> Reduction in taxes available for credit	Form 1116, line 12	
<b>O</b> Foreign trading gross receipts	Form 8873	
<b>P</b> Extraterritorial income exclusion	Form 8873	
<b>Q</b> Other foreign transactions	See the Partner's Instructions	
<b>17 Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
<b>B</b> Adjusted gain or loss		
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal — gross income		
<b>E</b> Oil, gas, & geothermal — deductions		
<b>F</b> Other AMT items		
<b>18 Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income	Form 1040, line 8b	
<b>B</b> Other tax-exempt income	See the Partner's Instructions	
<b>C</b> Nondeductible expenses	See the Partner's Instructions	
<b>19 Distributions</b>		
<b>A</b> Cash and marketable securities	See the Partner's Instructions	
<b>B</b> Distribution subject to section 737		
<b>C</b> Other property		
<b>20 Other information</b>		
<b>A</b> Investment income	Form 4952, line 4a	
<b>B</b> Investment expenses	Form 4952, line 5	
<b>C</b> Fuel tax credit information	Form 4136	
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
<b>E</b> Basis of energy property	See the Partner's Instructions	
<b>F</b> Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
<b>G</b> Recapture of low-income housing credit (other)	Form 8611, line 8	
<b>H</b> Recapture of investment credit	See Form 4255	
<b>I</b> Recapture of other credits	See the Partner's Instructions	
<b>J</b> Look-back interest — completed long-term contracts	See Form 8697	
<b>K</b> Look-back interest — income forecast method	See Form 8866	
<b>L</b> Dispositions of property with section 179 deductions	See the Partner's Instructions	
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> Section 453(j)(3) information		
<b>P</b> Section 453A(c) information		
<b>Q</b> Section 1260(b) information		
<b>R</b> Interest allocable to production expenditures		
<b>S</b> CCF nonqualified withdrawals		
<b>T</b> Depletion information — oil and gas		
<b>U</b> Amortization of reforestation costs		
<b>V</b> Unrelated business taxable income		
<b>W</b> Precontribution gain (loss)		
<b>X</b> Section 108(i) information		
<b>Y</b> Other information		

Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

**Depreciation and Amortization  
(Including Information on Listed Property)**

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2012**

Attachment  
Sequence No. **179**

Name(s) shown on return

IRVINE RANCH WATER DISTRICT

Identifying number

26-2446103

Business or activity to which this form relates

FORM 1065

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions) .....	1	500,000.
2	Total cost of section 179 property placed in service (see instructions) .....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) .....	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- .....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions .....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29 .....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 .....	8	
9	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8 .....	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562 .....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) ..	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 .....	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12. .... ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) .....	14	
15	Property subject to section 168(f)(1) election .....	15	
16	Other depreciation (including ACRS) .....	16	62,192.

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012 .....	17	8,997.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. .... ▶ <input type="checkbox"/>		

**Section B – Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property .....						
b 5-year property .....						
c 7-year property .....						
d 10-year property .....		700.	10	MQ	S/L	9.
e 15-year property .....						
f 20-year property .....						
g 25-year property .....			25 yrs		S/L	
h Residential rental property .....			27.5 yrs	MM	S/L	
i Nonresidential real property .....			39 yrs	MM	S/L	
				MM	S/L	

**Section C – Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

20 a Class life .....					S/L	
b 12-year .....			12 yrs		S/L	
c 40-year .....			40 yrs	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28 .....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions .....	22	71,198.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .....	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ0812L 08/19/12

Form **4562** (2012)

## IRVINE RANCH WATER DISTRICT

26-2446103

**STATEMENT 1**  
**FORM 1065, LINE 7**  
**OTHER INCOME (LOSS)**

MISC. CONNECTION FEE INCOME.....	\$	3,338.
RATE DIFFERENTIAL REVENUE.....		507,273.
UNREALIZED GAIN ON SECURITIES.....		4,138.
	TOTAL	<u>\$ 514,749.</u>

**STATEMENT 2**  
**FORM 1065, LINE 20**  
**OTHER DEDUCTIONS**

CUSTOMER COLLECTION COSTS.....	\$	39,189.
	TOTAL	<u>\$ 39,189.</u>

**STATEMENT 3**  
**FORM 1065, SCHEDULE L, LINE 6**  
**OTHER CURRENT ASSETS**

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED INTEREST RECEIVABLE.....	\$ 751.	\$ 0.
CONSTRUCTION IN PROGRESS.....	3,663,671.	3,105,545.
	TOTAL <u>\$ 3,664,422.</u>	<u>\$ 3,105,545.</u>

**STATEMENT 4**  
**FORM 1065, SCHEDULE L, LINE 17**  
**OTHER CURRENT LIABILITIES**

	<u>BEGINNING</u>	<u>ENDING</u>
FUTURE RATE DIFFERENTIAL CREDITS.....	\$ 1,573,465.	\$ 1,066,682.
INTEREST PAYABLE.....	0.	1,729.
SECURITY DEPOSITS-REAL ESTATE.....	400.	400.
	TOTAL <u>\$ 1,573,865.</u>	<u>\$ 1,068,811.</u>

**ELECTION TO DEPRECIATE MACRS PROPERTY UNDER THE STRAIGHT LINE METHOD**

PURSUANT TO IRC SECTION 168(B) (3) (D), THE TAXPAYER HEREBY ELECTS TO DEPRECIATE THE FOLLOWING PROPERTY PLACED IN SERVICE IN THE TAX YEAR ENDED 6/30/13 UNDER THE STRAIGHT LINE METHOD.

2012 Limited Liability Company Return of Income

568

For calendar year 2012 or fiscal year beginning month 07 day 01 year 2012, and ending month 06 day 30 year 2013.

IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II, LLC
P. O. BOX 57000
IRVINE, CA 92619-7000
E Check accounting method
F Date business started in CA
G Enter total assets at end of year. See instructions.
H Check the applicable box
I Principal business activity code

Table with 16 rows and 2 columns. Row 1: Complete Schedule IW, LLC Income Worksheet (on Side 6) first to determine Line 1. Row 2: Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions. Row 3: Limited Liability Company fee. See instructions. Row 4: 2012 annual Limited Liability Company tax. See instructions. Row 5: Total tax and fee. Add line 2, line 3, and line 4. Row 6: Amount paid with form FTB 3537 and 2012 form FTB 3522 and form FTB 3536. Row 7: Overpayment from prior year allowed as a credit. Row 8: Withholding (Form 592-B and/or 593). Row 9: Total payments. Add line 6, line 7, and line 8. Row 10: Tax and fee due. If line 5 is more than line 9, subtract line 9 from line 5. Row 11: Overpayment. If line 9 is more than line 5, subtract line 5 from line 9. Row 12: Amount of line 11 to be credited to 2013 tax or fee. Row 13: Use Tax. See instructions. Row 14: Refund. If the total of line 12 and line 13 is less than line 11; subtract the total from line 11. Row 15: Penalties and interest. See instructions. Row 16: Total amount due. Add line 10, line 12, line 13, and line 15, then subtract line 11 from the result.

Single Member LLC Information and Consent - Complete only if the LLC is disregarded.
Sole Owner's name (as shown on owner's return)
Street Address, City, State, and ZIP Code

Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.
Signature Date Title
Return filed with the FTB by the Owner
(1) Form 540 (5) Form 541
(2) Form 100 (6) Form 100S
(3) Form 565 (7) Form 568
(4) Other

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer Date
Officer's email address (optional) Telephone

Paid Preparer's Use Only
Paid preparer's signature Date Check if self-employed
Firm's name (or yours, if self-employed) and address
CHARLES Z. FEDAK & CO.
6081 ORANGE AVE STE 2
CYPRESS, CA 90630-3378
PTIN P00558851
FEIN 01-0825482
Telephone (714) 527-1818

May the FTB discuss this return with the preparer shown above (see instructions)? [X] Yes [ ] No

CALA0112L 12/21/12

- J Enter the maximum number of members in the LLC at any time during the year. For multiple member LLCs, attach a California Schedule K-1 (568) for each of these members. ● 2
- K Is this LLC an investment partnership? See General Information O. ●  Yes  No
- L(1) Is this LLC apportioning income to California using Schedule R? ●  Yes  No
  - (2) If 'No,' was this LLC registered in California without earning any income sourced in this state during the taxable year?  Yes  No
- M Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? ●  Yes  No
- O(1) During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this LLC or any legal entity in which the LLC holds a controlling or majority interest that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ●  Yes  No
  - (2) During this taxable year, did this LLC acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ●  Yes  No
  - (3) During this taxable year, has more than 50% of the LLC's ownership interests cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under Revenue and Taxation Code Section 62(a)(2) and it was not reported on a previous year's tax return? ●  Yes  No

**(Yes requires filing of statement, penalties may apply – see instructions).**
- P(1) Does the LLC have any foreign (non-U.S.) nonresident members? ●  Yes  No
  - (2) Does the LLC have any domestic (non-foreign) nonresident members? ●  Yes  No
  - (3) Were Form 592, Form 592-A, Form 592-B, and Form 592-F filed for these members? ●  Yes  No
- Q Are any members in this LLC also LLCs or partnerships? ●  Yes  No
- R Is this LLC under audit by the IRS or has it been audited in a prior year? ●  Yes  No
- S Is this LLC a member or partner in another LLC or partnership? ●  Yes  No
 

If 'Yes,' complete Schedule EO, Part I.
- T Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)?  Yes  No
- U(1) Is this LLC a business entity disregarded for tax purposes? ●  Yes  No
  - (2) If 'Yes,' see instructions and complete Side 1, Side 2, Schedule B, and Side 4, if applicable. Are there credits or credit carryovers attributable to the disregarded entity? ●  Yes  No
  - (3) If 'Yes' to U(1), does the disregarded entity have total income derived from or attributable to California that is less than the LLC's total income from all sources?  Yes  No
- V Has the LLC included a Reportable Transaction, or Listed Transaction within this return? (See instructions for definitions). If 'Yes,' complete and attach federal Form 8886 for each transaction ●  Yes  No
- W Did this LLC file the Federal Schedule M-3 (federal Form 1065)? ●  Yes  No
- X Is this LLC a direct owner of an entity that filed a federal Schedule M-3? ●  Yes  No
- Y Does the LLC have a beneficial interest in a trust or is it a grantor of a Trust? ●  Yes  No
 

If 'Yes,' attach schedule of trusts and federal identification numbers.
- Z Does this LLC own an interest in a business entity disregarded for tax purposes?  Yes  No
 

If 'Yes,' complete Schedule EO, Part II.
- AA Is any member of the LLC related (as defined in IRC Section 267(c)(4)) to any other member of the LLC? ●  Yes  No
- BB Is any member of the LLC a trust for the benefit of any person related (as defined in IRC Section 267(c)(4)) to any other member? ●  Yes  No
- CC(1) Is the LLC deferring any income from the disposition of assets? (see instructions) ●  Yes  No
  - (2) If 'Yes,' enter the year of asset disposition. ● \_\_\_\_\_
- DD Is the LLC reporting previously deferred Income from: (see instructions) ●  Installment Sale ●  IRC Section 1031 ●  IRC Section 1033 ●  Other
- EE(1) Did this LLC generate a New Jobs Credit? ●  Yes  No
  - (2) If 'Yes,' enter the generated amount ● \_\_\_\_\_

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	473,926.
3	Cost of labor	3	
4	Additional IRC Section 263A costs. Attach schedule	4	
5	Other costs. Attach schedule	5	
6	<b>Total.</b> Add line 1 through line 5	6	473,926.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Schedule B, line 2.	8	473,926.

9a Check all methods used for valuing closing inventory:  
 (1)  Cost (2)  Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3)  Write down of 'subnormal' goods as described in Treas. Reg. Section 1.471-2(c) (4)  Other. Specify method used and attach explanation

b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970

c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC?  Yes  No

d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation  Yes  No

**Schedule B Income and Deductions**

**Caution:** Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

Income	1 a	Gross receipts or sales \$ <u>562,833.</u>	b Less returns & allowances \$ _____	c Balance ●	1 c	562,833.
	2	Cost of goods sold (Schedule A, line 8)			2	473,926.
	3	GROSS PROFIT. Subtract line 2 from line 1c			3	88,907.
	4	Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule			4	
	5	Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule			5	
	6	Total farm profit. Attach federal Schedule F (Form 1040)			6	
	7	Total farm loss. Attach federal Schedule F (Form 1040)			7	
	8	Total gains included on Schedule D-1, Part II, line 17 ( <b>gain only</b> )			8	
	9	Total losses included on Schedule D-1, Part II, line 17 ( <b>loss only</b> )			9	
	10	Other income. Attach schedule <u>SEE STATEMENT 1</u>			10	514,749.
	11	Other loss. Attach schedule			11	
	12	<b>Total income (loss).</b> Combine line 3 through line 11			12	603,656.
Deductions	13	Salaries and wages (other than to members)			13	
	14	Guaranteed payments to members			14	
	15	Bad debts			15	
	16	Deductible interest expense not claimed elsewhere on return			16	
	17 a	Depreciation and amortization. Attach form FTB 3885L \$ <u>71,204.</u>				
	b	Less depreciation reported on Schedule A and elsewhere on return \$ _____	c Balance ●	17 c	71,204.	
	18	Depletion. Do not deduct oil and gas depletion			18	
	19	Retirement plans, etc.			19	
	20	Employee benefit programs			20	
	21	Other deductions. Attach schedule <u>SEE STATEMENT 2</u>			21	39,189.
	22	<b>Total deductions.</b> Add line 13 through line 21			22	110,393.
23	Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12			23	493,263.	

**Schedule T Nonconsenting Nonresident Members' Tax Liability. Attach additional sheets if necessary.**

(a) Member's name	(b) SSN, ITIN, or FEIN	(c) Distributive share of income	(d) Tax rate	(e) Member's total tax due (see instructions)	(f) Amount withheld by this LLC on this member - reported on Form 592-B	(g) Member's net tax due

Total the amount of tax due. Enter the total here and on Side 1, line 4. If less than zero enter -0- \_\_\_\_\_

Schedule K Members' Shares of Income, Deductions, Credits, etc.

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law						
I N C O M E  O R L O S S	1	Ordinary income (loss) from trade or business activities . . .	● 493,269.	-6.	493,263.						
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825 . . . . .	2								
	3a	Gross income (loss) from other rental activities . . . . .	3a								
	b	Less expenses. Attach sch . . . . .	3b								
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a. . . . .	3c		●						
	4	Guaranteed payments to members . . . . .	4		●						
	5	Interest income . . . . .	5	53,858.	●	53,858.					
	6	Dividends . . . . .	6		●						
	7	Royalties . . . . .	7		●						
	8	Net short-term capital gain (loss). Attach Sch D (568) . . . . .	8		●						
	9	Net long-term capital gain (loss). Attach Sch D (568) . . . . .	9		●						
10a	Total Gain under IRC Section 1231 (other than due to casualty or theft) . . . . .	10a		●							
b	Total Loss under IRC Section 1231 (other than due to casualty or theft) . . . . .	10b		●							
11a	Other portfolio income (loss). Attach schedule . . . . .	11a									
b	Total other income. Attach schedule . . . . .	11b									
c	Total other loss. Attach schedule . . . . .	11c									
D E D U C T I O N S	12	Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6, and 17268). Attach schedule . . . . .	12								
	13a	Charitable contributions. See instructions. Attach schedule . . . . .	13a								
	b	Investment interest expense . . . . .	13b		●						
	c1	Total expenditures to which IRC Section 59(e) election may apply . . . . .	13c1								
	2	Type of expenditures. . . . .	13c2								
	d	Deductions related to portfolio income . . . . .	13d								
e	Other deductions. Attach schedule . . . . .	13e									
C R E D I T S	15a	Withholding on LLC allocated to all members . . . . .	15a								
	b	Low-income housing credit . . . . .	15b								
	c	Credits other than the credit shown on line 15b related to rental real estate activities. Attach schedule . . . . .	15c								
	d	Credits related to other rental activities. Attach schedule . . . . .	15d								
	e	Nonconsenting nonresident members' tax paid by LLC . . . . .	15e								
	f	Other credits. Attach schedule . . . . .	15f		●						
	g	New Jobs Credit. . . . .	15g								
A L T E R N A T I V E  T A X I T E M S	17a	Depreciation adjustment on property placed in service after 1986 . . . . .	17a	-20,056.	28.	-20,028.					
	b	Adjusted gain or loss . . . . .	17b								
	c	Depletion (other than oil and gas) . . . . .	17c								
	d	Gross income from oil, gas and geothermal properties . . . . .	17d								
	e	Deductions allocable to oil, gas, and geothermal properties . . . . .	17e								
	f	Other alternative minimum tax items. Attach schedule . . . . .	17f								
I N F O R M A T I O N	18a	Tax-exempt interest income . . . . .	18a								
	b	Other tax-exempt inc. . . . .	18b		●						
	c	Nondeductible expenses. . . . .	18c								
	19a	Distributions of money (cash and marketable securities)	19a	9,066.		9,066.					
	b	Distribution of property other than money. . . . .	19b								
	20a	Investment income . . . . .	20a	53,858.		53,858.					
b	Investment expenses . . . . .	20b									
c	Other information. See instructions . . . . .	20c			STATEMENT 3						
A N A L Y S I S	21a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 11c. From the result, subtract the sum of lines 12 through 13e. . . . .	21a	547,127.	-6. ●	547,121.					
	b	Analysis of members:	(a) Corporate	(b) Individual	(c) Partnership	(d) Exempt Organization	(e) Nominee/Other	(f) LLC			
	Members		i Active	ii Passive							547,121.



**Schedule L Balance Sheets.** See the instructions for Schedule L, before completing Schedules L, M-1, and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				●
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets. Att sch. STATEMENT 4		3,664,422.		● 3,105,545.
7 Mortgage and real estate loans				
8 Other investments. Att sch.				●
9 a Buildings and other depreciable assets	2,959,934.		3,749,855.	
b Less accumulated depreciation	558,664.	2,401,270.	628,666.	● 3,121,189.
10 a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		1,350.		● 1,350.
12 a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets. Att sch.				●
14 Total assets		6,067,042.		6,228,084.
<b>Liabilities and Capital</b>				
15 Accounts payable		1,734,165.		● 1,864,194.
16 Mortgages, notes, bonds payable in less than 1 year				●
17 Other current liabilities. Att sch. SEE STMT 5		1,573,865.		1,068,811.
18 All nonrecourse loans				●
19 Mortgages, notes, bonds payable in 1 year or more		158,842.		● 155,652.
20 Other liabilities. Att sch.				●
21 Members' capital accounts		2,600,170.		● 3,139,427.
22 Total liabilities and capital		6,067,042.		6,228,084.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** Use total amount under California law. See instructions.

1 Net income (loss) per books	548,323.	6 Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c, not recorded on books this year. Itemize:	●	a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		b Other \$	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		c Total. Add line 6a and line 6b	●
a Depreciation \$		7 Deductions included on Schedule K, line 1 through line 13e, not charged against book income this year. Itemize:	
b Travel & entertainment \$		a Depreciation \$ 1,202.	
c Annual LLC tax \$		b Other \$	
d Other \$		c Total. Add line 7a and line 7b	● 1,202.
e Total. Add line 4a-4d	●	8 Total. Add line 6c and line 7c	1,202.
5 Total of line 1 through line 4e	548,323.	9 Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5	547,121.

**Schedule M-2 Analysis of Members' Capital Accounts.** Use California amounts.

1 Balance at beginning of year	2,600,170.	5 Total of line 1 through line 4	3,148,493.
2 Capital contributed during year		6 Distributions:	
a Cash	●	a Cash	● 9,066.
b Property	●	b Property	●
3 Net income (loss) per books	548,323.	7 Other decreases. Itemize:	
4 Other increases. Itemize:			
		8 Total of line 6 and line 7	9,066.
		9 Balance at end of year. Subtract line 8 from line 5	3,139,427.

**Schedule O Amounts from Liquidation used to Capitalize a Limited Liability Company.** (Complete only if initial return box is checked on Side 1, Question H).

Name of entity liquidated (if more than one, attach a schedule)

Type of entity:  (1) C Corporation  (2) S Corporation  (3) Partnership  (4) Limited Partnership  (5) Sole Proprietor  (6) Farmer

Entity ID number(s) FEIN \_\_\_\_\_ SSN or ITIN \_\_\_\_\_ Corp \_\_\_\_\_ CA SOS \_\_\_\_\_

Amount of liquidation gains recognized to capitalize the LLC \_\_\_\_\_ ●

Schedule IW Limited Liability Company (LLC) Income Worksheet

Enter your California income amounts on the worksheet. All amounts entered must be assigned for California law differences. Use only amounts that are from sources derived from or attributable to California when completing lines 1-17 of this worksheet.

See instructions on page 13 of the Form 568 Booklet for more information on how to complete the Schedule IW.

Table with 17 rows and 2 columns. Row 1: Total California income from Form 568, Schedule B, line 3. 88,907. Row 2: Enter the California cost of goods sold from Form 568, Schedule B, line 2 and from federal Schedule F (Form 1040) (plus California adjustments) associated with the receipts assigned to California on line 1a. 473,926. Row 7: Add line 1a through line 6. 1,077,582. Row 8: California rental real estate. Row 9: Other California rentals. Row 10: California interest. 53,858. Row 17: Total California income. 1,131,440.

TAXABLE YEAR **Member's Share of Income, Deductions, Credits, etc.**  
**2012**

CALIFORNIA SCHEDULE  
**K-1 (568)**

For calendar year 2012 or fiscal year beginning month **07** day **01** year 2012, and ending month **06** day **30** year 2013

<b>Member's identifying number</b> 95-2232918	<b>LLC's FEIN</b> 26-2446103
Member's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000	California Secretary of State file number 200803210250 LLC's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000

**A** What type of entity is this member? ●

(1)  Individual (5)  General Partnership (9)  IRA/Keogh/SEP  
 (2)  S Corporation (6)  Limited Partnership (10)  Exempt Organization  
 (3)  Estate/Trust (7)  LLP (11)  Disregarded Entity  
 (4)  C Corporation (8)  LLC

**B** Is this member a foreign member? ● Yes  No

**C** Enter member's percentage (without regard to special allocations) of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing .....	● 99.0000 %	● 99.0000 %
Loss sharing .....	● 99.0000 %	● 99.0000 %
Ownership of capital...	● 99.0000 %	● 99.0000 %

**D** Member's share of liabilities:

Nonrecourse.....● \$ 3,057,770.  
 Qualified nonrecourse financing.....● \$  
 Other.....● \$

**E** Reportable transaction or tax shelter registration number(s).....

**F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2).   
 (2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1).

**G** Check here if this is: ●  
 (1)  A final Schedule K-1 (568) (2)  An amended Schedule K-1 (568)

**H** Is this member a resident of California? .....

**I** Analysis of member's capital account: Check the box ● (1)  Tax Basis (2)  GAAP (3)  Sec 704(b) Book (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 2,574,905. ●	●	● 542,839. ●	● ( 8,975. ) ●	● 3,108,769. ●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities.....	488,336.	-6.	488,330. ▶	
	<b>2</b> Net income (loss) from rental real estate activities.....			▶	
	<b>3</b> Net income (loss) from other rental activities.....			▶	
	<b>4</b> Guaranteed payments to members.....			▶	
	<b>5</b> Interest income.....	53,319.		53,319. ▶	
	<b>6</b> Dividends.....			▶	
	<b>7</b> Royalties.....			▶	
	<b>8</b> Net short-term capital gain (loss).....			▶	
	<b>9</b> Net long-term capital gain (loss).....			▶	
	<b>10a</b> Total gain under IRC Section 1231 (other than due to casualty or theft).....			▶	
	<b>b</b> Total loss under IRC Section 1231 (other than due to casualty or theft).....			▶	
	<b>11a</b> Other portfolio income (loss). Attach schedule.....			▶	
<b>b</b> Total other income. Attach schedule.....			▶		
<b>c</b> Total other loss. Attach schedule.....			▶		

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
<b>Deductions</b>	<b>12</b> Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268) .....				
	<b>13a</b> Charitable contributions .....				
	<b>b</b> Investment interest expense .....				
	<b>c 1</b> Total expenditures to which an IRC Section 59(e) election may apply. ....				
	<b>2</b> Type of expenditures .....				
	<b>d</b> Deductions related to portfolio income Attach schedule. ....				
	<b>e</b> Other deductions. Attach schedule. ....				
<b>Credits</b>	<b>15a</b> Total withholding (equals amount on Form 592-B if calendar year LLC) .....				
	<b>b</b> Low-income housing credit .....				
	<b>c</b> Credits other than line 15b related to rental real estate activities. Attach schedule. ....				
	<b>d</b> Credits related to other rental activities. Attach schedule .....				
	<b>e</b> Nonconsenting nonresident member's tax paid by LLC. ....				
	<b>f</b> Other credits — Attach required schedules or statements. ....				
	<b>g</b> New jobs credit. ....				
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Depreciation adjustment on property placed in service after 1986. ....	-19,855.	27.	-19,828.	
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil and gas) .....				
	<b>d</b> Gross income from oil, gas, and geothermal properties .....				
	<b>e</b> Deductions allocable to oil, gas, and geothermal properties .....				
	<b>f</b> Other alternative minimum tax items. Attach schedule. ....				
<b>Tax-exempt Income and Nondeductible Expenses</b>	<b>18a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19a</b> Distributions of money (cash and marketable securities) .....	8,975.		8,975.	
	<b>b</b> Distributions of property other than money. ....				
<b>Other Information</b>	<b>20a</b> Investment income .....	53,319.		53,319.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions. ....			SEE ATTACHED	

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918

**Other Member Information**

**Table 1** – Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$ _____	Sec 1231 Gains/Losses	\$ _____	Capital Gains/Losses	\$ _____
Dividends	\$ _____	Royalties	\$ _____	Other	\$ _____

FOR USE BY MEMBERS ONLY – See instructions.

**Table 2** – Member's share of distributive items.

- A** Member's share of the LLC's business income. See instructions. . . . . \$ \_\_\_\_\_
- B** Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.
 

Capital Gains/Losses	\$ _____	Rents/Royalties	\$ _____
Section 1231 Gains/Losses	\$ _____	Other	\$ _____
- C** Member's distributive share of the LLC's property, payroll, and sales: California Sales – Doing Business Test \$ \_\_\_\_\_

Factors	Total within and outside California	Total within California
Property: Beginning	\$	\$
Ending	\$	\$
Annual rent expense	\$	\$
Payroll	\$	\$
Sales	\$	\$

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918

**LINE 20C - COLUMN D  
OTHER INFORMATION**

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	<u>1,120,126.</u>
TOTAL	\$	<u><u>1,120,126.</u></u>

TAXABLE YEAR **Member's Share of Income, Deductions, Credits, etc.**  
**2012**

For calendar year 2012 or fiscal year beginning month **07** day **01** year 2012, and ending month **06** day **30** year 2013

<b>Member's identifying number</b> 91-1874346	<b>LLC's FEIN</b> 26-2446103
Member's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000	California Secretary of State file number 200803210250 LLC's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000

**A** What type of entity is this member? ●

(1) <input type="checkbox"/> Individual	(5) <input type="checkbox"/> General Partnership	(9) <input type="checkbox"/> IRA/Keogh/SEP
(2) <input type="checkbox"/> S Corporation	(6) <input type="checkbox"/> Limited Partnership	(10) <input checked="" type="checkbox"/> Exempt Organization
(3) <input type="checkbox"/> Estate/Trust	(7) <input type="checkbox"/> LLP	(11) <input type="checkbox"/> Disregarded Entity
(4) <input type="checkbox"/> C Corporation	(8) <input type="checkbox"/> LLC	

**B** Is this member a foreign member? ..... ● Yes  No

**C** Enter member's percentage (without regard to special allocations) of:

Profit sharing .....	(i) Before decrease or termination	(ii) End of year
Loss sharing .....		
Ownership of capital...		

**D** Member's share of liabilities:

Nonrecourse .....	● \$ 30,887.
Qualified nonrecourse financing .....	● \$
Other .....	● \$

**E** Reportable transaction or tax shelter registration number(s) .....

**F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2). ....

(2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1). ....

**G** Check here if this is: ●

(1)  A final Schedule K-1 (568) (2)  An amended Schedule K-1 (568)

**H** Is this member a resident of California? ..... ●  Yes  No

**I** Analysis of member's capital account: Check the box ● (1)  Tax Basis (2)  GAAP (3)  Sec 704(b) Book (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 25,265. ●		● 5,484. ●	( 91. ) ●	● 30,658. ●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities .....	4,933.		● 4,933. ▶	
	<b>2</b> Net income (loss) from rental real estate activities .....			● ▶	
	<b>3</b> Net income (loss) from other rental activities .....			● ▶	
	<b>4</b> Guaranteed payments to members .....			● ▶	
	<b>5</b> Interest income .....	539.		● 539. ▶	
	<b>6</b> Dividends .....			● ▶	
	<b>7</b> Royalties .....			● ▶	
	<b>8</b> Net short-term capital gain (loss) .....			● ▶	
	<b>9</b> Net long-term capital gain (loss) .....			● ▶	
	<b>10a</b> Total gain under IRC Section 1231 (other than due to casualty or theft) .....			● ▶	
	<b>b</b> Total loss under IRC Section 1231 (other than due to casualty or theft) .....			● ▶	
	<b>11a</b> Other portfolio income (loss). Attach schedule .....			● ▶	
<b>b</b> Total other income. Attach schedule .....			● ▶		
<b>c</b> Total other loss. Attach schedule .....			● ▶		

MEMBER 2

CALA0212L 12/24/12

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
<b>Deductions</b>	<b>12</b> Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268) .....				
	<b>13a</b> Charitable contributions .....				
	<b>b</b> Investment interest expense .....				
	<b>c 1</b> Total expenditures to which an IRC Section 59(e) election may apply. ....				
	<b>2</b> Type of expenditures .....				
	<b>d</b> Deductions related to portfolio income Attach schedule. ....				
	<b>e</b> Other deductions. Attach schedule. ....				
<b>Credits</b>	<b>15a</b> Total withholding (equals amount on Form 592-B if calendar year LLC) .....				
	<b>b</b> Low-income housing credit .....				
	<b>c</b> Credits other than line 15b related to rental real estate activities. Attach schedule. ....				
	<b>d</b> Credits related to other rental activities. Attach schedule .....				
	<b>e</b> Nonconsenting nonresident member's tax paid by LLC .....				
	<b>f</b> Other credits — Attach required schedules or statements. ....				
	<b>g</b> New jobs credit .....				
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Depreciation adjustment on property placed in service after 1986. ....	-201.	1.	-200.	
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil and gas) .....				
	<b>d</b> Gross income from oil, gas, and geothermal properties .....				
	<b>e</b> Deductions allocable to oil, gas, and geothermal properties .....				
	<b>f</b> Other alternative minimum tax items. Attach schedule. ....				
<b>Tax-exempt Income and Nondeductible Expenses</b>	<b>18a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19a</b> Distributions of money (cash and marketable securities) .....	91.		91.	
	<b>b</b> Distributions of property other than money .....				
<b>Other Information</b>	<b>20a</b> Investment income .....	539.		539.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions. ....			SEE ATTACHED	



**Other Member Information**

**Table 1** – Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$ _____	Sec 1231 Gains/Losses	\$ _____	Capital Gains/Losses	\$ _____
Dividends	\$ _____	Royalties	\$ _____	Other	\$ _____

FOR USE BY MEMBERS ONLY – See instructions.

**Table 2** – Member's share of distributive items.

**A** Member's share of the LLC's business income. See instructions. . . . . \$ \_\_\_\_\_

**B** Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.

Capital Gains/Losses	\$ _____	Rents/Royalties	\$ _____
Section 1231 Gains/Losses	\$ _____	Other	\$ _____

**C** Member's distributive share of the LLC's property, payroll, and sales: California Sales – Doing Business Test \$ \_\_\_\_\_

<b>Factors</b>	<b>Total within and outside California</b>	<b>Total within California</b>
Property: Beginning	\$ _____	\$ _____
Ending	\$ _____	\$ _____
Annual rent expense	\$ _____	\$ _____
Payroll	\$ _____	\$ _____
Sales	\$ _____	\$ _____

MEMBER 2: IRVINE RANCH WATER DISTRICT 91-1874346

**LINE 20C - COLUMN D  
OTHER INFORMATION**

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	<u>11,314.</u>
TOTAL	\$	<u><u>11,314.</u></u>

# 2012 Depreciation and Amortization

**3885L**

Name as shown on return <b>IRVINE RANCH WATER DISTRICT</b>	California Secretary of State (SOS) file number <b>200803210250</b>
FEIN <b>26-2446103</b>	

**Depreciation of Assets** Assets placed in service during the current taxable year:

(a) Description of property	(b) Date placed in service	(c) Cost or other basis	(d) Method of figuring depreciation	(e) Life or rate	(f) Depreciation for this year	
OFFICE EQUIPMENT	5/31/12	6,945.	200DB	7.00	1,913.	
POTABLE POND IMPROVEMENT	6/30/12	167,389.	S/L	40.00	4,185.	
POTABLE POND IMPROVEMENT	6/30/12	3,106.	S/L	40.00	78.	
POTABLE POND IMPROVEMENT	6/30/12	16,086.	S/L	40.00	402.	
POTABLE POND IMPROVEMENT	6/30/12	62,070.	S/L	40.00	1,552.	
POTABLE POND IMPROVEMENT	6/30/12	332,672.	S/L	40.00	8,317.	
WATER PUMP	6/30/12	25,182.	S/L	10.00	2,518.	
POTABLE POND IMPROVEMENT	6/30/12	641,211.	S/L	40.00	16,030.	
POTABLE POND IMPROVEMENT	6/30/12	622,039.	S/L	30.00	20,735.	
POTABLE POND IMPROVEMENT	6/30/13	777,296.	S/L	30.00	0.	
MISC FORKLIFT EQUIPMENT	6/30/13	700.	S/L	10.00	9.	
<b>1</b> Enter line 1, column (f) totals.....					<b>1 (f)</b>	<b>55,739.</b>

**Amortization of Property** Intangibles placed in service during the current taxable year:

(a) Description of property	(b) Date placed in service	(c) Cost or other basis	(g) Code section	(h) Period or percentage	(i) Amortization to this year
<b>1</b> Enter line 1, column (i) totals.....					<b>1 (i)</b>

**Depreciation**

Be sure to make adjustments for any basis differences when calculating depreciation.

2 California depreciation for assets placed in service before January 1, 2012.....	<b>2</b>	15,465.
3 Total California depreciation. Add line 1(f) and line 2.....	<b>3</b>	71,204.

**Amortization**

Be sure to make adjustments for any basis differences when calculating amortization.

4 California amortization for intangibles placed in service before January 1, 2012.....	<b>4</b>	
5 Total California amortization. Add line 1(i) and line 4.....	<b>5</b>	
6 Total depreciation and amortization. Add line 3 and line 5. Enter the total here and on Form 568, Schedule B, line 17a, if from a trade or business, or on federal Form 8825, line 14, if from rental real estate activities.....	<b>6</b>	71,204.
7 IRC Section 179 expense deduction from line 12 of the worksheet in the instructions.....	<b>7</b>	
8 Carryover of disallowed deduction to 2013 from line 13 of the worksheet in the instructions.....	<b>8</b>	

## IRVINE RANCH WATER DISTRICT

26-2446103

**STATEMENT 1**  
**FORM 568, SCHEDULE B, LINE 10**  
**OTHER INCOME**

MISC. CONNECTION FEE INCOME.....	\$	3,338.
RATE DIFFERENTIAL REVENUE.....		507,273.
UNREALIZED GAIN ON SECURITIES.....		4,138.
	TOTAL	<u>\$ 514,749.</u>

**STATEMENT 2**  
**FORM 568, SCHEDULE B, LINE 21**  
**OTHER DEDUCTIONS**

CUSTOMER COLLECTION COSTS.....	\$	39,189.
	TOTAL	<u>\$ 39,189.</u>

**STATEMENT 3**  
**FORM 568, SCHEDULE K, LINE 20C - COLUMN D**  
**OTHER REPORTABLE ITEMS**

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	1,131,440.
---	----	------------

**STATEMENT 4**  
**FORM 568, SCHEDULE L, LINE 6**  
**OTHER CURRENT ASSETS**

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED INTEREST RECEIVABLE.....	\$ 751.	\$ 0.
CONSTRUCTION IN PROGRESS.....	3,663,671.	3,105,545.
TOTAL	<u>\$ 3,664,422.</u>	<u>\$ 3,105,545.</u>

**STATEMENT 5**  
**FORM 568, SCHEDULE L, LINE 17**  
**OTHER CURRENT LIABILITIES**

	<u>BEGINNING</u>	<u>ENDING</u>
FUTURE RATE DIFFERENTIAL CREDITS.....	\$ 1,573,465.	\$ 1,066,682.
INTEREST PAYABLE.....	0.	1,729.
SECURITY DEPOSITS-REAL ESTATE.....	400.	400.
TOTAL	<u>\$ 1,573,865.</u>	<u>\$ 1,068,811.</u>

**Schedule K-1**  
**(Form 1065)**

**2012**

Department of the Treasury  
Internal Revenue Service

For calendar year 2012, or tax  
year beginning 7/01, 2012  
ending 6/30, 2013

Final K-1  Amended K-1

651112  
OMB No. 1545-0099

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

<b>Part I Information About the Partnership</b>	
<b>A</b> Partnership's employer identification number	26-2446103
<b>B</b> Partnership's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000
<b>C</b> IRS Center where partnership filed return	OGDEN, UT
<b>D</b> <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
<b>Part II Information About the Partner</b>	
<b>E</b> Partner's identifying number	95-2232918
<b>F</b> Partner's name, address, city, state, and ZIP code	IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
<b>G</b> <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
<b>H</b> <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
<b>I1</b> What type of entity is this partner? (see instr)	EXEMPT ORG.
<b>I2</b> If this partner is a retirement plan (IRA/SEP/Keogh/etc), check here (see instructions)	<input type="checkbox"/>
<b>J</b> Partner's share of profit, loss, and capital (see instructions):	
<b>Beginning</b>	<b>Ending</b>
Profit 99 %	99 %
Loss 99 %	99 %
Capital 99 %	99 %
<b>K</b> Partner's share of liabilities at year end:	
Nonrecourse	\$ 3,057,770.
Qualified nonrecourse financing	\$
Recourse	\$
<b>L</b> Partner's capital account analysis:	
Beginning capital account	\$ 2,574,905.
Capital contributed during the year	\$
Current year increase (decrease)	\$ 542,839.
Withdrawals and distributions	\$ ( 8,975.)
Ending capital account	\$ 3,108,769.
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	
<b>M</b> Did the partner contribute property with a built-in gain or loss?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes', attach statement (see instructions)	

<b>Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items</b>		
<b>1</b>	Ordinary business income (loss)	<b>15</b> Credits
	488,336.	
<b>2</b>	Net rental real estate income (loss)	
<b>3</b>	Other net rental income (loss)	<b>16</b> Foreign transactions
<b>4</b>	Guaranteed payments	
<b>5</b>	Interest income	
	53,319.	
<b>6a</b>	Ordinary dividends	
<b>6b</b>	Qualified dividends	
<b>7</b>	Royalties	
<b>8</b>	Net short-term capital gain (loss)	
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b> Alternative minimum tax (AMT) items
		<b>A</b> -19,855.
<b>9b</b>	Collectibles (28%) gain (loss)	
<b>9c</b>	Unrecaptured section 1250 gain	
<b>10</b>	Net section 1231 gain (loss)	<b>18</b> Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)	
<b>12</b>	Section 179 deduction	<b>19</b> Distributions
		<b>A</b> 8,975.
<b>13</b>	Other deductions	
		<b>20</b> Other information
		<b>A</b> 53,319.
<b>14</b>	Self-employment earnings (loss)	
*See attached statement for additional information.		
<b>F O R  U S E  O N L Y</b>		

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Code	Report on	
<b>1 Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (i)	
<b>2 Net rental real estate income (loss)</b>	See the Partner's Instructions	
<b>3 Other net rental income (loss)</b>	See the Partner's Instructions	
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
<b>4 Guaranteed payments</b>	Schedule E, line 28, column (j)	
<b>5 Interest income</b>	Form 1040, line 8a	
<b>6 a Ordinary dividends</b>	Form 1040, line 9a	
<b>6 b Qualified dividends</b>	Form 1040, line 9b	
<b>7 Royalties</b>	Schedule E, line 4	
<b>8 Net short-term capital gain (loss)</b>	Schedule D, line 5	
<b>9 a Net long-term capital gain (loss)</b>	Schedule D, line 12	
<b>9 b Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	
<b>9 c Unrecaptured section 1250 gain</b>	See the Partner's Instructions	
<b>10 Net section 1231 gain (loss)</b>	See the Partner's Instructions	
<b>11 Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)	See the Partner's Instructions	
<b>B</b> Involuntary conversions	See the Partner's Instructions	
<b>C</b> Section 1256 contracts and straddles	Form 6781, line 1	
<b>D</b> Mining exploration costs recapture	See Pub 535	
<b>E</b> Cancellation of debt	Form 1040, line 21 or Form 982	
<b>F</b> Other income (loss)	See the Partner's Instructions	
<b>12 Section 179 deduction</b>	See the Partner's Instructions	
<b>13 Other deductions</b>		
<b>A</b> Cash contributions (50%)	See the Partner's Instructions	
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)		
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense	Form 4952, line 1	
<b>I</b> Deductions — royalty income	Schedule E, line 19	
<b>J</b> Section 59(e)(2) expenditures	See the Partner's Instructions	
<b>K</b> Deductions — portfolio (2% floor)	Schedule A, line 23	
<b>L</b> Deductions — portfolio (other)	Schedule A, line 28	
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
<b>N</b> Educational assistance benefits	See the Partner's Instructions	
<b>O</b> Dependent care benefits	Form 2441, line 12	
<b>P</b> Preproductive period expenses	See the Partner's Instructions	
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
<b>R</b> Pensions and IRAs	See the Partner's Instructions	
<b>S</b> Reforestation expense deduction	See the Partner's Instructions	
<b>T</b> Domestic production activities information	See Form 8903 Instructions	
<b>U</b> Qualified production activities income	Form 8903, line 7b	
<b>V</b> Employer's Form W-2 wages	Form 8903, line 17	
<b>W</b> Other deductions	See the Partner's Instructions	
<b>14 Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B	
<b>B</b> Gross farming or fishing income	See the Partner's Instructions	
<b>C</b> Gross non-farm income	See the Partner's Instructions	
<b>15 Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
<b>D</b> Low-income housing credit (other) from post-2007 buildings		
<b>E</b> Qualified rehabilitation expenditures (rental real estate)		
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Form 1040, line 71; check box a
<b>I</b> Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions
<i>Code</i>		
<b>J</b> Work opportunity credit		
<b>K</b> Disabled access credit		
<b>L</b> Empowerment zone and renewal community employment credit	See the Partner's Instructions	
<b>M</b> Credit for increasing research activities		
<b>N</b> Credit for employer social security and Medicare taxes		
<b>O</b> Backup withholding		
<b>P</b> Other credits		
<b>16 Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession	Form 1116, Part I	
<b>B</b> Gross income from all sources		
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Passive category	Form 1116, Part I	
<b>E</b> General category		
<b>F</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>G</b> Interest expense	Form 1116, Part I	
<b>H</b> Other	Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>I</b> Passive category	Form 1116, Part I	
<b>J</b> General category		
<b>K</b> Other		
<i>Other information</i>		
<b>L</b> Total foreign taxes paid	Form 1116, Part II	
<b>M</b> Total foreign taxes accrued	Form 1116, Part II	
<b>N</b> Reduction in taxes available for credit	Form 1116, line 12	
<b>O</b> Foreign trading gross receipts	Form 8873	
<b>P</b> Extraterritorial income exclusion	Form 8873	
<b>Q</b> Other foreign transactions	See the Partner's Instructions	
<b>17 Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
<b>B</b> Adjusted gain or loss		
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal — gross income		
<b>E</b> Oil, gas, & geothermal — deductions		
<b>F</b> Other AMT items		
<b>18 Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income	Form 1040, line 8b	
<b>B</b> Other tax-exempt income	See the Partner's Instructions	
<b>C</b> Nondeductible expenses	See the Partner's Instructions	
<b>19 Distributions</b>		
<b>A</b> Cash and marketable securities	See the Partner's Instructions	
<b>B</b> Distribution subject to section 737		
<b>C</b> Other property		
<b>20 Other information</b>		
<b>A</b> Investment income	Form 4952, line 4a	
<b>B</b> Investment expenses	Form 4952, line 5	
<b>C</b> Fuel tax credit information	Form 4136	
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
<b>E</b> Basis of energy property	See the Partner's Instructions	
<b>F</b> Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
<b>G</b> Recapture of low-income housing credit (other)	Form 8611, line 8	
<b>H</b> Recapture of investment credit	See Form 4255	
<b>I</b> Recapture of other credits	See the Partner's Instructions	
<b>J</b> Look-back interest — completed long-term contracts	See Form 8697	
<b>K</b> Look-back interest — income forecast method	See Form 8866	
<b>L</b> Dispositions of property with section 179 deductions	See the Partner's Instructions	
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> Section 453(j)(3) information		
<b>P</b> Section 453A(c) information		
<b>Q</b> Section 1260(b) information		
<b>R</b> Interest allocable to production expenditures		
<b>S</b> CCF nonqualified withdrawals		
<b>T</b> Depletion information — oil and gas		
<b>U</b> Amortization of reforestation costs		
<b>V</b> Unrelated business taxable income		
<b>W</b> Precontribution gain (loss)		
<b>X</b> Section 108(i) information		
<b>Y</b> Other information		

TAXABLE YEAR **Member's Share of Income, Deductions, Credits, etc.**  
**2012**

CALIFORNIA SCHEDULE  
**K-1 (568)**

For calendar year 2012 or fiscal year beginning month **07** day **01** year 2012, and ending month **06** day **30** year 2013

<b>Member's identifying number</b> 95-2232918	<b>LLC's FEIN</b> 26-2446103
Member's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000	California Secretary of State file number 200803210250 LLC's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000

**A** What type of entity is this member? ●

(1)  Individual (5)  General Partnership (9)  IRA/Keogh/SEP  
(2)  S Corporation (6)  Limited Partnership (10)  Exempt Organization  
(3)  Estate/Trust (7)  LLP (11)  Disregarded Entity  
(4)  C Corporation (8)  LLC

**B** Is this member a foreign member? ● Yes  No

**C** Enter member's percentage (without regard to special allocations) of:

	(i) Before decrease or termination	(ii) End of year
Profit sharing .....	● 99.0000 %	● 99.0000 %
Loss sharing .....	● 99.0000 %	● 99.0000 %
Ownership of capital...	● 99.0000 %	● 99.0000 %

**D** Member's share of liabilities:

Nonrecourse.....● \$ 3,057,770.  
Qualified nonrecourse financing.....● \$  
Other.....● \$

**E** Reportable transaction or tax shelter registration number(s).....

**F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2).   
(2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1).

**G** Check here if this is: ●  
(1)  A final Schedule K-1 (568) (2)  An amended Schedule K-1 (568)

**H** Is this member a resident of California? ..... ●  Yes  No

**I** Analysis of member's capital account: Check the box ● (1)  Tax Basis (2)  GAAP (3)  Sec 704(b) Book (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 2,574,905. ●	●	● 542,839. ●	● ( 8,975. ) ●	● 3,108,769. ●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities.....	488,336.	-6.	488,330. ▶	
	<b>2</b> Net income (loss) from rental real estate activities.....			▶	
	<b>3</b> Net income (loss) from other rental activities.....			▶	
	<b>4</b> Guaranteed payments to members.....			▶	
	<b>5</b> Interest income.....	53,319.		53,319. ▶	
	<b>6</b> Dividends.....			▶	
	<b>7</b> Royalties.....			▶	
	<b>8</b> Net short-term capital gain (loss).....			▶	
	<b>9</b> Net long-term capital gain (loss).....			▶	
	<b>10a</b> Total gain under IRC Section 1231 (other than due to casualty or theft).....			▶	
	<b>b</b> Total loss under IRC Section 1231 (other than due to casualty or theft).....			▶	
	<b>11a</b> Other portfolio income (loss). Attach schedule.....			▶	
<b>b</b> Total other income. Attach schedule.....			▶		
<b>c</b> Total other loss. Attach schedule.....			▶		

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
<b>Deductions</b>	<b>12</b> Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268) .....				
	<b>13a</b> Charitable contributions .....				
	<b>b</b> Investment interest expense .....				
	<b>c 1</b> Total expenditures to which an IRC Section 59(e) election may apply. ....				
	<b>2</b> Type of expenditures .....				
	<b>d</b> Deductions related to portfolio income Attach schedule. ....				
	<b>e</b> Other deductions. Attach schedule. ....				
<b>Credits</b>	<b>15a</b> Total withholding (equals amount on Form 592-B if calendar year LLC) .....				
	<b>b</b> Low-income housing credit .....				
	<b>c</b> Credits other than line 15b related to rental real estate activities. Attach schedule. ....				
	<b>d</b> Credits related to other rental activities. Attach schedule .....				
	<b>e</b> Nonconsenting nonresident member's tax paid by LLC .....				
	<b>f</b> Other credits — Attach required schedules or statements. ....				
	<b>g</b> New jobs credit .....				
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Depreciation adjustment on property placed in service after 1986. ....	-19,855.	27.	-19,828.	
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil and gas) .....				
	<b>d</b> Gross income from oil, gas, and geothermal properties .....				
	<b>e</b> Deductions allocable to oil, gas, and geothermal properties .....				
	<b>f</b> Other alternative minimum tax items. Attach schedule. ....				
<b>Tax-exempt Income and Nondeductible Expenses</b>	<b>18a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19a</b> Distributions of money (cash and marketable securities) .....	8,975.		8,975.	
	<b>b</b> Distributions of property other than money .....				
<b>Other Information</b>	<b>20a</b> Investment income .....	53,319.		53,319.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions. ....			SEE ATTACHED	

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918



**Other Member Information**

**Table 1** – Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$ _____	Sec 1231 Gains/Losses	\$ _____	Capital Gains/Losses	\$ _____
Dividends	\$ _____	Royalties	\$ _____	Other	\$ _____

FOR USE BY MEMBERS ONLY – See instructions.

**Table 2** – Member's share of distributive items.

- A** Member's share of the LLC's business income. See instructions. . . . . \$ \_\_\_\_\_
- B** Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.
 

Capital Gains/Losses	\$ _____	Rents/Royalties	\$ _____
Section 1231 Gains/Losses	\$ _____	Other	\$ _____
- C** Member's distributive share of the LLC's property, payroll, and sales: California Sales – Doing Business Test \$ \_\_\_\_\_

Factors	Total within and outside California	Total within California
Property: Beginning	\$	\$
Ending	\$	\$
Annual rent expense	\$	\$
Payroll	\$	\$
Sales	\$	\$

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918

**LINE 20C - COLUMN D  
OTHER INFORMATION**

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	<u>1,120,126.</u>
TOTAL	\$	<u><u>1,120,126.</u></u>

**Schedule K-1**  
**(Form 1065)**

**2012**

Final K-1  Amended K-1

651112

OMB No. 1545-0099

Department of the Treasury  
Internal Revenue Service

For calendar year 2012, or tax  
year beginning 7/01, 2012  
ending 6/30, 2013

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

<b>Part I Information About the Partnership</b>	
<b>A</b> Partnership's employer identification number 26-2446103	
<b>B</b> Partnership's name, address, city, state, and ZIP code  IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000	
<b>C</b> IRS Center where partnership filed return OGDEN, UT	
<b>D</b> <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
<b>Part II Information About the Partner</b>	
<b>E</b> Partner's identifying number 91-1874346	
<b>F</b> Partner's name, address, city, state, and ZIP code  IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000	
<b>G</b> <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
<b>H</b> <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
<b>I1</b> What type of entity is this partner? (see instr) <u>EXEMPT ORG.</u>	
<b>I2</b> If this partner is a retirement plan (IRA/SEP/Keogh/etc), check here (see instructions) <input type="checkbox"/>	
<b>J</b> Partner's share of profit, loss, and capital (see instructions):	
<b>Beginning</b>	<b>Ending</b>
Profit 1 %	1 %
Loss 1 %	1 %
Capital 1 %	1 %
<b>K</b> Partner's share of liabilities at year end:	
Nonrecourse.....\$	30,887.
Qualified nonrecourse financing.....\$	
Recourse.....\$	
<b>L</b> Partner's capital account analysis:	
Beginning capital account.....\$	25,265.
Capital contributed during the year.....\$	
Current year increase (decrease).....\$	5,484.
Withdrawals and distributions.....\$	( 91.)
Ending capital account.....\$	30,658.
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	
<b>M</b> Did the partner contribute property with a built-in gain or loss?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes', attach statement (see instructions)	

<b>Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items</b>		
<b>1</b>	Ordinary business income (loss) 4,933.	<b>15</b> Credits
<b>2</b>	Net rental real estate income (loss)	
<b>3</b>	Other net rental income (loss)	<b>16</b> Foreign transactions
<b>4</b>	Guaranteed payments	
<b>5</b>	Interest income 539.	
<b>6a</b>	Ordinary dividends	
<b>6b</b>	Qualified dividends	
<b>7</b>	Royalties	
<b>8</b>	Net short-term capital gain (loss)	
<b>9a</b>	Net long-term capital gain (loss)	<b>17</b> Alternative minimum tax (AMT) items
<b>9b</b>	Collectibles (28%) gain (loss)	-201.
<b>9c</b>	Unrecaptured section 1250 gain	
<b>10</b>	Net section 1231 gain (loss)	<b>18</b> Tax-exempt income and nondeductible expenses
<b>11</b>	Other income (loss)	
<b>12</b>	Section 179 deduction	<b>19</b> Distributions
<b>13</b>	Other deductions	91.
<b>14</b>	Self-employment earnings (loss)	
		<b>20</b> Other information
		539.
*See attached statement for additional information.		
<b>F O R  U S E  O N L Y</b>		

**BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.**

Schedule K-1 (Form 1065) 2012

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Code	Report on	
<b>1 Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (j)	
<b>2 Net rental real estate income (loss)</b>	See the Partner's Instructions	
<b>3 Other net rental income (loss)</b>	See the Partner's Instructions	
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
<b>4 Guaranteed payments</b>	Schedule E, line 28, column (j)	
<b>5 Interest income</b>	Form 1040, line 8a	
<b>6 a Ordinary dividends</b>	Form 1040, line 9a	
<b>6 b Qualified dividends</b>	Form 1040, line 9b	
<b>7 Royalties</b>	Schedule E, line 4	
<b>8 Net short-term capital gain (loss)</b>	Schedule D, line 5	
<b>9 a Net long-term capital gain (loss)</b>	Schedule D, line 12	
<b>9 b Collectibles (28%) gain (loss)</b>	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	
<b>9 c Unrecaptured section 1250 gain</b>	See the Partner's Instructions	
<b>10 Net section 1231 gain (loss)</b>	See the Partner's Instructions	
<b>11 Other income (loss)</b>		
<i>Code</i>		
<b>A</b> Other portfolio income (loss)	See the Partner's Instructions	
<b>B</b> Involuntary conversions	See the Partner's Instructions	
<b>C</b> Section 1256 contracts and straddles	Form 6781, line 1	
<b>D</b> Mining exploration costs recapture	See Pub 535	
<b>E</b> Cancellation of debt	Form 1040, line 21 or Form 982	
<b>F</b> Other income (loss)	See the Partner's Instructions	
<b>12 Section 179 deduction</b>	See the Partner's Instructions	
<b>13 Other deductions</b>		
<b>A</b> Cash contributions (50%)	See the Partner's Instructions	
<b>B</b> Cash contributions (30%)		
<b>C</b> Noncash contributions (50%)		
<b>D</b> Noncash contributions (30%)		
<b>E</b> Capital gain property to a 50% organization (30%)		
<b>F</b> Capital gain property (20%)		
<b>G</b> Contributions (100%)		
<b>H</b> Investment interest expense	Form 4952, line 1	
<b>I</b> Deductions — royalty income	Schedule E, line 19	
<b>J</b> Section 59(e)(2) expenditures	See the Partner's Instructions	
<b>K</b> Deductions — portfolio (2% floor)	Schedule A, line 23	
<b>L</b> Deductions — portfolio (other)	Schedule A, line 28	
<b>M</b> Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
<b>N</b> Educational assistance benefits	See the Partner's Instructions	
<b>O</b> Dependent care benefits	Form 2441, line 12	
<b>P</b> Preproductive period expenses	See the Partner's Instructions	
<b>Q</b> Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
<b>R</b> Pensions and IRAs	See the Partner's Instructions	
<b>S</b> Reforestation expense deduction	See the Partner's Instructions	
<b>T</b> Domestic production activities information	See Form 8903 Instructions	
<b>U</b> Qualified production activities income	Form 8903, line 7b	
<b>V</b> Employer's Form W-2 wages	Form 8903, line 17	
<b>W</b> Other deductions	See the Partner's Instructions	
<b>14 Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
<b>A</b> Net earnings (loss) from self-employment	Schedule SE, Section A or B	
<b>B</b> Gross farming or fishing income	See the Partner's Instructions	
<b>C</b> Gross non-farm income	See the Partner's Instructions	
<b>15 Credits</b>		
<b>A</b> Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	
<b>B</b> Low-income housing credit (other) from pre-2008 buildings		
<b>C</b> Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
<b>D</b> Low-income housing credit (other) from post-2007 buildings		
<b>E</b> Qualified rehabilitation expenditures (rental real estate)		
<b>F</b> Other rental real estate credits		
<b>G</b> Other rental credits		
<b>H</b> Undistributed capital gains credit		Form 1040, line 71; check box a
<b>I</b> Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions
<i>Code</i>		
<b>J</b> Work opportunity credit		
<b>K</b> Disabled access credit		
<b>L</b> Empowerment zone and renewal community employment credit	See the Partner's Instructions	
<b>M</b> Credit for increasing research activities		
<b>N</b> Credit for employer social security and Medicare taxes		
<b>O</b> Backup withholding		
<b>P</b> Other credits		
<b>16 Foreign transactions</b>		
<b>A</b> Name of country or U.S. possession	Form 1116, Part I	
<b>B</b> Gross income from all sources		
<b>C</b> Gross income sourced at partner level		
<i>Foreign gross income sourced at partnership level</i>		
<b>D</b> Passive category	Form 1116, Part I	
<b>E</b> General category		
<b>F</b> Other		
<i>Deductions allocated and apportioned at partner level</i>		
<b>G</b> Interest expense	Form 1116, Part I	
<b>H</b> Other	Form 1116, Part I	
<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
<b>I</b> Passive category	Form 1116, Part I	
<b>J</b> General category		
<b>K</b> Other		
<i>Other information</i>		
<b>L</b> Total foreign taxes paid	Form 1116, Part II	
<b>M</b> Total foreign taxes accrued	Form 1116, Part II	
<b>N</b> Reduction in taxes available for credit	Form 1116, line 12	
<b>O</b> Foreign trading gross receipts	Form 8873	
<b>P</b> Extraterritorial income exclusion	Form 8873	
<b>Q</b> Other foreign transactions	See the Partner's Instructions	
<b>17 Alternative minimum tax (AMT) items</b>		
<b>A</b> Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
<b>B</b> Adjusted gain or loss		
<b>C</b> Depletion (other than oil & gas)		
<b>D</b> Oil, gas, & geothermal — gross income		
<b>E</b> Oil, gas, & geothermal — deductions		
<b>F</b> Other AMT items		
<b>18 Tax-exempt income and nondeductible expenses</b>		
<b>A</b> Tax-exempt interest income	Form 1040, line 8b	
<b>B</b> Other tax-exempt income	See the Partner's Instructions	
<b>C</b> Nondeductible expenses	See the Partner's Instructions	
<b>19 Distributions</b>		
<b>A</b> Cash and marketable securities	See the Partner's Instructions	
<b>B</b> Distribution subject to section 737		
<b>C</b> Other property		
<b>20 Other information</b>		
<b>A</b> Investment income	Form 4952, line 4a	
<b>B</b> Investment expenses	Form 4952, line 5	
<b>C</b> Fuel tax credit information	Form 4136	
<b>D</b> Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
<b>E</b> Basis of energy property	See the Partner's Instructions	
<b>F</b> Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
<b>G</b> Recapture of low-income housing credit (other)	Form 8611, line 8	
<b>H</b> Recapture of investment credit	See Form 4255	
<b>I</b> Recapture of other credits	See the Partner's Instructions	
<b>J</b> Look-back interest — completed long-term contracts	See Form 8697	
<b>K</b> Look-back interest — income forecast method	See Form 8866	
<b>L</b> Dispositions of property with section 179 deductions	See the Partner's Instructions	
<b>M</b> Recapture of section 179 deduction		
<b>N</b> Interest expense for corporate partners		
<b>O</b> Section 453(j)(3) information		
<b>P</b> Section 453A(c) information		
<b>Q</b> Section 1260(b) information		
<b>R</b> Interest allocable to production expenditures		
<b>S</b> CCF nonqualified withdrawals		
<b>T</b> Depletion information — oil and gas		
<b>U</b> Amortization of reforestation costs		
<b>V</b> Unrelated business taxable income		
<b>W</b> Precontribution gain (loss)		
<b>X</b> Section 108(i) information		
<b>Y</b> Other information		

TAXABLE YEAR **Member's Share of Income, Deductions, Credits, etc.**  
**2012**

CALIFORNIA SCHEDULE  
**K-1 (568)**

For calendar year 2012 or fiscal year beginning month **07** day **01** year 2012, and ending month **06** day **30** year 2013

<b>Member's identifying number</b> 91-1874346	<b>LLC's FEIN</b> 26-2446103
Member's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000	California Secretary of State file number 200803210250 LLC's name, address, city, state, and ZIP Code  IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000

**A** What type of entity is this member? ●

(1) <input type="checkbox"/> Individual	(5) <input type="checkbox"/> General Partnership	(9) <input type="checkbox"/> IRA/Keogh/SEP
(2) <input type="checkbox"/> S Corporation	(6) <input type="checkbox"/> Limited Partnership	(10) <input checked="" type="checkbox"/> Exempt Organization
(3) <input type="checkbox"/> Estate/Trust	(7) <input type="checkbox"/> LLP	(11) <input type="checkbox"/> Disregarded Entity
(4) <input type="checkbox"/> C Corporation	(8) <input type="checkbox"/> LLC	

**B** Is this member a foreign member? ..... ● Yes  No

**C** Enter member's percentage (without regard to special allocations) of:

Profit sharing .....	(i) Before decrease or termination	(ii) End of year
Loss sharing .....		
Ownership of capital...		

**D** Member's share of liabilities:

Nonrecourse.....	● \$ 30,887.
Qualified nonrecourse financing.....	● \$
Other.....	● \$

**E** Reportable transaction or tax shelter registration number(s).....

**F** (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2).

(2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1).

**G** Check here if this is: ●

(1)  A final Schedule K-1 (568) (2)  An amended Schedule K-1 (568)

**H** Is this member a resident of California? ..... ●  Yes  No

**I** Analysis of member's capital account: Check the box ● (1)  Tax Basis (2)  GAAP (3)  Sec 704(b) Book (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 25,265. ●		● 5,484. ●	● ( 91. ) ●	● 30,658. ●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities.....	4,933.		● 4,933. ●	
	<b>2</b> Net income (loss) from rental real estate activities.....			●	
	<b>3</b> Net income (loss) from other rental activities.....			●	
	<b>4</b> Guaranteed payments to members.....			●	
	<b>5</b> Interest income.....	539.		● 539. ●	
	<b>6</b> Dividends.....			●	
	<b>7</b> Royalties.....			●	
	<b>8</b> Net short-term capital gain (loss).....			●	
	<b>9</b> Net long-term capital gain (loss).....			●	
	<b>10a</b> Total gain under IRC Section 1231 (other than due to casualty or theft).....			●	
	<b>b</b> Total loss under IRC Section 1231 (other than due to casualty or theft).....			●	
	<b>11a</b> Other portfolio income (loss). Attach schedule.....			●	
	<b>b</b> Total other income. Attach schedule.....			●	
<b>c</b> Total other loss. Attach schedule.....			●		

MEMBER 2

CALA0212L 12/24/12

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
<b>Deductions</b>	<b>12</b> Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268) .....				
	<b>13a</b> Charitable contributions .....				
	<b>b</b> Investment interest expense .....				
	<b>c 1</b> Total expenditures to which an IRC Section 59(e) election may apply. ....				
	<b>2</b> Type of expenditures .....				
	<b>d</b> Deductions related to portfolio income Attach schedule. ....				
	<b>e</b> Other deductions. Attach schedule. ....				
<b>Credits</b>	<b>15a</b> Total withholding (equals amount on Form 592-B if calendar year LLC) .....				
	<b>b</b> Low-income housing credit .....				
	<b>c</b> Credits other than line 15b related to rental real estate activities. Attach schedule. ....				
	<b>d</b> Credits related to other rental activities. Attach schedule .....				
	<b>e</b> Nonconsenting nonresident member's tax paid by LLC .....				
	<b>f</b> Other credits — Attach required schedules or statements. ....				
	<b>g</b> New jobs credit .....				
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b> Depreciation adjustment on property placed in service after 1986. ....	-201.	1.	-200.	
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil and gas) .....				
	<b>d</b> Gross income from oil, gas, and geothermal properties .....				
	<b>e</b> Deductions allocable to oil, gas, and geothermal properties .....				
	<b>f</b> Other alternative minimum tax items. Attach schedule. ....				
<b>Tax-exempt Income and Nondeductible Expenses</b>	<b>18a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19a</b> Distributions of money (cash and marketable securities) .....	91.		91.	
	<b>b</b> Distributions of property other than money .....				
<b>Other Information</b>	<b>20a</b> Investment income .....	539.		539.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions. ....			SEE ATTACHED	

**Other Member Information**

**Table 1** – Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest	\$ _____	Sec 1231 Gains/Losses	\$ _____	Capital Gains/Losses	\$ _____
Dividends	\$ _____	Royalties	\$ _____	Other	\$ _____

FOR USE BY MEMBERS ONLY – See instructions.

**Table 2** – Member's share of distributive items.

**A** Member's share of the LLC's business income. See instructions. . . . . \$ \_\_\_\_\_

**B** Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.

Capital Gains/Losses	\$ _____	Rents/Royalties	\$ _____
Section 1231 Gains/Losses	\$ _____	Other	\$ _____

**C** Member's distributive share of the LLC's property, payroll, and sales: California Sales – Doing Business Test \$ \_\_\_\_\_

Factors	Total within and outside California	Total within California
Property: Beginning	\$	\$
Ending	\$	\$
Annual rent expense	\$	\$
Payroll	\$	\$
Sales	\$	\$

MEMBER 2: IRVINE RANCH WATER DISTRICT 91-1874346

**LINE 20C - COLUMN D  
OTHER INFORMATION**

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	<u>11,314.</u>
TOTAL	\$	<u><u>11,314.</u></u>