

1065

Form Department of the Treasury Internal Revenue Service

U.S. Return of Partnership Income

OMB No. 1545-0123

For calendar year 2015, or tax year beginning JUL 1 2015, ending JUN 30 2016 EXTENSION GRANTED TO 03/15/17

2015

Partnership information including Principal business activity (WATER UTILITIES), Name of partnership (IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC), Employer identification number (26-2446103), and Principal product or service (SALES AND DISTRIBUTION).

Check applicable boxes for return type (Final return checked), accounting method (Accrual checked), and number of Schedules K-1 (2).

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

Table with 22 rows for Income and Deductions. Line 1a: 1,012,822. Line 2: 212,986. Line 3: 799,836. Line 7: 264. Line 8: 800,100. Line 15: 19,334. Line 16a: 174,925. Line 16c: 174,925. Line 21: 194,259. Line 22: 605,841.

Sign Here section with declaration text and signature line for general partner or limited liability company member manager.

Paid Preparer Use Only section with fields for Preparer's name (JENNIFER FARR), Firm's name (DAVIS FARR LLP), Firm's address (2301 DUPONT DRIVE, SUITE 200 IRVINE, CA 92612), and Firm's EIN (47-3535842).

LHA For Paperwork Reduction Act Notice, see separate instructions. Form 1065 (2015)

**Schedule B Other Information**

<b>1</b> What type of entity is filing this return? Check the applicable box:				Yes	No
<b>a</b> <input type="checkbox"/> Domestic general partnership	<b>b</b> <input type="checkbox"/> Domestic limited partnership				
<b>c</b> <input checked="" type="checkbox"/> Domestic limited liability company	<b>d</b> <input type="checkbox"/> Domestic limited liability partnership				
<b>e</b> <input type="checkbox"/> Foreign partnership	<b>f</b> <input type="checkbox"/> Other				
<b>2</b> At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?					X
<b>3</b> At the end of the tax year:					
<b>a</b> Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership				X	
<b>b</b> Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership					X
<b>4</b> At the end of the tax year, did the partnership:					
<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below					X
(i) Name of Corporation		(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock	
<b>b</b> Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X
(i) Name of Entity		(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
<b>5</b> Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details					X
<b>6</b> Does the partnership satisfy <b>all four</b> of the following conditions?					
<b>a</b> The partnership's total receipts for the tax year were less than \$250,000.					
<b>b</b> The partnership's total assets at the end of the tax year were less than \$ 1 million.					
<b>c</b> Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.					
<b>d</b> The partnership is not filing and is not required to file Schedule M-3					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.					
<b>7</b> Is this partnership a publicly traded partnership as defined in section 469(k)(2)?					X
<b>8</b> During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?					X
<b>9</b> Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?					X
<b>10</b> At any time during calendar year 2015, 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? See instructions for details regarding a section 754 election.		X
<b>b</b> Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
<b>c</b> Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
<b>13</b> Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
<b>14</b> At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
<b>15</b> If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions		
<b>16</b> Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership.		X
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return.		
<b>18a</b> Did you make any payments in 2015 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.		

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

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

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

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	605,841.
	2 Net rental real estate income (loss) (attach Form 8825) SEE STATEMENT 2	2	17,044.
	3 a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a 3c		
	4 Guaranteed payments 4		
	5 Interest income SEE STATEMENT 3	5	14,010.
	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		
9 a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) 9a			
	b Collectibles (28%) gain (loss) 9b		
	c Unrecaptured section 1250 gain (attach statement) 9c		
10 Net section 1231 gain (loss) (attach Form 4797) 10			
11 Other income (loss) (see instructions) Type 11			
Deductions	12 Section 179 deduction (attach Form 4562) 12		
	13 a Contributions 13a		
	b Investment interest expense 13b		
	c Section 59(e)(2) expenditures: (1) Type (2) Amount 13c(2)		
d Other deductions (see instructions) Type 13d			
Self-Employment	14 a Net earnings (loss) from self-employment 14a		
	b Gross farming or fishing income 14b		
	c Gross nonfarm income 14c		
Credits	15 a 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		
Foreign Transactions	16 a Name of country or U.S. possession 16a		
	b Gross income from all sources 16b		
	c Gross income sourced at partner level 16c		
	d Foreign gross income sourced at partnership level 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 Accrued 16l		
	m Reduction in taxes available for credit (attach statement) 16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17 a Post-1986 depreciation adjustment 17a		-240.
	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 statement) 17f		
Other Information	18 a Tax-exempt interest income 18a		
	b Other tax-exempt income 18b		
	c Nondeductible expenses 18c		
	19 a Distributions of cash and marketable securities 19a		972,244.
	b Distributions of other property 19b		4,115,674.
	20 a Investment income 20a		14,010.
b Investment expenses 20b			
c Other items and amounts (attach statement)			

**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	<b>636,895.</b>
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					<b>636,895.</b>	

**Schedule L Balance Sheets per Books**

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash				
2a Trade notes and accounts receivable	<b>85,736.</b>			
b Less allowance for bad debts		<b>85,736.</b>		
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)				
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	<b>6,885,205.</b>			
b Less accumulated depreciation	<b>929,010.</b>	<b>5,956,195.</b>		
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		<b>1,350.</b>		
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets		<b>6,043,281.</b>		<b>0.</b>
<b>Liabilities and Capital</b>				
15 Accounts payable		<b>1,440,624.</b>		
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)	<b>STATEMENT 4</b>	<b>6,314.</b>		<b>0.</b>
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more		<b>153,941.</b>		
20 Other liabilities (attach statement)				
21 Partners' capital accounts		<b>4,442,402.</b>		<b>0.</b>
22 Total liabilities and capital		<b>6,043,281.</b>		<b>0.</b>

**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	<b>645,266.</b>	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 payments (other than health insurance)		<b>STMT 6</b>	<b>81.</b>
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	<b>8,290.</b>
b Travel and entertainment \$		8 Add lines 6 and 7	<b>8,371.</b>
5 Add lines 1 through 4	<b>645,266.</b>	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	<b>636,895.</b>

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

1 Balance at beginning of year	<b>4,442,402.</b>	6 Distributions: a Cash	<b>972,244.</b>
2 Capital contributed: a Cash		b Property	<b>4,115,674.</b>
b Property	<b>250.</b>	7 Other decreases (itemize):	
3 Net income (loss) per books	<b>645,266.</b>	8 Add lines 6 and 7	<b>5,087,918.</b>
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	
5 Add lines 1 through 4	<b>5,087,918.</b>		

# Rental Real Estate Income and Expenses of a Partnership or an S Corporation

OMB No. 1545-1186

▶ See instructions on page 2.  
 ▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

<b>Name</b> IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC	<b>Employer identification number</b> 26 2446103
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<b>1</b>	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.			
	Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>		8 - RENTAL PROPERTY	365	0
<b>B</b>				
<b>C</b>				
<b>D</b>				

		<b>Properties</b>			
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Rental Real Estate Income</b>					
<b>2</b> Gross rents	<b>2</b>	27,001.			
<b>Rental Real Estate Expenses</b>					
<b>3</b> Advertising	<b>3</b>				
<b>4</b> Auto and travel	<b>4</b>				
<b>5</b> Cleaning and maintenance	<b>5</b>				
<b>6</b> Commissions	<b>6</b>				
<b>7</b> Insurance	<b>7</b>				
<b>8</b> Legal and other professional fees	<b>8</b>				
<b>9</b> Interest	<b>9</b>				
<b>10</b> Repairs	<b>10</b>				
<b>11</b> Taxes	<b>11</b>				
<b>12</b> Utilities	<b>12</b>				
<b>13</b> Wages and salaries	<b>13</b>				
<b>14</b> Depreciation (see instructions)	<b>14</b>				
<b>15</b> Other (list) ▶ <u>STMT 7</u>	<b>15</b>	9,957.			
<b>16</b> Total expenses for each property. Add lines 3 through 15	<b>16</b>	9,957.			
<b>17</b> Income or (Loss) from each property. Subtract line 16 from line 2	<b>17</b>	17,044.			

<b>18a</b> Total gross rents. Add gross rents from line 2, columns A through H	<b>18a</b>	27,001.
<b>b</b> Total expenses. Add total expenses from line 16, columns A through H	<b>18b</b>	( 9,957.)
<b>19</b> Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	<b>19</b>	
<b>20a</b> Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	<b>20a</b>	
<b>b</b> Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:		
(1) Name	(2) Employer identification number	
_____	_____	
_____	_____	
_____	_____	
<b>21</b> Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on:	<b>21</b>	17,044.

<b>1</b> Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions.			
Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b> .....			
<b>F</b> .....			
<b>G</b> .....			
<b>H</b> .....			

		Properties			
		E	F	G	H
<b>Rental Real Estate Income</b>					
2 Gross rents .....	<b>2</b>				
<b>Rental Real Estate Expenses</b>					
3 Advertising .....	<b>3</b>				
4 Auto and travel .....	<b>4</b>				
5 Cleaning and maintenance .....	<b>5</b>				
6 Commissions .....	<b>6</b>				
7 Insurance .....	<b>7</b>				
8 Legal and other professional fees .....	<b>8</b>				
9 Interest .....	<b>9</b>				
10 Repairs .....	<b>10</b>				
11 Taxes .....	<b>11</b>				
12 Utilities .....	<b>12</b>				
13 Wages and salaries .....	<b>13</b>				
14 Depreciation (see instructions) .....	<b>14</b>				
15 Other (list) ▶ .....	<b>15</b>				
.....					
.....					
16 Total expenses for each property. Add lines 3 through 15 .....	<b>16</b>				
17 Income or (Loss) from each property. Subtract line 16 from line 2 .....	<b>17</b>				

**Allowable Codes for Type of Property**

- 1 - Single Family Residence
- 2 - Multi-Family Residence
- 3 - Vacation or Short-Term Rental
- 4 - Commercial
- 5 - Land
- 6 - Royalties
- 7 - Self-Rental
- 8 - Other (include description with the code on Form 8825 or on a separate statement)

JWA

# Cost of Goods Sold

(Rev. December 2012)

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**

OMB No. 1545-2225

Department of the Treasury  
Internal Revenue Service

▶ **Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name **IRVINE RANCH WATER DISTRICT  
WATER SERVICE COMPANY II, LLC**

Employer identification number  
**26-2446103**

<b>1</b>	Inventory at beginning of year .....	<b>1</b>	
<b>2</b>	Purchases .....	<b>2</b>	<b>212,986.</b>
<b>3</b>	Cost of labor .....	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach schedule) .....	<b>4</b>	
<b>5</b>	Other costs (attach schedule) .....	<b>5</b>	
<b>6</b>	<b>Total.</b> Add lines 1 through 5 .....	<b>6</b>	<b>212,986.</b>
<b>7</b>	Inventory at end of year .....	<b>7</b>	
<b>8</b>	<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>	<b>212,986.</b>

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

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

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

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

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

**e** If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? .....  Yes  No

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

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

Form **1125-A** (Rev. 12-2012)



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

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

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
IRVINE RANCH WATER DISTRICT	95-2232918	TAX-EXEMPT	UNITED STATES	99.00

**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

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

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

**Depreciation and Amortization**  
(Including Information on Listed Property) OTHER 1

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.

▶ Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).

Name(s) shown on return <b>IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC</b>	Business or activity to which this form relates	Identifying number <b>26-2446103</b>
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**Part I Election To Expense Certain Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12	13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	<b>174,228.</b>

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	<b>697.</b>
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

**Section B - Assets Placed in Service During 2015 Tax Year Using the General Depreciation System**

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

**Section C - Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System**

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

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

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	<b>174,925.</b>
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost. Includes rows 25-29.

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table with 6 columns: (a) Vehicle, (b) Vehicle, (c) Vehicle, (d) Vehicle, (e) Vehicle, (f) Vehicle. Includes rows 30-36.

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

Table with 2 columns: Yes, No. Includes rows 37-41.

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year. Includes rows 42-44.

2015 DEPRECIATION AND AMORTIZATION REPORT

OTHER 1

Asset No.	Description	Date Acquired	Method	Life	Conv	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
3	PIPELINES AND DISTRIBUTION	06/01/08	SL	39.00		MM16	330,376.				330,376.	330,376.		0.	330,376.
4	OPA DELIVERY SYSTEM	06/01/08	SL	15.00		16	97,970.				97,970.	97,970.		0.	97,970.
5	OPA PIPELINES AND DIST.	06/30/10	SL	40.00		MM16	200,749.				200,749.	25,095.		5,019.	30,114.
6	OPA LOMITA MAIN REPLACE.	06/30/10	SL	50.00		MM16	32,087.				32,087.	3,210.		642.	3,852.
7	OPA HILLSIDE MAIN REP.	06/30/10	SL	75.00		16	54,776.				54,776.	3,650.		730.	4,380.
8	OPA FRANK ST DIP MAIN	06/30/10	SL	30.00		16	1,396.				1,396.	235.		47.	282.
9	OPA 16" STEEL PIPE BYPASS	06/30/10	SL	40.00		MM16	94.				94.	10.		2.	12.
10	OPA HILLSIDE 6" MAIN REP.	06/30/10	SL	3.00		16	170.				170.	164.		0.	164.
11	OPA HILLSIDE MAIN REP.	06/30/10	SL	50.00		MM16	56,022.				56,022.	5,600.		1,120.	6,720.
12	OPA FRANK ST RELOC.	06/30/10	SL	5.00		16	819.				819.	799.		0.	799.
13	OPA LOMITA LINE REPLACE.	06/30/10	SL	30.00		16	3,954.				3,954.	660.		132.	792.
14	POTABLE PIPELINE	06/30/11	SL	40.00		MM16	48,293.				48,293.	4,878.		1,207.	6,085.
15	POTABLE PIPELINE	06/30/11	SL	40.00		MM16	68,686.				68,686.	6,939.		1,717.	8,656.
16	POTABLE PIPELINE	06/30/11	SL	10.00		16	460.				460.	190.		46.	236.
17	GP ASSET FUNDED BY UP	06/30/11	SL	20.00		16	11,925.				11,925.	2,459.		596.	3,055.
18	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00		MM16	167,389.				167,389.	12,555.		4,185.	16,740.
19	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00		MM16	3,106.				3,106.	234.		78.	312.
20	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00		MM16	16,086.				16,086.	1,206.		402.	1,608.

2015 DEPRECIATION AND AMORTIZATION REPORT

OTHER 1

Asset No.	Description	Date Acquired	Method	Life	Conv	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
21	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00	MM	16	62,070.				62,070.	4,656.		1,552.	6,208.
22	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00	MM	16	332,672.				332,672.	24,951.		8,317.	33,268.
23	POTABLE POND IMPROVEMENT	06/30/12	SL	40.00	MM	16	641,211.				641,211.	48,090.		16,030.	64,120.
24	POTABLE POND IMPROVEMENT	06/30/12	SL	30.00		16	622,039.				622,039.	62,205.		20,735.	82,940.
25	POTABLE POND IMPROVEMENT	06/30/13	SL	30.00		16	777,296.				777,296.	51,820.		25,910.	77,730.
26	POTABLE POND IMPROVEMENT	12/31/13	SL	40.00	MM	16	3,114,902.				3,114,902.	116,809.		77,873.	194,682.
27	LAND IMPROVEMENTS	05/31/14	SL	10.00		16	13,130.				13,130.	1,422.		1,313.	2,735.
	* OTHER TOTAL OTHER						6,657,678.				6,657,678.	806,183.		167,653.	973,836.
	BUILDINGS														
1	PUMP STATIONS	06/01/08	SL	39.00	MM	16	128,858.				128,858.	76,191.		3,304.	79,495.
	* OTHER TOTAL BUILDINGS						128,858.				128,858.	76,191.		3,304.	79,495.
	FURNITURE & FIXTURES														
2	OFFICE EQUIPMENT	05/31/12	200DB	7.00	HY	17	6,945.				6,945.	4,504.		697.	5,201.
	* OTHER TOTAL FURNITURE & FIXTURES						6,945.				6,945.	4,504.		697.	5,201.
	MACHINERY & EQUIPMENT														
29	OPA MOTOR EQUIPMENT	06/01/08	SL	10.00		16	11,309.				11,309.	11,309.		0.	11,309.
30	OPA TRUCK	06/01/08	SL	7.00		16	12,716.				12,716.	12,716.		0.	12,716.
31	OFFICE EQUIPMENT	06/01/08	SL	5.00		16	14,004.				14,004.	14,004.		0.	14,004.

2015 DEPRECIATION AND AMORTIZATION REPORT

OTHER 1

Asset No.	Description	Date Acquired	Method	Life	Conv	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
32	COMPUTER EQUIPMENT	06/01/08	SL	3.00		16	5,967.				5,967.	5,967.		0.	5,967.
33	OPA-BOOSTER PUMP STA. IMP	06/30/10	SL	30.00		16	20,496.				20,496.	3,415.		683.	4,098.
34	WATER PUMP	06/30/12	SL	10.00		16	25,182.				25,182.	7,554.		2,518.	10,072.
35	MISC FORKLIFT EQUIPMENT	06/30/13	SL	10.00		16	700.				700.	149.		70.	219.
	* OTHER TOTAL MACHINERY & EQUIPMENT						90,374.				90,374.	55,114.		3,271.	58,385.
	LAND														
28	OPA LAND	06/01/08	L				1,350.				1,350.			0.	
	* OTHER TOTAL LAND						1,350.				1,350.	0.		0.	0.
	* GRAND TOTAL OTHER DEPRECIATION						6,885,205.				6,885,205.	941,992.		174,925.	1,116,917.

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

Asset No.	Description	Date Acquired	AMT Method	AMT Life	AMT Cost Or Basis	AMT Accumulated	Regular Depreciation	AMT Depreciation	AMT Adjustment
5	OPA PIPELINES AND DIST.	063010		40.00	200,749.	5,019.	5,019.	5,019.	0.
6	OPA LOMITA MAIN REPLACE.	063010		50.00	32,087.	642.	642.	642.	0.
7	OPA HILLSIDE MAIN REP.	063010		75.00	54,776.	730.	730.	730.	0.
8	OPA FRANK ST DIP MAIN	063010		30.00	1,396.	47.	47.	47.	0.
9	OPA 16" STEEL PIPE BYPASS	063010		40.00	94.	2.	2.	2.	0.
11	OPA HILLSIDE MAIN REP.	063010		50.00	56,022.	1,120.	1,120.	1,120.	0.
13	OPA LOMITA LINE REPLACE.	063010		30.00	3,954.	132.	132.	132.	0.
14	POTABLE PIPELINE	063011		39.00	48,293.	5,004.	1,207.	1,207.	0.
15	POTABLE PIPELINE	063011		39.00	68,686.	7,117.	1,717.	1,717.	0.
16	POTABLE PIPELINE	063011		10.00	460.	190.	46.	46.	0.
17	GP ASSET FUNDED BY UP	063011		20.00	11,925.	2,459.	596.	596.	0.
18	POTABLE POND IMPROVEMENT	063012		40.00	167,389.	4,185.	4,185.	4,185.	0.
19	POTABLE POND IMPROVEMENT	063012		40.00	3,106.	78.	78.	78.	0.
20	POTABLE POND IMPROVEMENT	063012		40.00	16,086.	402.	402.	402.	0.
21	POTABLE POND IMPROVEMENT	063012		40.00	62,070.	1,552.	1,552.	1,552.	0.
22	POTABLE POND IMPROVEMENT	063012		40.00	332,672.	8,317.	8,317.	8,317.	0.
23	POTABLE POND IMPROVEMENT	063012		40.00	641,211.	16,030.	16,030.	16,030.	0.
24	POTABLE POND IMPROVEMENT	063012		30.00	622,039.	20,735.	20,735.	20,735.	0.
25	POTABLE POND IMPROVEMENT	063013		30.00	777,296.	25,910.	25,910.	25,910.	0.
26	POTABLE POND IMPROVEMENT	123113		40.00	3,114,902.	77,873.	77,873.	77,873.	0.
27	LAND IMPROVEMENTS	053114		10.00	13,130.	1,313.	1,313.	1,313.	0.
1	PUMP STATIONS	060108		39.00	128,858.	23,266.	3,304.	3,304.	0.
2	OFFICE EQUIPMENT	053112	150DB	7.00	6,945.	3,666.	697.	937.	-240.
33	OPA-BOOSTER PUMP STA. IMP	063010		30.00	20,496.	683.	683.	683.	0.
34	WATER PUMP	063012		10.00	25,182.	2,518.	2,518.	2,518.	0.
35	MISC FORKLIFT EQUIPMENT	063013		10.00	700.	149.	70.	70.	0.
	TOTALS				6,410,524.	209,139.	174,925.	175,165.	-240.
	MACRS AMT ADJUSTMENT							-240.	

FORM 1065

OTHER INCOME

STATEMENT 1

DESCRIPTION	AMOUNT
OTHER NON-OPERATING REVENUE	264.
RATE DIFFERENTIAL REVENUE	
UNREALIZED GAIN ON SECURITIES	
TOTAL TO FORM 1065, LINE 7	264.

SCHEDULE K NET INCOME (LOSS) FROM RENTAL REAL ESTATE STATEMENT 2

DESCRIPTION	AMOUNT
RENTAL PROPERTY	17,044.
TOTAL TO SCHEDULE K, LINE 2	17,044.

SCHEDULE K INTEREST INCOME STATEMENT 3

DESCRIPTION	U.S. BONDS	OTHER
INTEREST REVENUE		14,010.
TOTAL TO SCHEDULE K, LINE 5		14,010.

SCHEDULE L OTHER CURRENT LIABILITIES STATEMENT 4

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
INTEREST PAYABLE	1,224.	
SECURITY DEPOSITS - REAL ESTATE	5,090.	0.
TOTAL TO SCHEDULE L, LINE 17	6,314.	0.



FORM 1065

PARTNERS' CAPITAL ACCOUNT SUMMARY

STATEMENT 5

PARTNER NUMBER	BEGINNING CAPITAL	CAPITAL CONTRIBUTED	SCHEDULE M-2 LNS 3, 4 & 7	WITH- DRAWALS	ENDING CAPITAL
1	4,397,749.	247.	638,814.	5,036,810.	0.
2	44,653.	3.	6,452.	51,108.	0.
TOTAL	<u>4,442,402.</u>	<u>250.</u>	<u>645,266.</u>	<u>5,087,918.</u>	<u>0.</u>

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SCHEDULE M-1      INCOME RECORDED ON BOOKS NOT INCLUDED ON RETURN      STATEMENT 6

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DESCRIPTION	AMOUNT
UNREALIZED GAINS/LOSSES	81.
TOTAL TO SCHEDULE M-1, LINE 6	81.

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OTHER RENTAL EXPENSES      STATEMENT 7

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PROPERTY: RENTAL PROPERTY  
 LOCATION:

DESCRIPTION	AMOUNT
MISC RENTAL EXPENSES	9,957.
TOTAL TO RENTAL SCHEDULE, LINE 15	9,957.

Schedule K-1 (Form 1065)

2015

[X] Final K-1 [ ] Amended K-1 OMB No. 1545-0123

Department of the Treasury Internal Revenue Service

For calendar year 2015, or tax year beginning JULY 1, 2015 ending JUNE 30, 2016

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

Part I Information About the Partnership
Part II Information About the Partner
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)
E Partner's identifying number 95-2232918
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT PO BOX 57000 IRVINE, CA 92619-7000
G [X] General partner or LLC member-manager [ ] Limited partner or other LLC member
H [X] Domestic partner [ ] Foreign partner
I1 What type of entity is this partner? EXEMPT ORGANIZATION
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here [ ]
J Partner's share of profit, loss, and capital:
Beginning Ending
Profit 99.0000000% 99.0000000%
Loss 99.0000000% 99.0000000%
Capital 99.0000000% 99.0000000%
K Partner's share of liabilities at year end:
Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$ 0.
L Partner's capital account analysis:
Beginning capital account \$ 4,397,749.
Capital contributed during the year \$ 247.
Current year increase (decrease) \$ 638,814.
Withdrawals & distributions \$(5,036,810.)
Ending capital account \$ 0.
[X] Tax basis [ ] GAAP [ ] Section 704(b) book
[ ] Other (explain)
M Did the partner contribute property with a built-in gain or loss?
[ ] Yes [X] No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items
1 Ordinary business income (loss) 599,783.
2 Net rental real estate income (loss) 16,874.
3 Other net rental income (loss)
4 Guaranteed payments
5 Interest income 13,870.
6a Ordinary dividends
6b Qualified dividends
7 Royalties
8 Net short-term capital gain (loss)
9a Net long-term capital gain (loss)
9b Collectibles (28%) gain (loss)
9c Unrecaptured sec 1250 gain
10 Net section 1231 gain (loss)
11 Other income (loss)
12 Section 179 deduction
13 Other deductions
14 Self-employment earnings (loss)
15 Credits
16 Foreign transactions
17 Alternative min tax (AMT) items A -238.
18 Tax-exempt income and nondeductible expenses
19 Distributions A 962,522. C 4,074,288.
20 Other information A 13,870.

\*See attached statement for additional information.
For IRS Use Only

## Schedule of Activities

For calendar year 2015, or tax year beginning JUL 1, 2015, and ending JUN 30, 2016.

<b>IRVINE RANCH WATER DISTRICT</b>	
Name: <b>WATER SERVICE COMPANY II, LLC</b>	I.D. Number: <u>26-2446103</u>
For: <b>IRVINE RANCH WATER DISTRICT</b>	<u>95-2232918</u>

Description of Activity	Activity Number	100% Disposed	Publicly Traded Partnership	Type Code *	Description
	1			8	<b>RENTAL PROPERTY</b>

	Activity - 1	Activity -	Activity -
Ordinary business income (loss) .....			
Net rental real estate income (loss) .....	16,874.		
Other net rental income (loss) .....			
Interest income .....			
Dividends - Ordinary dividends .....			
- Qualified dividends .....			
Royalties .....			
Net short-term capital gain (loss) .....			
Net long-term capital gain (loss) .....			
- Collectibles (28%) gain (loss) .....			
- Unrecaptured Section 1250 gain .....			
Net section 1231 gain (loss) .....			
Other portfolio income .....			
Section 1256 contracts and straddles .....			
Other income .....			
Section 179 deduction .....			
Charitable contributions .....			
Portfolio deductions .....			
Investment interest expense .....			
Section 59(e)(2) expenditures .....			
Other deductions .....			
Net earnings from self-employment .....			
Gross farming or fishing income .....			
Gross nonfarm income .....			
LIH credit - Section 42(j)(5) partnerships .....			
- Other .....			
Qualified rehabilitation expenditures related to rental real estate .....			
Other rental credits .....			
Credits related to other rental activities .....			
Recapture of LIH credit - Section 42(j)(5) partnerships .....			
- Other .....			
Other credits .....			
Post-1986 depreciation adjustment .....			
Adjusted gain or loss .....			
Portion of adjusted gain/loss allocable to short-term gain/loss .....			
Portion of adjusted gain/loss allocable to long-term gain/loss .....			
Portion of adjusted gain/loss allocable to section 1231 gain/loss .....			
Depletion (other than oil and gas) .....			
Oil, gas and geothermal properties - gross income .....			
Oil, gas and geothermal properties - deductions .....			
Other AMT items .....			
Investment income .....			
Investment expenses .....			

- \* 1 - Single Family Residence      5 - Land
- 2 - Multi-Family Residence      6 - Royalties
- 3 - Vacation or Short-Term Rental    7 - Self-Rental
- 4 - Commercial                    8 - Other

Schedule K-1  
(Form 1065)

**2015**

Final K-1  Amended K-1 OMB No. 1545-0123

Department of the Treasury  
Internal Revenue Service

For calendar year 2015, or tax  
year beginning JULY 1, 2015  
ending JUNE 30, 2016

**Partner's Share of Income, Deductions,  
Credits, etc.**

▶ See separate instructions.

<b>Part I Information About the Partnership</b>	
A Partnership's employer identification number <b>26-2446103</b>	
B Partnership's name, address, city, state, and ZIP code <b>IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC PO BOX 57000 IRVINE, CA 92619-7000</b>	
C IRS Center where partnership filed return <b>E-FILE</b>	
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
<b>Part II Information About the Partner</b>	
E Partner's identifying number <b>91-1874346</b>	
F Partner's name, address, city, state, and ZIP code <b>IRVINE RANCH WATER DISTRICT PO BOX 57000 IRVINE, CA 92619-7000</b>	
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
I1 What type of entity is this partner? <b>EXEMPT ORGANIZATION</b>	
I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here <input type="checkbox"/>	
J Partner's share of profit, loss, and capital:	
<b>Beginning</b>	<b>Ending</b>
Profit <b>1.0000000 %</b>	<b>1.0000000 %</b>
Loss <b>1.0000000 %</b>	<b>1.0000000 %</b>
Capital <b>1.0000000 %</b>	<b>1.0000000 %</b>
K Partner's share of liabilities at year end:	
Nonrecourse .....	\$ _____
Qualified nonrecourse financing .....	\$ _____
Recourse .....	\$ <b>0.</b>
L Partner's capital account analysis:	
Beginning capital account .....	\$ <b>44,653.</b>
Capital contributed during the year .....	\$ <b>3.</b>
Current year increase (decrease) .....	\$ <b>6,452.</b>
Withdrawals & distributions .....	\$ <b>(51,108.)</b>
Ending capital account .....	\$ <b>0.</b>
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)	
M Did the partner contribute property with a built-in gain or loss? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach statement (see instructions)	

<b>Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items</b>	
1 Ordinary business income (loss) <b>6,058.</b>	15 Credits
2 Net rental real estate income (loss) <b>170.</b>	16 Foreign transactions
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income <b>140.</b>	
6a Ordinary dividends	17 Alternative min tax (AMT) items
6b Qualified dividends	<b>A -2.</b>
7 Royalties	18 Tax-exempt income and nondeductible expenses
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions
9c Unrecaptured sec 1250 gain	<b>A 9,722.</b>
10 Net section 1231 gain (loss)	<b>C 41,386.</b>
11 Other income (loss)	20 Other information
	<b>A 140.</b>
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	

\*See attached statement for additional information.

For IRS Use Only

## Schedule of Activities

For calendar year 2015, or tax year beginning JUL 1, 2015, and ending JUN 30, 2016.

<b>IRVINE RANCH WATER DISTRICT</b>	
Name: <b>WATER SERVICE COMPANY II, LLC</b>	I.D. Number: <b>26-2446103</b>
For: <b>IRVINE RANCH WATER DISTRICT</b>	<b>91-1874346</b>

Description of Activity	Activity Number	100% Disposed	Publicly Traded Partnership	Type Code *	Description
	1			8	<b>RENTAL PROPERTY</b>

	Activity - 1	Activity -	Activity -
Ordinary business income (loss) .....			
Net rental real estate income (loss) .....	170.		
Other net rental income (loss) .....			
Interest income .....			
Dividends - Ordinary dividends .....			
- Qualified dividends .....			
Royalties .....			
Net short-term capital gain (loss) .....			
Net long-term capital gain (loss) .....			
- Collectibles (28%) gain (loss) .....			
- Unrecaptured Section 1250 gain .....			
Net section 1231 gain (loss) .....			
Other portfolio income .....			
Section 1256 contracts and straddles .....			
Other income .....			
Section 179 deduction .....			
Charitable contributions .....			
Portfolio deductions .....			
Investment interest expense .....			
Section 59(e)(2) expenditures .....			
Other deductions .....			
Net earnings from self-employment .....			
Gross farming or fishing income .....			
Gross nonfarm income .....			
LIH credit - Section 42(j)(5) partnerships .....			
- Other .....			
Qualified rehabilitation expenditures related to rental real estate .....			
Other rental credits .....			
Credits related to other rental activities .....			
Recapture of LIH credit - Section 42(j)(5) partnerships .....			
- Other .....			
Other credits .....			
Post-1986 depreciation adjustment .....			
Adjusted gain or loss .....			
Portion of adjusted gain/loss allocable to short-term gain/loss .....			
Portion of adjusted gain/loss allocable to long-term gain/loss .....			
Portion of adjusted gain/loss allocable to section 1231 gain/loss .....			
Depletion (other than oil and gas) .....			
Oil, gas and geothermal properties - gross income .....			
Oil, gas and geothermal properties - deductions .....			
Other AMT items .....			
Investment income .....			
Investment expenses .....			

- \* 1 - Single Family Residence      5 - Land
- 2 - Multi-Family Residence      6 - Royalties
- 3 - Vacation or Short-Term Rental   7 - Self-Rental
- 4 - Commercial                      8 - Other

**Limited Liability Company  
Return of Income**

200803210250 IRVI 26-2446103 15 PBA 221300  
 TYB 07-01-2015 TYE 06-30-2016  
 IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II LLC

PO BOX 57000  
 IRVINE CA 92619-7000

ACCTMETHOD 2 04-21-2007 ASSETS 0.  
 INITIAL 0 FINAL 1 AMENDED 0

- J** (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.)**

		Whole dollars only	
Complete Schedule IW, LLC Income Worksheet (on Side 7) first to determine Line 1.			
Enclose, but do not staple, any payment.	<b>1</b> Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions	<b>1</b>	1,054,097.00
	<b>2</b> Limited Liability Company fee. See instructions	<b>2</b>	6,000.00
	<b>3</b> 2015 annual Limited Liability Company tax. See instructions	<b>3</b>	800.00
	<b>4</b> Nonconsenting nonresident members' tax liability from Schedule T (Side 4)	<b>4</b>	00
	<b>5 Total tax and fee.</b> Add line 2, line 3, and line 4	<b>5</b>	6,800.00
	<b>6</b> Amount paid with form FTB 3537 and 2015 form FTB 3522 and form FTB 3536 <b>STATEMENT 1</b>	<b>6</b>	6,800.00
	<b>7</b> Overpayment from prior year allowed as a credit	<b>7</b>	00
	<b>8</b> Withholding (Form 592-B and/or 593)	<b>8</b>	00
	<b>9 Total payments.</b> Add line 6, line 7, and line 8	<b>9</b>	6,800.00
	<b>10 Use Tax. This is not a total line.</b> See instructions	<b>10</b>	00
	<b>11</b> Payments balance. If line 9 is more than line 10, subtract line 10 from line 9	<b>11</b>	6,800.00
	<b>12 Use Tax balance.</b> If line 10 is more than line 9, subtract line 9 from line 10	<b>12</b>	00

		Whole Dollars Only	
<b>13</b>	<b>Tax and fee due.</b> If line 5 is more than line 11, subtract line 11 from line 5 .....	<b>13</b>	00
<b>14</b>	<b>Overpayment.</b> If line 11 is more than line 5, subtract line 5 from line 11 .....	<b>14</b>	00
<b>15</b>	Amount of line 14 to be credited to 2016 tax or fee .....	<b>15</b>	00
<b>16</b>	<b>Refund.</b> If the total of line 15 is less than line 14, subtract the total from line 14 .....	<b>16</b>	00
<b>17</b>	Penalties and interest. See instructions .....	<b>17</b>	0 . 00
<b>18</b>	<b>Total amount due.</b> Add line 12, line 13, line 15, and line 17, then subtract line 14 from the result .....	<b>18</b>	0 . 00

- K** 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
- L** Is this LLC an investment partnership? See General Information O .....  Yes  No
- M** (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
- N** 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
- 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
- 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.

(continued on Side 3)



(continued from Side 2)

**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  00

**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  Return filed with the FTB by the Owner

Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.

Signature  Date  (1) Form 540  (5) Form 541

**Sign Here** To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for privacy notice. To request this notice by mail, call 800.852.5711. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of authorized member or manager  Date Telephone  Authorized member or manager's email address (optional)

**Paid Preparer's Use Only** Paid preparer's signature  Date Check if  self-employed PTIN  P00743254

Firm's name (or yours, if self-employed) **DAVIS FARR LLP** FEIN  47-3535842 and address  2301 DUPONT DRIVE, SUITE 200 Telephone  949-474-2020  IRVINE, CA 92612

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

**Schedule A Cost of Goods Sold**

1	Inventory at beginning of year	1	00
2	Purchases less cost of items withdrawn for personal use	2	212,986.00
3	Cost of labor	3	00
4	Additional IRC Section 263A costs. Attach schedule	4	00
5	Other costs. Attach schedule	5	00
6	<b>Total.</b> Add line 1 through line 5	6	212,986.00
7	Inventory at end of year	7	00
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Schedule B, line 2	8	212,986.00

9 a Check all methods used for valuing closing inventory:  
 (1)  Cost (2)  Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3)  Write down of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (4)  Other. Specify method used and attach explanation \_\_\_\_\_  
 b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970   
 c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC?  Yes  No  
 d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

**Schedule B Income and Deductions**

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

Income	1	a Gross receipts or sales \$ <u>1,012,822.</u> b Less returns and allowances \$ _____ c Balance	1c	1,012,822.00
	2	Cost of goods sold (Schedule A, line 8)	2	212,986.00
	3	GROSS PROFIT. Subtract line 2 from line 1c	3	799,836.00
	4	Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule	4	00
	5	Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule	5	00
	6	Total farm profit. Attach federal Schedule F (Form 1040)	6	00
	7	Total farm loss. Attach federal Schedule F (Form 1040)	7	00
	8	Total gains included on Schedule D-1, Part II, line 17 (gain only)	8	00
	9	Total losses included on Schedule D-1, Part II, line 17 (loss only)	9	00
	10	Other income. Attach schedule <b>SEE STATEMENT 2</b>	10	264.00
	11	Other loss. Attach schedule	11	00
	12	<b>Total income (loss).</b> Combine line 3 through line 11	12	800,100.00
Deductions	13	Salaries and wages (other than to members)	13	00
	14	Guaranteed payments to members	14	00
	15	Bad debts	15	00
	16	Deductible interest expense not claimed elsewhere on return	16	19,334.00
	17	a Depreciation and amortization. Att form FTB 3885L \$ <u>174,925.</u> b Less depreciation reported on Sch A and elsewhere on return \$ _____ c Balance	17c	174,925.00
	18	Depletion. Do not deduct oil and gas depletion	18	00
	19	Retirement plans, etc.	19	00
	20	Employee benefit programs	20	00
	21	Other deductions. Attach schedule	21	00
	22	<b>Total deductions.</b> Add line 13 through line 21	22	194,259.00
	23	Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12	23	605,841.00

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

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

Total the amount of tax due. Enter the total here and on Side 1, line 4. If less than zero enter -0- 00

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

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law		
Income (Loss)	1	Ordinary income (loss) from trade or business activities .....	1 • 605,841.		• 605,841.		
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825 .....	2 17,044.		• 17,044.		
	3 a	Gross income (loss) from other rental activities .....	3a		•		
	b	Less expenses. Attach schedule .....	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 SEE STATEMENT 4 .....	5 14,010.		• 14,010.		
	6	Dividends .....	6		•		
	7	Royalties .....	7		•		
	8	Net short-term capital gain (loss). Attach Schedule D (568) .....	8		•		
	9	Net long-term capital gain (loss). Attach Schedule D (568) .....	9		•		
	10 a	Total Gain under IRC Section 1231 (other than due to casualty or theft) .....	10a		•		
	b	Total Loss under IRC Section 1231 (other than due to casualty or theft) .....	10b		•		
11 a	Other portfolio income (loss). Attach schedule .....	11a		•			
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				
	13 a	Charitable contributions. Attach schedule .....	13a				
	b	Investment interest expense .....	13b		•		
	c 1	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	15 a	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 (AMT) Items	17 a	Depreciation adjustment on property placed in service after 1986 .....	17a -240.	-17,712.	-17,952.		
	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				
Other Information	18 a	Tax-exempt interest income .....	18a				
	b	Other tax-exempt income .....	18b		•		
	c	Nondeductible expenses .....	18c				
	19 a	Distributions of money (cash and marketable securities) .....	19a 972,244.		• 972,244.		
	b	Distribution of property other than money .....	19b 4,115,674.		• 4,115,674.		
	20 a	Investment income .....	20a 14,010.		14,010.		
b	Investment expenses .....	20b					
c	Other information. See instructions STMT 5 .....	20c					
Analysis	21 a	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 636,895.		• 636,895.		
	b	Analysis of members: Members	(a) Corporate	(b) Individual i. Active ii. Passive	(c) Partnership	(d) Exempt Organization	(e) Nominee/Other
					636,895.		

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

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable	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 schedule				•
7 Mortgage and real estate loans				
8 Other investments. Attach schedule				•
9 a Buildings and other depreciable assets	6,885,205.			
b Less accumulated depreciation	( 929,010.)	5,956,195.	( )	•
10 a Depletable assets				
b Less accumulated depletion	( )		( )	
11 Land (net of any amortization)		1,350.		•
12 a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
13 Other assets. Attach schedule				•
14 Total assets		6,043,281.		0.
<b>Liabilities and Capital</b>				
15 Accounts payable		1,440,624.		•
16 Mortgages, notes, bonds payable in less than 1 year				•
17 Other current liabilities. Attach schedule	STATEMENT 7	6,314.		
18 All nonrecourse loans		•		•
19 Mortgages, notes, bonds payable in 1 year or more		153,941.		•
20 Other liabilities. Attach schedule				•
21 Members' capital accounts		4,442,402.		0.
22 Total liabilities and capital		6,043,281.		0.

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

1 Net income (loss) per books	645,266.	6	Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c, not recorded on books this year. Itemize	•	a	Tax-exempt interest ... \$	
3 Guaranteed payments (other than health insurance)		b	Other <b>STMT 6</b> \$ 81.	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		c	Total. Add line 6a and line 6b	81.
a Depreciation	\$	7	Deductions included on Schedule K, line 1 through line 13e, not charged against book income this year. Itemize:	
b Travel and entertainment	\$	a	Depreciation ... \$ 8,290.	
c Annual LLC tax	\$	b	Other	\$
d Other	\$	c	Total. Add line 7a and line 7b	8,290.
e Total. Add line 4a through 4d	•	8	Total. Add line 6c and line 7c	8,371.
5 Total of line 1 through line 4e	645,266.	9	Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5	636,895.

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

1 Balance at beginning of year	4,442,402.	5	Total of line 1 through line 4	5,087,918.
2 Capital contributed during year		6	Distributions: a Cash	972,244.
a Cash	•	b	Property	4,115,674.
b Property	250.	7	Other decreases. Itemize	•
3 Net income (loss) per books	645,266.	8	Total of line 6 and line 7	5,087,918.
4 Other increases. Itemize	•	9	Balance at end of year. Subtract line 8 from line 5	0.

**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 identification number(s) FEIN \_\_\_\_\_ SSN or ITIN \_\_\_\_\_ Corporation \_\_\_\_\_ 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.** If your business is both within and outside of California, see Schedule IW instructions to assign the correct amounts to California. If the LLC is wholly within California, the total income amount is assigned to California and is entered beginning with line 1a. If the single member LLC (SMLLC) does not meet the 3 million criteria for filing Schedule B (568) and Schedule K (568), the SMLLC is still required to complete Schedule IW. Disregarded entities that do not meet the filing requirements to complete Schedule B or Schedule K should prepare Schedule IW by entering the California amounts attributable to the disregarded entity from the member's federal Schedule B, C, D, E, F (Form 1040), or additional schedules associated with other activities. **Do not enter amounts on this worksheet that have already been reported by another LLC to determine its fee.**

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

1	a	Total California income from Form 568, Schedule B, line 3. See instructions	1a	<u>799,836.00</u>
	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	<u>212,986.00</u>
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 in lines 1 and 8 through 16	2a	<u>00</u>
	b	Enter the cost of goods sold of disregarded entities associated with the receipts assigned to California on line 2a	2b	<u>00</u>
3	a	LLC's distributive share of ordinary income from pass-through entities	3a	<u>00</u>
	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	<u>00</u>
	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	<u>00</u>
4		Add gross farm income from federal Schedule F (Form 1040). Use California amounts	4	<u>00</u>
5		Enter the total of other income (not loss) from Form 568, Schedule B, line 10	5	<u>264.00</u>
6		Enter the total gains (not losses) from Form 568, Schedule B, line 8	6	<u>00</u>
7		<b>Add line 1a through line 6</b>	7	<u>1,013,086.00</u>
8		<b>California rental real estate</b>		
	a	Enter the total gross rents from federal Form 8825, line 18a	8a	<u>27,001.00</u>
	b	Enter the total gross rents from all Schedule K-1s (565), Table 3, line 2	8b	<u>00</u>
	c	Add line 8a and line 8b	8c	<u>27,001.00</u>
9		<b>Other California rentals.</b>		
	a	Enter the amount from Schedule K (568), line 3a	9a	<u>00</u>
	b	Enter the amount from all Schedule K-1s (565), Table 3, line 3	9b	<u>00</u>
	c	Add lines 9a and 9b	9c	<u>00</u>
10		<b>California interest.</b> Enter the amount from Form 568, Schedule K, line 5	10	<u>14,010.00</u>
11		<b>California dividends.</b> Enter the amount from Form 568, Schedule K, line 6	11	<u>00</u>
12		<b>California royalties.</b> Enter the amount from Form 568, Schedule K, line 7	12	<u>00</u>
13		<b>California capital gains.</b> Enter the capital gains (not losses) included in the amounts from Form 568, Sch. K, lines 8 and 9	13	<u>00</u>
14		<b>California 1231 gains.</b> Enter the amount of total gains (not losses) from Form 568, Schedule K, line 10a	14	<u>00</u>
15		<b>Other California portfolio income (not loss).</b> Enter the amount from Form 568, Schedule K, line 11a	15	<u>00</u>
16		<b>Other California income (not loss) not included in line 5.</b> Enter the amount from Form 568, Schedule K, line 11b	16	<u>00</u>
17		<b>Total California income.</b> 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	<u>1,054,097.00</u>

CA 568 AMOUNT PAID WITH FORMS 3537, 3522, 3536 STATEMENT 1

DESCRIPTION	AMOUNT
AMOUNT PAID WITH FORM 3537	0.
AMOUNT PAID WITH FORM 3522	800.
AMOUNT PAID WITH FORM 3536	6,000.
TOTAL TO FORM 568, LINE 6	6,800.

CA OTHER INCOME STATEMENT 2

DESCRIPTION	AMOUNT
OTHER NON-OPERATING REVENUE	264.
RATE DIFFERENTIAL REVENUE	0.
UNREALIZED GAIN ON SECURITIES	0.
TOTAL TO TRADE OR BUSINESS INCOME SCHEDULE, LINE 10	264.

CA DEPRECIATION AND AMORTIZATION STATEMENT 3

DESCRIPTION	REPORTED ELSEWHERE	REPORTED ON PAGE 1
DEPRECIATION - TRADE OR BUSINESS		174,925.
TOTAL TO LINES 17B AND 17C		174,925.

CA SCHEDULE K INTEREST INCOME STATEMENT 4

DESCRIPTION	AMOUNT
INTEREST REVENUE	14,010.
TOTAL TO SCHEDULE K, LINE 5	14,010.

CA SCHEDULE K            AGGREGATE GROSS RECEIPTS FOR AMT EXCLUSION            STATEMENT 5

DESCRIPTION	AMOUNT
ACTIVITY: RENTAL REAL ESTATE	27,001.
GROSS SALES LESS RETURNS	1,012,822.
TRADE OR BUSINESS OTHER INCOME	264.
INTEREST	14,010.
TOTAL	1,054,097.

SCHEDULE M-1    INCOME RECORDED ON BOOKS NOT INCLUDED ON RETURN    STATEMENT 6

DESCRIPTION	AMOUNT
UNREALIZED GAINS/LOSSES	81.
TOTAL TO SCHEDULE M-1, LINE 6	81.

CA SCHEDULE L            OTHER CURRENT LIABILITIES            STATEMENT 7

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
SECURITY DEPOSITS - REAL ESTATE	5,090.	0.
INTEREST PAYABLE	1,224.	
TOTAL TO SCHEDULE L, OTHER CURRENT LIABILITIES	6,314.	0.





# Rental Real Estate Income and Expenses of a Partnership or an S Corporation

OMB No. 1545-1186

▶ See instructions on page 2.  
 ▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

**CALIFORNIA  
 VERSION**

Name **IRVINE RANCH WATER DISTRICT  
 WATER SERVICE COMPANY II, LLC** Employer identification number **26 2446103**

1 Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.				
	Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
<b>A</b>		<b>8 - RENTAL PROPERTY</b>	<b>365</b>	
<b>B</b>				
<b>C</b>				
<b>D</b>				

		Properties			
		A	B	C	D
<b>2</b>	Gross rents	<b>27,001.</b>			
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising				
<b>4</b>	Auto and travel				
<b>5</b>	Cleaning and maintenance				
<b>6</b>	Commissions				
<b>7</b>	Insurance				
<b>8</b>	Legal and other professional fees				
<b>9</b>	Interest				
<b>10</b>	Repairs				
<b>11</b>	Taxes				
<b>12</b>	Utilities				
<b>13</b>	Wages and salaries				
<b>14</b>	Depreciation (see instructions)				
<b>15</b>	Other (list) ▶ <b>STMT 8</b>	<b>9,957.</b>			
<b>16</b>	Total expenses for each property. Add lines 3 through 15	<b>9,957.</b>			
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2	<b>17,044.</b>			

<b>18a</b>	Total gross rents. Add gross rents from line 2, columns A through H	<b>27,001.</b>
<b>18b</b>	Total expenses. Add total expenses from line 16, columns A through H	<b>( 9,957.)</b>
<b>19</b>	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	
<b>20a</b>	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	
<b>20b</b>	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:	
	(1) Name	(2) Employer identification number
	_____	_____
	_____	_____
<b>21</b>	Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on:	<b>17,044.</b>

<b>1</b>	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions.			
	Physical address of each property - street, city, state, ZIP code	Type - Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
<b>E</b>	.....			
<b>F</b>	.....			
<b>G</b>	.....			
<b>H</b>	.....			

		Properties			
		E	F	G	H
<b>Rental Real Estate Income</b>					
<b>2</b>	Gross rents .....	<b>2</b>			
<b>Rental Real Estate Expenses</b>					
<b>3</b>	Advertising .....	<b>3</b>			
<b>4</b>	Auto and travel .....	<b>4</b>			
<b>5</b>	Cleaning and maintenance .....	<b>5</b>			
<b>6</b>	Commissions .....	<b>6</b>			
<b>7</b>	Insurance .....	<b>7</b>			
<b>8</b>	Legal and other professional fees .....	<b>8</b>			
<b>9</b>	Interest .....	<b>9</b>			
<b>10</b>	Repairs .....	<b>10</b>			
<b>11</b>	Taxes .....	<b>11</b>			
<b>12</b>	Utilities .....	<b>12</b>			
<b>13</b>	Wages and salaries .....	<b>13</b>			
<b>14</b>	Depreciation (see instructions) .....	<b>14</b>			
<b>15</b>	Other (list) ▶ .....	<b>15</b>			
	.....				
	.....				
<b>16</b>	Total expenses for each property. Add lines 3 through 15 .....	<b>16</b>			
<b>17</b>	Income or (Loss) from each property. Subtract line 16 from line 2 .....	<b>17</b>			

**Allowable Codes for Type of Property**

- 1 - Single Family Residence
- 2 - Multi-Family Residence
- 3 - Vacation or Short-Term Rental
- 4 - Commercial
- 5 - Land
- 6 - Royalties
- 7 - Self-Rental
- 8 - Other (include description with the code on Form 8825 or on a separate statement)

JWA

CA OTHER RENTAL EXPENSES STATEMENT 8

OTHER  
 PROPERTY: RENTAL PROPERTY  
 LOCATION:

DESCRIPTION	AMOUNT
MISC RENTAL EXPENSES	9,957.
TOTAL TO RENTAL SCHEDULE, LINE 15	9,957.

CA OTHER RENTAL INCOME STATEMENT 9

OTHER  
 PROPERTY: RENTAL PROPERTY  
 LOCATION:

DESCRIPTION	AMOUNT
GROSS RENTS	27,001.
TOTAL TO RENTAL SCHEDULE, LINE 2	27,001.

TAXABLE YEAR **2015** Member's Share of Income, Deductions, Credits, etc.

TYB 07-01-2015 TYE 06-30-2016  
95-2232918

IRVINE RANCH WATER DISTRICT

PO BOX 57000  
IRVINE CA 92619-7000

26-2446103 200803210250  
IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II LLC

PO 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 .....	99.0000	%	99.0000	%	•
Loss sharing .....	99.0000	%	99.0000	%	•
Ownership of capital .....	99.0000	%	99.0000	%	•

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

Nonrecourse .....	•	\$	0.00
Qualified nonrecourse financing .....	•	\$	0.00
Other .....	•	\$	0.00

**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

Member's name **IRVINE RANCH WATER DISTRICT** Member's identifying number **95-2232918**

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

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7, Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
4,397,749.	247.	638,814.	(5,036,810.)	0.

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

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
Income (Loss)	1 Ordinary income (loss) from trade or business activities	599,783.		599,783.	599,783.
	2 Net income (loss) from rental real estate activities	16,874.		16,874.	16,874.
	3 Net income (loss) from other rental activities				
	4 Guaranteed payments to members				
	5 Interest income	13,870.		13,870.	
	6 Dividends				
	7 Royalties				
	8 Net short-term capital gain (loss)				
	9 Net long-term capital gain (loss)				
	10 a Total gain under IRC Section 1231 (other than due to casualty or theft)				
	b Total loss under IRC Section 1231 (other than due to casualty or theft)				
Deductions	11 a Other portfolio income (loss). Attach schedule				
	b Total other income				
	c Total other loss				
	12 Expense deduction for recovery prop. (IRC Section 179)				
	13 a Charitable contributions				
	b Investment interest expense				
	c 1 Total expenditures to which an IRC Section 59(e) election may apply				
	2 Type of expenditures				
	d Deductions related to portfolio income				
	e Other deductions				

Member's name

IRVINE RANCH WATER DISTRICT

Member's identifying number

95-2232918

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
<b>Credits</b>	<b>15 a</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 .....				
	<b>d</b> Credits related to other rental activities .....				
	<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>17 a</b> Depreciation adjustment on property placed in service after 1986 .....	-238.	-17,534.	⊙ -17,772.	⊙ -17,772.
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil & 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 .....				
<b>Tax-exempt income and nondeductible expenses</b>	<b>18 a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19 a</b> Distributions of money (cash and marketable securities) .....	962,522.		⊙ 962,522.	
	<b>b</b> Distributions of property other than money	4,074,288.		⊙ 4,074,288.	
<b>Other information</b>	<b>20 a</b> Investment income .....	13,870.		13,870.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions ...				

Member's name

IRVINE RANCH WATER DISTRICT

Member's identifying number

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" value="13,870."/>	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"/>
Sec. 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"/>

TAXABLE YEAR **2015** Member's Share of Income, Deductions, Credits, etc.

TYB 07-01-2015 TYE 06-30-2016  
91-1874346

IRVINE RANCH WATER DISTRICT

PO BOX 57000  
IRVINE CA 92619-7000

26-2446103 200803210250  
IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II LLC

PO 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 .....	1.0000	%	1.0000	%	•
Loss sharing .....	1.0000	%	1.0000	%	•
Ownership of capital .....	1.0000	%	1.0000	%	•

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

Nonrecourse .....	•	\$	0.00
Qualified nonrecourse financing .....	•	\$	0.00
Other .....	•	\$	0.00

**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



<b>Member's name</b> IRVINE RANCH WATER DISTRICT	<b>Member's identifying number</b> 91-1874346
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I Analysis of member's capital account: Check the box • (1)  Tax Basis (2)  GAAP (3)  Section 704(b) Book (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7, Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
44,653.	3.	6,452.	( 51,108. )	0.

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

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	<b>1</b> Ordinary income (loss) from trade or business activities .....	6,058.		6,058.	6,058.
	<b>2</b> Net income (loss) from rental real estate activities .....	170.		170.	170.
	<b>3</b> Net income (loss) from other rental activities .....			⊙	⊙
	<b>4</b> Guaranteed payments to members			●	▶
	<b>5</b> Interest income .....	140.		140.	▶
	<b>6</b> Dividends .....			●	▶
	<b>7</b> Royalties .....			●	▶
	<b>8</b> Net short-term capital gain (loss) ...			●	▶
	<b>9</b> Net long-term capital gain (loss) .....			●	▶
	<b>10 a</b> Total gain under IRC Section 1231 (other than due to casualty or theft)			●	▶
	<b>b</b> Total loss under IRC Section 1231 (other than due to casualty or theft)			●	▶
<b>Deductions</b>	<b>11 a</b> Other portfolio income (loss). Attach schedule .....			●	▶
	<b>b</b> Total other income .....			●	▶
	<b>c</b> Total other loss .....			●	▶
	<b>12</b> Expense deduction for recovery prop. (IRC Section 179) .....				
	<b>13 a</b> Charitable contributions .....				
	<b>b</b> Investment interest expense .....				
	<b>c 1</b> Total expenditures to which an IRC Section 59(e) election may apply ...				
	<b>2</b> Type of expenditures _____				
	<b>d</b> Deductions related to portfolio income .....				
	<b>e</b> Other deductions .....				

Member's name **IRVINE RANCH WATER DISTRICT** Member's identifying number **91-1874346**

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col. (b) and col. (c)	(e) California source amounts and credits
<b>Credits</b>	<b>15 a</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 .....				
	<b>d</b> Credits related to other rental activities .....				
	<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>17 a</b> Depreciation adjustment on property placed in service after 1986 .....	-2.	-178.	⊙ -180.	⊙ -180.
	<b>b</b> Adjusted gain or loss .....				
	<b>c</b> Depletion (other than oil & 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 .....				
<b>Tax-exempt income and nondeductible expenses</b>	<b>18 a</b> Tax-exempt interest income .....				
	<b>b</b> Other tax-exempt income .....				
	<b>c</b> Nondeductible expenses .....				
<b>Distributions</b>	<b>19 a</b> Distributions of money (cash and marketable securities) .....	9,722.		⊙ 9,722.	
	<b>b</b> Distributions of property other than money .....	41,386.		⊙ 41,386.	
<b>Other information</b>	<b>20 a</b> Investment income .....	140.		140.	
	<b>b</b> Investment expenses .....				
	<b>c</b> Other information. See instructions ...				

Member's name

IRVINE RANCH WATER DISTRICT

Member's identifying number

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" value="140."/>	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"/>
Sec. 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"/>