

AGENDA
BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT

IRVINE RANCH WATER DISTRICT
WATER SERVICE CORPORATION LLC
SPECIAL MEETING

FEBRUARY 12, 2018

CALL TO ORDER 5:15 P.M., Irvine Ranch Water District
Board of Directors Meeting Room
15600 Sand Canyon Ave., Irvine, Calif.

ROLL CALL Directors Reinhart, LaMar, Swan, Withers and
President Matheis

1. APPROVAL OF MINUTES

Recommendation: Approve the minutes of June 12, 2017 annual meeting.

2. STATE AND FEDERAL EXEMPT ORGANIZATION TAX FILING

Due to tax reporting requirements, it is necessary to approve both the State and Federal forms for 2016 calendar year, beginning July 1, 2016 and ending June 30, 2017. This requirement is also noted in Schedule "O" in Form 990.

Recommendation: Approve both the State and Federal Exempt Organizational Filings for the Water Service Corporation LLC for calendar year 2016.

3. COMMUNICATIONS

4. ADJOURNMENT

NOTICE OF SPECIAL MEETING
OF BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
WATER SERVICE CORPORATION LLC

To: Steve La Mar, Doug Reinhart, John Withers and Peer Swan, Members of the Board of Directors of Water Service Corporation LLC.

Pursuant to the call of the President of the Irvine Ranch Water District Water Service Corporation, notice is hereby given that a Special Meeting of the Board of Directors of Water Service Corporation has been called and will be held on February 12, 2018, at the hour of 5:15 p.m. of said day in the Board of Directors' meeting room of the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California, for the purpose set forth in Exhibit "A" attached hereto and by this reference made a party hereof.

This notice is given in accordance with the bylaws of Water Service Corporation, Inc. and Section 54956 of the California Government Code and Corporate Code Section 5211.

A handwritten signature in cursive script that reads "Mary Aileen Matheis".

Mary Aileen Matheis
President

MINUTES OF ANNUAL MEETING OF THE
IRVINE RANCH WATER DISTRICT
WATER SERVICE CORPORATION

June 12, 2017

The Annual Meeting of the Irvine Ranch Water District (IRWD) Water Service Corporation was called to order by President Matheis at 6:35 p.m. in the Board of Directors meeting room of the principal office of the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California.

Commissioners Present: Swan, LaMar, Withers, and President Matheis

Commissioners Absent: Reinhart

Also present: Treasurer Jacobson, and Secretary Bonkowski of the Irvine Ranch Water District Water Service Corporation, Legal Counsel Smith, and members of the IRWD staff and the public.

APPROVAL OF MINUTES

On MOTION by Withers, seconded and unanimously carried, THE MINUTES OF THE SPECIAL MEETING ON JANUARY 23, 2017 WAS APPROVED AS PRESENTED.

COMMUNICATIONS - None

ADJOURNMENT

There being no further business, President Matheis adjourned the meeting.

Dated: July 12, 2017

Leslie Bonkowski, Secretary

APPROVED and SIGNED this ____ day of _____, ____.

Mary Aileen Matheis, President

APPROVED AS TO FORM:

Legal Counsel, IRWD Water Service Corporation

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.
Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2016 calendar year, or tax year beginning **JUL 1, 2016** and ending **JUN 30, 2017**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite P.O. BOX 57000 City or town, state or province, country, and ZIP or foreign postal code IRVINE, CA 92619 F Name and address of principal officer: CHERYL CLARY SAME AS C ABOVE	D Employer identification number 91-1874346 E Telephone number (949) 453-5300 G Gross receipts \$ 129,563,456. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number
I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c) (4) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: N/A		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation: 1997 M State of legal domicile: CA

Part I Summary			
1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O.			
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
Activities & Governance	3	Number of voting members of the governing body (Part VI, line 1a)	5
	4	Number of independent voting members of the governing body (Part VI, line 1b)	0
	5	Total number of individuals employed in calendar year 2016 (Part V, line 2a)	0
	6	Total number of volunteers (estimate if necessary)	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
	7b	Net unrelated business taxable income from Form 990-T, line 34	0.
	Revenue		
8		Contributions and grants (Part VIII, line 1h)	0. 0.
9		Program service revenue (Part VIII, line 2g)	0. 0.
10		Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,853,000. 5,683,456.
11		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11c)	6,545,000. 123,880,000.
12		Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	9,398,000. 129,563,456.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-4)	0. 0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0. 0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
	16b	Total fundraising expenses (Part IX, column (D), line 25)	0. 0.
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	9,398,000. 129,563,456.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	9,398,000. 129,563,456.	
19	Revenue less expenses. Subtract line 18 from line 12	0. 0.	
Net Assets or Fund Balances			Beginning of Current Year End of Year
	20	Total assets (Part X, line 16)	55,627,000. 124,170,583.
	21	Total liabilities (Part X, line 26)	55,627,000. 124,170,583.
22	Net assets or fund balances. Subtract line 21 from line 20	0. 0.	

Part II Signature Block			
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 officer) is based on all information of which preparer has any knowledge.			
Sign Here	Signature of officer CHERYL CLARY, DIRECTOR OF FINANCE - IRWD Type or print name and title	Date	
Paid Preparer Use Only	Print/Type preparer's name JENNIFER FARR	Preparer's signature	Date
	Firm's name DAVIS FARR LLP	Firm's EIN 47-3535842	Check <input type="checkbox"/> if self-employed PTIN P00743254
	Firm's address 2301 DUPONT DRIVE, SUITE 200 IRVINE, CA 92612	Phone no. 949-474-2020	

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: THE CORPORATION WAS FORMED FOR PURPOSES WHICH INCLUDE THE RENDERING OF FINANCIAL ASSISTANCE TO IRVINE RANCH WATER DISTRICT AND THE ACQUISITION BY PURCHASE OR OTHER MEANS OF WATER COMPANIES OR ANY INTEREST THEREIN FOR THE BENEFIT OF THE DISTRICT. THE ORGANIZATION HAS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ including grants of \$) (Revenue \$) PROVIDED FINANCIAL ASSISTANCE TO IRVINE RANCH WATER DISTRICT.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses

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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>		X
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>		X
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 17? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

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Part IV Checklist of Required Schedules *(continued)*

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization 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)?		X
4b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and does the organization solicit any contributions that were not tax deductible as charitable contributions?		X
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(e)(2)(B).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the sponsoring organization make any taxable distributions under section 4966?		
9b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
13c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		X

Section B. Policies (This Section B requests information about policies not required by Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Were officers, directors, or trustees, and key employees required to disclose personal interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
13	Did the organization have a written whistleblower policy?		X
14	Did the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official		X
15b	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **CA**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: **CHERYL CLARY - 949-453-5300**
15600 SAND CANYON AVENUE, IRVINE, CA 92618

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Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns					
	1 b	Membership dues					
	1 c	Fundraising events					
	1 d	Related organizations					
	1 e	Government grants (contributions)					
	1 f	All other contributions, gifts, grants, and similar amounts not included above					
	g	Noncash contributions included in lines 1a-1f: \$					
	h	Total. Add lines 1a-1f					
Program Service Revenue	2 a						
	2 b						
	2 c						
	2 d						
	2 e						
	2 f	All other program service revenue					
	g	Total. Add lines 2a-2f					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	5,683,456.	5,683,456.			
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	(i) Real	7,135,000.			
			(ii) Personal				
	b	Less: rental expenses	0.				
	c	Rental income or (loss)	7,135,000.				
	d	Net rental income or (loss)	7,135,000.	7,135,000.			
	7 a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
d	Net gain or (loss)						
8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b					
c	Net income or (loss) from fundraising events						
9 a	Gross income from gaming activities. See Part IV, line 19	a					
		b					
c	Net income or (loss) from gaming activities						
10 a	Gross sales of inventory, less returns and allowances	a					
		b					
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a	TAX-EXEMPT BOND PROCEEDS	900099	116,745,000.	116,745,000.			
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		116,745,000.				
12	Total revenue. See instructions.		129,563,456.	129,563,456.	0.	0.	

**IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION**

Form 990 (2016)

91-1874346 Page 10

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	5,683,456.		5,683,456.	
21 Payments to affiliates	74,064,214.		74,064,214.	
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a RETIREMENT OF LT DEBT	49,345,000.		49,345,000.	
b OTHER EXPENDITURES - IS	470,786.		470,786.	
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	129,563,456.	0.	129,563,456.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION

Form 990 (2016)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year	(B) End of year
Assets	1 Cash - non-interest-bearing	1	
	2 Savings and temporary cash investments	2	
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L	6	
	7 Notes and loans receivable, net	7	
	8 Inventories for sale or use	8	
	9 Prepaid expenses and deferred charges	892,000.	2,035,583.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	
	b Less: accumulated depreciation	10b	10c
	11 Investments - publicly traded securities	11	
	12 Investments - other securities. See Part IV, line 11	12	
	13 Investments - program-related. See Part IV, line 11	13	
	14 Intangible assets	14	
	15 Other assets. See Part IV, line 11	54,735,000.	122,135,000.
16 Total assets. Add lines 1 through 15 (must equal line 34)	55,627,000.	124,170,583.	
Liabilities	17 Accounts payable and accrued expenses	17	
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	54,735,000.	122,135,000.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	22	
	23 Secured mortgages and notes payable to unrelated third parties	23	
	24 Unsecured notes and loans payable to unrelated third parties	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	892,000.	2,035,583.
	26 Total liabilities. Add lines 17 through 25	55,627,000.	124,170,583.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	27 Unrestricted net assets	27	
	28 Temporarily restricted net assets	28	
	29 Permanently restricted net assets	29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.		
	30 Capital stock or trust principal, or current funds	0.	0.
	31 Paid-in or capital surplus, or land, building, or equipment fund	0.	0.
	32 Retained earnings, endowment, accumulated income, or other funds	0.	0.
33 Total net assets or fund balances	0.	0.	
34 Total liabilities and net assets/fund balances	55,627,000.	124,170,583.	

Form 990 (2016)

**IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION**

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	129,563,456.
2	Total expenses (must equal Part IX, column (A), line 25)	2	129,563,456.
3	Revenue less expenses. Subtract line 2 from line 1	3	0.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	0.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2016 Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION Employer identification number 91-1874346

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate values, and questions about donor property and grant fund usage.

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Form with multiple sections for conservation easements, including purpose(s), number of easements, acreage, and monitoring details. Includes a table for 'Held at the End of the Tax Year'.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Form with sections for reporting on collections of art and historical treasures, including revenue and asset amounts.

IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items

(check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial amount liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Form XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line g, column (a)) held as:

- a Board designated or quasi-endowment %
- b Permanent endowment %
- c Temporarily restricted endowment %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) 0.

**IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION**

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) INTER-COMPANY ACCOUNT RECEIVABLE - IRWD	122,135,000.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	122,135,000.

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) INTEREST PAYABLE - NOTES	2,035,583.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	2,035,583.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

2016

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
▶ Attach to Form 990.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization **IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION** Employer identification number **91-1874346**

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--------------------------------------------------------------|--------------------------------------------------------------------------|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, receive any payment from the organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified pension or profit-sharing plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2016

IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION

Schedule J (Form 990) 2016

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this p

SCHEDULE J LINE 3

ALL COMPENSATION IS PAID BY IRVINE RANCH WATER DISTRICT. EMPLOYEE

REVIEWS AND COMPENSATION ADJUSTMENTS ARE DONE ACCORDING TO IRVINE RANCH

WATER DISTRICT POLICIES AND PROCEDURES.

DRAFT

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990

Name of the organization **IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION**

Part I Bond Issues					
SEE PART VI FOR COLUMN (F) CONTINUATIONS					
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purp
IRVINE RANCH WATER A DISTRICT SERIES 2016	95-2232918	000000000	10/01/16	116745000.	TO FINANCE CAPITAL IMPRO
B					
C					
D					

Part II Proceeds					
	A		B		
1 Amount of bonds retired					
2 Amount of bonds legally defeased	42,210,000.				
3 Total proceeds of issue	116,745,000.				
4 Gross proceeds in reserve funds					
5 Capitalized interest from proceeds					
6 Proceeds in refunding escrows					
7 Issuance costs from proceeds	470,786.				
8 Credit enhancement from proceeds					
9 Working capital expenditures from proceeds					
10 Capital expenditures from proceeds	74,064,214.				
11 Other spent proceeds					
12 Other unspent proceeds					
13 Year of substantial completion					
	Yes	No	Yes	No	Yes
14 Were the bonds issued as part of a current refunding issue?		X			
15 Were the bonds issued as part of an advance refunding issue?	X				
16 Has the final allocation of proceeds been made?	X				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X				

Part III Private Business Use					
	A		B		
	Yes	No	Yes	No	Yes
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X			
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X			

**IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION**

Schedule K (Form 990) 2016

91-1874346

Part III Private Business Use (Continued)

	A		B		Yes
	Yes	No	Yes	No	
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X			
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?					
c Are there any research agreements that may result in private business use of bond-financed property?		X			
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?					
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government00		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government			%		%
6 Total of lines 4 and 500		%		%
7 Does the bond issue meet the private security or payment test?		X			
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X			
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of					%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?					
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X			

Part IV Arbitrage

	A		B		Yes
	Yes	No	Yes	No	
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X			
2 If "No" to line 1, did the following apply?					
a Rebate not due yet?	X				
b Exception to rebate?		X			
c No rebate due?		X			
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed					
3 Is the bond issue a variable rate issue?		X			
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X			
b Name of provider					
c Term of hedge					
d Was the hedge superintegrated?					
e Was the hedge terminated?					

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2016

Open to Public Inspection

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization

IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION

Employer identification number
91-1874346

FORM 990 PART I LINE 1

THE CORPORATION WAS FORMED FOR PURPOSES WHICH INCLUDE THE RENDERING OF FINANCIAL ASSISTANCE TO IRVINE RANCH WATER DISTRICT AND THE ACQUISITION BY PURCHASE OR OTHER MEANS OF WATER COMPANIES OR ANY INTEREST THEREIN FOR THE BENEFIT OF THE DISTRICT. THE ORGANIZATION HAS FACILITATED TRANSACTIONS NEEDED BY THE DISTRICT FOR THE ACQUISITION OF TWO SMALL WATER SYSTEMS THAT WERE CONSOLIDATED WITH THE DISTRICT.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:
FACILITATED TRANSACTIONS NEEDED BY THE DISTRICT FOR THE ACQUISITION OF TWO SMALL WATER SYSTEMS THAT WERE CONSOLIDATED WITH THE DISTRICT.

FORM 990, PART VI, SECTION B, LINE 11B:
A COPY OF THE ORGANIZATION'S FORM 990 TAX RETURN IS DISTRIBUTED TO THE GOVERNING BOARD OF DIRECTORS FOR APPROVAL PRIOR TO ITS FILING. THIS FORMAL APPROVAL IS DOCUMENTED IN THE MINUTES OF THE BOARD OF DIRECTORS MEETING AND IS A REQUIRED PROCEDURE.

FORM 990, PART VI, SECTION B, LINE 12C:
THE ORGANIZATION HAS A FORMAL CONFLICT OF INTEREST POLICY. THE FIVE IRVINE RANCH WATER DISTRICT BOARD OF DIRECTORS ARE REQUIRED TO BE THE FIVE MEMBERS OF THE CORPORATION'S BOARD OF DIRECTORS. ALL MEMBERS OF THE BOARD OF DIRECTORS OF THE ORGANIZATION ARE REQUIRED TO SIGN THIS CONFLICT OF INTEREST POLICY ON AN ANNUAL BASIS. THE ORGANIZATION MONITORS THIS CONFLICT OF INTEREST POLICY BY ENFORCING ITS IMPLEMENTATION AS POLICY TO MEMBERS OF

Name of the organization IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION

Employer identification number 91-1874346

THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 19:

COPIES OF THE GOVERNING DOCUMENTS, POLICIES AND PROCEDURES AND THE ANNUAL FEDERAL AND STATE EXEMPT TAX RETURNS ARE AVAILABLE TO ALL MEMBERS OF THE ORGANIZATION AS WELL AS TO THE GENERAL PUBLIC UPON A REQUEST MADE TO THE TREASURER OF THE ORGANIZATION.

FORM 990 PART XII LINE 2C

THE AUDIT OVERSIGHT PROCESS HAS NOT CHANGED SINCE THE PRIOR YEAR.

DRAFT

**IRVINE RANCH WATER DISTRICT WATER
SERVICE CORPORATION**

Schedule R (Form 990) 2016

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and trans:

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	Method of
(1) IRVINE RANCH WATER DISTRICT	D	122,135,000.	COST
(2) IRVINE RANCH WATER DISTRICT	B	74,064,214.	COST
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

DRAFT

TAXABLE YEAR
2016

California Exempt Organization Annual Information Return

628941 11-30-16
FORM
199

Calendar Year 2016 or fiscal year beginning (mm/dd/yyyy) **07/01/2016**, and ending (mm/dd/yyyy) **06/30/2017**

Corporation/Organization name
IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION

California corporation number
1906048

Additional information. See instructions.
FEIN
91-1874346

Street address (suite or room)
P.O. BOX 57000

PMB no.

City
IRVINE

State
CA

ZIP code
92619

Foreign country name

Foreign province/state/county

Foreign postal code

A First Return Yes No

B Amended Return Yes No

C IRC Section 4947(a)(1) trust Yes No

D Final Information Return?
 Dissolved Surrendered (Withdrawn) Merged/Reorganized
 Enter date: (mm/dd/yyyy)

E Check accounting method: (1) Cash (2) Accrual (3) Other

F Federal return filed? (1) 990T (2) 990-PF (3) Sch H (990) (4) Other 990 series

G Is this a group filing? See instructions Yes No

H Is this organization in a group exemption? If "Yes," what is the parent's name? Yes No

I Did the organization have any changes to its guidelines not reported to the FTB? See instructions Yes No

J If exempt under R&TC Section 23701d, has the organization engaged in political activities? See instructions. Yes No

K Is the organization exempt under R&TC Section 23701g? If "Yes," enter the gross receipts from nonmember sources \$ Yes No

L If organization is exempt under R&TC Section 23701d and meets the filing requirement, check box. No filing fee is required.

M Is the organization a Limited Liability Company? Yes No

N Did the organization file Form 100 or Form 109 to report taxable income? Yes No

O Is the organization under audit by the IRS or has the IRS audited income in the year? Yes No

P Is a federal return 1023/1024 pending? Yes No

Part I Complete Part I unless not required to file this form. See General Instructions for B and C.

Receipts and Revenues	1 Gross sales or receipts from other sources. From Side 2, Part II, line 1	1	129,563,456.00
	2 Gross dues and assessments from members and affiliates	2	00
	3 Gross contributions, gifts, grants, and similar amounts received Total gross receipts for filing requirement test. Add line 1 through line 3. This line must be completed. If the result is less than \$50,000, see General Instruction B	3	00
	4 Total gross receipts. Add line 1 through line 3	4	129,563,456.00
	5 Cost of goods sold	5	00
	6 Cost or other basis, and sales expenses of assets sold	6	00
	7 Total costs. Add line 5 and line 6	7	00
	8 Total gross income. Subtract line 7 from line 4	8	129,563,456.00
Expenses	9 Total expenses and disbursements. From Side 2, Part II, line 18	9	129,563,456.00
	10 Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	00
Filing Fee	11 Total payments	11	00
	12 Use tax. See General Instruction K	12	00
	13 Payment balance. If line 11 is more than line 12, subtract line 12 from line 11	13	00
	14 Use tax balance. If line 12 is more than line 11, subtract line 11 from line 12	14	00
	15 Filing fee \$10 or \$25. See General Instruction F	15	N/A 00
	16 Penalties and Interest. See General Instruction J	16	00
17 Balance due. Add line 12, line 15, and line 16. Then subtract line 11 from the result	17	00	

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.

Sign Here

Signature of officer **DIRECTOR OF FI** Title Date Telephone

Preparer's signature Date Check if self-employed PTIN **P00743254**

Paid Preparer's Use Only

Firm's name (or yours, if self-employed) and address **DAVIS FARR LLP**
2301 DUPONT DRIVE, SUITE 200
IRVINE, CA 92612

FEIN **47-3535842**
Telephone **949-474-2020**

May the FTB discuss this return with the preparer shown above? See instructions Yes No

IRVINE RANCH WATER DISTRICT WATER SERVICE CORPORATION

91-1874346

628951 11-30-16

Part II Organizations with gross receipts of more than \$50,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information.

SEE PART II SUBSTITUTE ATTACHMENT

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	1	00	
	2	Interest	2	00	
	3	Dividends	3	00	
	4	Gross rents	4	00	
	5	Gross royalties	5	00	
	6	Gross amount received from sale of assets (See Instructions)	6	00	
	7	Other income	7	00	
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	8	00	
	9	Contributions, gifts, grants, and similar amounts paid	9	00	
	10	Disbursements to or for members	10	00	
	11	Compensation of officers, directors, and trustees	11	0.00	
	12	Other salaries and wages	12	00	
	Expenses and Disbursements	13	Interest	13	00
		14	Taxes	14	00
		15	Rents	15	00
		16	Depreciation and depletion (See instructions)	16	00
		17	Other Expenses and Disbursements	17	00
		18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	00

Schedule L Balance Sheet		Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)	
Assets					
1	Cash				•
2	Net accounts receivable				•
3	Net notes receivable				•
4	Inventories				•
5	Federal and state government obligations				•
6	Investments in other bonds				•
7	Investments in stock				•
8	Mortgage loans				•
9	Other investments				•
10	a Depreciable assets				
	b Less accumulated depreciation	()	()		
11	Land				•
12	Other assets				•
13	Total assets				
Liabilities and net worth					
14	Accounts payable				•
15	Contributions, gifts, or grants payable				•
16	Bonds and notes payable				•
17	Mortgages payable				•
18	Other liabilities				•
19	Capital stock or principal fund				•
20	Paid-in or capital surplus. Attach reconciliation				•
21	Retained earnings or income fund				•
22	Total liabilities and net worth				

Schedule M-1 Reconciliation of income per books with income per return					
Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$50,000.					
1	Net income per books	•	7	Income recorded on books this year not included in this return.	•
2	Federal income tax	•	8	Deductions in this return not charged against book income this year	•
3	Excess of capital losses over capital gains	•	9	Total. Add line 7 and line 8	
4	Income not recorded on books this year	•	10	Net income per return.	
5	Expenses recorded on books this year not deducted in this return	•		Subtract line 9 from line 6	
6	Total. Add line 1 through line 5				