

Short Form
Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
 (except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.
 ▶ The organization may have to use a copy of this return to satisfy state reporting requirements

Department of the Treasury
 Internal Revenue Service

A For the 2009 calendar year, or tax year beginning , 2009, and ending , 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization, number and street, city, town, state, and ZIP code COTTONWOOD WATER SUPPLY CORPORATION P O BOX 569 West TX 76691	D Employer identification number 74-1545431
		E Telephone number _____	
		F Group Exemption Number ▶ _____	

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).** **G Accounting Method** Cash Accrual Other (specify) ▶ _____

I Website: ▶ _____ **H Check** if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

J Tax-exempt status (check only one) - 501(c)(12) ◀ (insert no) | 4947(a)(1) or | 527
K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts. If \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ 154,107.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I)

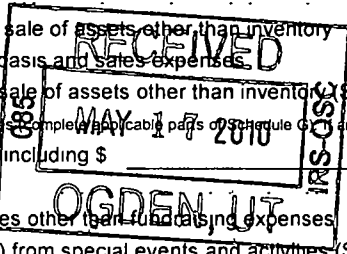
Revenue	1	Contributions, gifts, grants, and similar amounts received	1	
	2	Program service revenue including government fees and contracts	2	152,284.
	3	Membership dues and assessments	3	
	4	Investment income	4	1,823.
	5a	Gross amount from sale of assets other than inventory	5a	
	5b	Less cost or other basis and sales expenses	5b	
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Special events and activities (complete Part I, column (B) of Schedule G if any amount is from gaming, check here) <input type="checkbox"/>		
	6a	Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
6b	Less direct expenses other than fundraising expenses	6b		
6c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c		
7a	Gross sales of inventory, less returns and allowances	7a		
7b	Less cost of goods sold	7b		
7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8	Other revenue (describe ▶ _____)	8		
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	154,107.	
Expenses	10	Grants and similar amounts paid (attach schedule)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	
	13	Professional fees and other payments to independent contractors	13	27,131.
	14	Occupancy, rent, utilities, and maintenance	14	59,254.
	15	Printing, publications, postage, and shipping	15	2,092.
	16	Other expenses (describe ▶ SEE STATEMENT)	16	56,872.
17	Total expenses. Add lines 10 through 16	17	145,349.	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	8,758.
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	213,458.
	20	Other changes in net assets or fund balances (attach explanation)	20	800.
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	223,016.

Part II Balance Sheets. If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ

		(See the instructions for Part II)	
		(A) Beginning of year	(B) End of year
22	Cash, savings, and investments	181,355.	22 175,420.
23	Land and buildings	234,289.	23 512,383.
24	Other assets (describe ▶ SEE STATEMENT)	11,372.	24 18,533.
25	Total assets	427,016.	25 706,336.
26	Total liabilities (describe ▶ SEE STATEMENT)	213,558.	26 483,320.
27	Net assets or fund balances (line 27 of column (B) must agree with line 21)	213,458.	27 223,016.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instruction. **Form 990-EZ (2009)**

JUN 29 2010



Part V Other Information (Note the statement requirements in the instructions for Part V)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
34	Were any changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the changes		X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T		
35a	Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements?		X
35b	If "Yes," has it filed a tax return on Form 990-T for this year?		
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N		X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions	37a	0
37b	Did the organization file Form 1120-POL for this year?	37b	X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return?	38a	X
38b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	
39	Section 501(c)(7) organizations Enter		
39a	Initiation fees and capital contributions included on line 9	39a	
39b	Gross receipts, included on line 9, for public use of club facilities	39b	
40a	Section 501(c)(3) organizations Enter amount of tax imposed on the organization during the year under section 4911, section 4912, section 4955		
40b	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b	
40c	Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
40d	Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax on line 40c reimbursed by the organization		
40e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e	
41	List the states with which a copy of this return is filed		
42a	The organizations books are in care of <u>KAREN MCCULLOUGH</u> Telephone no <u>254-826-7737</u> Located at <u>P O BOX 368 TX West</u> ZIP + 4 <u>76691</u>		
42b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country	42b	X
42c	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. At any time during the calendar year, did the organization maintain an office outside of the US? If "Yes," enter the name of the foreign country	42c	X
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	43	
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ	44	X
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ	45	X

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only.

All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46 - 49b and complete the tables for lines 50 and 51

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I
- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II
- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
- 49a Did the organization make any transfers to an exempt non-charitable related organization?
- b If "Yes," was the related organization a section 527 organization?
- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None "

	Yes	No
46		
47		
48		
49a		
49b		

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

f Total number of other employees paid over \$100,000

- 51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None "

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

d Total number of other independent contractors each receiving over \$100,000

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

Sign Here

Signature of officer: *Cody Drago* Date: *5/6/10*
 Type or print name and title: *CODY DRAGO PRESIDENT*

Paid Preparer's Use Only

Preparer's signature: *Evelyn Pareya* Date: *5-6-10* Check if self-employed:
 Firm's name (or yours if self-employed), address, and ZIP + 4: *EVELYN PAREYA, CPA P O BOX 431* Preparer's Identifying No. (See instr): *P00741345*
 EIN: *74-2446812* Phone no: *254-826-3271*

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

US 990	Other Assets		2009
Description	Beginning of year book value	End of year book value	FMV
ACCOUNTS RECEIVABLE-WATER SALES	9,872.	10,631.	
ACCOUNTS RECEIVABLE-OTHER		4,980.	
INVESTMENT IN REGIONAL WATER SUPPLY	1,500.	1,500.	
PREPAID ITEMS		1,422.	
	11,372.	18,533.	

US 990	Other Changes in Net Asset or Fund Balances	2009
Description	Amount	
MEMBERSHIP SALES	800.	800.

US 990	Other Liabilities	2009	
	Description	Beginning of year book amount	End of year book amount
ACCOUNTS PAYABLE		40,790.	1,473.
NOTES PAYABLE		172,768.	481,847.
		213,558.	483,320.

US 990	Other Expenses			2009
Description	Expenses per books	Net investment income	Adjusted net income	Charitable purposes
DEPRECIATION EXPENSE	23,772.			
INSURANCE	2,470.			
SAMPLE TESTING	599.			
DUES, FEES, & ASSESSMENTS	2,574.			
INTEREST EXPENSE	24,924.			
MILEAGE REIMBURSEMENT	1,556.			
ADVERTISING	90.			
MEETING EXPENSE	206.			
WATER PURCHASES	646.			
MISCELLANEOUS	35.			
	56,872.			

COITTONWOOD WATER SUPPLY CORPORATION- FIXED ASSET SCHEDULE

74-1545431

DESCRIPTION	DATE	BALANCE	ADDITIONS	BALANCE	RATE	DEPR	2009	DEPR
		12/31/2008	2009	12/31/2009		12/31/2008	DEPR	12/31/2009
Water System	1965	\$ 100,757 00		100,757 00	3%	\$ 100,757 00	\$ 0 00	100,757 00
Land		3,827 25		3,827 25	N/A			
Addition	1966	1,184 00		1,184 00	5%	1,184 00	0 00	1,184 00
Motor Minder	1968	412 00		412 00		412 00	0 00	412 00
Expansion	1970	17,242 00		17,242 00	4%	17,242 00	0 00	17,242 00
Expansion	1972	5,184 00		5,184 00	4%	5,184 00	0 00	5,184 00
Expansion	1973	7,401 00		7,401 00	4%	7,401 00	0 00	7,401 00
Expansion	1973	165 00		165 00		165 00	0 00	165 00
Meters	1978	246 00		246 00		246 00	0 00	246 00
Mower	1978	189 00		189 00	33%	189 00	0 00	189 00
Water System	1983	8,400 00		8,400 00	14%	8,400 00	0 00	8,400 00
Typewriter	1985	210 24		210 24	20%	210 24	0 00	210 24
Pump	1986	3,899 28		3,899 28	10%	3,899 28	0 00	3,899 28
Water Meter	1986	1,418 00		1,418 00	10%	1,418 00	0 00	1,418 00
Expansion	1987	246,424 92		246,424 92	3%	157,485 00	7,393 00	164,878 00
Chlorinator	1988	3,190 07		3,190 07	10%	3,109 07	0 00	3,109 07
Well Improvements	1990	7,779 15		7,779 15	10%	7,779 15	0 00	7,779 15
Storage Tank Impr	1990	10,900 00		10,900 00	10%	10,900 00	0 00	10,900 00
Expansion	1990	7,166 00		7,166 00	3%	4,031 00	215 00	4,246 00
Pump Work	1991	5,089 80		5,089 80	10%	5,089 80	0 00	5,089 80
Expansion	1994	1,933 00		1,933 00	3%	855 00	57 00	912 00
Sidewalk	1994	333 00		333 00	10%	333 00	0 00	333 00
Typewriter	1995	114 01		114 01	20%	114 01	0 00	114 01
Extension	1995	2,890 00		2,890 00	3%	1,248 00	87 00	1,335 00
Line Replacement	1995	4,892 50		4,892 50	3%	2,058 00	147 00	2,205 00
Air Conditioner	1996	990 88		990 88	10%	990 88	0 00	990 88
Line Replacement	1996	3,179 50		3,179 50	3%	1,235 00	95 00	1,330 00
Pump & Motor	1997	13,556 71		13,556 71	10%	13,368 00	188 71	13,556 71
Line Replacement	1997	9,800 34		9,800 34	3%	3,448 00	294 00	3,742 00
Air Compressor	1997	835 00		835 00	10%	835 00	0 00	835 00
Copy Machine	1998	324 74		324 74	20%	324 74	0 00	324 74
Line Replacement	1998	513 00		513 00	3%	181 00	15 00	196 00
Air Pack	1999	1,832 00		1,832 00	10%	1,739 00	93 00	1,832 00
Line Extension	1999	518 20		518 20	3%	160 00	16 00	176 00
Line Replacement	2000	2,500 00		2,500 00	3%	675 00	75 00	750 00
Line Extension	2000	2,634 29		2,634 29	3%	702 00	78 00	780 00
Pressure Tank Impr	2000	5,731 84		5,731 84	10%	5,157 00	573 00	5,730 00
Calculator	2001	67 09		67 09	20%	67 09	0 00	67 09
City Meter	2001	5,875 56		5,875 56	10%	4,704 00	588 00	5,292 00
Improvements	2001	3,842 88		3,842 88	10%	3,072 00	384 00	3,456 00
Electrical Line	2001	987 88		987 88	10%	792 00	99 00	891 00
Office Equipment	2002	1,968 94		1,968 94	20%	1,968 94	0 00	1,968 94
Tank Improvements	2002	19,500 00		19,500 00	10%	13,650 00	1,950 00	15,600 00
Portable Building	2003	4,114 19		4,114 19	5%	1,236 00	206 00	1,442 00
Line Extension	2004	1,442 95		1,442 95	3%	215 00	43 00	258 00
Line Extension	2005	2,375 00		2,375 00	3%	284 00	71 00	355 00
Lexmark Printer	2005	756 67		756 67	20%	604 00	151 00	755 00
Engineering Fees	2005	9,750 00		9,750 00	3%		292 50	292 50
Storage Tank Impr	2006	11,250 00	0 00	11,250 00	20%	4,654 00	2,250 00	6,904 00
System Maps	2007	2,400 00	0 00	2,400 00	20%	960 00	480 00	1,440 00
GE Air Conditioner	2008	895 00		895 00	20%	179 00	179 00	358 00
Fence	2008	4,667 00		4,667 00	10%	466 70	466 70	933 40
Land	2008	21,557 90		21,557 90	N/A			
New Pump Station				0 00				
Engineering Fees	2008	20,644 19		20,644 19	3%		414 95	414 95
Pump Station Const	2008	39,908 00		39,908 00	3%		802 15	802 15
Engineering Fees	2009		11,522 01	11,522 01	3%		231 59	231 59
Interim Interest	2009		1,964 58	1,964 58	3%		39 49	39 49
Pump Station Const	2009		206,867 00	206,867 00	3%		4,158 03	4,158 03
Line Improvements	2009		74,887 00	74,887 00	3%		1,505 23	1,505 23
KOA waterline	2009		6,624 96	6,624 96	3%		133 16	133 16
				0 00				
		\$ 635,666 97	\$ 301,865 55	\$ 937,532 52		\$ 401,377 90	\$ 23,771 51	\$ 425,149 41