

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

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|   | 2014      | 2013      | DIFF     |
|---|-----------|-----------|----------|
| <b>TRADE OR BUSINESS INCOME</b>                   |           |           |          |
| GROSS RECEIPTS LESS RETURNS .....                 | 159,725   | 609,797   | -450,072 |
| COST OF GOODS SOLD .....                          | 127,693   | 569,359   | -441,666 |
| GROSS PROFIT .....                                | 32,032    | 40,438    | -8,406   |
| OTHER INCOME (LOSS) .....                         | 932,217   | 526,554   | 405,663  |
| TOTAL INCOME (LOSS) .....                         | 964,249   | 566,992   | 397,257  |
| <b>TRADE OR BUSINESS DEDUCTIONS</b>               |           |           |          |
| DEPRECIATION .....                                | 175,347   | 135,618   | 39,729   |
| OTHER DEDUCTIONS .....                            | 8,270     | 50,378    | -42,108  |
| TOTAL DEDUCTIONS .....                            | 183,617   | 185,996   | -2,379   |
| <b>SCHEDULE K - INCOME</b>                        |           |           |          |
| ORDINARY BUSINESS INCOME (LOSS) .....             | 780,632   | 380,996   | 399,636  |
| OTHER INCOME (LOSS) .....                         | -6,660    | -5,076    | -1,584   |
| <b>SCHEDULE K - ALTERNATIVE MINIMUM TAX ITEMS</b> |           |           |          |
| POST-1986 DEPRECIATION ADJUSTMENT .....           | -17,791   | -17,796   | 5        |
| <b>SCHEDULE K - OTHER</b>                         |           |           |          |
| INVESTMENT INCOME .....                           | -6,660    | 0         | -6,660   |
| <b>SCHEDULE L - BALANCE SHEET</b>                 |           |           |          |
| BEGINNING ASSETS .....                            | 6,277,731 | 6,228,084 | 49,647   |
| BEGINNING LIABILITIES AND CAPITAL .....           | 6,277,731 | 6,228,084 | 49,647   |
| ENDING ASSETS .....                               | 6,043,281 | 6,277,731 | -234,450 |
| ENDING LIABILITIES AND CAPITAL .....              | 6,043,281 | 6,277,731 | -234,450 |

**ENDING ASSETS**

|                                    |           |               |
|------------------------------------|-----------|---------------|
| ACCOUNTS RECEIVABLE.....           | 85,736    |               |
| LESS ALLOWANCE FOR BAD DEBTS.....  | (0)       | 85,736        |
| BUILDINGS AND OTHER ASSETS.....    | 6,885,205 |               |
| LESS ACCUMULATED DEPRECIATION..... | (929,010) | 5,956,195     |
| LAND.....                          |           | 1,350         |
| <br>TOTAL ASSETS.....              |           | <br>6,043,281 |

**ENDING LIABILITIES & CAPITAL**

|  |  |               |
|--|--|---------------|
| ACCOUNTS PAYABLE.....                  |  | 1,440,624     |
| OTHER CURRENT LIABILITIES.....         |  | 6,314         |
| LONG TERM NOTES PAYABLE.....           |  | 153,941       |
| PARTNERS' CAPITAL ACCOUNTS.....        |  | 4,442,402     |
| <br>TOTAL LIABILITIES AND CAPITAL..... |  | <br>6,043,281 |

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| <b>TRADE OR BUSINESS INCOME</b>           |           |           |          |
| GROSS RECEIPTS LESS RETURNS.....          | 159,725   | 609,797   | -450,072 |
| COST OF GOODS SOLD.....                   | 127,693   | 569,359   | -441,666 |
| GROSS PROFIT.....                         | 32,032    | 40,438    | -8,406   |
| OTHER INCOME.....                         | 932,217   | 530,931   | 401,286  |
| OTHER LOSS.....                           | 0         | -4,377    | 4,377    |
| TOTAL INCOME (LOSS).....                  | 964,249   | 566,992   | 397,257  |
| <b>TRADE OR BUSINESS DEDUCTIONS</b>       |           |           |          |
| DEPRECIATION.....                         | 175,347   | 135,618   | 39,729   |
| OTHER DEDUCTIONS.....                     | 8,270     | 50,378    | -42,108  |
| TOTAL DEDUCTIONS.....                     | 183,617   | 185,996   | -2,379   |
| <b>SCHEDULE K - INCOME</b>                |           |           |          |
| ORDINARY INCOME (LOSS).....               | 780,632   | 380,996   | 399,636  |
| OTHER PORTFOLIO INCOME (LOSS).....        | -6,660    | 0         | -6,660   |
| OTHER LOSS.....                           | 0         | 5,076     | -5,076   |
| <b>SCHEDULE K - ADJUSTMENTS</b>           |           |           |          |
| DEPR. ADJUST. ON PROPERTY AFTER 1986..... | -17,762   | -17,767   | 5        |
| <b>SCHEDULE K - OTHER</b>                 |           |           |          |
| INVESTMENT INCOME.....                    | -6,660    | 0         | -6,660   |
| OTHER INFORMATION.....                    | 1,085,282 | 1,131,275 | -45,993  |
| <b>SCHEDULE L - BALANCE SHEET</b>         |           |           |          |
| BEGINNING ASSETS.....                     | 6,277,731 | 6,228,084 | 49,647   |
| BEGINNING LIABILITIES AND CAPITAL.....    | 6,277,731 | 6,228,084 | 49,647   |
| ENDING ASSETS.....                        | 6,043,281 | 6,277,731 | -234,450 |
| ENDING LIABILITIES AND CAPITAL.....       | 6,043,281 | 6,277,731 | -234,450 |

Form **1065**

**U.S. Return of Partnership Income**

OMB No. 1545-0123

For calendar year 2014, or tax year beginning 7/01, 2014,  
ending 6/30, 20 15.

**2014**

Department of the Treasury  
Internal Revenue Service

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

**A** Principal business activity  
**WATER UTILITIES**

**B** Principal product or service  
**SALES AND DIST.**

**C** Business code number  
**221300**

Type  
or  
Print

IRVINE RANCH WATER DISTRICT  
WATER SERVICE COMPANY II, LLC  
P. O. BOX 57000  
IRVINE, CA 92619-7000

**D** Employer identification no.  
**26-2446103**

**E** Date business started  
**4/21/2007**

**F** Total assets (see the instrs)  
**\$ 6,043,281.**

**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>      | 159,725. |          |
|  | <b>b</b> Returns and allowances   | <b>1 b</b>      |          |          |
|  | <b>c</b> Balance. Subtract line 1b from line 1a   | <b>1 c</b>      |          | 159,725. |
|  | <b>2</b> Cost of goods sold (attach Form 1125-A)  | <b>2</b>        |          | 127,693. |
|  | <b>3</b> Gross profit. Subtract line 2 from line 1c   | <b>3</b>        |          | 32,032.  |
|  | <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 | 7        | 932,217. |
| <b>8 Total income (loss).</b> Combine lines 3 through 7  | <b>8</b>  |                 |          | 964,249. |
| <b>SEE INSTRS FOR DEDUCTIONS 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>     | 175,347. |          |
|  | <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>     |          | 175,347. |
|  | <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 | 20       | 8,270.   |
| <b>21 Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20 | <b>21</b>   |                 |          | 183,617. |
| <b>22 Ordinary business income (loss).</b> Subtract line 21 from line 8                          | <b>22</b>   |                 |          | 780,632. |

**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<br><b>CHARLES Z. FEDAK CPA</b>                | Preparer's signature            | Date | Check <input type="checkbox"/> if self-employed | PTIN<br><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<br/>CYPRESS, CA 90630-3378</b> | Phone no. <b>(714) 527-1818</b> |      |   |                          |

| Schedule B Other Information   |   |  | Yes                            | No                                    |
|--|---|--|--------------------------------|---------------------------------------|
| 1 What type of entity is filing this return? Check the applicable box:   |   |  |                                |                                       |
| a <input type="checkbox"/> Domestic general partnership  | b <input type="checkbox"/> Domestic limited partnership           |  |                                |                                       |
| c <input checked="" type="checkbox"/> Domestic limited liability company   | d <input type="checkbox"/> Domestic limited liability partnership |  |                                |                                       |
| e <input type="checkbox"/> Foreign partnership   | f <input type="checkbox"/> Other ▶                                |  |                                |                                       |
| 2 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                              |                                       |
| 3 At the end of the tax year:  |   |  |                                |                                       |
| a 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 Owing 50% or More of the Partnership..... |   | X  |                                |                                       |
| 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 Owing 50% or More of the Partnership.....   |   |  |                                | X                                     |
| 4 At the end of the tax year, did the partnership:   |   |  |                                |                                       |
| a 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 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                                     |
|  | (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   |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  |                                |                                       |
|  |   |  | Yes                            | No                                    |
| 5 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                                     |
| 6 Does the partnership satisfy <b>all four</b> of the following conditions?  |   |  |                                |                                       |
| a The partnership's total receipts for the tax year were less than \$250,000.  |   |  |                                |                                       |
| b The partnership's total assets at the end of the tax year were less than \$1 million.  |   |  |                                |                                       |
| c 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.   |   |  |                                |                                       |
| d The partnership is not filing and is not required to file Schedule M-3.....  |   |  |                                | X                                     |
| 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.   |   |  |                                |                                       |
| 7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?.....  |   |  |                                | X                                     |
| 8 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                                     |
| 9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?.....  |   |  |                                | X                                     |
| 10 At any time during calendar year 2014, 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If 'Yes,' enter the name of the foreign country. ▶    |   |  |                                | X                                     |

**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? .....<br>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 instrs |     | 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.<br>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 2014 that would require you to file Form(s) 1099? See instructions. ....   | X   |    |
| <b>b</b> If 'Yes,' did you or will you file 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 ▶ _____                     |                             |

| <b>Schedule K Partners' Distributive Share Items</b> |   | <b>Total amount</b> |          |
|--|---|---------------------|----------|
| <b>Income (Loss)</b>                                 | 1 Ordinary business income (loss) (page 1, line 22)   | 1                   | 780,632. |
|  | 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                   |          |
|  | 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                   |          |
| <b>Credits</b>                                       | 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 ▶ SEE STATEMENT 3                                    | 11                  | -6,660.  |
| <b>Deductions</b>                                    | 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   |                     |          |
| <b>Self-Employment</b>                               | 14a Net earnings (loss) from self-employment  | 14a                 |          |
|  | b Gross farming or fishing income   | 14b                 |          |
|  | c Gross nonfarm income  | 14c                 |          |
| <b>Foreign Transactions</b>                          | 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, if applicable)      | 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                 |          |
| <b>Alternative Minimum Tax (AMT) Items</b>           | 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)   |   |                     |          |
| <b>Other Information</b>                             | 17a Post-1986 depreciation adjustment   | 17a                 | -17,791. |
|  | 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                 |          |
| <b>Other Information</b>                             | 18a Tax-exempt interest income  | 18a                 |          |
|  | b Other tax-exempt income   | 18b                 |          |
|  | c Nondeductible expenses  | 18c                 |          |
|  | 19a Distributions of cash and marketable securities   | 19a                 |          |
|  | b Distributions of other property   | 19b                 |          |
| <b>Other Information</b>                             | 20a Investment income   | 20a                 | -6,660.  |
|  | 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                  | 773,972. |
| 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   |               |                          |                            |                  |                         |                    | 773,972. |

| 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                  |                       |            | 85,736.         |            |
| b                              | Less allowance for bad debts                         |                       |            |                 | 85,736.    |
| 3                              | Inventories  |                       |            |                 |            |
| 4                              | U.S. government obligations                          |                       |            |                 |            |
| 5                              | Tax-exempt securities                                |                       |            |                 |            |
| 6                              | Other current assets (attach stmt) SEE ST. 4         |                       | 153,018.   |                 |            |
| 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               | 6,885,205.            |            | 6,885,205.      |            |
| b                              | Less accumulated depreciation                        | 761,842.              | 6,123,363. | 929,010.        | 5,956,195. |
| 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   |                       | 6,277,731. |                 | 6,043,281. |
| <b>Liabilities and Capital</b> |  |                       |            |                 |            |
| 15                             | Accounts payable                                     |                       | 1,932,649. |                 | 1,440,624. |
| 16                             | Mortgages, notes, bonds payable in less than 1 year  |                       |            |                 |            |
| 17                             | Other current liabilities (attach stmt) SEE ST. 5    |                       | 540,609.   |                 | 6,314.     |
| 18                             | All nonrecourse loans                                |                       |            |                 |            |
| 19a                            | Loans from partners (or persons related to partners) |                       |            |                 |            |
| b                              | Mortgages, notes, bonds payable in 1 year or more    |                       | 154,956.   |                 | 153,941.   |
| 20                             | Other liabilities (attach stmt)                      |                       |            |                 |            |
| 21                             | Partners' capital accounts                           |                       | 3,649,517. |                 | 4,442,402. |
| 22                             | Total liabilities and capital                        |                       | 6,277,731. |                 | 6,043,281. |

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** The partnership may be required to file Schedule M-3 (see instructions).

|   |  |          |   |   |           |
|---|--|----------|---|---|-----------|
| 1 | Net income (loss) per books  | 782,151. | 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 prmts (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  | \$ 8,179. |
| a | Depreciation   | \$       |   |   |           |
| b | Travel and entertainment   | \$       | 8 | Add lines 6 and 7   | 8,179.    |
| 5 | Add lines 1 through 4  | 782,151. | 9 | Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5                                    | 773,972.  |

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

|   |                              |            |   |   |            |
|---|------------------------------|------------|---|---|------------|
| 1 | Balance at beginning of year | 3,649,517. | 6 | Distributions: a Cash                               |            |
| 2 | Capital contributed: a Cash  | 10,734.    | b | Property  |            |
|   | b Property                   |            | 7 | Other decreases (itemize):                          |            |
| 3 | Net income (loss) per books  | 782,151.   | 8 | Add lines 6 and 7                                   |            |
| 4 | Other increases (itemize):   |            | 9 | Balance at end of year. Subtract line 8 from line 5 | 4,442,402. |
| 5 | Add lines 1 through 4        | 4,442,402. |   |   |            |



### Cost of Goods Sold

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

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

|  |          |          |
|--|----------|----------|
| 1 Inventory at beginning of year.....  | <b>1</b> |          |
| 2 Purchases.....   | <b>2</b> | 127,693. |
| 3 Cost of labor.....   | <b>3</b> |          |
| 4 Additional section 263A costs (attach schedule).....   | <b>4</b> |          |
| 5 Other costs (attach schedule).....   | <b>5</b> |          |
| 6 <b>Total.</b> Add lines 1 through 5.....   | <b>6</b> | 127,693. |
| 7 Inventory at end of year.....  | <b>7</b> |          |
| 8 <b>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> | 127,693. |

**9a** 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)**

(Rev. 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

IRVINE RANCH WATER DISTRICT

Employer identification number (EIN)

26-2446103

**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 |
|----------------------------------|----------------------------------|---|---|
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |
|                                  |                                  |   |   |

Final K-1  Amended K-1

Schedule K-1 (Form 1065)

2014

For calendar year 2014, or tax

year beginning 7/01, 2014 ending 6/30, 2015

Department of the Treasury Internal Revenue Service

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

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

Part I Information About the Partnership
A Partnership's employer identification number 26-2446103
B Partnership's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC
C IRS Center where partnership filed return E-FILE
D Check if this is a publicly traded partnership (PTP)

Table with 4 columns: Line number, Description, Column number, and Amount. Rows include Ordinary business income (loss) 772,826., Net rental real estate income (loss), Other net rental income (loss), Guaranteed payments, Interest income, Ordinary dividends, Qualified dividends, Royalties, Net short-term capital gain (loss).

Part II Information About the Partner
E Partner's identifying number 95-2232918
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT P.O. BOX 57000
G General partner or LLC member-manager (checked), Limited partner or other LLC member
H Domestic partner (checked), Foreign partner
I1 What type of entity is this partner? EXEMPT ORG.
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
J Partner's share of profit, loss, and capital (see instructions):
K Partner's share of liabilities at year end: Nonrecourse \$1,584,870.

Table with 4 columns: Line number, Description, Column number, and Amount. Rows include Net long-term capital gain (loss) -17,613., Collectibles (28%) gain (loss), Unrecaptured section 1250 gain, Net section 1231 gain (loss), Other income (loss) STMT, Section 179 deduction, Other deductions, Other information -6,593., Self-employment earnings (loss).

L Partner's capital account analysis:
Beginning capital account \$3,613,759.
Capital contributed during the year \$9,660.
Current year increase (decrease) \$774,330.
Withdrawals & distributions \$
Ending capital account \$4,397,749.
M Did the partner contribute property with a built-in gain or loss? No (checked)

\*See attached statement for additional information.
FOR IRS USE ONLY

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

Schedule K-1 (Form 1065) 2014

**BOX 11  
OTHER INCOME (LOSS)**

**\* DESCRIPTIVE INFORMATION**

|   |                        |    |         |
|---|------------------------|----|---------|
| A | INVESTMENT LOSSES..... | \$ | -6,593. |
|---|------------------------|----|---------|

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

**2014**

Final K-1

Amended K-1

651113

OMB No. 1545-0123

Department of the Treasury  
Internal Revenue Service

For calendar year 2014, or tax  
year beginning 7/01, 2014  
ending 6/30, 2015

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate 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                                      |
|  | 7,806.                               |           |  |
| <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                      |           |  |
| <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>  | -178.  |
| <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>A*</b>  | STMT                                 |           |  |
| <b>12</b>  | Section 179 deduction                |           |  |
| <b>13</b>  | Other deductions                     |           |  |
|  |                                      | <b>19</b> | Distributions                                |
|  |                                      |           |  |
|  |                                      | <b>20</b> | Other information                            |
|  |                                      | <b>A</b>  | -67.   |
| <b>14</b>  | Self-employment earnings (loss)      |           |  |
| *See attached statement for additional information.  |                                      |           |  |

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
26-2446103

**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

**C** IRS Center where partnership filed return  
E-FILE

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
91-1874346

**F** Partner's name, address, city, state, and ZIP code  
IRVINE RANCH WATER DISTRICT  
P.O. BOX 57000  
IRVINE, CA 92619-7000

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I1** What type of entity is this partner? ..... **EXEMPT ORG.**

**I2** If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here .....

**J** Partner's share of profit, loss, and capital (see instructions):

|         | Beginning | Ending |
|---------|-----------|--------|
| Profit  | 1 %       | 1 %    |
| Loss    | 1 %       | 1 %    |
| Capital | 1 %       | 1 %    |

**K** Partner's share of liabilities at year end:

Nonrecourse..... \$ 16,009.

Qualified nonrecourse financing..... \$

Recourse..... \$

**L** Partner's capital account analysis:

Beginning capital account ..... \$ 35,758.

Capital contributed during the year ..... \$ 1,074.

Current year increase (decrease)..... \$ 7,821.

Withdrawals & distributions ..... \$

Ending capital account ..... \$ 44,653.

Tax basis  GAAP  Section 704(b) book

Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?  
 Yes  No  
If 'Yes', attach statement (see instructions)

FOR USE ONLY

**BOX 11**  
**OTHER INCOME (LOSS)**

**\* DESCRIPTIVE INFORMATION**

|   |                        |    |      |
|---|------------------------|----|------|
| A | INVESTMENT LOSSES..... | \$ | -67. |
|---|------------------------|----|------|

2014

FEDERAL STATEMENTS

PAGE 1

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

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

|                                    |    |                 |
|------------------------------------|----|-----------------|
| OTHER NON-OPERATING REVENUE.....   | \$ | 52,938.         |
| RATE DIFFERENTIAL REVENUE.....     |    | 879,141.        |
| UNREALIZED GAIN ON SECURITIES..... |    | 138.            |
| TOTAL                              | \$ | <u>932,217.</u> |

STATEMENT 2  
FORM 1065, LINE 20  
OTHER DEDUCTIONS

|                                |    |               |
|--------------------------------|----|---------------|
| CUSTOMER COLLECTION COSTS..... | \$ | 8,270.        |
| TOTAL                          | \$ | <u>8,270.</u> |

STATEMENT 3  
FORM 1065, SCHEDULE K, LINE 11  
OTHER INCOME (LOSS)

|                        |    |                |
|------------------------|----|----------------|
| INVESTMENT LOSSES..... | \$ | -6,660.        |
| TOTAL                  | \$ | <u>-6,660.</u> |

STATEMENT 4  
FORM 1065, SCHEDULE L, LINE 6  
OTHER CURRENT ASSETS

|                               | BEGINNING          | ENDING       |
|-------------------------------|--------------------|--------------|
| CONSTRUCTION IN PROGRESS..... | \$ 153,018.        | \$ 0.        |
| TOTAL                         | <u>\$ 153,018.</u> | <u>\$ 0.</u> |

STATEMENT 5  
FORM 1065, SCHEDULE L, LINE 17  
OTHER CURRENT LIABILITIES

|                                       | BEGINNING          | ENDING           |
|---------------------------------------|--------------------|------------------|
| FUTURE RATE DIFFERENTIAL CREDITS..... | \$ 538,978.        | \$ 0.            |
| INTEREST PAYABLE.....                 | 1,231.             | 1,224.           |
| SECURITY DEPOSITS-REAL ESTATE.....    | 400.               | 5,090.           |
| TOTAL                                 | <u>\$ 540,609.</u> | <u>\$ 6,314.</u> |

## 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).**

**Print  
or  
Type**

|  |   |
|--|---|
| Name<br><b>IRVINE RANCH WATER DISTRICT</b><br><small>Number, street, and room or suite number. (If P.O. box, see instructions.)</small>  | Identifying number<br><b>26-2446103</b> |
| P. O. BOX 57000<br><small>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)).</small> |   |
| <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 14, and ending 6/30, 20 15

**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. |



PTR# NAME

- 1 IRVINE RANCH WATER DISTRICT
- 2 IRVINE RANCH WATER DISTRICT

| LINE | ITEM                             | TOTAL ON SCHEDULE K | PARTNER 1 | PARTNER 2 |
|------|----------------------------------|---------------------|-----------|-----------|
| L    | PROFIT SHARING ALLOC. PERCENTAGE |                     | 99.000000 | 1.000000  |
| L    | LOSS SHARING ALLOC. PERCENTAGE   |                     | 99.000000 | 1.000000  |
| 1    | ORDINARY BUSINESS INCOME (LOSS)  | 780,632.            | 772,826.  | 7,806.    |
| 11   | OTHER INCOME (LOSS)              | -6,660.             | -6,593.   | -67.      |
| 17   | POST-1986 DEPRECIATION ADJUSTME  | -17,791.            | -17,613.  | -178.     |
| 20   | INVESTMENT INCOME                | -6,660.             | -6,593.   | -67.      |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

| Partner Number | Partner Name                | Partner Identification Number | Partner Percentage of Profit Sharing | Partner Percentage of Loss Sharing | Partner Percentage of Ownership of Capital |
|----------------|-----------------------------|-------------------------------|--------------------------------------|------------------------------------|--|
| 1              | IRVINE RANCH WATER DISTRICT | 95-2232918                    | 99.000000                            | 99.000000                          | 99.000000                                  |
| 2              | IRVINE RANCH WATER DISTRICT | 91-1874346                    | 1.000000                             | 1.000000                           | 1.000000                                   |
| TOTALS         |                             |                               | <u>100.000000</u>                    | <u>100.000000</u>                  | <u>100.000000</u>                          |

FEDERAL ANALYSIS OF PARTNERS' CAPITAL ACCOUNTS

| Partner Number | Partner Name           | Beginning Capital Account | Capital Contributed during the year | Partner's share of lines 3, 4, and 7 Fm 1065, Sch. M-2 | Withdrawals and Distributions | Ending Capital Account |
|----------------|------------------------|---------------------------|-------------------------------------|--|-------------------------------|------------------------|
| 1              | IRVINE RANCH WATER DIS | 3,613,759.                | 9,660.                              | 774,330.   |                               | 4,397,749.             |
| 2              | IRVINE RANCH WATER DIS | 35,758.                   | 1,074.                              | 7,821.   |                               | 44,653.                |
| TOTALS         |                        | <u>3,649,517.</u>         | <u>10,734.</u>                      | <u>782,151.</u>  |                               | <u>4,442,402.</u>      |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

| NO.                         | DESCRIPTION               | DATE ACQUIRED | DATE SOLD | COST/<br>BASIS | BUS. PCT. | CUR 179<br>BONUS | SPECIAL<br>DEPR.<br>ALLOW. | PRIOR 179/<br>BONUS/<br>SP. DEPR. | PRIOR<br>DEC. BAL<br>DEPR. | SALVAGE<br>/BASIS<br>REDUCT. | DEPR.<br>BASIS | PRIOR<br>DEPR. | METHOD   | LIFE | RATE   | CURRENT<br>DEPR. |
|-----------------------------|---------------------------|---------------|-----------|----------------|-----------|------------------|----------------------------|-----------------------------------|----------------------------|------------------------------|----------------|----------------|----------|------|--------|------------------|
| FORM 1065                   |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
| BUILDINGS                   |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
| 3                           | PUMP STATIONS             | 6/01/08       |           | 128,858        |           |                  |                            |                                   |                            |                              | 128,858        | 72,887         | S/L MM   | 39   | .02564 | 3,304            |
| TOTAL BUILDINGS             |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
|                             |                           |               |           | 128,858        |           |                  |                            |                                   |                            |                              | 128,858        | 72,887         |          |      |        | 3,304            |
| FURNITURE AND FIXTURES      |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
| 23                          | OFFICE EQUIPMENT          | 5/31/12       |           | 6,945          |           |                  |                            |                                   |                            |                              | 6,945          | 3,528          | 200DB MQ | 7    | .14060 | 976              |
| TOTAL FURNITURE AND FIXTURE |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
|                             |                           |               |           | 6,945          |           |                  |                            |                                   |                            |                              | 6,945          | 3,528          |          |      |        | 976              |
| IMPROVEMENTS                |                           |               |           |                |           |                  |                            |                                   |                            |                              |                |                |          |      |        |                  |
| 2                           | PIPELINES & DISTRIBUTION  | 6/01/08       |           | 330,376        |           |                  |                            |                                   |                            |                              | 330,376        | 330,376        | S/L MM   | 39   | .02564 | 0                |
| 4                           | OPA DELIVERY SYSTEM       | 6/01/08       |           | 97,970         |           |                  |                            |                                   |                            |                              | 97,970         | 97,970         | S/L MQ   | 15   |        | 0                |
| 10                          | OPA PIPELINES AND DIST.   | 6/30/10       |           | 200,749        |           |                  |                            |                                   |                            |                              | 200,749        | 20,076         | S/L      | 40   |        | 5,019            |
| 11                          | OPA LOMITA MAIN REPLACE.  | 6/30/10       |           | 32,087         |           |                  |                            |                                   |                            |                              | 32,087         | 2,568          | S/L      | 50   |        | 642              |
| 12                          | OPA HILLSIDE MAIN REP.    | 6/30/10       |           | 54,776         |           |                  |                            |                                   |                            |                              | 54,776         | 2,920          | S/L      | 75   |        | 730              |
| 13                          | OPA FRANK ST DIP MAIN     | 6/30/10       |           | 1,396          |           |                  |                            |                                   |                            |                              | 1,396          | 188            | S/L      | 30   |        | 47               |
| 14                          | OPA 16"STEEL PIPE BYPASS  | 6/30/10       |           | 94             |           |                  |                            |                                   |                            |                              | 94             | 8              | S/L      | 40   |        | 2                |
| 15                          | OPA HILLSIDE 6" MAIN REP. | 6/30/10       |           | 170            |           |                  |                            |                                   |                            |                              | 170            | 164            | S/L MQ   | 3    |        | 0                |
| 16                          | OPA HILLSIDE MAIN REP.    | 6/30/10       |           | 56,022         |           |                  |                            |                                   |                            |                              | 56,022         | 4,480          | S/L      | 50   |        | 1,120            |
| 17                          | OPA FRANK ST RELOC.       | 6/30/10       |           | 819            |           |                  |                            |                                   |                            |                              | 819            | 656            | S/L MQ   | 5    | .17500 | 143              |
| 18                          | OPA LOMITA LINE REPLACE.  | 6/30/10       |           | 3,954          |           |                  |                            |                                   |                            |                              | 3,954          | 528            | S/L      | 30   |        | 132              |
| 19                          | POTABLE PIPELINE          | 6/30/11       |           | 48,293         |           |                  |                            |                                   |                            |                              | 48,293         | 3,671          | S/L MM   | 40   | .02500 | 1,207            |
| 20                          | POTABLE PIPELINE          | 6/30/11       |           | 68,686         |           |                  |                            |                                   |                            |                              | 68,686         | 5,222          | S/L MM   | 40   | .02500 | 1,717            |
| 21                          | POTABLE PIPELINE          | 6/30/11       |           | 460            |           |                  |                            |                                   |                            |                              | 460            | 144            | S/L MQ   | 10   | .10000 | 46               |

| NO.                         | DESCRIPTION               | DATE ACQUIRED | DATE SOLD | COST/BASIS | BUS. PCT. | CUR 179 BONUS | SPECIAL DEPR. ALLOW. | PRIOR 179 BONUS/SP. DEPR. | PRIOR DEC. BAL. DEPR. | SALVAG /BASIS /REDUCT. | DEPR. BASIS | PRIOR DEPR. | METHOD | LIFE | RATE | CURRENT DEPR. |         |  |
|-----------------------------|---------------------------|---------------|-----------|------------|-----------|---------------|----------------------|---------------------------|-----------------------|------------------------|-------------|-------------|--------|------|------|---------------|---------|--|
| 22                          | GP ASSET FUNDED BY UP     | 6/30/11       |           | 11,925     |           |               |                      |                           |                       |                        | 11,925      | 1,863       | S/L    | MQ   | 20   | .05000        | 596     |  |
| 24                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 167,389    |           |               |                      |                           |                       |                        | 167,389     | 8,370       | S/L    | 40   |      |               | 4,185   |  |
| 25                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 3,106      |           |               |                      |                           |                       |                        | 3,106       | 156         | S/L    | 40   |      |               | 78      |  |
| 26                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 16,086     |           |               |                      |                           |                       |                        | 16,086      | 804         | S/L    | 40   |      |               | 402     |  |
| 27                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 62,070     |           |               |                      |                           |                       |                        | 62,070      | 3,104       | S/L    | 40   |      |               | 1,552   |  |
| 28                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 332,672    |           |               |                      |                           |                       |                        | 332,672     | 16,634      | S/L    | 40   |      |               | 8,317   |  |
| 30                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 641,211    |           |               |                      |                           |                       |                        | 641,211     | 32,060      | S/L    | 40   |      |               | 16,030  |  |
| 31                          | POTABLE POND IMPROVEMENT  | 6/30/12       |           | 622,039    |           |               |                      |                           |                       |                        | 622,039     | 41,470      | S/L    | 30   |      |               | 20,735  |  |
| 32                          | POTABLE POND IMPROVEMENT  | 6/30/13       |           | 777,296    |           |               |                      |                           |                       |                        | 777,296     | 25,910      | S/L    | 30   |      |               | 25,910  |  |
| 34                          | POTABLE POND IMPROVEMENT  | 12/31/13      |           | 3,114,902  |           |               |                      |                           |                       |                        | 3,114,902   | 38,936      | S/L    | 40   |      |               | 77,873  |  |
| 35                          | LAND IMPROVEMENTS         | 5/31/14       |           | 13,130     |           |               |                      |                           |                       |                        | 13,130      | 109         | S/L    | 10   |      |               | 1,313   |  |
| TOTAL IMPROVEMENTS          |                           |               |           | 6,657,678  |           | 0             | 0                    | 0                         | 0                     | 0                      | 6,657,678   | 638,387     |        |      |      |               | 167,796 |  |
| LAND                        |                           |               |           |            |           |               |                      |                           |                       |                        |             |             |        |      |      |               |         |  |
| 1                           | OPA LAND                  | 6/01/08       |           | 1,350      |           |               |                      |                           |                       |                        | 1,350       |             |        |      |      |               | 0       |  |
| TOTAL LAND                  |                           |               |           | 1,350      |           | 0             | 0                    | 0                         | 0                     | 0                      | 1,350       | 0           |        |      |      |               | 0       |  |
| MACHINERY AND EQUIPMENT     |                           |               |           |            |           |               |                      |                           |                       |                        |             |             |        |      |      |               |         |  |
| 5                           | OPA MOTOR EQUIPMENT       | 6/01/08       |           | 11,309     |           |               |                      |                           |                       |                        | 11,309      | 11,309      | S/L    | MQ   | 10   |               | 0       |  |
| 6                           | OPA TRUCK                 | 6/01/08       |           | 12,716     |           |               |                      |                           |                       |                        | 12,716      | 12,716      | S/L    | MQ   | 7    |               | 0       |  |
| 7                           | OFFICE EQUIPMENT          | 6/01/08       |           | 14,004     |           |               |                      |                           |                       |                        | 14,004      | 14,004      | S/L    | MQ   | 5    |               | 0       |  |
| 8                           | COMPUTER EQUIPMENT        | 6/01/08       |           | 5,967      |           |               |                      |                           |                       |                        | 5,967       | 5,967       | S/L    | MQ   | 3    |               | 0       |  |
| 9                           | OPA-BOOSTER PUMP STA. IMP | 6/30/10       |           | 20,496     |           |               |                      |                           |                       |                        | 20,496      | 2,732       | S/L    | 30   |      |               | 683     |  |
| 29                          | WATER PUMP                | 6/30/12       |           | 25,182     |           |               |                      |                           |                       |                        | 25,182      | 5,036       | S/L    | 10   |      |               | 2,518   |  |
| 33                          | MISC FORKLIFT EQUIPMENT   | 6/30/13       |           | 700        |           |               |                      |                           |                       |                        | 700         | 79          | S/L    | MQ   | 10   | .10000        | 70      |  |
| TOTAL MACHINERY AND EQUIPME |                           |               |           | 90,374     |           | 0             | 0                    | 0                         | 0                     | 0                      | 90,374      | 51,843      |        |      |      |               | 3,271   |  |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

| NO. | DESCRIPTION              | DATE ACQUIRED | DATE SOLD | COST/<br>BASIS   | BUS.<br>PCT. | CUR<br>179<br>BONUS | SPECIAL<br>DEPR.<br>ALLOW. | PRIOR<br>179/<br>BONUS/<br>SP. DEPR. | PRIOR<br>DEC. BAL<br>DEPR. | SALVAGE<br>/BASIS<br>REDUCT. | DEPR.<br>BASIS   | PRIOR<br>DEPR. | METHOD | LIFE | RATE | CURRENT<br>DEPR. |
|-----|--------------------------|---------------|-----------|------------------|--------------|---------------------|----------------------------|--------------------------------------|----------------------------|------------------------------|------------------|----------------|--------|------|------|------------------|
|     | TOTAL DEPRECIATION       |               |           | <u>6,885,205</u> |              | <u>0</u>            | <u>0</u>                   | <u>0</u>                             | <u>0</u>                   | <u>0</u>                     | <u>6,885,205</u> | <u>766,645</u> |        |      |      | <u>175,347</u>   |
|     | GRAND TOTAL DEPRECIATION |               |           | <u>6,885,205</u> |              | <u>0</u>            | <u>0</u>                   | <u>0</u>                             | <u>0</u>                   | <u>0</u>                     | <u>6,885,205</u> | <u>766,645</u> |        |      |      | <u>175,347</u>   |

12/09/15 02:08PM

| NO.                    | DESCRIPTION                 | DATE ACQUIRED | DATE SOLD | AMT BASIS | AMT PRIOR DEPR | AMT METHOD | AMT LIFE | AMT RATE | AMT DEPR | REG. DEPR | OWN PCT. | POST-86 DEPR ADL. | REAL PROP PREF. | LEAS PER PROP PREF | 59 (EX2) AMORT |  |
|------------------------|-----------------------------|---------------|-----------|-----------|----------------|------------|----------|----------|----------|-----------|----------|-------------------|-----------------|--------------------|----------------|--|
| FORM 1065              |                             |               |           |           |                |            |          |          |          |           |          |                   |                 |                    |                |  |
| BUILDINGS              |                             |               |           |           |                |            |          |          |          |           |          |                   |                 |                    |                |  |
| 3                      | PUMP STATIONS               | 6/01/08       |           | 128,858   | 19,962         | S/L MM     | 39       | .02564   | 3,304    | 3,304     |          |                   |                 |                    | 0              |  |
|                        | TOTAL BUILDINGS             |               |           | 128,858   | 19,962         |            |          |          | 3,304    | 3,304     |          |                   |                 |                    | 0              |  |
| FURNITURE AND FIXTURES |                             |               |           |           |                |            |          |          |          |           |          |                   |                 |                    |                |  |
| 23                     | OFFICE EQUIPMENT            | 5/31/12       |           | 6,945     | 2,772          | 150DB MQ   | 7        | .12870   | 894      | 976       |          |                   | 82              |                    | 0              |  |
|                        | TOTAL FURNITURE AND FIXTURE |               |           | 6,945     | 2,772          |            |          |          | 894      | 976       |          |                   | 82              |                    | 0              |  |
| IMPROVEMENTS           |                             |               |           |           |                |            |          |          |          |           |          |                   |                 |                    |                |  |
| 2                      | PIPELINES & DISTRIBUTION    | 6/01/08       |           | 330,376   | 51,180         | S/L MM     | 39       | .02564   | 8,471    | 0         |          |                   | -8,471          |                    | 0              |  |
| 4                      | OPA DELIVERY SYSTEM         | 6/01/08       |           | 97,970    | 39,732         | S/L MQ     | 15       | .11215   | 6,531    | 0         |          |                   | -6,531          |                    | 0              |  |
| 10                     | OPA PIPELINES AND DIST.     | 6/30/10       |           | 200,749   |                |            |          |          | 5,019    | 5,019     |          |                   |                 |                    | 0              |  |
| 11                     | OPA LOMITA MAIN REPLACE.    | 6/30/10       |           | 32,087    |                |            |          |          | 642      | 642       |          |                   |                 |                    | 0              |  |
| 12                     | OPA HILLSIDE MAIN REP.      | 6/30/10       |           | 54,776    |                |            |          |          | 730      | 730       |          |                   |                 |                    | 0              |  |
| 13                     | OPA FRANK ST DIP MAIN       | 6/30/10       |           | 1,396     |                |            |          |          | 47       | 47        |          |                   |                 |                    | 0              |  |
| 14                     | OPA 16"STEEL PIPE BYPASS    | 6/30/10       |           | 94        |                |            |          |          | 2        | 2         |          |                   |                 |                    | 0              |  |
| 15                     | OPA HILLSIDE 6" MAIN REP.   | 6/30/10       |           | 170       | 170            | S/L MQ     | 3        |          | 0        | 0         |          |                   |                 |                    | 0              |  |
| 16                     | OPA HILLSIDE MAIN REP.      | 6/30/10       |           | 56,022    |                |            |          |          | 1,120    | 1,120     |          |                   |                 |                    | 0              |  |
| 17                     | OPA FRANK ST RELOC.         | 6/30/10       |           | 819       | 676            | S/L MQ     | 5        | .17500   | 143      | 143       |          |                   |                 |                    | 0              |  |
| 18                     | OPA LOMITA LINE REPLACE.    | 6/30/10       |           | 3,954     |                |            |          |          | 132      | 132       |          |                   |                 |                    | 0              |  |
| 19                     | POTABLE PIPELINE            | 6/30/11       |           | 48,293    | 3,766          | S/L MM     | 39       | .02564   | 1,238    | 1,207     |          |                   | -31             |                    | 0              |  |
| 20                     | POTABLE PIPELINE            | 6/30/11       |           | 68,686    | 5,356          | S/L MM     | 39       | .02564   | 1,761    | 1,717     |          |                   | -44             |                    | 0              |  |
| 21                     | POTABLE PIPELINE            | 6/30/11       |           | 460       | 144            | S/L MQ     | 10       | .10000   | 46       | 46        |          |                   |                 |                    | 0              |  |
| 22                     | GP ASSET FUNDED BY UP       | 6/30/11       |           | 11,925    | 1,863          | S/L MQ     | 20       | .05000   | 596      | 596       |          |                   |                 |                    | 0              |  |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

12/09/15

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26-2446103

| NO. | DESCRIPTION                 | DATE ACQUIRED | DATE SOLD | AMT BASIS | AMT PRIOR DEPR | AMT METHOD | AMT LIFE | AMT RATE | AMT DEPR | REG. DEPR | OWN PCT. | POST-86 DEPR ADL | REAL PROP PREF | LEAS PER PROP PREF | 59 (E)(2) AMORT |
|-----|-----------------------------|---------------|-----------|-----------|----------------|------------|----------|----------|----------|-----------|----------|------------------|----------------|--------------------|-----------------|
| 24  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 167,389   |                |            |          |          | 4,185    | 4,185     |          |                  |                |                    | 0               |
| 25  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 3,106     |                |            |          |          | 78       | 78        |          |                  |                |                    | 0               |
| 26  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 16,086    |                |            |          |          | 402      | 402       |          |                  |                |                    | 0               |
| 27  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 62,070    |                |            |          |          | 1,552    | 1,552     |          |                  |                |                    | 0               |
| 28  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 332,672   |                |            |          |          | 8,317    | 8,317     |          |                  |                |                    | 0               |
| 30  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 641,211   |                |            |          |          | 16,030   | 16,030    |          |                  |                |                    | 0               |
| 31  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 622,039   |                |            |          |          | 20,735   | 20,735    |          |                  |                |                    | 0               |
| 32  | POTABLE POND IMPROVEMENT    | 6/30/13       |           | 777,296   |                |            |          |          | 25,910   | 25,910    |          |                  |                |                    | 0               |
| 34  | POTABLE POND IMPROVEMENT    | 12/31/13      |           | 3,114,902 |                |            |          |          | 77,873   | 77,873    |          |                  |                |                    | 0               |
| 35  | LAND IMPROVEMENTS           | 5/31/14       |           | 13,130    |                |            |          |          | 1,313    | 1,313     |          |                  |                |                    | 0               |
|     | TOTAL IMPROVEMENTS          |               |           | 6,657,678 | 102,887        |            |          |          | 182,873  | 167,796   |          | -15,077          | 0              | 0                  | 0               |
|     | LAND                        |               |           |           |                |            |          |          |          |           |          |                  |                |                    |                 |
| 1   | OPA LAND                    | 6/01/08       |           | 1,350     |                |            |          |          | 0        | 0         |          |                  |                |                    | 0               |
|     | TOTAL LAND                  |               |           | 1,350     |                |            |          |          | 0        | 0         |          | 0                | 0              | 0                  | 0               |
|     | MACHINERY AND EQUIPMENT     |               |           |           |                |            |          |          |          |           |          |                  |                |                    |                 |
| 5   | OPA MOTOR EQUIPMENT         | 6/01/08       |           | 11,309    | 6,880          | S/L        | MQ       | 10       | 25532    | 1,131     | 0        | -1,131           |                |                    | 0               |
| 6   | OPA TRUCK                   | 6/01/08       |           | 12,716    | 11,051         | S/L        | MQ       | 7        | 1,665    | 0         | 0        | -1,665           |                |                    | 0               |
| 7   | OFFICE EQUIPMENT            | 6/01/08       |           | 14,004    | 14,004         | S/L        | MQ       | 5        | 0        | 0         | 0        |                  |                |                    | 0               |
| 8   | COMPUTER EQUIPMENT          | 6/01/08       |           | 5,967     | 5,967          | S/L        | MQ       | 3        | 0        | 0         | 0        |                  |                |                    | 0               |
| 9   | OPA-BOOSTER PUMP STA. IMP   | 6/30/10       |           | 20,496    |                |            |          |          | 683      | 683       |          |                  |                |                    | 0               |
| 29  | WATER PUMP                  | 6/30/12       |           | 25,182    |                |            |          |          | 2,518    | 2,518     |          |                  |                |                    | 0               |
| 33  | MISC FORKLIFT EQUIPMENT     | 6/30/13       |           | 700       | 79             | S/L        | MQ       | 10       | 10000    | 70        | 70       |                  |                |                    | 0               |
|     | TOTAL MACHINERY AND EQUIPME |               |           | 90,374    | 37,981         |            |          |          | 6,067    | 3,271     |          | -2,796           | 0              | 0                  | 0               |



CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15 02:08PM

| JNO. | DESCRIPTION              | DATE ACQUIRED | DATE SOLD | AMT BASIS | AMT PRIOR DEPR | AMT METHOD | AMT LIFE | AMT RATE | AMT DEPR | REG. DEPR | OWN PCT. | POST-86 DEPR ADJ. | REAL PROP PREF. | LEAS PER PROP PREF. | 59 (EY) AMORT |
|------|--------------------------|---------------|-----------|-----------|----------------|------------|----------|----------|----------|-----------|----------|-------------------|-----------------|---------------------|---------------|
|      |                          |               |           | 6,885,205 | 163,602        |            |          |          | 193,138  | 175,347   |          | -17,791           | 0               | 0                   | 0             |
|      | TOTAL DEPRECIATION       |               |           |           |                |            |          |          | 193,138  | 175,347   |          | -17,791           | 0               | 0                   | 0             |
|      | GRAND TOTAL DEPRECIATION |               |           |           |                |            |          |          | 193,138  | 175,347   |          | -17,791           | 0               | 0                   | 0             |

**2014** Limited Liability Company Return of Income

**568**

RP

200803210250 IRVI 26-2446103 14 PBA 221300  
 TYB 07-01-2014 TYE 06-30-2015  
 IRVINE RANCH WATER DISTRICT

P O BOX 57000  
 IRVINE CA 92619-7000

ACCTMETHOD 2 04-21-2007 ASSETS 6043281.  
 INITIAL 0 FINAL 0 AMENDED 0

|   |    | Whole dollars only  |    |            |
|---|----|---|----|------------|
| Complete Schedule IW, LLC Income Worksheet (on Side 7) first to determine Line 1. |    |   |    |            |
| Enclose, but do not staple, any payment.  | 1  | Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions..... ●                | 1  | 1,091,942. |
|   | 2  | Limited Liability Company fee. See instructions..... ●  | 2  | 6,000.     |
|   | 3  | 2014 annual Limited Liability Company tax. See instructions..... ●  | 3  | 800.       |
|   | 4  | Nonconsenting nonresident members' tax liability from Schedule T (Side 4)..... ●                                  | 4  |            |
|   | 5  | <b>Total tax and fee.</b> Add line 2, line 3, and line 4..... ●   | 5  | 6,800.     |
|   | 6  | Amount paid with form FTB 3537 and 2014 form FTB 3522 and form FTB 3536..... ●                                    | 6  | 6,800.     |
|   | 7  | Overpayment from prior year allowed as a credit..... ●  | 7  |            |
|   | 8  | Withholding (Form 592-B and/or 593)..... ●  | 8  |            |
|   | 9  | <b>Total payments.</b> Add line 6, line 7, and line 8..... ●  | 9  | 6,800.     |
|   | 10 | <b>Tax and fee due.</b> If line 5 is more than line 9, subtract line 9 from line 5..... ●                         | 10 |            |
|   | 11 | <b>Overpayment.</b> If line 9 is more than line 5, subtract line 5 from line 9..... ●                             | 11 |            |
|   | 12 | Amount of line 11 to be credited to 2015 tax or fee..... ●  | 12 |            |
|   | 13 | <b>Use Tax.</b> See instructions..... ●   | 13 |            |
|   | 14 | <b>Refund.</b> If the total of line 12 and line 13 is less than line 11; subtract the total from line 11..... ●   | 14 |            |
|   | 15 | Penalties and interest. See instructions..... ●   | 15 |            |
|   | 16 | <b>Total amount due.</b> Add line 10, line 12, line 13, and line 15, then subtract line 11 from the result..... ● | 16 |            |

- 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 or allocating 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 multiple member 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, Side 3, Schedule B, Side 5, and Side 7, 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

(continued on Side 3)

(continued from Side 2)

- 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 §1031  IRC §1033  Other
- EE (1) Did this LLC generate a New Employment Credit?  Yes  No  
(2) If 'Yes,' enter the generated amount.
- FF 'Doing business as' name. See instructions:  WATER SERVICE COMPANY II, LLC
- GG (1) Has this LLC operated as another entity type such as a corporation, S corporation, General Partnership, Limited Partnership, or Sole Proprietorship in the previous five (5) years?  Yes  No  
(2) If 'Yes,' provide prior FEIN(s) if different, business name(s), and entity type(s) for prior returns filed with the FTB and/or IRS (see instructions): \_\_\_\_\_
- HH (1) Has this LLC previously operated outside California?  Yes  No  
(2) Is this the first year of doing business in California?  Yes  No

|  |                                  |
|--|----------------------------------|
| Single Member LLC Information and Consent – Complete only if the LLC is disregarded. | Federal TIN/SSN                  |
| Sole Owner's name (as shown on owner's return)                                       | FEIN/CA Corp no./CA SOS File no. |
| 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. | <input checked="" type="checkbox"/> Return filed with the FTB by the Owner<br><input type="checkbox"/> (1) Form 540 <input type="checkbox"/> (5) Form 541<br><input type="checkbox"/> (2) Form 100 <input type="checkbox"/> (6) Form 100S<br><input type="checkbox"/> (3) Form 565 <input type="checkbox"/> (7) Form 568<br><input type="checkbox"/> (4) Other |
|--|--|

|                                 |  |      |   |
|---------------------------------|--|------|---|
| <b>Sign Here</b>                | 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. | Date | Telephone                                       |
|                                 | Signature of officer   |      | (949) 453-5405                                  |
|                                 | Officer's email address (optional)   |      |   |
| <b>Paid Preparer's Use Only</b> | Paid preparer's signature  | Date | Check if self-employed <input type="checkbox"/> |
|                                 | Firm's name (or yours, if self-employed) and address   |      | PTIN  |
|                                 | CHARLES Z. FEDAK & CO.   |      | P00558851                                       |
|                                 | 6081 ORANGE AVE STE 2  |      | FEIN  |
|                                 | CYPRESS, CA 90630-3378   |      | 01-0825482                                      |
|                                 |  |      | Telephone                                       |
|                                 |  |      | (714) 527-1818                                  |
|                                 | May the FTB discuss this return with the preparer shown above (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |      |   |

Schedule A Cost of Goods Sold

Table with 8 rows for Schedule A: 1 Inventory at beginning of year, 2 Purchases less cost of items withdrawn for personal use, 3 Cost of labor, 4 Additional IRC Section 263A costs, 5 Other costs, 6 Total, 7 Inventory at end of year, 8 Cost of goods sold.

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?

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.

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.

Main table for Schedule B with sections for Income (lines 1a-12) and Deductions (lines 13-23). Includes sub-sections for Less returns & allowances and Balance.

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

Table for Schedule T with 7 columns: (a) Member's name, (b) SSN, ITIN, or FEIN, (c) Distributive share of income, (d) Tax rate, (e) Member's total tax due, (f) Amount withheld by this LLC, (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)<br>Distributive share items   | (b)<br>Amounts from federal K (1065) | (c)<br>California adjustments              | (d)<br>Total amounts using California law |                         |                   |         |
|-------------------------------|--|---|--------------------------------------|--|---|-------------------------|-------------------|---------|
| INCOME OR LOSS                | 1  | Ordinary income (loss) from trade or business activities . . .  | 1                                    | 780,632.                                   | 780,632.                                  |                         |                   |         |
|                               | 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                                    |  |   |                         |                   |         |
|                               | 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                                  |  |   |                         |                   |         |
|                               | 10b  | Total Loss under IRC Section 1231 (other than due to casualty or theft) . . . . .   | 10b                                  |  |   |                         |                   |         |
|                               | 11a  | Other portfolio income (loss). Attach schedule. . . . . STM 3   | 11a                                  | -6,660.                                    | -6,660.                                   |                         |                   |         |
| b                             | Total other income. Attach schedule. . . . . | 11b   |                                      |  |   |                         |                   |         |
| c                             | Total other loss. Attach schedule. . . . .   | 11c   |                                      |  |   |                         |                   |         |
| DEDUCTIONS                    | 12   | Expense deduction for recovery property (IRC Section 179). 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   |                                      |  |   |                         |                   |         |
| CREDITS                       | 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 Employment Credit . . . . .   | 15g                                  |  |   |                         |                   |         |
| ALTERNATIVE MINIMUM TAX ITEMS | 17a  | Depreciation adjustment on property placed in service after 1986 . . . . .  | 17a                                  | -17,791.                                   | 29. -17,762.                              |                         |                   |         |
|                               | 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                                  |  |   |                         |                   |         |
| INFORMATION                   | 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                                  |  |   |                         |                   |         |
|                               | b  | Distribution of property other than money . . . . .   | 19b                                  |  |   |                         |                   |         |
|                               | 20a  | Investment income. . . . .  | 20a                                  | -6,660.                                    | -6,660.                                   |                         |                   |         |
| b                             | Investment expenses . . . . .                | 20b   |                                      |  |   |                         |                   |         |
| c                             | Other information. See instructions. . . . . | 20c   |                                      | STATEMENT 4                                |   |                         |                   |         |
| ANALYSIS                      | 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                                  | 773,972.                                   | 773,972.                                  |                         |                   |         |
|                               | b  | Analysis of members:<br>Members   | (a) Corporate                        | (b) Individual<br>i Active      ii Passive | (c) Partnership                           | (d) Exempt Organization | (e) Nominee/Other | (f) LLC |
|                               |  |   |                                      |  |   | 773,972.                |                   |         |

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

Table with columns: Assets, Beginning of taxable year (a, b), End of taxable year (c, d). Rows include Cash, Trade notes, Inventories, U.S. government obligations, Tax-exempt securities, Other current assets, Mortgage and real estate loans, Other investments, Buildings and other depreciable assets, Depletable assets, Land, Intangible assets, Other assets, Total assets, Liabilities and Capital, Accounts payable, Mortgages, notes, bonds payable, Other current liabilities, All nonrecourse loans, Other liabilities, Members' capital accounts, Total liabilities and capital.

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

Table with columns for adjustments. Rows include Net income (loss) per books, Income included on Schedule K, Guaranteed payments, Expenses recorded on books, Income recorded on books this year not included on Schedule K, Deductions included on Schedule K, Total adjustments, Income (loss) (Schedule K, line 21a).

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

Table with columns for capital account analysis. Rows include Balance at beginning of year, Capital contributed during year (Cash, Property), Net income (loss) per books, Other increases, Total of line 1 through line 4, Distributions (Cash, Property), Other decreases, Total of line 6 and line 7, Balance at end of year.

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 14 of the Form 568 Booklet for more information on how to complete the Schedule IW.

1 a Total California income from Form 568, Schedule B, line 3. See instructions... 1a 32,032.
b 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 lines 1a and 4... 1b 127,693.
2 a If the answer to Question U(1) on Form 568 Side 2, is 'Yes', include the gross income of this disregarded entity that is not included on lines 1 and 8 through 16... 2a
b Enter the cost of goods sold of disregarded entities associated with the receipts assigned to California on line 2a... 2b
3 a LLC's distributive share of ordinary income from pass-through entities... 3a
b Enter the LLC's distributive share of cost of goods sold from other pass-through entities associated with the receipt assigned to California on line 3a (see Schedule K-1s (565), Table 3, line 1a)... 3b
c Enter the LLC's distributive share of deductions from other pass-through entities associated with the receipt assigned to California on line 3a (see Schedule K-1s (565), Table 3, line 1b)... 3c
4 Add gross farm income from federal Schedule F (Form 1040). Use California amounts... 4
5 Enter the total of other income (not loss) from Form 568, Schedule B, line 10... 5 932,217.
6 Enter the total gains (not losses) from Form 568, Schedule B, Line 8... 6
7 Add line 1a through line 6... 7 1,091,942.
8 California rental real estate
a Enter the total gross rents from federal Form 8825, line 18a... 8a
b Enter the total gross rents from all Schedule K-1s (565), Table 3, line 2... 8b
c Add line 8a and line 8b... 8c 0.
9 Other California rentals
a Enter the amount from Schedule K (568), line 3a... 9a
b Enter the amount from all Schedule K-1s (565), Table 3, line 3... 9b
c Add lines 9a and 9b... 9c 0.
10 California interest. Enter the amount from Form 568, Schedule K, line 5... 10
11 California dividends. Enter the amount from Form 568, Schedule K, line 6... 11
12 California royalties. Enter the amount from Form 568, Schedule K, line 7... 12
13 California capital gains. Enter the capital gains (not losses) included in the amounts from Form 568, Schedule K, lines 8 and 9... 13
14 California 1231 gains. Enter the amount of total gains (not losses) from Form 568, Schedule K, line 10a... 14
15 Other California portfolio income (not loss). Enter the amount from Form 568, Schedule K, line 11a... 15
16 Other California income (not loss) not included in line 5. Enter the amount from Form 568, Schedule K, line 11b... 16
17 Total California income. Add lines 7, 8c, 9c, 10, 11, 12, 13, 14, 15, and 16. Line 17 may not be a negative number. Enter here and on Form 568, Side 1, Line 1. If less than zero enter -0-... 17 1,091,942.



TYB 07-01-2014 TYE 06-30-2015  
95-2232918

IRVINE RANCH WATER DISTRICT

P O BOX 57000  
IRVINE CA 92619-7000

26-2446103 200803210250  
IRVINE RANCH WATER DISTRICT

P O BOX 57000  
IRVINE CA 92619-7000

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

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

**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 .....       | <input type="text"/> %             | ● <input type="text"/> 99.0000 % |
| Loss sharing .....         | <input type="text"/> %             | ● <input type="text"/> 99.0000 % |
| Ownership of capital ..... | <input type="text"/> %             | ● <input type="text"/> 99.0000 % |

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

Nonrecourse..... ● \$  1,584,870.

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

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

| (a)<br>Capital account at beginning of year | (b)<br>Capital contributed during year | (c)<br>Member's share of line 3, line 4,<br>and line 7 Form 568, Schedule M-2 | (d)<br>Withdrawals<br>and distributions | (e)<br>Capital account at end of year,<br>combine column<br>(a) through column (d) |
|---|--|---|---|--|
| • 3,613,759.                                | • 9,660.                               | • 774,330.  | •                                       | • 4,397,749.   |

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

|   | (a)<br>Distributive share items   | (b)<br>Amounts from<br>federal Schedule K-1<br>(1065) | (c)<br>California<br>adjustments | (d)<br>Total amounts using<br>California law. Combine<br>column (b) and column (c)<br>where applicable | (e)<br>California source<br>amounts and credits |
|---|---|---|----------------------------------|--|---|
| <b>Income<br/>(Loss)</b>  | 1 Ordinary income (loss) from trade or<br>business activities. ....                 | 772,826.  |                                  | • 772,826.   | ▶   |
|   | 2 Net income (loss) from rental real<br>estate activities. ....                     |   |                                  | •  | ▶   |
|   | 3 Net income (loss) from other rental<br>activities. ....                           |   |                                  | ⊙  | ⊙   |
|   | 4 Guaranteed payments to members. ....  |   |                                  | •  | ▶   |
|   | 5 Interest income. ....   |   |                                  | •  | ▶   |
|   | 6 Dividends. ....   |   |                                  | •  | ▶   |
|   | 7 Royalties. ....   |   |                                  | •  | ▶   |
|   | 8 Net short-term capital gain (loss). ....  |   |                                  | •  | ▶   |
|   | 9 Net long-term capital gain (loss). ....   |   |                                  | •  | ▶   |
|   | 10a Total gain under IRC Section 1231<br>(other than due to casualty or theft). ... |   |                                  | •  | ▶   |
|   | b Total loss under IRC Section 1231<br>(other than due to casualty or theft). ...   |   |                                  | •  | ▶   |
| 11a Other portfolio income (loss).<br>Attach schedule. .... PG. 5 | -6,593.   |   | • -6,593.                        | ▶  |   |
| b Total other income.<br>Attach schedule. ....                    |   |   | •                                | ▶  |   |
| c Total other loss.<br>Attach schedule. ....                      |   |   | •                                | ▶  |   |
| <b>Deductions</b>   | 12 Expense deduction for recovery<br>property (IRC Section<br>179). ....            |   |                                  |  |   |
|   | 13a Charitable<br>contributions. ....   |   |                                  |  |   |
|   | b Investment interest expense. ....   |   |                                  |  |   |
|   | c 1 Total expenditures to which an IRC<br>Section 59(e) election may apply. ....    |   |                                  |  |   |
|   | 2 Type of<br>expenditures   |   |                                  |  |   |
|   | d Deductions related to portfolio income<br>Attach schedule. ....                   |   |                                  |  |   |
| e Other deductions.<br>Attach schedule. ....                      |   |   |                                  |  |   |

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918

|   | (a)<br>Distributive share items   | (b)<br>Amounts from federal Schedule K-1 (1065) | (c)<br>California adjustments | (d)<br>Total amounts using California law. Combine column (b) and column (c) | (e)<br>California source amounts and credits |
|---|---|---|-------------------------------|--|--|
| <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 employment credit. . . . .   |   |                               |  |  |
| <b>Alternative Minimum Tax (AMT) Items</b>          | <b>17a</b> Depreciation adjustment on property placed in service after 1986. . . . .                    | -17,613.  | 29.                           | ⊙  | -17,584. ⊙                                   |
|   | <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). . . . .                             |   |                               | ⊙  |  |
|   | <b>b</b> Distributions of property other than money. . . . .  |   |                               | ⊙  |  |
| <b>Other Information</b>                            | <b>20a</b> Investment income . . . . .  | -6,593.   |                               |  |  |
|   | <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  | \$ | <input type="text"/> | Sec 1231 Gains/Losses | \$ | <input type="text"/> | Capital Gains/Losses | \$ | <input type="text"/> |
| Dividends | \$ | <input type="text"/> | Royalties             | \$ | <input type="text"/> | Other                | \$ | <input type="text"/> |

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      | \$ | <input type="text"/> | Rents/Royalties | \$ | <input type="text"/> |
| Section 1231 Gains/Losses | \$ | <input type="text"/> | Other           | \$ | <input type="text"/> |

**C** Member's distributive share of the LLC's property, payroll, and sales:

| Factors                            | Total within and outside California | Total within California |
|------------------------------------|-------------------------------------|-------------------------|
| Property: Beginning.....           | \$ <input type="text"/>             | \$ <input type="text"/> |
| Property: Ending.....              | \$ <input type="text"/>             | \$ <input type="text"/> |
| Property: Annual rent expense..... | \$ <input type="text"/>             | \$ <input type="text"/> |
| Payroll.....                       | \$ <input type="text"/>             | \$ <input type="text"/> |
| Sales.....                         | \$ <input type="text"/>             | \$ <input type="text"/> |

MEMBER 1: IRVINE RANCH WATER DISTRICT 95-2232918

**LINE 11A, COLUMN (D)  
OTHER PORTFOLIO INCOME (LOSS)**

|                        |    |                |
|------------------------|----|----------------|
| INVESTMENT LOSSES..... | \$ | -6,593.        |
| TOTAL                  | \$ | <u>-6,593.</u> |

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

|   |    |                   |
|---|----|-------------------|
| PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS..... | \$ | 1,074,429.        |
| TOTAL   | \$ | <u>1,074,429.</u> |

TYB 07-01-2014 TYE 06-30-2015  
91-1874346

IRVINE RANCH WATER DISTRICT

P O BOX 57000  
IRVINE CA 92619-7000

26-2446103 200803210250  
IRVINE RANCH WATER DISTRICT

P O BOX 57000  
IRVINE CA 92619-7000

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

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

**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 .....       | <input type="text"/> %             | ● <input type="text" value="1.0000"/> % |
| Loss sharing .....         | <input type="text"/> %             | ● <input type="text" value="1.0000"/> % |
| Ownership of capital ..... | <input type="text"/> %             | ● <input type="text" value="1.0000"/> % |

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

- Nonrecourse ..... ● \$   
 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)<br>Capital account at beginning of year | (b)<br>Capital contributed during year | (c)<br>Member's share of line 3, line 4,<br>and line 7 Form 568, Schedule M-2 | (d)<br>Withdrawals<br>and distributions | (e)<br>Capital account at end of year,<br>combine column<br>(a) through column (d) |
|---|--|---|---|--|
| • 35,758 .                                  | • 1,074 .                              | • 7,821 .   | •                                       | • 44,653 .   |

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

|   | (a)<br>Distributive share items   | (b)<br>Amounts from<br>federal Schedule K-1<br>(1065) | (c)<br>California<br>adjustments | (d)<br>Total amounts using<br>California law. Combine<br>column (b) and column (c)<br>where applicable | (e)<br>California source<br>amounts and credits |
|---|---|---|----------------------------------|--|---|
| <b>Income<br/>(Loss)</b>  | 1 Ordinary income (loss) from trade or<br>business activities. ....                   | 7,806 .   |                                  | • 7,806 .  | ▶   |
|   | 2 Net income (loss) from rental real<br>estate activities. ....                       |   |                                  | •  | ▶   |
|   | 3 Net income (loss) from other rental<br>activities. ....                             |   |                                  | ⊙  | ⊙   |
|   | 4 Guaranteed payments to members . . . .  |   |                                  | •  | ▶   |
|   | 5 Interest income. ....   |   |                                  | •  | ▶   |
|   | 6 Dividends. ....   |   |                                  | •  | ▶   |
|   | 7 Royalties. ....   |   |                                  | •  | ▶   |
|   | 8 Net short-term capital gain (loss). ....  |   |                                  | •  | ▶   |
|   | 9 Net long-term capital gain (loss). ....   |   |                                  | •  | ▶   |
|   | 10a Total gain under IRC Section 1231<br>(other than due to casualty or theft). . . . |   |                                  | •  | ▶   |
|   | b Total loss under IRC Section 1231<br>(other than due to casualty or theft). . . .   |   |                                  | •  | ▶   |
| 11a Other portfolio income (loss).<br>Attach schedule. .... PG. 5 | -67 .   |   | • -67 .                          | ▶  |   |
| b Total other income.<br>Attach schedule. ....                    |   |   | •                                | ▶  |   |
| c Total other loss.<br>Attach schedule. ....                      |   |   | •                                | ▶  |   |
| <b>Deduc-<br/>tions</b>   | 12 Expense deduction for recovery<br>property (IRC Section<br>179). ....              |   |                                  |  |   |
|   | 13a Charitable<br>contributions. ....   |   |                                  |  |   |
|   | b Investment interest expense. ....   |   |                                  |  |   |
|   | c 1 Total expenditures to which an IRC<br>Section 59(e) election may apply . . . .    |   |                                  |  |   |
|   | 2 Type of<br>expenditures   |   |                                  |  |   |
|   | d Deductions related to portfolio income<br>Attach schedule. ....                     |   |                                  |  |   |
| e Other deductions.<br>Attach schedule. ....                      |   |   |                                  |  |   |

MEMBER 2: IRVINE RANCH WATER DISTRICT 91-1874346

|   | (a)<br>Distributive share items   | (b)<br>Amounts from federal Schedule K-1 (1065) | (c)<br>California adjustments | (d)<br>Total amounts using California law. Combine column (b) and column (c) | (e)<br>California source amounts and credits |
|---|---|---|-------------------------------|--|--|
| <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 employment credit. . . . .   |   |                               |  |  |
| <b>Alternative Minimum Tax (AMT) Items</b>          | <b>17a</b> Depreciation adjustment on property placed in service after 1986. . . . .                    | -178.   |                               | -178.  | ●  |
|   | <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). . . . .                             |   |                               | ●  |  |
|   | <b>b</b> Distributions of property other than money. . . . .  |   |                               | ●  |  |
| <b>Other Information</b>                            | <b>20a</b> Investment income . . . . .  | -67.  |                               | -67.   |  |
|   | <b>b</b> Investment expenses. . . . .   |   |                               |  |  |
|   | <b>c</b> Other information. See instructions . . . . .  |   |                               | SEE ATTACHED   |  |

MEMBER 2 : IRVINE RANCH WATER DISTRICT 91-1874346



**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  | \$ | <input type="text"/> | Sec 1231 Gains/Losses | \$ | <input type="text"/> | Capital Gains/Losses | \$ | <input type="text"/> |
| Dividends | \$ | <input type="text"/> | Royalties             | \$ | <input type="text"/> | Other                | \$ | <input type="text"/> |

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      | \$ | <input type="text"/> | Rents/Royalties | \$ | <input type="text"/> |
| Section 1231 Gains/Losses | \$ | <input type="text"/> | Other           | \$ | <input type="text"/> |

**C** Member's distributive share of the LLC's property, payroll, and sales:

| Factors                             | Total within and outside California | Total within California |
|-------------------------------------|-------------------------------------|-------------------------|
| Property: Beginning .....           | \$ <input type="text"/>             | \$ <input type="text"/> |
| Property: Ending .....              | \$ <input type="text"/>             | \$ <input type="text"/> |
| Property: Annual rent expense ..... | \$ <input type="text"/>             | \$ <input type="text"/> |
| Payroll .....                       | \$ <input type="text"/>             | \$ <input type="text"/> |
| Sales .....                         | \$ <input type="text"/>             | \$ <input type="text"/> |

MEMBER 2: IRVINE RANCH WATER DISTRICT 91-1874346

**LINE 11A, COLUMN (D)  
OTHER PORTFOLIO INCOME (LOSS)**

|                        |    |             |
|------------------------|----|-------------|
| INVESTMENT LOSSES..... | \$ | -67.        |
| TOTAL                  | \$ | <u>-67.</u> |

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

|   |    |                |
|---|----|----------------|
| PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS..... | \$ | 10,853.        |
| TOTAL   | \$ | <u>10,853.</u> |

2014 Depreciation and Amortization

3885L

Name as shown on return

California Secretary of State (SOS) file no.

IRVINE RANCH WATER DISTRICT

200803210250

FEIN

26-2446103

Depreciation of Assets Assets placed in service during the 2014 taxable year:

Table with 6 columns: (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. Row 1: LAND IMPROVEMENTS, 5/31/2014, 13,130., S/L, 10.00, 1,313.

Amortization of Property Intangibles placed in service during the 2014 taxable year:

Table with 6 columns: (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.

Depreciation

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

Summary table for depreciation: 2 California depreciation for assets placed in service beginning before the 2014 taxable year 174,034. 3 Total California depreciation. Add line 1(f) and line 2. 175,347.

Amortization

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

Summary table for amortization: 4 California amortization for intangibles placed in service beginning before the 2014 taxable year. 5 Total California amortization. Add line 1(i) and line 4. 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. 175,347. 7 IRC Section 179 expense deduction from line 12 of the worksheet in the instructions. 8 Carryover of disallowed deduction to 2015 from line 13 of the worksheet in the instructions.

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

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

|                                    |           |                        |
|------------------------------------|-----------|------------------------|
| OTHER NON-OPERATING REVENUE.....   | \$        | 52,938.                |
| RATE DIFFERENTIAL REVENUE.....     |           | 879,141.               |
| UNREALIZED GAIN ON SECURITIES..... |           | 138.                   |
| <b>TOTAL</b>                       | <b>\$</b> | <b><u>932,217.</u></b> |

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

|                                |           |                      |
|--------------------------------|-----------|----------------------|
| CUSTOMER COLLECTION COSTS..... | \$        | 8,270.               |
| <b>TOTAL</b>                   | <b>\$</b> | <b><u>8,270.</u></b> |

**STATEMENT 3  
FORM 568, SCHEDULE K, LINE 11A  
OTHER PORTFOLIO INCOME (LOSS)**

|                        |           |                       |
|------------------------|-----------|-----------------------|
| INVESTMENT LOSSES..... | \$        | -6,660.               |
| <b>TOTAL</b>           | <b>\$</b> | <b><u>-6,660.</u></b> |

**STATEMENT 4  
FORM 568, SCHEDULE K, LINE 20C - COLUMN D  
OTHER REPORTABLE ITEMS**

|   |    |            |
|---|----|------------|
| PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS..... | \$ | 1,085,282. |
|---|----|------------|

**STATEMENT 5  
FORM 568, SCHEDULE L, LINE 6  
OTHER CURRENT ASSETS**

|                               | <u>BEGINNING</u>          | <u>ENDING</u>       |
|-------------------------------|---------------------------|---------------------|
| CONSTRUCTION IN PROGRESS..... | \$ 153,018.               | \$ 0.               |
| <b>TOTAL</b>                  | <b>\$ <u>153,018.</u></b> | <b>\$ <u>0.</u></b> |

**STATEMENT 6  
FORM 568, SCHEDULE L, LINE 17  
OTHER CURRENT LIABILITIES**

|                                       | <u>BEGINNING</u>          | <u>ENDING</u>           |
|---------------------------------------|---------------------------|-------------------------|
| FUTURE RATE DIFFERENTIAL CREDITS..... | \$ 538,978.               | \$ 0.                   |
| INTEREST PAYABLE.....                 | 1,231.                    | 1,224.                  |
| SECURITY DEPOSITS-REAL ESTATE.....    | 400.                      | 5,090.                  |
| <b>TOTAL</b>                          | <b>\$ <u>540,609.</u></b> | <b>\$ <u>6,314.</u></b> |

**SCHEDULE K (WORKSHEETS), LINE 20C  
AGGREGATE GROSS RECEIPTS**

|                              |          |                   |
|------------------------------|----------|-------------------|
| GROSS RECEIPTS.....          | \$       | 159,725.          |
| OTHER INCOME.....            |          | 932,217.          |
| OTHER SCHEDULE K INCOME..... |          | -6,660.           |
|                              | TOTAL \$ | <u>1,085,282.</u> |

2014

CAPITAL ACCOUNT RECONCILIATION

PAGE 1

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

STATE ANALYSIS OF PARTNERS' CAPITAL ACCOUNTS

| Partner Number | Partner Name           | Capital Account at beginning of year | Capital Contributed during year | Partner's share of lines 3, 4, and 7, state Sch. M-2 | Withdrawals and Distributions | Capital Account at end of year |
|----------------|------------------------|--------------------------------------|---------------------------------|--|-------------------------------|--------------------------------|
| 1              | IRVINE RANCH WATER DIS | 3,613,759.                           | 9,660.                          | 774,330.   |                               | 4,397,749.                     |
| 2              | IRVINE RANCH WATER DIS | 35,758.                              | 1,074.                          | 7,821.   |                               | 44,653.                        |
|                | TOTALS                 | <u>3,649,517.</u>                    | <u>10,734.</u>                  | <u>782,151.</u>                                      |                               | <u>4,442,402.</u>              |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

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| NO.                         | DESCRIPTION               | DATE ACQUIRED | DATE SOLD | COST/<br>BASIS | BUS.<br>PCT. | CUR<br>179<br>BONUS | SPECIAL<br>DEPR.<br>ALLOW. | PRIOR<br>179/<br>BONUS/<br>SP. DEPR. | PRIOR<br>DEC. BAL<br>DEPR. | SALVAG<br>/BASIS<br>REDUCT. | DEPR.<br>BASIS | PRIOR<br>DEPR. | METHOD   | LIFE | RATE   | CURRENT<br>DEPR. |
|-----------------------------|---------------------------|---------------|-----------|----------------|--------------|---------------------|----------------------------|--------------------------------------|----------------------------|-----------------------------|----------------|----------------|----------|------|--------|------------------|
| FORM 565/568                |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
| BUILDINGS                   |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
| 3                           | PUMP STATIONS             | 6/01/08       |           | 128,858        |              |                     |                            | 0                                    | 0                          | 0                           | 128,858        | 72,887         | S/L MM   | 39   | .02564 | 3,304            |
| TOTAL BUILDINGS             |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
|                             |                           |               |           | 128,858        |              |                     |                            | 0                                    | 0                          | 0                           | 128,858        | 72,887         |          |      |        | 3,304            |
| FURNITURE AND FIXTURES      |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
| 23                          | OFFICE EQUIPMENT          | 5/31/12       |           | 6,945          |              |                     |                            | 0                                    | 0                          | 0                           | 6,945          | 3,528          | 200DB MQ | 7    | .14060 | 976              |
| TOTAL FURNITURE AND FIXTURE |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
|                             |                           |               |           | 6,945          |              |                     |                            | 0                                    | 0                          | 0                           | 6,945          | 3,528          |          |      |        | 976              |
| IMPROVEMENTS                |                           |               |           |                |              |                     |                            |                                      |                            |                             |                |                |          |      |        |                  |
| 2                           | PIPELINES & DISTRIBUTION  | 6/01/08       |           | 330,376        |              |                     |                            |                                      |                            |                             | 330,376        | 330,376        | S/L MM   | 39   | .02564 | 0                |
| 4                           | OPA DELIVERY SYSTEM       | 6/01/08       |           | 97,970         |              |                     |                            |                                      |                            |                             | 97,970         | 97,970         | S/L MQ   | 15   |        | 0                |
| 10                          | OPA PIPELINES AND DIST.   | 6/30/10       |           | 200,749        |              |                     |                            |                                      |                            |                             | 200,749        | 20,076         | S/L MM   | 40   | .02500 | 5,019            |
| 11                          | OPA LOMITA MAIN REPLACE.  | 6/30/10       |           | 32,087         |              |                     |                            |                                      |                            |                             | 32,087         | 2,568          | S/L MM   | 50   | .02000 | 642              |
| 12                          | OPA HILLSIDE MAIN REP.    | 6/30/10       |           | 54,776         |              |                     |                            |                                      |                            |                             | 54,776         | 2,920          | S/L      | 75   |        | 730              |
| 13                          | OPA FRANK ST DIP MAIN     | 6/30/10       |           | 1,396          |              |                     |                            |                                      |                            |                             | 1,396          | 188            | S/L      | 30   |        | 47               |
| 14                          | OPA 16"STEEL PIPE BYPASS  | 6/30/10       |           | 94             |              |                     |                            |                                      |                            |                             | 94             | 8              | S/L      | 40   |        | 2                |
| 15                          | OPA HILLSIDE 6" MAIN REP. | 6/30/10       |           | 170            |              |                     |                            |                                      |                            |                             | 170            | 170            | S/L      | 3    |        | 0                |
| 16                          | OPA HILLSIDE MAIN REP.    | 6/30/10       |           | 56,022         |              |                     |                            |                                      |                            |                             | 56,022         | 4,480          | S/L      | 50   |        | 1,120            |
| 17                          | OPA FRANK ST RELOC.       | 6/30/10       |           | 819            |              |                     |                            |                                      |                            |                             | 819            | 656            | S/L MQ   | 5    | .17500 | 143              |
| 18                          | OPA LOMITA LINE REPLACE.  | 6/30/10       |           | 3,954          |              |                     |                            |                                      |                            |                             | 3,954          | 528            | S/L      | 30   |        | 132              |
| 19                          | POTABLE PIPELINE          | 6/30/11       |           | 48,293         |              |                     |                            |                                      |                            |                             | 48,293         | 3,671          | S/L MM   | 40   | .02500 | 1,207            |
| 20                          | POTABLE PIPELINE          | 6/30/11       |           | 68,686         |              |                     |                            |                                      |                            |                             | 68,686         | 5,222          | S/L MM   | 40   | .02500 | 1,717            |
| 21                          | POTABLE PIPELINE          | 6/30/11       |           | 460            |              |                     |                            |                                      |                            |                             | 460            | 144            | S/L MQ   | 10   | .10000 | 46               |

CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

| NO. | DESCRIPTION                 | DATE ACQUIRED | DATE SOLD | COST/BASIS | BUS. PCT. | CUR 179 BONUS | SPECIAL DEPR. ALLOW. | PRIOR 179/ BONUS/ SP. DEPR. | PRIOR DEC. BAL DEPR. | SALVAG /BASIS REDUCT. | DEPR. BASIS | PRIOR DEPR. | METHOD | LIFE | RATE | CURRENT DEPR. |         |
|-----|-----------------------------|---------------|-----------|------------|-----------|---------------|----------------------|-----------------------------|----------------------|-----------------------|-------------|-------------|--------|------|------|---------------|---------|
| 22  | GP ASSET FUNDED BY UP       | 6/30/11       |           | 11,925     |           |               |                      |                             |                      |                       | 11,925      | 1,863       | S/L    | MQ   | 20   | .05000        | 596     |
| 24  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 167,389    |           |               |                      |                             |                      |                       | 167,389     | 8,370       | S/L    | 40   |      |               | 4,185   |
| 25  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 3,106      |           |               |                      |                             |                      |                       | 3,106       | 156         | S/L    | 40   |      |               | 78      |
| 26  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 16,086     |           |               |                      |                             |                      |                       | 16,086      | 804         | S/L    | 40   |      |               | 402     |
| 27  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 62,070     |           |               |                      |                             |                      |                       | 62,070      | 3,104       | S/L    | 40   |      |               | 1,552   |
| 28  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 332,672    |           |               |                      |                             |                      |                       | 332,672     | 16,634      | S/L    | 40   |      |               | 8,317   |
| 30  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 641,211    |           |               |                      |                             |                      |                       | 641,211     | 32,060      | S/L    | 40   |      |               | 16,030  |
| 31  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 622,039    |           |               |                      |                             |                      |                       | 622,039     | 41,470      | S/L    | 30   |      |               | 20,735  |
| 32  | POTABLE POND IMPROVEMENT    | 6/30/13       |           | 777,296    |           |               |                      |                             |                      |                       | 777,296     | 25,910      | S/L    | 30   |      |               | 25,910  |
| 34  | POTABLE POND IMPROVEMENT    | 12/31/13      |           | 3,114,902  |           |               |                      |                             |                      |                       | 3,114,902   | 38,936      | S/L    | 40   |      |               | 77,873  |
| 35  | LAND IMPROVEMENTS           | 5/31/14       |           | 13,130     |           |               |                      |                             |                      |                       | 13,130      | 109         | S/L    | 10   |      |               | 1,313   |
|     | TOTAL IMPROVEMENTS          |               |           | 6,657,678  |           | 0             | 0                    | 0                           | 0                    | 0                     | 6,657,678   | 638,393     |        |      |      |               | 167,796 |
|     | LAND                        |               |           |            |           |               |                      |                             |                      |                       |             |             |        |      |      |               |         |
| 1   | OPA LAND                    | 6/01/08       |           | 1,350      |           |               |                      |                             |                      |                       | 1,350       |             |        |      |      |               | 0       |
|     | TOTAL LAND                  |               |           | 1,350      |           | 0             | 0                    | 0                           | 0                    | 0                     | 1,350       | 0           |        |      |      |               | 0       |
|     | MACHINERY AND EQUIPMENT     |               |           |            |           |               |                      |                             |                      |                       |             |             |        |      |      |               |         |
| 5   | OPA MOTOR EQUIPMENT         | 6/01/08       |           | 11,309     |           |               |                      |                             |                      |                       | 11,309      | 11,309      | S/L    | MQ   | 10   |               | 0       |
| 6   | OPA TRUCK                   | 6/01/08       |           | 12,716     |           |               |                      |                             |                      |                       | 12,716      | 12,716      | S/L    | MQ   | 7    |               | 0       |
| 7   | OFFICE EQUIPMENT            | 6/01/08       |           | 14,004     |           |               |                      |                             |                      |                       | 14,004      | 14,004      | S/L    | MQ   | 5    |               | 0       |
| 8   | COMPUTER EQUIPMENT          | 6/01/08       |           | 5,967      |           |               |                      |                             |                      |                       | 5,967       | 5,967       | S/L    | MQ   | 3    |               | 0       |
| 9   | OPA-BOOSTER PUMP STA. IMP   | 6/30/10       |           | 20,496     |           |               |                      |                             |                      |                       | 20,496      | 2,732       | S/L    | MM   | 30   | .03333        | 683     |
| 29  | WATER PUMP                  | 6/30/12       |           | 25,182     |           |               |                      |                             |                      |                       | 25,182      | 5,036       | S/L    | 10   |      |               | 2,518   |
| 33  | MISC FORKLIFT EQUIPMENT     | 6/30/13       |           | 700        |           |               |                      |                             |                      |                       | 700         | 79          | S/L    | MQ   | 10   | .10000        | 70      |
|     | TOTAL MACHINERY AND EQUIPME |               |           | 90,374     |           | 0             | 0                    | 0                           | 0                    | 0                     | 90,374      | 51,843      |        |      |      |               | 3,271   |



CLIENT 412045

IRVINE RANCH WATER DISTRICT

26-2446103

12/09/15

02:08PM

| NO. | DESCRIPTION              | DATE ACQUIRED | DATE SOLD | COST/<br>BASIS | BUS.<br>PCT. | CUR<br>179<br>BONUS | SPECIAL<br>DEPR.<br>ALLOW. | PRIOR<br>179/<br>BONUS/<br>SP. DEPR. | PRIOR<br>DEC. BAL<br>DEPR. | SALVAG<br>/BASIS<br>REDUCT. | DEPR.<br>BASIS | PRIOR<br>DEPR. | METHOD | LIFE | RATE | CURRENT<br>DEPR. |
|-----|--------------------------|---------------|-----------|----------------|--------------|---------------------|----------------------------|--------------------------------------|----------------------------|-----------------------------|----------------|----------------|--------|------|------|------------------|
|     | TOTAL DEPRECIATION       |               |           | 6,885,205      |              | 0                   | 0                          | 0                                    | 0                          | 0                           | 6,885,205      | 766,651        |        |      |      | 175,347          |
|     | GRAND TOTAL DEPRECIATION |               |           | 6,885,205      |              | 0                   | 0                          | 0                                    | 0                          | 0                           | 6,885,205      | 766,651        |        |      |      | 175,347          |

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| NO. | DESCRIPTION                 | DATE ACQUIRED | DATE SOLD | AMT BASIS | AMT DEPR | AMT PRIOR DEPR | AMT METHOD | AMT LIFE | AMT RATE | AMT DEPR | REG. DEPR | OWN PCT. | POST-86 DEPR ADL. | REAL PROP PREF. | LEAS PER PROP PREF. | 59 (E)(2) AMORT. |
|-----|-----------------------------|---------------|-----------|-----------|----------|----------------|------------|----------|----------|----------|-----------|----------|-------------------|-----------------|---------------------|------------------|
|     | FORM 565/568                |               |           |           |          |                |            |          |          |          |           |          |                   |                 |                     |                  |
|     | BUILDINGS                   |               |           |           |          |                |            |          |          |          |           |          |                   |                 |                     |                  |
| 3   | PUMP STATIONS               | 6/01/08       |           | 128,858   | 19,962   | 19,962         | S/L MM     | 39       | .02564   | 3,304    | 3,304     |          |                   |                 |                     | 0                |
|     | TOTAL BUILDINGS             |               |           | 128,858   | 19,962   | 19,962         |            |          |          | 3,304    | 3,304     |          | 0                 | 0               | 0                   | 0                |
|     | FURNITURE AND FIXTURES      |               |           |           |          |                |            |          |          |          |           |          |                   |                 |                     |                  |
| 23  | OFFICE EQUIPMENT            | 5/31/12       |           | 6,945     | 2,772    | 2,772          | 150DB MQ   | 7        | .12870   | 894      | 976       |          | 82                |                 |                     | 0                |
|     | TOTAL FURNITURE AND FIXTURE |               |           | 6,945     | 2,772    | 2,772          |            |          |          | 894      | 976       |          | 82                | 0               | 0                   | 0                |
|     | IMPROVEMENTS                |               |           |           |          |                |            |          |          |          |           |          |                   |                 |                     |                  |
| 2   | PIPELINES & DISTRIBUTION    | 6/01/08       |           | 330,376   | 51,180   | 51,180         | S/L MM     | 39       | .02564   | 8,471    | 0         |          | -8,471            |                 |                     | 0                |
| 4   | OPA DELIVERY SYSTEM         | 6/01/08       |           | 97,970    | 39,732   | 39,732         | S/L MQ     | 15       | .11215   | 6,531    | 0         |          | -6,531            |                 |                     | 0                |
| 10  | OPA PIPELINES AND DIST.     | 6/30/10       |           | 200,749   | 20,803   | 20,803         | S/L MM     | 39       | .02564   | 5,147    | 5,019     |          | -128              |                 |                     | 0                |
| 11  | OPA LOMITA MAIN REPLACE.    | 6/30/10       |           | 32,087    | 2,595    | 2,595          | S/L MM     | 50       | .02000   | 642      | 642       |          |                   |                 |                     | 0                |
| 12  | OPA HILLSIDE MAIN REP.      | 6/30/10       |           | 54,776    |          |                |            |          |          | 730      | 730       |          |                   |                 |                     | 0                |
| 13  | OPA FRANK ST DIP MAIN       | 6/30/10       |           | 1,396     |          |                |            |          |          | 47       | 47        |          |                   |                 |                     | 0                |
| 14  | OPA 16"STEEL PIPE BYPASS    | 6/30/10       |           | 94        |          |                |            |          |          | 2        | 2         |          |                   |                 |                     | 0                |
| 15  | OPA HILLSIDE 6" MAIN REP.   | 6/30/10       |           | 170       |          |                |            |          |          | 0        | 0         |          |                   |                 |                     | 0                |
| 16  | OPA HILLSIDE MAIN REP.      | 6/30/10       |           | 56,022    |          |                |            |          |          | 1,120    | 1,120     |          |                   |                 |                     | 0                |
| 17  | OPA FRANK ST RELOC.         | 6/30/10       |           | 819       | 676      | 676            | S/L MQ     | 5        | .17500   | 143      | 143       |          |                   |                 |                     | 0                |
| 18  | OPA LOMITA LINE REPLACE.    | 6/30/10       |           | 3,954     |          |                |            |          |          | 132      | 132       |          |                   |                 |                     | 0                |
| 19  | POTABLE PIPELINE            | 6/30/11       |           | 48,293    | 3,766    | 3,766          | S/L MM     | 39       | .02564   | 1,238    | 1,207     |          | -31               |                 |                     | 0                |
| 20  | POTABLE PIPELINE            | 6/30/11       |           | 68,686    | 5,356    | 5,356          | S/L MM     | 39       | .02564   | 1,761    | 1,717     |          | -44               |                 |                     | 0                |
| 21  | POTABLE PIPELINE            | 6/30/11       |           | 460       | 144      | 144            | S/L MQ     | 10       | .10000   | 46       | 46        |          |                   |                 |                     | 0                |
| 22  | GP ASSET FUNDED BY UP       | 6/30/11       |           | 11,925    | 1,863    | 1,863          | S/L MQ     | 20       | .05000   | 596      | 596       |          |                   |                 |                     | 0                |

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| NO. | DESCRIPTION                 | DATE ACQUIRED | DATE SOLD | AMT BASIS | AMT PRIOR DEPR | AMT METHOD | AMT LIFE | AMT RATE | AMT DEPR | REG. DEPR | OWN PCT. | POST-86 DEPR ADJ. | REAL PROP PREF | LEAS PER PROP PREF | 59 (EX2) AMORT |
|-----|-----------------------------|---------------|-----------|-----------|----------------|------------|----------|----------|----------|-----------|----------|-------------------|----------------|--------------------|----------------|
| 24  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 167,389   |                |            |          |          | 4,185    | 4,185     |          |                   |                |                    | 0              |
| 25  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 3,106     |                |            |          |          | 78       | 78        |          |                   |                |                    | 0              |
| 26  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 16,086    |                |            |          |          | 402      | 402       |          |                   |                |                    | 0              |
| 27  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 62,070    |                |            |          |          | 1,552    | 1,552     |          |                   |                |                    | 0              |
| 28  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 332,672   |                |            |          |          | 8,317    | 8,317     |          |                   |                |                    | 0              |
| 30  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 641,211   |                |            |          |          | 16,030   | 16,030    |          |                   |                |                    | 0              |
| 31  | POTABLE POND IMPROVEMENT    | 6/30/12       |           | 622,039   |                |            |          |          | 20,735   | 20,735    |          |                   |                |                    | 0              |
| 32  | POTABLE POND IMPROVEMENT    | 6/30/13       |           | 777,296   |                |            |          |          | 25,910   | 25,910    |          |                   |                |                    | 0              |
| 34  | POTABLE POND IMPROVEMENT    | 12/31/13      |           | 3,114,902 |                |            |          |          | 77,873   | 77,873    |          |                   |                |                    | 0              |
| 35  | LAND IMPROVEMENTS           | 5/31/14       |           | 13,130    |                |            |          |          | 1,313    | 1,313     |          |                   |                |                    | 0              |
|     | TOTAL IMPROVEMENTS          |               |           | 6,657,678 | 126,115        |            |          |          | 183,001  | 167,796   |          | -15,205           | 0              | 0                  | 0              |
|     | LAND                        |               |           |           |                |            |          |          |          |           |          |                   |                |                    |                |
| 1   | OPA LAND                    | 6/01/08       |           | 1,350     |                |            |          |          | 0        | 0         |          |                   |                |                    | 0              |
|     | TOTAL LAND                  |               |           | 1,350     | 0              |            |          |          | 0        | 0         |          | 0                 | 0              | 0                  | 0              |
|     | MACHINERY AND EQUIPMENT     |               |           |           |                |            |          |          |          |           |          |                   |                |                    |                |
| 5   | OPA MOTOR EQUIPMENT         | 6/01/08       |           | 11,309    | 6,880          | S/L        | MQ       | 10       | 2,553    | 1,131     | 0        | -1,131            |                |                    | 0              |
| 6   | OPA TRUCK                   | 6/01/08       |           | 12,716    | 11,051         | S/L        | MQ       | 7        | 1,665    | 0         | 0        | -1,665            |                |                    | 0              |
| 7   | OFFICE EQUIPMENT            | 6/01/08       |           | 14,004    | 14,004         | S/L        | MQ       | 5        | 0        | 0         | 0        |                   |                |                    | 0              |
| 8   | COMPUTER EQUIPMENT          | 6/01/08       |           | 5,967     | 5,967          | S/L        | MQ       | 3        | 0        | 0         | 0        |                   |                |                    | 0              |
| 9   | OPA-BOOSTER PUMP STA. IMP   | 6/30/10       |           | 20,496    | 2,126          | S/L        | MM       | 39       | 526      | 683       |          | 157               |                |                    | 0              |
| 29  | WATER PUMP                  | 6/30/12       |           | 25,182    |                |            |          |          | 2,518    | 2,518     |          |                   |                |                    | 0              |
| 33  | MISC FORKLIFT EQUIPMENT     | 6/30/13       |           | 700       | 79             | S/L        | MQ       | 10       | 70       | 70        |          |                   |                |                    | 0              |
|     | TOTAL MACHINERY AND EQUIPME |               |           | 90,374    | 40,107         |            |          |          | 5,910    | 3,271     |          | -2,639            | 0              | 0                  | 0              |

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|-----|--------------------------|---------------|-----------|-----------|----------------|------------|----------|----------|----------|-----------|----------|-------------------|-----------------|--------------------|-----------------|
|     | TOTAL DEPRECIATION       |               |           | 6,885,205 | 188,956        |            |          |          | 193,109  | 175,347   |          | -17,762           | 0               | 0                  | 0               |
|     | GRAND TOTAL DEPRECIATION |               |           | 6,885,205 | 188,956        |            |          |          | 193,109  | 175,347   |          | -17,762           | 0               | 0                  | 0               |