

IRVINE RANCH WATER DISTRICT

26-2446103

	2011	2010	DIFF
TRADE OR BUSINESS INCOME			
GROSS RECEIPTS LESS RETURNS.....	518,439	474,335	44,104
COST OF GOODS SOLD.....	279,037	284,235	-5,198
GROSS PROFIT.....	239,402	190,100	49,302
OTHER INCOME (LOSS).....	265,835	436,200	-170,365
TOTAL INCOME (LOSS).....	505,237	626,300	-121,063
TRADE OR BUSINESS DEDUCTIONS			
DEPRECIATION.....	15,714	12,102	3,612
OTHER DEDUCTIONS.....	36,730	34,572	2,158
TOTAL DEDUCTIONS.....	52,444	46,674	5,770
SCHEDULE K - INCOME			
ORDINARY BUSINESS INCOME (LOSS).....	452,793	579,626	-126,833
INTEREST INCOME.....	73,774	55,999	17,775
SCHEDULE K - ALTERNATIVE MINIMUM TAX ITEMS			
POST-1986 DEPRECIATION ADJUSTMENT.....	-20,690	-22,501	1,811
SCHEDULE K - OTHER			
DISTRIBUTIONS OF CASH & MARKETABLE SEC... INVESTMENT INCOME.....	8,894 73,774	0 55,999	8,894 17,775
SCHEDULE L - BALANCE SHEET			
BEGINNING ASSETS.....	4,331,462	4,072,577	258,885
BEGINNING LIABILITIES AND CAPITAL.....	4,331,462	4,072,577	258,885
ENDING ASSETS.....	6,067,042	4,331,462	1,735,580
ENDING LIABILITIES AND CAPITAL.....	6,067,042	4,331,462	1,735,580

ENDING ASSETS

OTHER CURRENT ASSETS		3,664,422
BUILDINGS AND OTHER ASSETS	2,959,934	
LESS ACCUMULATED DEPRECIATION	(558,664)	2,401,270
LAND		1,350
TOTAL ASSETS		6,067,042

ENDING LIABILITIES & CAPITAL

ACCOUNTS PAYABLE		1,734,165
OTHER CURRENT LIABILITIES		1,573,865
LONG TERM NOTES PAYABLE		158,842
PARTNERS' CAPITAL ACCOUNTS		2,600,170
TOTAL LIABILITIES AND CAPITAL		6,067,042

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26-2446103

	2011	2010	DIFF
TRADE OR BUSINESS INCOME			
GROSS RECEIPTS LESS RETURNS.....	518,439	474,335	44,104
COST OF GOODS SOLD.....	279,037	284,235	-5,198
GROSS PROFIT.....	239,402	190,100	49,302
OTHER INCOME.....	267,478	436,200	-168,722
OTHER LOSS.....	-1,643	0	-1,643
TOTAL INCOME (LOSS).....	505,237	626,300	-121,063
TRADE OR BUSINESS DEDUCTIONS			
DEPRECIATION.....	15,714	12,102	3,612
OTHER DEDUCTIONS.....	36,730	34,572	2,158
TOTAL DEDUCTIONS.....	52,444	46,674	5,770
SCHEDULE K - INCOME			
ORDINARY INCOME (LOSS).....	452,793	579,626	-126,833
INTEREST INCOME.....	73,774	55,999	17,775
SCHEDULE K - ADJUSTMENTS			
DEPR. ADJUST. ON PROPERTY AFTER 1986.....	-20,661	-22,472	1,811
SCHEDULE K - OTHER			
DISTRIBUTIONS OF MONEY.....	8,894	0	8,894
INVESTMENT INCOME.....	73,774	55,999	17,775
OTHER INFORMATION.....	858,048	966,534	-108,486
SCHEDULE L - BALANCE SHEET			
BEGINNING ASSETS.....	4,331,462	4,072,577	258,885
BEGINNING LIABILITIES AND CAPITAL.....	4,331,462	4,072,577	258,885
ENDING ASSETS.....	6,067,042	4,331,462	1,735,580
ENDING LIABILITIES AND CAPITAL.....	6,067,042	4,331,462	1,735,580

Voucher at bottom of page.

FORM FTB 3522

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

WHERE TO FILE: Using black or blue ink, make check or money order payable to the 'Franchise Tax Board.' Write the SOS file number or FEIN and '2012 FTB 3522' on the check or money order. Detach voucher below. Enclose, but do not staple, payment with voucher and mail to:
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0631
Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE: Fiscal Year - File and Pay by the 15th day of the 4th month after the beginning of the taxable year.
Calendar Year - File and Pay by April 17, 2012*.
When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day. *Due to the Emancipation Day holiday on April 16, 2012, tax returns filed and payments mailed or submitted on April 17, 2012, will be considered timely.

ONLINE SERVICES: Limited liability companies (LLCs) can use MyFTB Account for Businesses to view estimated tax payments online. Go to ftb.ca.gov and search for myftb account. LLCs can also make payments online using Web Pay for Businesses. The Franchise Tax Board (FTB) does not charge for this service. Go to ftb.ca.gov and search for web pay.

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

TAXABLE YEAR

2012 LLC Tax Voucher

CALIFORNIA FORM

3522

200803210250 IRVI 26-2446103
TYB 07-01-12 TYE 06-30-13
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II LLC
P O BOX 57000
IRVINE CA 926197000

12 FORM 0

TOTAL PAYMENT AMT 800.

Form at bottom of page.

FORM FTB 3536

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

WHERE TO FILE: Using black or blue ink, make check or money order payable to the 'Franchise Tax Board.' Write the SOS file number or FEIN and '2012 FTB 3536' on the check or money order. Detach form below. Enclose, but do not staple, payment with form and mail to:
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0651
Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

WHEN TO FILE: Fiscal Year - File and Pay by the 15th day of the 6th month after the beginning of the taxable year.
Calendar Year - File and Pay by June 15, 2012*.
When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day. *Due to the federal Emancipation Day holiday on April 16, 2012, tax returns filed and payments mailed or submitted on April 17, 2012, will be considered timely.

ONLINE SERVICES: Limited liability companies (LLCs) can use MyFTB Account for Businesses to view estimated tax payments online. Go to ftb.ca.gov and search for myftb account. LLCs can also make payments online using Web Pay for Businesses. The Franchise Tax Board (FTB) does not charge for this service. Go to ftb.ca.gov and search for web pay.

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

TAXABLE YEAR

CALIFORNIA FORM

2012 Estimated Fee for LLCs

3536 (LLC)

200803210250 IRVI 26-2446103 12 FORM 0
TYB 07-01-12 TYE 06-30-13
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II LLC
P O BOX 57000
IRVINE CA 926197000

TOTAL PAYMENT AMT 2500.

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

▶ **File a separate application for each return.**
▶ **See separate instructions.**

**Print
or
Type**

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

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

Part I Automatic 5-Month Extension

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

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

Part II Automatic 6-Month Extension

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

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

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

Part III All Filers Must Complete This Part

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

5 a The application is for calendar year 20 __, or tax year beginning 7/01, 20 11, and ending 6/30, 20 12

b Short tax year. If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

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

U.S. Return of Partnership Income
For calendar year 2011, or tax year beginning 7/01, 2011,
ending 6/30, 20 12.
▶ See separate instructions.

2011

A Principal business activity	Print or type.	IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000	D Employer identification number
WATER UTILITIES		26-2446103	
B Principal product or service		E Date business started	
SALES AND DIST.	4/21/2007	C Business code number	F Total assets (see instrs)
221300		\$ 6,067,042.	

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

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

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

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

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

I N C O M E	1 a Merchant card and third-party payments (including amounts reported on Form(s) 1099-K). For 2011, enter -0-.....	1 a	0.	
	b Gross receipts or sales not reported on line 1a (see instructions)	1 b	518,439.	
	c Total. Add lines 1a and 1b.....	1 c	518,439.	
	d Returns and allowances plus any other adjustments to line 1a (see inst).	1 d		
	e Subtract line 1d from line 1c.....	1 e	518,439.	
	2 Cost of goods sold (attach Form 1125-A).....	2	279,037.	
	3 Gross profit. Subtract line 2 from line 1e.....	3		239,402.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).....	4		
5 Net farm profit (loss) (attach Schedule F (Form 1040)).....	5			
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797).....	6			
7 Other income (loss) (attach statement).....	7	SEE STATEMENT 1	265,835.	
8 Total income (loss). Combine lines 3 through 7.....	8		505,237.	
D E D U C T I O N S	9 Salaries and wages (other than to partners) (less employment credits).....	9		
	10 Guaranteed payments to partners.....	10		
	11 Repairs and maintenance.....	11		
	12 Bad debts.....	12		
	13 Rent.....	13		
	14 Taxes and licenses.....	14		
	15 Interest.....	15		
	16 a Depreciation (if required, attach Form 4562).....	16 a	15,714.	
	b Less depreciation reported on Form 1125-A and elsewhere on return....	16 b		15,714.
	17 Depletion (Do not deduct oil and gas depletion.).....	17		
	18 Retirement plans, etc.....	18		
	19 Employee benefit programs.....	19		
	20 Other deductions (attach statement).....	20	SEE STATEMENT 2	36,730.
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20.....	21		52,444.
22 Ordinary business income (loss). Subtract line 21 from line 8.....	22		452,793.	

Sign Here

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

Signature of general partner or limited liability company member manager _____ Date _____

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

Paid Preparer Use Only

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

Schedule B Other Information

<p>1 What type of entity is filing this return? Check the applicable box:</p> <p>a <input type="checkbox"/> Domestic general partnership b <input type="checkbox"/> Domestic limited partnership</p> <p>c <input checked="" type="checkbox"/> Domestic limited liability company d <input type="checkbox"/> Domestic limited liability partnership</p> <p>e <input type="checkbox"/> Foreign partnership f <input type="checkbox"/> Other. ▶</p> <hr/> <p>2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?</p> <p>3 At the end of the tax year:</p> <p>a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership</p> <p>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</p> <p>4 At the end of the tax year, did the partnership:</p> <p>a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below</p>	Yes	No
		X
	X	
		X
		X

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

<p>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</p>		X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

	Yes	No
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		X
6 Does this partnership satisfy all four of the following conditions? a The partnership's total receipts for the tax year were less than \$250,000. b The partnership's total assets at the end of the tax year were less than \$1 million. c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. d The partnership is not filing and is not required to file Schedule M-3. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		X
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
10 At any time during calendar year 2011, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country.		X
11 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
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding section 754 election.		X
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
c 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
13 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"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property?		X
15 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		
16 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
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		
18a Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions.	X	
b If 'Yes,' did you or will you file all required Form(s) 1099?	X	
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return		

Designation of Tax Matters Partner (see the instructions)

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

Name of designated TMP <input type="text"/>	Identifying number of TMP <input type="text"/>
If the TMP is an entity, name of TMP representative <input type="text"/>	Phone number of TMP <input type="text"/>
Address of designated TMP <input type="text"/>	

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	452,793.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach stmt)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	73,774.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount. ▶	13c (2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other..... ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other..... ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ kOther..... ▶	16k	
l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l		
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	-20,690.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties – gross income	17d	
	e Oil, gas, and geothermal properties – deductions	17e	
	f Other AMT items (attach stmt)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	
	19a Distributions of cash and marketable securities	19a	8,894.
	b Distributions of other property	19b	
	20a Investment income	20a	73,774.
b Investment expenses	20b		
c Other items and amounts (attach stmt)			

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l.					1	526,567.
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						526,567.

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		807,233.		
2a	Trade notes and accounts receivable	81,482.			
b	Less allowance for bad debts		81,482.		
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt) SEE ST. 3		2,881,821.		3,664,422.
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets	1,095,159.		2,959,934.	
b	Less accumulated depreciation	535,583.	559,576.	558,664.	2,401,270.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		1,350.		1,350.
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)				
14	Total assets		4,331,462.		6,067,042.
Liabilities and Capital					
15	Accounts payable		27,299.		1,734,165.
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt) SEE ST. 4		2,027,520.		1,573,865.
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		186,780.		158,842.
20	Other liabilities (attach stmt)				
21	Partners' capital accounts		2,089,863.		2,600,170.
22	Total liabilities and capital		4,331,462.		6,067,042.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
 Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	519,201.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest	\$ _____
3	Guaranteed pmts (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation	\$ _____
a	Depreciation	\$ 7,366.	8	Add lines 6 and 7	
b	Travel and entertainment	\$ _____	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	526,567.
5	Add lines 1 through 4	526,567.			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	2,089,863.	6	Distributions: a Cash	8,894.
2	Capital contributed: a Cash		b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	519,201.	8	Add lines 6 and 7	8,894.
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	2,600,170.
5	Add lines 1 through 4	2,609,064.			

Cost of Goods Sold

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

Name IRVINE RANCH WATER DISTRICT	Employer identification number 26-2446103
--	---

1 Inventory at beginning of year	1	
2 Purchases	2	279,037.
3 Cost of labor	3	
4 Additional section 263A costs (attach schedule)	4	
5 Other costs (attach schedule)	5	
6 Total. Add lines 1 through 5	6	279,037.
7 Inventory at end of year	7	
8 Cost of goods sold. 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)	8	279,037.

9a Check all methods used for valuing closing inventory:

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

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? If 'Yes,' attach explanation..... Yes No

BAA For Paperwork Reduction Act Notice, see separate instructions.

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

(December 2011)
Department of the Treasury
Internal Revenue Service

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

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

OMB No. 1545-0099

Name of partnership IRVINE RANCH WATER DISTRICT	Employer identification number (EIN) 26-2446103
---	---

Part I **Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3a)

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

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

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

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

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

Schedule K-1 (Form 1065)

2011

Final K-1 Amended K-1

Department of the Treasury Internal Revenue Service

For calendar year 2011, or tax year beginning 7/01, 2011 ending 6/30, 2012

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

Part I Information About the Partnership

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

Part II Information About the Partner

E Partner's identifying number 95-2232918
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
G General partner or LLC member-manager
H Domestic partner
I What type of entity is this partner? EXEMPT ORG.
J Partner's share of profit, loss, and capital
K Partner's share of liabilities at year end

L Partner's capital account analysis: Beginning capital account \$ 2,069,701. Capital contributed during the year \$ Current year increase (decrease) \$ 514,009. Withdrawals and distributions \$ (8,805.) Ending capital account \$ 2,574,905.

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

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

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 448,265. 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 73,036.; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items -20,483. A; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss); 12 Section 179 deduction 19 Distributions 8,805. A; 13 Other deductions 20 Other information 73,036. A; 14 Self-employment earnings (loss)

*See attached statement for additional information.

FOR IRS USE ONLY

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

	<i>Report on</i>	<i>Code</i>	<i>Report on</i>
1 Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.			
Passive loss	See the Partner's Instructions	J Work opportunity credit	See the Partner's Instructions
Passive income		K Disabled access credit	
Nonpassive loss		L Empowerment zone and renewal community employment credit	
Nonpassive income		M Credit for increasing research activities	
2 Net rental real estate income (loss)		N Credit for employer social security and Medicare taxes	
3 Other net rental income (loss)		O Backup withholding	Form 1040, line 62
Net income	Schedule E, line 28, column (g)	P Other credits	See the Partner's Instructions
Net loss	See the Partner's Instructions	16 Foreign transactions	
4 Guaranteed payments	Schedule E, line 28, column (j)	A Name of country or U.S. possession	Form 1116, Part I
5 Interest income	Form 1040, line 8a	B Gross income from all sources	
6a Ordinary dividends	Form 1040, line 9a	C Gross income sourced at partner level	
6b Qualified dividends	Form 1040, line 9b	<i>Foreign gross income sourced at partnership level</i>	
7 Royalties	Schedule E, line 3b	D Passive category	Form 1116, Part I
8 Net short-term capital gain (loss)	Schedule D, line 5	E General category	
9a Net long-term capital gain (loss)	Schedule D, line 12	F Other	
9b Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	<i>Deductions allocated and apportioned at partner level</i>	
9c Unrecaptured section 1250 gain	See the Partner's Instructions	G Interest expense	Form 1116, Part I
10 Net section 1231 gain (loss)	See the Partner's Instructions	H Other	Form 1116, Part I
11 Other income (loss)		<i>Deductions allocated and apportioned at partnership level to foreign source income</i>	
<i>Code</i>		I Passive category	Form 1116, Part I
A Other portfolio income (loss)	See the Partner's Instructions	J General category	
B Involuntary conversions	See the Partner's Instructions	K Other	
C Section 1256 contracts and straddles	Form 6781, line 1	<i>Other information</i>	
D Mining exploration costs recapture	See Pub 535	L Total foreign taxes paid	Form 1116, Part II
E Cancellation of debt	Form 1040, line 21 or Form 982	M Total foreign taxes accrued	Form 1116, Part II
F Other income (loss)	See the Partner's Instructions	N Reduction in taxes available for credit	Form 1116, line 12
12 Section 179 deduction	See the Partner's Instructions	O Foreign trading gross receipts	Form 8873
13 Other deductions		P Extraterritorial income exclusion	Form 8873
A Cash contributions (50%)	See the Partner's Instructions	Q Other foreign transactions	See the Partner's Instructions
B Cash contributions (30%)			
C Noncash contributions (50%)			
D Noncash contributions (30%)			
E Capital gain property to a 50% organization (30%)			
F Capital gain property (20%)			
G Contributions (100%)		17 Alternative minimum tax (AMT) items	
H Investment interest expense	Form 4952, line 1	A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
I Deductions — royalty income	Schedule E, line 19	B Adjusted gain or loss	
J Section 59(e)(2) expenditures	See the Partner's Instructions	C Depletion (other than oil & gas)	
K Deductions — portfolio (2% floor)	Schedule A, line 23	D Oil, gas, & geothermal — gross income	
L Deductions — portfolio (other)	Schedule A, line 28	E Oil, gas, & geothermal — deductions	
M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	F Other AMT items	
N Educational assistance benefits	See the Partner's Instructions	18 Tax-exempt income and nondeductible expenses	
O Dependent care benefits	Form 2441, line 12	A Tax-exempt interest income	Form 1040, line 8b
P Preproductive period expenses	See the Partner's Instructions	B Other tax-exempt income	See the Partner's Instructions
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	C Nondeductible expenses	See the Partner's Instructions
R Pensions and IRAs	See the Partner's Instructions	19 Distributions	
S Reforestation expense deduction	See the Partner's Instructions	A Cash and marketable securities	See the Partner's Instructions
T Domestic production activities information	See Form 8903 Instructions	B Distribution subject to section 737	
U Qualified production activities income	Form 8903, line 7b	C Other property	
V Employer's Form W-2 wages	Form 8903, line 17	20 Other information	
W Other deductions	See the Partner's Instructions	A Investment income	Form 4952, line 4a
14 Self-employment earnings (loss)		B Investment expenses	Form 4952, line 5
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	C Fuel tax credit information	Form 4136
B Gross farming or fishing income	See the Partner's Instructions	D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions	E Basis of energy property	See the Partner's Instructions
15 Credits		F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	G Recapture of low-income housing credit (other)	Form 8611, line 8
B Low-income housing credit (other) from pre-2008 buildings			
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings			
D Low-income housing credit (other) from post-2007 buildings			
E Qualified rehabilitation expenditures (rental real estate)			
F Other rental real estate credits			
G Other rental credits			
H Undistributed capital gains credit		Form 1040, line 71; check box a	
I Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions	
		H Recapture of investment credit	Form 4255
		I Recapture of other credits	See the Partner's Instructions
		J Look-back interest — completed long-term contracts	See Form 8697
		K Look-back interest — income forecast method	See Form 8866
		L Dispositions of property with section 179 deductions	See the Partner's Instructions
		M Recapture of section 179 deduction	
		N Interest expense for corporate partners	
		O Section 453(l)(3) information	
		P Section 453A(c) information	
		Q Section 1260(b) information	
		R Interest allocable to production expenditures	
		S CCF nonqualified withdrawals	
		T Depletion information — oil and gas	
		U Amortization of reforestation costs	
		V Unrelated business taxable income	
		W Precontribution gain (loss)	
		X Section 108(i) information	
		Y Other information	

Schedule K-1 (Form 1065)

2011

Final K-1 Amended K-1

Department of the Treasury Internal Revenue Service

For calendar year 2011, or tax year beginning 7/01, 2011 ending 6/30, 2012

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 OGDEN, UT
D Check if this is a publicly traded partnership (PTP)
E Partner's identifying number 91-1874346
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
G General partner or LLC member-manager
H Domestic partner
I What type of entity is this partner? EXEMPT ORG.
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending
K Partner's share of liabilities at year end: Nonrecourse \$ 34,669.
L Partner's capital account analysis: Beginning capital account \$ 20,162.
M Did the partner contribute property with a built-in gain or loss? No

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 4,528. 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 738.; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items -207. A; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss); 12 Section 179 deduction 19 Distributions 89. A; 13 Other deductions 20 Other information 738. A; 14 Self-employment earnings (loss).

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

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

	<i>Report on</i>	<i>Code</i>	<i>Report on</i>
1 Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.			
Passive loss	See the Partner's Instructions	J Work opportunity credit	See the Partner's Instructions
Passive income		K Disabled access credit	
Nonpassive loss		L Empowerment zone and renewal community employment credit	
Nonpassive income		M Credit for increasing research activities	
2 Net rental real estate income (loss)		N Credit for employer social security and Medicare taxes	
3 Other net rental income (loss)		O Backup withholding	Form 1040, line 62
Net income	Schedule E, line 28, column (g)	P Other credits	See the Partner's Instructions
Net loss	See the Partner's Instructions	16 Foreign transactions	
4 Guaranteed payments	Schedule E, line 28, column (j)	A Name of country or U.S. possession	Form 1116, Part I
5 Interest income	Form 1040, line 8a	B Gross income from all sources	
6a Ordinary dividends	Form 1040, line 9a	C Gross income sourced at partner level	
6b Qualified dividends	Form 1040, line 9b	<i>Foreign gross income sourced at partnership level</i>	
7 Royalties	Schedule E, line 3b	D Passive category	Form 1116, Part I
8 Net short-term capital gain (loss)	Schedule D, line 5	E General category	
9a Net long-term capital gain (loss)	Schedule D, line 12	F Other	
9b Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	<i>Deductions allocated and apportioned at partner level</i>	
9c Unrecaptured section 1250 gain	See the Partner's Instructions	G Interest expense	Form 1116, Part I
10 Net section 1231 gain (loss)	See the Partner's Instructions	H Other	Form 1116, Part I
11 Other income (loss)		<i>Deductions allocated and apportioned at partnership level to foreign source income</i>	
<i>Code</i>		I Passive category	Form 1116, Part I
A Other portfolio income (loss)	See the Partner's Instructions	J General category	
B Involuntary conversions	See the Partner's Instructions	K Other	
C Section 1256 contracts and straddles	Form 6781, line 1	<i>Other information</i>	
D Mining exploration costs recapture	See Pub 535	L Total foreign taxes paid	Form 1116, Part II
E Cancellation of debt	Form 1040, line 21 or Form 982	M Total foreign taxes accrued	Form 1116, Part II
F Other income (loss)	See the Partner's Instructions	N Reduction in taxes available for credit	Form 1116, line 12
12 Section 179 deduction	See the Partner's Instructions	O Foreign trading gross receipts	Form 8873
13 Other deductions		P Extraterritorial income exclusion	Form 8873
A Cash contributions (50%)	See the Partner's Instructions	Q Other foreign transactions	See the Partner's Instructions
B Cash contributions (30%)			
C Noncash contributions (50%)			
D Noncash contributions (30%)			
E Capital gain property to a 50% organization (30%)			
F Capital gain property (20%)			
G Contributions (100%)		17 Alternative minimum tax (AMT) items	
H Investment interest expense	Form 4952, line 1	A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
I Deductions — royalty income	Schedule E, line 19	B Adjusted gain or loss	
J Section 59(e)(2) expenditures	See the Partner's Instructions	C Depletion (other than oil & gas)	
K Deductions — portfolio (2% floor)	Schedule A, line 23	D Oil, gas, & geothermal — gross income	
L Deductions — portfolio (other)	Schedule A, line 28	E Oil, gas, & geothermal — deductions	
M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	F Other AMT items	
N Educational assistance benefits	See the Partner's Instructions	18 Tax-exempt income and nondeductible expenses	
O Dependent care benefits	Form 2441, line 12	A Tax-exempt interest income	Form 1040, line 8b
P Preproductive period expenses	See the Partner's Instructions	B Other tax-exempt income	See the Partner's Instructions
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	C Nondeductible expenses	See the Partner's Instructions
R Pensions and IRAs	See the Partner's Instructions	19 Distributions	
S Reforestation expense deduction	See the Partner's Instructions	A Cash and marketable securities	See the Partner's Instructions
T Domestic production activities information	See Form 8903 Instructions	B Distribution subject to section 737	
U Qualified production activities income	Form 8903, line 7b	C Other property	
V Employer's Form W-2 wages	Form 8903, line 17	20 Other information	
W Other deductions	See the Partner's Instructions	A Investment income	Form 4952, line 4a
14 Self-employment earnings (loss)		B Investment expenses	Form 4952, line 5
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	C Fuel tax credit information	Form 4136
B Gross farming or fishing income	See the Partner's Instructions	D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions	E Basis of energy property	See the Partner's Instructions
15 Credits		F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	G Recapture of low-income housing credit (other)	Form 8611, line 8
B Low-income housing credit (other) from pre-2008 buildings			
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings			
D Low-income housing credit (other) from post-2007 buildings			
E Qualified rehabilitation expenditures (rental real estate)			
F Other rental real estate credits			
G Other rental credits			
H Undistributed capital gains credit		Form 1040, line 71; check box a	
I Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions	
		H Recapture of investment credit	Form 4255
		I Recapture of other credits	See the Partner's Instructions
		J Look-back interest — completed long-term contracts	See Form 8697
		K Look-back interest — income forecast method	See Form 8866
		L Dispositions of property with section 179 deductions	See the Partner's Instructions
		M Recapture of section 179 deduction	
		N Interest expense for corporate partners	
		O Section 453(l)(3) information	
		P Section 453A(c) information	
		Q Section 1260(b) information	
		R Interest allocable to production expenditures	
		S CCF nonqualified withdrawals	
		T Depletion information — oil and gas	
		U Amortization of reforestation costs	
		V Unrelated business taxable income	
		W Precontribution gain (loss)	
		X Section 108(i) information	
		Y Other information	

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

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

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

OMB No. 1545-0172

2011

Attachment
Sequence No. **179**

Name(s) shown on return

IRVINE RANCH WATER DISTRICT

Identifying number

26-2446103

Business or activity to which this form relates

FORM 1065

Part I Election To Expense Certain Property Under Section 179

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

1	Maximum amount (see instructions).....	1	500,000.
2	Total cost of section 179 property placed in service (see instructions).....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions).....	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.....	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562.....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instr) ...	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 2012. Add lines 9 and 10, less line 12.....	▶ 13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).....	14	
15	Property subject to section 168(f)(1) election.....	15	
16	Other depreciation (including ACRS).....	16	8,375.

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 2011.....	17	7,091.
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 2011 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.....		6,945.	7	MQ	200DB	248.
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	
i Nonresidential real property.....			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C – Assets Placed in Service During 2011 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 instructions.....	22	15,714.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.....	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ0812L 05/20/11

Form **4562** (2011)

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

RATE DIFFERENTIAL REVENUE.....	\$	267,478.
UNREALIZED LOSS ON SECURITIES.....		-1,643.
	TOTAL	<u>\$ 265,835.</u>

STATEMENT 2
FORM 1065, LINE 20
OTHER DEDUCTIONS

CUSTOMER COLLECTION COSTS.....	\$	36,730.
	TOTAL	<u>\$ 36,730.</u>

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

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED INTEREST RECEIVABLE.....	\$ 2,532.	\$ 751.
CONSTRUCTION IN PROGRESS.....	2,879,289.	3,663,671.
TOTAL	<u>\$ 2,881,821.</u>	<u>\$ 3,664,422.</u>

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

	<u>BEGINNING</u>	<u>ENDING</u>
FUTURE RATE DIFFERENTIAL CREDITS.....	\$ 2,027,120.	\$ 1,573,465.
SECURITY DEPOSITS-REAL ESTATE.....	400.	400.
TOTAL	<u>\$ 2,027,520.</u>	<u>\$ 1,573,865.</u>

2011 Limited Liability Company Return of Income

568

For calendar year 2011 or fiscal year beginning month 07 day 01 year 2011, and ending month 06 day 30 year 2012.

IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II, LLC
P. O. BOX 57000
IRVINE, CA 92619-7000
A Secretary of State (SOS) file number 200803210250
B FEIN 26-2446103
C Principal business activity name WATER UTILITIES
D Principal product or service SALES AND DIST.
E Check accounting method (1) Cash (2) X Accrual (3) Other
F Date business started in CA 4/21/07
G Enter total assets at end of year. \$ 6,067,042.
H Check the applicable box (1) Initial return (2) FINAL RETURN (3) Amended return
I Principal business activity code 221300

Table with 16 rows and 3 columns. Row 1: Total income from Schedule IW, 858,048. Row 2: Limited Liability Company fee, 2,500. Row 3: 2011 annual Limited Liability Company tax, 800. Row 4: Nonconsenting nonresident members' tax liability, 0. Row 5: Total tax and fee, 3,300. Row 6: Amount paid with form FTB 3537 and 2011 form FTB 3522 and form FTB 3536, 3,300. Row 7: Overpayment from prior year allowed as a credit, 0. Row 8: Withholding (Form 592-B and/or 593), 0. Row 9: Total payments, 3,300. Row 10: Tax and fee due, 0. Row 11: Overpayment, 0. Row 12: Amount of line 11 to be credited to 2012 tax or fee, 0. Row 13: Use Tax, 0. Row 14: Refund, 0. Row 15: Penalties and interest, 0. Row 16: Total amount due, 0.

Single Member LLC Information and Consent - Complete only if the LLC is disregarded.
Sole Owner's name (as shown on owner's return)
Street Address, City, State, and ZIP Code
Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.

Signature, Date, Title
Return filed with the FTB by the Owner
(1) Form 540 (2) Form 100 (3) Form 565 (4) Other (5) Form 541 (6) Form 100S (7) Form 568

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

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

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

J Enter the maximum number of members in the LLC at any time during the year. Attach a California Schedule K-1 (568) for each of these members. ● 2

K Is this LLC an investment partnership? See General Information O. ● Yes No

L(1) Is this LLC apportioning income to California using Schedule R? ● Yes No

(2) If 'No,' was this LLC registered in California without earning any income sourced in this state during the taxable year? ● Yes No

M Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? ● Yes No

O(1) For this taxable year, was there a change in control or majority ownership for this limited liability company (or any legal entity in which it holds a controlling or majority interest) that owned or (under certain circumstances) leased real property in California? ● Yes No

(2) For this taxable year, did this LLC (or any legal entity in which it holds a controlling or majority interest) acquire control or majority ownership of any other legal entity that owned or (under certain circumstances) leased real property in California? ● Yes No

(3) If this limited liability company (or any legal entity in which it holds a controlling or majority interest) owned or (under certain circumstances) leased real property in California, has more than 50% of the LLC ownership interest cumulatively transferred in one or more transactions since March 1, 1975, which was not reported on a previous year's tax return? ● Yes No

(Penalties May Apply – See Instructions).

P(1) Does the LLC have any foreign (non-U.S.) nonresident members? ● Yes No

(2) Does the LLC have any domestic (non-foreign) nonresident members? ● Yes No

(3) Were Form 592, Form 592-A, Form 592-B, and Form 592-F filed for these members? ● Yes No

Q Are any members in this LLC also LLCs or partnerships? ● Yes No

R Is this LLC under audit by the IRS or has it been audited in a prior year? ● Yes No

S Is this LLC a member or partner in another LLC or partnership? ● Yes No
If 'Yes,' complete Schedule EO, Part I.

T Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)? Yes No

U(1) Is this LLC a business entity disregarded for tax purposes? ● Yes No

(2) If 'Yes,' see instructions and complete Side 1, Side 2, Schedule B, and Side 4, if applicable. Are there credits or credit carryovers attributable to the disregarded entity? ● Yes No

(3) If 'Yes' to U(1), does the disregarded entity have total income derived from or attributable to California that is less than the LLC's total income from all sources? Yes No

V Has the LLC included a Reportable Transaction, or Listed Transaction within this return? (See instructions for definitions). If 'Yes,' complete and attach federal Form 8886 for each transaction. ● Yes No

W Did this LLC file the Federal Schedule M-3 (federal Form 1065)? ● Yes No

X Is this LLC a direct owner of an entity that filed a federal Schedule M-3? ● Yes No

Y Does the LLC have a beneficial interest in a trust or is it a grantor of a Trust? ● Yes No
If 'Yes,' attach schedule of trusts and federal identification numbers.

Z Does this LLC own an interest in a business entity disregarded for tax purposes? Yes No
If 'Yes,' complete Schedule EO, Part II.

AA Is any member of the LLC related (as defined in IRC Section 267(c)(4)) to any other member of the LLC? ● Yes No

BB Is any member of the LLC a trust for the benefit of any person related (as defined in IRC Section 267(c)(4)) to any other member? ● Yes No

CC(1) Is the LLC deferring any income from the disposition of assets? (see instructions) ● Yes No

(2) If 'Yes,' enter the year of asset disposition. ● _____

DD Is the LLC reporting previously deferred Income from:
(see instructions) ● Installment Sale ● IRC Section 1031 ● IRC Section 1033 ● Other

EE(1) Did this LLC generate a New Jobs Credit? ● Yes No

(2) If 'Yes,' enter the generated amount. ● _____

FF(1) Did this LLC or an entity in which this LLC has an ownership interest elect to defer income from the discharge of indebtedness as described in IRC 108(i) for Federal purposes? ● Yes No

(2) If 'Yes,' enter the portion of the discharge of indebtedness attributable to the LLC. ● _____

Schedule A Cost of Goods Sold

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	279,037.
3	Cost of labor	3	
4	Additional IRC Section 263A costs. Attach schedule	4	
5	Other costs. Attach schedule	5	
6	Total. Add line 1 through line 5	6	279,037.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Schedule B, line 2	8	279,037.

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

Schedule B Income and Deductions

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

Income	1 a	Gross receipts or sales	\$ 518,439.	b	Less returns & allowances	\$	c	Balance	1 c	518,439.
	2	Cost of goods sold (Schedule A, line 8)		2					2	279,037.
	3	GROSS PROFIT. Subtract line 2 from line 1c		3					3	239,402.
	4	Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule		4					4	
	5	Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule		5					5	
	6	Total farm profit. Attach federal Schedule F (Form 1040)		6					6	
	7	Total farm loss. Attach federal Schedule F (Form 1040)		7					7	
	8	Total gains included on Schedule D-1, Part II, line 17 (gain only)		8					8	
	9	Total losses included on Schedule D-1, Part II, line 17 (loss only)		9					9	
	10	Other income. Attach schedule SEE STATEMENT 1		10					10	267,478.
	11	Other loss. Attach schedule SEE STATEMENT 2		11					11	1,643.
	12	Total income (loss). Combine line 3 through line 11		12					12	505,237.
Deductions	13	Salaries and wages (other than to members)		13					13	
	14	Guaranteed payments to members		14					14	
	15	Bad debts		15					15	
	16	Deductible interest expense not claimed elsewhere on return		16					16	
	17a	Depreciation and amortization. Attach form FTB 3885L	\$ 15,714.	17c					17c	15,714.
	b	Less depreciation reported on Schedule A and elsewhere on return	\$	c	Balance					
	18	Depletion. Do not deduct oil and gas depletion		18					18	
	19	Retirement plans, etc.		19					19	
	20	Employee benefit programs		20					20	
	21	Other deductions. Attach schedule SEE STATEMENT 3		21					21	36,730.
	22	Total deductions. Add line 13 through line 21		22					22	52,444.
23	Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12		23					23	452,793.	

Schedule T Nonconsenting Nonresident Members' Tax Liability

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

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 OR LOSS	1	Ordinary income (loss) from trade or business activities	● 452,793.		452,793.		
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825					
	3a	Gross income (loss) from other rental activities					
	b	Less expenses. Att sch.					
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a			●		
	4	Guaranteed payments to members.			●		
	5	Interest income	73,774.		● 73,774.		
	6	Dividends			●		
	7	Royalties.			●		
	8	Net short-term capital gain (loss). Attach Sch D (568).			●		
	9	Net long-term capital gain (loss). Attach Sch D (568).			●		
	10a	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)			●		
11a	Other portfolio income (loss). Attach schedule.						
b	Total other income. Attach schedule.						
c	Total other loss. Attach schedule.						
DEDUCTIONS	12	Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6, and 17268). Attach schedule.					
	13a	Charitable contributions. See instructions. Attach schedule.					
	b	Investment interest expense			●		
	c1	Total expenditures to which IRC Section 59(e) election may apply. Attach schedule.					
	c2	Type of expenditures					
	d	Deductions related to portfolio income.					
	e	Other deductions. Attach schedule.					
CREDITS	15a	Withholding on LLC allocated to all members.					
	b	Low-income housing credit					
	c	Credits other than the credit shown on line 15b related to rental real estate activities. Attach schedule					
	d	Credits related to other rental activities. Attach schedule.					
	e	Nonconsenting nonresident members' tax paid by LLC					
	f	Other credits. Attach schedule.			●		
	g	New Jobs Credit					
ALTERNATIVE TAX ITEMS	17a	Depreciation adjustment on property placed in service after 1986	-20,690.	29.	-20,661.		
	b	Adjusted gain or loss					
	c	Depletion (other than oil and gas)					
	d	Gross income from oil, gas, and geothermal properties.					
	e	Deductions allocable to oil, gas, and geothermal properties.					
	f	Other alternative minimum tax items. Attach schedule.					
INFORMATION	18a	Tax-exempt interest income					
	b	Other tax-exempt inc			●		
	c	Nondeductible expenses					
	19a	Distributions of money (cash and marketable securities).	8,894.		8,894.		
	b	Distribution of property other than money					
	20a	Investment income.	73,774.		73,774.		
b	Investment expenses						
c	Other information. See instructions.			STATEMENT 4			
ANALYSIS	21a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 11c. From the result, subtract the sum of lines 12 through 13e.	526,567.		● 526,567.		
	b	Analysis of members:					
		(a) Corporate	(b) Individual i Active ii Passive	(c) Partnership	(d) Exempt Organization	(e) Nominee/Other	(f) LLC
	Members				526,567.		

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

Table with columns: Assets, Beginning of taxable year (a, b), End of taxable year (c, d). Rows include Cash, Trade notes and accounts receivable, Inventories, U.S. government obligations, Tax-exempt securities, Other current assets, Mortgage and real estate loans, Other investments, Buildings and other depreciable assets, Depletable assets, Land, Intangible assets, and Other assets.

Liabilities and Capital

Table with columns: Liabilities and Capital, Beginning of taxable year (a, b), End of taxable year (c, d). Rows include Accounts payable, Mortgages, notes, bonds payable in less than 1 year, Other current liabilities, All nonrecourse loans, Mortgages, notes, bonds payable in 1 year or more, Other liabilities, Members' capital accounts, and Total liabilities and capital.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. Use total amount under California law. If the partnership completed federal Schedule M-3 (federal Form 1065), see instructions.

Table with columns: 1-5 (Net income, Income included, Guaranteed payments, Expenses recorded, Total of line 1 through line 4e) and 6-9 (Income recorded on books, Deductions included, Total, Income (loss)).

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

Table with columns: 1-4 (Balance at beginning of year, Capital contributed, Net income, Other increases) and 5-9 (Total of line 1 through line 4, Distributions, Other decreases, Total of line 6 and line 7, Balance at end of year).

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

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

Type of entity: (1) C Corporation (2) S Corporation (3) Partnership (4) Limited Partnership (5) Sole Proprietor (6) Farmer. Entity ID number(s) FEIN SSN or ITIN Corp SOS. Amount of liquidation gains recognized to capitalize the LLC.

Schedule IW Limited Liability Company (LLC) Income Worksheet

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

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

Table with 17 rows of income categories and amounts. Includes sub-rows (a, b, c) for various categories like Total California income, cost of goods sold, and California interest. Total California income is 858,048.

Member's Share of Income, Deductions, Credits, etc.

2011

K-1 (568)

For calendar year 2011 or fiscal year beginning month 07 day 01 year 2011, and ending month 06 day 30 year 2012

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

A What type of entity is this member? ●

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

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

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

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

D Member's share of liabilities:

Nonrecourse..... ● \$ 3,432,203.
 Qualified nonrecourse financing..... ● \$ _____
 Other..... ● \$ _____

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

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

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

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

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

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 2,069,701. ●		● 514,009. ●	● (8,805.) ●	● 2,574,905. ●

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.....	448,265.		● 448,265. ●	▶
	2 Net income (loss) from rental real estate activities.....			●	▶
	3 Net income (loss) from other rental activities.....			●	▶
	4 Guaranteed payments to members.....			●	▶
	5 Interest income.....	73,036.		● 73,036. ●	▶
	6 Dividends.....			●	▶
	7 Royalties.....			●	▶
	8 Net short-term capital gain (loss).....			●	▶
	9 Net long-term capital gain (loss).....			●	▶
	10a Total Gain under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	11a Other portfolio income (loss). Attach schedule.....			●	▶
	b Total other income. Attach schedule.....			●	▶
c Total other loss. Attach schedule.....			●	▶	

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268)				
	13a 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 Attach schedule				
	e Other deductions. Attach schedule				
Credits	15a Total withholding (equals amount on Form 592-B if calendar year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule				
	e Nonconsenting nonresident member's tax paid by LLC.				
	f Other credits — Attach required schedules or statements.				
	g New jobs credit				
Alternative Minimum Tax (AMT) Items	17a Depreciation adjustment on property placed in service after 1986.	-20,483.	29.	-20,454.	
	b Adjusted gain or loss.				
	c Depletion (other than oil and gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties.				
	f Other alternative minimum tax items. Attach schedule.				
Tax-exempt Income and Nondeductible Expenses	18a Tax-exempt interest income.				
	b Other tax-exempt income.				
	c Nondeductible expenses				
Distributions	19a Distributions of money (cash and marketable securities)	8,805.		8,805.	
	b Distributions of property other than money.				
Other Information	20a Investment income	73,036.		73,036.	
	b Investment expenses.				
	c Other information. See instructions			SEE ATTACHED	

Other Member Information

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

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

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY – See instructions.

Table 2 – Member's share of distributive items.

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

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

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

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

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	849,468.
TOTAL	\$	<u>849,468.</u>

Member's Share of Income, Deductions, Credits, etc.

2011

K-1 (568)

For calendar year 2011 or fiscal year beginning month 07 day 01 year 2011, and ending month 06 day 30 year 2012

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

A What type of entity is this member? ●

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

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

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

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

D Member's share of liabilities:

Nonrecourse..... ● \$ 34,669.
 Qualified nonrecourse financing..... ● \$ _____
 Other..... ● \$ _____

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

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

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

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

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

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 20,162. ●		● 5,192. ●	● (89.) ●	● 25,265. ●

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.....	4,528.		● 4,528. ●	▶
	2 Net income (loss) from rental real estate activities.....			●	▶
	3 Net income (loss) from other rental activities.....			●	▶
	4 Guaranteed payments to members.....			●	▶
	5 Interest income.....	738.		● 738. ●	▶
	6 Dividends.....			●	▶
	7 Royalties.....			●	▶
	8 Net short-term capital gain (loss).....			●	▶
	9 Net long-term capital gain (loss).....			●	▶
	10a Total Gain under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	11a Other portfolio income (loss). Attach schedule.....			●	▶
	b Total other income. Attach schedule.....			●	▶
c Total other loss. Attach schedule.....			●	▶	

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268)				
	13a 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 Attach schedule				
	e Other deductions. Attach schedule				
Credits	15a Total withholding (equals amount on Form 592-B if calendar year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule				
	e Nonconsenting nonresident member's tax paid by LLC.				
	f Other credits — Attach required schedules or statements.				
	g New jobs credit				
Alternative Minimum Tax (AMT) Items	17a Depreciation adjustment on property placed in service after 1986.	-207.		-207.	
	b Adjusted gain or loss.				
	c Depletion (other than oil and gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties.				
	f Other alternative minimum tax items. Attach schedule.				
Tax-exempt Income and Nondeductible Expenses	18a Tax-exempt interest income.				
	b Other tax-exempt income.				
	c Nondeductible expenses				
Distributions	19a Distributions of money (cash and marketable securities)	89.		89.	
	b Distributions of property other than money.				
Other Information	20a Investment income	738.		738.	
	b Investment expenses.				
	c Other information. See instructions			SEE ATTACHED	

Other Member Information

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

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

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY – See instructions.

Table 2 – Member's share of distributive items.

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

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

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

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

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS	\$	8,580.
TOTAL	\$	<u>8,580.</u>

2011 Depreciation and Amortization

3885L

Name as shown on return

Secretary of State (SOS) file number

IRVINE RANCH WATER DISTRICT

200803210250

FEIN

26-2446103

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

(a) Description of property	(b) Date placed in service	(c) Cost or other basis	(d) Method of figuring depreciation	(e) Life or rate	(f) Depreciation for this year	
POTABLE PIPELINE	6/30/11	48,293.	S/L	40.00	1,207.	
POTABLE PIPELINE	6/30/11	68,686.	S/L	40.00	1,717.	
POTABLE PIPELINE	6/30/11	460.	S/L	10.00	46.	
GP ASSET FUNDED BY UP	6/30/11	11,925.	S/L	20.00	596.	
OFFICE EQUIPMENT	5/31/12	6,945.	200DB	7.00	248.	
POTABLE POND IMPROVEMENT	6/30/12	167,389.	S/L	40.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	3,106.	S/L	40.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	16,086.	S/L	40.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	62,070.	S/L	40.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	332,672.	S/L	40.00	0.	
WATER PUMP	6/30/12	25,182.	S/L	10.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	641,211.	S/L	40.00	0.	
POTABLE POND IMPROVEMENT	6/30/12	622,039.	S/L	30.00	0.	
1 Enter line 1, column (f) totals.....					1(f)	3,814.

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

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

Depreciation

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

2 California depreciation for assets placed in service before January 1, 2011.....	2	11,900.
3 Total California depreciation. Add line 1(f) and line 2.....	3	15,714.

Amortization

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

4 California amortization for intangibles placed in service before January 1, 2011.....	4	
5 Total California amortization. Add line 1(i) and line 4.....	5	
6 Total depreciation and amortization. Add line 3 and line 5. Enter the total here and on Form 568, Schedule B, line 17a, if from a trade or business, or on federal Form 8825, line 14, if from rental real estate activities.....	6	15,714.
7 IRC Section 179 expense deduction from line 12 of the worksheet in the instructions.....	7	
8 Carryover of disallowed deduction to 2012 from line 13 of the worksheet in the instructions.....	8	

IRVINE RANCH WATER DISTRICT

26-2446103

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

RATE DIFFERENTIAL REVENUE.....		\$	267,478.
	TOTAL	\$	<u>267,478.</u>

STATEMENT 2
FORM 568, SCHEDULE B, LINE 11
OTHER LOSS

UNREALIZED LOSS ON SECURITIES.....		\$	1,643.
	TOTAL	\$	<u>1,643.</u>

STATEMENT 3
FORM 568, SCHEDULE B, LINE 21
OTHER DEDUCTIONS

CUSTOMER COLLECTION COSTS.....		\$	36,730.
	TOTAL	\$	<u>36,730.</u>

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

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	858,048.
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STATEMENT 5
FORM 568, SCHEDULE L, LINE 6
OTHER CURRENT ASSETS

	BEGINNING	ENDING
ACCRUED INTEREST RECEIVABLE.....	\$ 2,532.	\$ 751.
CONSTRUCTION IN PROGRESS.....	2,879,289.	3,663,671.
TOTAL	<u>\$ 2,881,821.</u>	<u>\$ 3,664,422.</u>

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

	BEGINNING	ENDING
FUTURE RATE DIFFERENTIAL CREDITS.....	\$ 2,027,120.	\$ 1,573,465.
SECURITY DEPOSITS-REAL ESTATE.....	400.	400.
TOTAL	<u>\$ 2,027,520.</u>	<u>\$ 1,573,865.</u>

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

January 23, 2013

IRVINE RANCH WATER DISTRICT
P.O. BOX 57000
IRVINE, CA 92619-7000

RE:
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II, LLC
26-2446103
Schedule K-1 from Partnership's 2011 Return of Income

Dear IRVINE RANCH WATER DISTRICT:

Enclosed is your 2011 Schedule K-1 (Form 1065) Partner's Share of Income, Deductions, Credits, Etc. from IRVINE RANCH WATER DISTRICT. This information reflects the amounts you need to complete your income tax return. The amounts shown are your distributive share of partnership tax items to be reported on your tax return, and may not correspond to actual distributions you have received during the year. This information is included in the Partnership's 2011 Federal Return of Partnership Income that was filed with the Internal Revenue Service.

If you have any questions concerning this information, please contact us immediately.

Sincerely,

IRVINE RANCH WATER DISTRICT

Enclosure(s)

Final K-1 Amended K-1

Schedule K-1 (Form 1065)

2011

For calendar year 2011, or tax

year beginning 7/01, 2011 ending 6/30, 2012

Department of the Treasury Internal Revenue Service

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

Part I Information About the Partnership

A Partnership's employer identification number 26-2446103
B Partnership's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT WATER SERVICE COMPANY II, LLC P. O. BOX 57000 IRVINE, CA 92619-7000
C IRS Center where partnership filed return OGDEN, UT
D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number 95-2232918
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
G General partner or LLC member-manager Limited partner or other LLC member
H Domestic partner Foreign partner
I What type of entity is this partner? EXEMPT ORG.
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending
Profit 99 % 99 %
Loss 99 % 99 %
Capital 99 % 99 %
K Partner's share of liabilities at year end: Nonrecourse \$ 3,432,203. Qualified nonrecourse financing \$ Recourse \$

L Partner's capital account analysis: Beginning capital account \$ 2,069,701. Capital contributed during the year \$ Current year increase (decrease) \$ 514,009. Withdrawals and distributions \$ (8,805.) Ending capital account \$ 2,574,905.

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

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

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 448,265. 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 73,036.; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items A -20,483.; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss); 12 Section 179 deduction 19 Distributions A 8,805.; 13 Other deductions 20 Other information A 73,036.; 14 Self-employment earnings (loss)

*See attached statement for additional information.

FOR IRS USE ONLY

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

	<i>Report on</i>	<i>Code</i>	<i>Report on</i>
1 Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.			
Passive loss	See the Partner's Instructions	J Work opportunity credit	See the Partner's Instructions
Passive income		K Disabled access credit	
Nonpassive loss		L Empowerment zone and renewal community employment credit	
Nonpassive income		M Credit for increasing research activities	
2 Net rental real estate income (loss)		N Credit for employer social security and Medicare taxes	
3 Other net rental income (loss)		O Backup withholding	Form 1040, line 62
Net income	Schedule E, line 28, column (g)	P Other credits	See the Partner's Instructions
Net loss	See the Partner's Instructions	16 Foreign transactions	
4 Guaranteed payments	Schedule E, line 28, column (j)	A Name of country or U.S. possession	Form 1116, Part I
5 Interest income	Form 1040, line 8a	B Gross income from all sources	
6a Ordinary dividends	Form 1040, line 9a	C Gross income sourced at partner level	
6b Qualified dividends	Form 1040, line 9b	<i>Foreign gross income sourced at partnership level</i>	
7 Royalties	Schedule E, line 3b	D Passive category	Form 1116, Part I
8 Net short-term capital gain (loss)	Schedule D, line 5	E General category	
9a Net long-term capital gain (loss)	Schedule D, line 12	F Other	
9b Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)	<i>Deductions allocated and apportioned at partner level</i>	
9c Unrecaptured section 1250 gain	See the Partner's Instructions	G Interest expense	Form 1116, Part I
10 Net section 1231 gain (loss)	See the Partner's Instructions	H Other	Form 1116, Part I
11 Other income (loss)		<i>Deductions allocated and apportioned at partnership level to foreign source income</i>	
<i>Code</i>		I Passive category	Form 1116, Part I
A Other portfolio income (loss)	See the Partner's Instructions	J General category	
B Involuntary conversions	See the Partner's Instructions	K Other	
C Section 1256 contracts and straddles	Form 6781, line 1	<i>Other information</i>	
D Mining exploration costs recapture	See Pub 535	L Total foreign taxes paid	Form 1116, Part II
E Cancellation of debt	Form 1040, line 21 or Form 982	M Total foreign taxes accrued	Form 1116, Part II
F Other income (loss)	See the Partner's Instructions	N Reduction in taxes available for credit	Form 1116, line 12
12 Section 179 deduction	See the Partner's Instructions	O Foreign trading gross receipts	Form 8873
13 Other deductions		P Extraterritorial income exclusion	Form 8873
A Cash contributions (50%)	See the Partner's Instructions	Q Other foreign transactions	See the Partner's Instructions
B Cash contributions (30%)			
C Noncash contributions (50%)			
D Noncash contributions (30%)			
E Capital gain property to a 50% organization (30%)			
F Capital gain property (20%)			
G Contributions (100%)		17 Alternative minimum tax (AMT) items	
H Investment interest expense	Form 4952, line 1	A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251
I Deductions — royalty income	Schedule E, line 19	B Adjusted gain or loss	
J Section 59(e)(2) expenditures	See the Partner's Instructions	C Depletion (other than oil & gas)	
K Deductions — portfolio (2% floor)	Schedule A, line 23	D Oil, gas, & geothermal — gross income	
L Deductions — portfolio (other)	Schedule A, line 28	E Oil, gas, & geothermal — deductions	
M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	F Other AMT items	
N Educational assistance benefits	See the Partner's Instructions	18 Tax-exempt income and nondeductible expenses	
O Dependent care benefits	Form 2441, line 12	A Tax-exempt interest income	Form 1040, line 8b
P Preproductive period expenses	See the Partner's Instructions	B Other tax-exempt income	See the Partner's Instructions
Q Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	C Nondeductible expenses	See the Partner's Instructions
R Pensions and IRAs	See the Partner's Instructions	19 Distributions	
S Reforestation expense deduction	See the Partner's Instructions	A Cash and marketable securities	See the Partner's Instructions
T Domestic production activities information	See Form 8903 Instructions	B Distribution subject to section 737	
U Qualified production activities income	Form 8903, line 7b	C Other property	
V Employer's Form W-2 wages	Form 8903, line 17	20 Other information	
W Other deductions	See the Partner's Instructions	A Investment income	Form 4952, line 4a
14 Self-employment earnings (loss)		B Investment expenses	Form 4952, line 5
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	C Fuel tax credit information	Form 4136
B Gross farming or fishing income	See the Partner's Instructions	D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions	E Basis of energy property	See the Partner's Instructions
15 Credits		F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions	G Recapture of low-income housing credit (other)	Form 8611, line 8
B Low-income housing credit (other) from pre-2008 buildings			
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings			
D Low-income housing credit (other) from post-2007 buildings			
E Qualified rehabilitation expenditures (rental real estate)			
F Other rental real estate credits			
G Other rental credits			
H Undistributed capital gains credit		Form 1040, line 71; check box a	
I Alcohol and cellulosic biofuel fuels credit		See the Partner's Instructions	
		H Recapture of investment credit	Form 4255
		I Recapture of other credits	See the Partner's Instructions
		J Look-back interest — completed long-term contracts	See Form 8697
		K Look-back interest — income forecast method	See Form 8866
		L Dispositions of property with section 179 deductions	See the Partner's Instructions
		M Recapture of section 179 deduction	
		N Interest expense for corporate partners	
		O Section 453(l)(3) information	
		P Section 453A(c) information	
		Q Section 1260(b) information	
		R Interest allocable to production expenditures	
		S CCF nonqualified withdrawals	
		T Depletion information — oil and gas	
		U Amortization of reforestation costs	
		V Unrelated business taxable income	
		W Precontribution gain (loss)	
		X Section 108(i) information	
		Y Other information	

Member's Share of Income, Deductions, Credits, etc.

2011

K-1 (568)

For calendar year 2011 or fiscal year beginning month 07 day 01 year 2011, and ending month 06 day 30 year 2012

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

A What type of entity is this member? ●

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

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

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

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

D Member's share of liabilities:

Nonrecourse..... ● \$ 3,432,203.
 Qualified nonrecourse financing..... ● \$ _____
 Other..... ● \$ _____

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

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

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

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

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

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 2,069,701. ●		● 514,009. ●	● (8,805.) ●	● 2,574,905. ●

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.....	448,265.		● 448,265. ●	▶
	2 Net income (loss) from rental real estate activities.....			●	▶
	3 Net income (loss) from other rental activities.....			●	▶
	4 Guaranteed payments to members.....			●	▶
	5 Interest income.....	73,036.		● 73,036. ●	▶
	6 Dividends.....			●	▶
	7 Royalties.....			●	▶
	8 Net short-term capital gain (loss).....			●	▶
	9 Net long-term capital gain (loss).....			●	▶
	10a Total Gain under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	11a Other portfolio income (loss). Attach schedule.....			●	▶
	b Total other income. Attach schedule.....			●	▶
c Total other loss. Attach schedule.....			●	▶	

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268)				
	13a 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 Attach schedule				
	e Other deductions. Attach schedule				
Credits	15a Total withholding (equals amount on Form 592-B if calendar year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule				
	e Nonconsenting nonresident member's tax paid by LLC.				
	f Other credits — Attach required schedules or statements.				
	g New jobs credit				
Alternative Minimum Tax (AMT) Items	17a Depreciation adjustment on property placed in service after 1986.	-20,483.	29.	-20,454.	
	b Adjusted gain or loss.				
	c Depletion (other than oil and gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties.				
	f Other alternative minimum tax items. Attach schedule.				
Tax-exempt Income and Nondeductible Expenses	18a Tax-exempt interest income.				
	b Other tax-exempt income.				
	c Nondeductible expenses				
Distributions	19a Distributions of money (cash and marketable securities)	8,805.		8,805.	
	b Distributions of property other than money.				
Other Information	20a Investment income	73,036.		73,036.	
	b Investment expenses.				
	c Other information. See instructions			SEE ATTACHED	

Other Member Information

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

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

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY – See instructions.

Table 2 – Member's share of distributive items.

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

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

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

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

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS.....	\$	849,468.
TOTAL	\$	<u>849,468.</u>

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

January 23, 2013

IRVINE RANCH WATER DISTRICT
P.O. BOX 57000
IRVINE, CA 92619-7000

RE:
IRVINE RANCH WATER DISTRICT
WATER SERVICE COMPANY II, LLC
26-2446103
Schedule K-1 from Partnership's 2011 Return of Income

Dear IRVINE RANCH WATER DISTRICT:

Enclosed is your 2011 Schedule K-1 (Form 1065) Partner's Share of Income, Deductions, Credits, Etc. from IRVINE RANCH WATER DISTRICT. This information reflects the amounts you need to complete your income tax return. The amounts shown are your distributive share of partnership tax items to be reported on your tax return, and may not correspond to actual distributions you have received during the year. This information is included in the Partnership's 2011 Federal Return of Partnership Income that was filed with the Internal Revenue Service.

If you have any questions concerning this information, please contact us immediately.

Sincerely,

IRVINE RANCH WATER DISTRICT

Enclosure(s)

Schedule K-1 (Form 1065)

2011

Final K-1 Amended K-1

Department of the Treasury Internal Revenue Service

For calendar year 2011, or tax year beginning 7/01, 2011 ending 6/30, 2012

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 OGDEN, UT
D Check if this is a publicly traded partnership (PTP)
E Partner's identifying number 91-1874346
F Partner's name, address, city, state, and ZIP code IRVINE RANCH WATER DISTRICT P.O. BOX 57000 IRVINE, CA 92619-7000
G General partner or LLC member-manager
H Domestic partner
I What type of entity is this partner? EXEMPT ORG.
J Partner's share of profit, loss, and capital (see instructions): Beginning Ending
K Partner's share of liabilities at year end: Nonrecourse \$ 34,669.
L Partner's capital account analysis: Beginning capital account \$ 20,162.
M Did the partner contribute property with a built-in gain or loss? No

Table with 4 columns: Line number, Description, Amount, and Code. Rows include: 1 Ordinary business income (loss) 4,528. 15 Credits; 2 Net rental real estate income (loss); 3 Other net rental income (loss) 16 Foreign transactions; 4 Guaranteed payments; 5 Interest income 738.; 6a Ordinary dividends; 6b Qualified dividends; 7 Royalties; 8 Net short-term capital gain (loss); 9a Net long-term capital gain (loss) 17 Alternative minimum tax (AMT) items -207. A; 9b Collectibles (28%) gain (loss); 9c Unrecaptured section 1250 gain; 10 Net section 1231 gain (loss) 18 Tax-exempt income and nondeductible expenses; 11 Other income (loss); 12 Section 179 deduction 19 Distributions 89. A; 13 Other deductions 20 Other information 738. A; 14 Self-employment earnings (loss).

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

Member's Share of Income, Deductions, Credits, etc.

2011

K-1 (568)

For calendar year 2011 or fiscal year beginning month 07 day 01 year 2011, and ending month 06 day 30 year 2012

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

A What type of entity is this member? ●

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

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

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

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

D Member's share of liabilities:

Nonrecourse..... ● \$ 34,669.
 Qualified nonrecourse financing..... ● \$
 Other..... ● \$

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

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

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

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

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

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
● 20,162. ●		● 5,192. ●	● (89.) ●	● 25,265. ●

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.....	4,528.		● 4,528. ●	▶
	2 Net income (loss) from rental real estate activities.....			●	▶
	3 Net income (loss) from other rental activities.....			●	▶
	4 Guaranteed payments to members.....			●	▶
	5 Interest income.....	738.		● 738. ●	▶
	6 Dividends.....			●	▶
	7 Royalties.....			●	▶
	8 Net short-term capital gain (loss).....			●	▶
	9 Net long-term capital gain (loss).....			●	▶
	10a Total Gain under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)...			●	▶
	11a Other portfolio income (loss). Attach schedule.....			●	▶
	b Total other income. Attach schedule.....			●	▶
c Total other loss. Attach schedule.....			●	▶	

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268).....				
	13a 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 Attach schedule.....				
	e Other deductions. Attach schedule.....				
Credits	15a Total withholding (equals amount on Form 592-B if calendar year LLC).....				
	b Low-income housing credit.....				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.....				
	d Credits related to other rental activities. Attach schedule.....				
	e Nonconsenting nonresident member's tax paid by LLC.....				
	f Other credits — Attach required schedules or statements.....				
	g New jobs credit.....				
Alternative Minimum Tax (AMT) Items	17a Depreciation adjustment on property placed in service after 1986.....	-207.		-207.	
	b Adjusted gain or loss.....				
	c Depletion (other than oil and gas).....				
	d Gross income from oil, gas, and geothermal properties.....				
	e Deductions allocable to oil, gas, and geothermal properties.....				
	f Other alternative minimum tax items. Attach schedule.....				
Tax-exempt Income and Nondeductible Expenses	18a Tax-exempt interest income.....				
	b Other tax-exempt income.....				
	c Nondeductible expenses.....				
Distributions	19a Distributions of money (cash and marketable securities).....	89.		89.	
	b Distributions of property other than money.....				
Other Information	20a Investment income.....	738.		738.	
	b Investment expenses.....				
	c Other information. See instructions.....			SEE ATTACHED	

Other Member Information

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

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

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY – See instructions.

Table 2 – Member's share of distributive items.

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

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

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

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

PROPORTIONATE INT. OF AGGREGATE GROSS RECEIPTS	\$	8,580.
TOTAL	\$	<u>8,580.</u>