

Reconciliation of Net Assets

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

Total revenue (must equal Part VIII, column (A), line 12)	1	310,941
Total expenses (must equal Part IX, column (A), line 25)	2	349,915
Revenue less expenses. Subtract line 2 from line 1	3	-38,974
Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	700,230
Net unrealized gains (losses) on investments	5	
Donated services and use of facilities	6	
Investment expenses	7	
Prior period adjustments	8	45,330
Other changes in net assets or fund balances (explain in Schedule O)	9	
Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	706,586

Financial Statements and Reporting

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

Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

b Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:

☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2013)

AVALON000971

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2013

Employer identification number

AVALON WATER SUPPLY & SEWER SERVICE

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Conservation Easements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

Number of states where property subject to conservation easement is located ▶

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$

(ii) Assets included in Form 990, Part X ▶ \$

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

Revenues included in Form 990, Part VIII, line 1 ▶ \$

Assets included in Form 990, Part X ▶ \$

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

Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

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

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

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

Escrow and Custodial Arrangements.

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

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

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

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

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

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

Endowment Funds.

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

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

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

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

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

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

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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

Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
a Land		25,551		25,551
b Buildings		4,253	691	3,562
c Leasehold improvements		1,491,472	671,701	819,771
d Equipment		145,610	139,724	5,886
e Other				854,770

3a. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)

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

total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶

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

Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶

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

al. (Column (b) must equal Form 990, Part X, col. (B) line 15.)

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

4. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶

Schedule D (Form 990) 2013

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1 Total revenue, gains, and other support per audited financial statements		1	310,941
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
3 Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	310,941
4 Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
5 Add lines 4a and 4b		4c	
5 Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	310,941

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1 Total expenses and losses per audited financial statements		1	349,915
2 Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
3 Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	349,915
4 Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
5 Add lines 4a and 4b		4c	
5 Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	349,915

Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 1; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

AVALON000975

Supplemental Information (continued)

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service
of the organization

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2013

Employer identification number

AVALON WATER SUPPLY & SEWER SERVICE

FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS

**MEMBERS ARE CUSTOMERS OF THE WATER AND SEWER SYSTEM AND HAVE TO PAY A
MEMBERSHIP DEPOSIT.**

FORM 990, PART VI, LINE 7A - ELECTION OF MEMBERS AND THEIR RIGHTS

MEMBERS ELECT THE BOARD OF DIRECTORS ANNUALLY.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990

THE RETURN IS REVIEWED BY THE BOARD PRIOR TO FILING.

FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY

THE BOARD MAINTAINS A CONFLICT OF INTEREST POLICY.

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS

**COMPENSATION OF THE CORPORATION'S EMPLOYEES IS DETERMINED BY REVIEW OF
SIMILAR COMPANIES COMPENSATION ARRANGEMENTS.**

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION

**THE BOARD, AT ITS ANNUAL MEETING, INFORMS MEMBERS THAT FINANCIAL
INFORMATION AND TAX RETURNS ARE AVAILABLE FOR PUBLIC INSPECTION.**

AVALON000077

4562

Department of the Treasury
Internal Revenue Service

(2013)

(e) shown on return

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

2013

Attachment
Sequence No. 179

▶ See separate instructions.

▶ Attach to your tax return.

AVALON WATER SUPPLY & SEWER SERVICE

Business or activity to which this form relates

INDIRECT DEPRECIATION

Election To Expense Certain Property Under Section 179

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

Maximum amount (see instructions)	1	500,000
Total cost of section 179 property placed in service (see instructions)	2	
Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost

Listed property. Enter the amount from line 28	7	
Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
Tentative deduction. Enter the smaller of line 5 or line 8	9	
Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	

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

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

Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
Property subject to section 168(f)(1) election	15	
Other depreciation (including ACRS)	16	46,178

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

Section A

MACRS deductions for assets placed in service in tax years beginning before 2013	17	0
If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

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

Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

Class life					
12-year			12 yrs.		S/L
40-year			40 yrs.	MM	S/L

Summary (See instructions.)

Listed property. Enter amount from line 28	21	
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	46,178
For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Paperwork Reduction Act Notice, see separate instructions.

AVALON000978-4562 (2013)

THERE ARE NO AMOUNTS FOR PAGE 2

Avalon Water Supply & Sewer Service

2014 Form 990

Return of Organization Exempt

From Income Tax

AVALON000979

Misty Culpepper
Certified Public Accountant
A Professional Limited Liability Company

July 28, 2015

CONFIDENTIAL

Avalon Water Supply & Sewer Service
PO Box 70
Avalon, TX 76623

Dear Jo Beth:

We have prepared the following returns from information provided by you without verification or audit.

Return of Organization Exempt From Income Tax (Form 990)

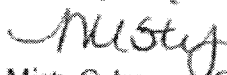
We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,



Misty Culpepper, CPA, PLLC

AVALON000980

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2014**Open to Public Inspection****A For the 2014 calendar year, or tax year beginning****, and ending****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization**AVALON WATER SUPPLY & SEWER SERVICE**

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

PO BOX 70

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

AVALON**TX 76623****D** Employer identification number****-***4866****E** Telephone number**G** Gross receipts \$ **367,280****F** Name and address of principal officer:**H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number ▶

Tax-exempt status:

501(c)(3)

☒

501(c)

(12)

(insert no.)

4947(a)(1) or

527

Website: ▶ **N/A**

Form of organization:

☒

Corporation

☐

Trust

☐

Association

☐

Other ▶

L Year of formation: **1970****M** State of legal domicile: **TX****Part I Summary****1** Briefly describe the organization's mission or most significant activities:**TO PROVIDE WATER AND SEWER SERVICE.****2** Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.**3** Number of voting members of the governing body (Part VI, line 1a)**4** Number of independent voting members of the governing body (Part VI, line 1b)**5** Total number of individuals employed in calendar year 2014 (Part V, line 2a)**6** Total number of volunteers (estimate if necessary)**7a** Total unrelated business revenue from Part VIII, column (C), line 12**b** Net unrelated business taxable income from Form 990-T, line 34**8** Contributions and grants (Part VIII, line 1h)**9** Program service revenue (Part VIII, line 2g)**10** Investment income (Part VIII, column (A), lines 3, 4, and 7d)**11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)**12** Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)**13** Grants and similar amounts paid (Part IX, column (A), lines 1-3)**14** Benefits paid to or for members (Part IX, column (A), line 4)**15** Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)**16a** Professional fundraising fees (Part IX, column (A), line 11e)**b** Total fundraising expenses (Part IX, column (D), line 25) ▶ **0****17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)**18** Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)**19** Revenue less expenses. Subtract line 18 from line 12**20** Total assets (Part X, line 16)**21** Total liabilities (Part X, line 26)**22** Net assets or fund balances. Subtract line 21 from line 20

Prior Year

Current Year

0**305,839** **352,384****1,073** **563****4,029** **14,333****310,941** **367,280****0****0****77,998** **92,979****0****271,917** **211,496****349,915** **304,475****-38,974** **62,805**

Beginning of Current Year

End of Year

1,058,880 **1,090,863****352,294** **308,537****706,586** **782,326****Part II Signature Block**

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

Sign Here

Signature of officer

Date

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

MISTY CULPEPPER, CPA

Preparer's signature

Misty Culpepper, CPA

Date

7/28/15Check ☒ if

self-employed

PTIN

Firm's name ▶

MISTY CULPEPPER, CPA, PLLC

Firm's EIN ▶

****-***5046**

Firm's address ▶

**208 W. KNOX
ENNIS, TX 75119**

Phone no

972-268-6940

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

AVALON000981Form **990** (2014)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:**TO PROVIDE WATER AND SEWER SERVICE.****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code:) (Expenses \$ **267,526** including grants of \$) (Revenue \$)
TO PROVIDE WATER AND SEWER SERVICE TO THE CORPORATION'S MEMBERS.**4b** (Code:) (Expenses \$ including grants of \$) (Revenue \$)**4c** (Code:) (Expenses \$ including grants of \$) (Revenue \$)**4d** Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **267,526****AVALON000982**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A		X
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
3 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		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Part IV Checklist of Required Schedules (continued)

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

Part V **Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	2
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	8
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a	
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	352,384
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	14,896
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

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

Section A. Governing Body and Management

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

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

	Yes	No
10a		☒
10b		
11a	☒	
12a		☒
12b		
12c		
13		☒
14		☒
15a		☒
15b	☒	
16a		☒
16b		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ► **TX**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, address, and telephone number of the person who possesses the organization's books and records. ►

AVALON WATER SUPPLY & SEWER SERVICE PO BOX 70**AVALON****TX 76622 972-627-3622****AVALON000986**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DENISE WIMBISH DIRECTOR	1.00 0.00	X						0	0	0
(2) MANUEL RODRIGUEZ DIRECTOR	1.00 0.00	X						0	0	0
(3) GARY LOW DIRECTOR	1.00 0.00	X						0	0	0
(4) RICKY JOHNSTON	1.00 0.00	X						0	0	0
(5) DAVID WAISHES PRESIDENT	1.00 0.00			X				0	0	0
(6) JACOB CARTER VICE-PRESIDENT	1.00 0.00			X				0	0	0
(7) ROBIN DONALDSON SECRETARY/TREASURER	1.00 0.00			X				0	0	0
(8)										
(9)										
(10)										
(11)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12)										
(13)										
(14)										
(15)										
(16)										
(17)										
(18)										
(19)										
1b Sub-total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

- 3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		X
4		X
5		X

Section B. Independent Contractors

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

AVALON000988

Part VIII Statement of Revenue

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f			
	g Noncash contributions included in lines 1a-1f \$				
h Total. Add lines 1a-1f					
Program Service Revenue	2a WATER SALES	Busn. Code	278,595	278,595	
	b SEWER SALES		61,514	61,514	
	c LATE CHARGES		12,000	12,000	
	d TRANSFER FEES		275	275	
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f		352,384		
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		563	563	
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties				
	6a Gross rents	(i) Real (ii) Personal			
	b Less: rental exps.				
	c Rental inc. or (loss)				
	d Net rental income or (loss)				
	7a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other			
	b Less: cost or other basis & sales exps.				
	c Gain or (loss)				
	d Net gain or (loss)				
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a			
b Less: direct expenses	b				
c Net income or (loss) from fundraising events					
9a Gross income from gaming activities. See Part IV, line 19	a				
b Less: direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances	a				
b Less: cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Busn. Code			
11a MISCELLANEOUS INCOME		14,333		14,333	
b					
c					
d All other revenue					
e Total. Add lines 11a-11d		14,333			
12 Total revenue. See instructions.		367,280	352,947	0	14,333

Part IX Statement of Functional ExpensesSection 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).
Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	84,258	74,923	9,335	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	1,800	1,800		
10 Payroll taxes	6,921	6,207	714	
11 Fees for services (non-employees):				
a Management				
b Legal	9,770	9,770		
c Accounting	5,600		5,600	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	4,063		4,063	
12 Advertising and promotion				
13 Office expenses	11,855		11,855	
14 Information technology				
15 Royalties				
16 Occupancy	45,959	41,055	4,904	
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	12,608	12,608		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	44,160	44,160		
23 Insurance	11,173	10,695	478	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a MATERIALS AND SUPPLIES	41,764	41,764		
b REPAIRS AND MAINTENANCE	12,514	12,514		
c TRAVEL	6,039	6,039		
d LICENSES & FEES	5,026	5,026		
e All other expenses	965	965		
25 Total functional expenses. Add lines 1 through 24e	304,475	267,526	36,949	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720)				

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Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI **X**

1	Total revenue (must equal Part VIII, column (A), line 12)	1	367,280
2	Total expenses (must equal Part IX, column (A), line 25)	2	304,475
3	Revenue less expenses. Subtract line 2 from line 1	3	62,805
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	706,586
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	12,935
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	782,326

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

- 1** Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form **990** (2014)

AVALON000991

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No 1545-0047

2014

Open to Public
Inspection

Name of the organization

Employer identification number

AVALON WATER SUPPLY & SEWER SERVICE

-*4866

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		☐ Yes ☐ No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

☐ Preservation of land for public use (e.g., recreation or education)	☐ Preservation of a historically important land area
☐ Protection of natural habitat	☐ Preservation of a certified historic structure
☐ Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$

(ii) Assets included in Form 990, Part X ▶ \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included in Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

AVALON000992

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	367,280
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	367,280
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	367,280

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	304,475
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	304,475
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	304,475

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

AVALON000993

Part XIII Supplemental Information (continued)

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No 1545-0047

2014

**Open to Public
Inspection**

Employer identification number

****-***4866**

AVALON WATER SUPPLY & SEWER SERVICE

FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS
MEMBERS ARE CUSTOMERS OF THE WATER AND SEWER SYSTEM AND HAVE TO PAY A
MEMBERSHIP DEPOSIT.

FORM 990, PART VI, LINE 7A - ELECTION OF MEMBERS AND THEIR RIGHTS
MEMBERS ELECT THE BOARD OF DIRECTORS ANNUALLY.

FORM 990, PART VI, LINE 11B - ORGANIZATION'S PROCESS TO REVIEW FORM 990
THE RETURN IS REVIEWED BY THE BOARD PRIOR TO FILING.

FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY
THE BOARD MAINTAINS A CONFLICT OF INTEREST POLICY.

FORM 990, PART VI, LINE 15B - COMPENSATION PROCESS FOR OFFICERS
COMPENSATION OF THE CORPORATION'S EMPLOYEES IS DETERMINED BY REVIEW OF
SIMILAR COMPANIES COMPENSATION ARRANGEMENTS.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION
THE BOARD, AT ITS ANNUAL MEETING, INFORMS MEMBERS THAT FINANCIAL
INFORMATION AND TAX RETURNS ARE AVAILABLE FOR PUBLIC INSPECTION.

FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS EXPLANATION
MEMBERSHIPS \$ 12,935
MEMBERS CONTRIBUTED CAPITAL - NOT FROM OPERATIONS

Form **4562**

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

2014Attachment
Sequence No. **179**Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Name(s) shown on return

AVALON WATER SUPPLY & SEWER SERVICE

Identifying number

****-***4866**

Business or activity to which this form relates

INDIRECT DEPRECIATION**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 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	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 2015. 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.)**

4	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
5	Property subject to section 168(f)(1) election	15	
6	Other depreciation (including ACRS)	16	44,160

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

7	MACRS deductions for assets placed in service in tax years beginning before 2014	17	0
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		

Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

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

Section C—Assets Placed in Service During 2014 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	44,160
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	

For Paperwork Reduction Act Notice, see separate instructions.

THERE ARE NO AMOUNTS FOR PAGE 2

Form 4562 (2014)

Federal Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv	Meth	Prior	Current
Other Depreciation:											
1	Land	1/01/73	3,170				3,170	0	-- Land	0	0
2	Water System	1/01/73	20,000				20,000	40	MO S/L	20,000	0
3	Land- New Well Site	5/19/99	9,231				9,231	0	-- Land	0	0
4	Easement- Jerry Wilson	10/15/99	8,400				8,400	0	-- Land	0	0
5	Donated Land Site	4/07/03	4,750				4,750	0	-- Land	0	0
6	New Facilities	1/01/76	216,428				216,428	40	MO S/L	202,001	5,411
7	Various Equipment	1/01/86	69,000				69,000	25	MO S/L	69,000	0
8	Pump	1/01/87	7,631				7,631	10	MO S/L	7,631	0
9	Well Pump	12/01/91	8,995				8,995	7	MO S/L	8,995	0
10	Fence	11/09/00	400				400	5	MO S/L	400	0
12	Well#1 Motor & Standpipe	8/08/06	13,864				13,864	7	MO S/L	13,864	0
13	Well #3 Storage Tank 214 N Hwy 55	12/01/05	84,385				84,385	50	MO S/L	13,642	1,688
14	New door & installation Well #2	11/03/06	412				412	5	MO S/L	412	0
15	Refurbish East Tank @ #2 Well	6/01/07	24,660				24,660	25	MO S/L	6,494	986
16	Truck Box Storage Container	6/15/07	500				500	3	MO S/L	500	0
17	Storage Building	10/26/10	4,253				4,253	20	MO S/L	691	213
18	Well # 3 213 N. Hwy. 55	12/01/05	369,704				369,704	50	MO S/L	56,336	7,394
19	SubMonitor for Well # 1	10/15/06	1,379				1,379	10	MO S/L	1,000	138
20	Main Extension - Chambers Creek	5/02/01	11,500				11,500	40	MO S/L	3,929	288
21	LMI Pump	6/28/00	437				437	5	MO S/L	437	0
22	Pump Impeller	6/28/00	690				690	5	MO S/L	690	0
23	Master Turbine Meter	7/07/00	723				723	5	MO S/L	723	0
24	Water Pump	10/16/01	1,380				1,380	5	MO S/L	1,380	0
25	Sewer Grinder Pump for racetrac	7/31/02	1,695				1,695	5	MO S/L	1,695	0
26	Sludge Pump-Mywe WGL-20/23	3/31/03	1,985				1,985	5	MO S/L	1,985	0
27	3 HP Electric Motor f/Lift Station	6/30/03	708				708	5	MO S/L	708	0
28	3 HP Elec Motor f/Lift Station Pump #2	7/31/03	708				708	5	MO S/L	708	0
29	2 HP Grinder Pump & Motor - Race Track	9/30/03	911				911	5	MO S/L	911	0
30	NEW 2 HP Grinder Pump & Motor - Race	10/31/03	2,190				2,190	5	MO S/L	2,190	0
31	5HP Air Compressor	1/12/04	379				379	5	MO S/L	379	0
32	Disconnect Box & Wiring	2/26/04	1,189				1,189	5	MO S/L	1,189	0
33	Master Turbine Meter Replacement	3/09/04	636				636	5	MO S/L	636	0
34	Aqua Tap Hot Tapping System	9/12/05	893				893	5	MO S/L	893	0
35	30 MP8 13/32 Pump	3/29/06	2,725				2,725	5	MO S/L	2,725	0
36	Pump for Well # 1	7/31/06	1,035				1,035	5	MO S/L	1,035	0
37	Pump for Well #2	8/01/06	547				547	5	MO S/L	547	0
38	Controller f/Lift Station Well # 1	9/18/06	75				75	5	MO S/L	75	0
39	Electrode Housing Unit Well #2	1/11/07	564				564	5	MO S/L	564	0
40	Stenner Pump 17 GPD	8/13/07	465				465	5	MO S/L	465	0
41	Master Turbine Meter	10/07/08	702				702	5	MO S/L	702	0
42	Pulsafeder metering pump (c12pump)	5/01/08	1,395				1,395	5	MO S/L	1,395	0
43	Chlorine Booster Pump Well # 3	4/07/09	801				801	5	MO S/L	761	40
44	New Pump & Motor Well #3	11/30/09	19,592				19,592	5	MO S/L	16,327	3,265
45	Chlorine Booster Pump Well #3	3/16/10	812				812	5	MO S/L	622	163
46	10 HP Pump Well #2 So. Bldg	10/01/10	3,535				3,535	5	MO S/L	2,298	707
47	Grundfos Booster Pump Well #3	1/24/11	1,978				1,978	5	MO S/L	1,187	395
48	Booster Pump Well # 2 (N Bldg)	1/31/11	2,094				2,094	5	MO S/L	1,221	419
49	Line Extention	12/30/99	925				925	10	MO S/L	925	0
50	Line Extention - Yellow Mlne	2/01/00	532				532	10	MO S/L	532	0
51	Line Extention- Castro&Kennedy	2/10/00	1,300				1,300	10	MO S/L	1,300	0
52	Line Extention	6/23/00	735				735	10	MO S/L	735	0
53	Line Extention - Rankin	7/11/00	1,000				1,000	10	MO S/L	1,000	0
54	Line Extention - Bunkey Ln	10/08/00	850				850	10	MO S/L	850	0
55	Line Extention - Feaster Rd	4/03/01	700				700	10	MO S/L	700	0
56	Line Extention - Chambers Creek	6/04/01	1,018				1,018	10	MO S/L	1,018	0
57	Line Extention - Cartwright Rd	3/14/02	750				750	10	MO S/L	750	0
58	Major Line Imp- USDA Project	12/01/05	207,717				207,717	50	MO S/L	33,581	4,154
59	Line Ext- Tees Rd Onion Creek FM	1/27/06	20,000				20,000	10	MO S/L	15,833	2,000
60	Line Extention - Hamphill	5/23/06	500				500	10	MO S/L	383	50
61	Line Extention- Hemphill	9/25/06	500				500	10	MO S/L	367	50
62	Line Repair - Feaster Rd (Antle)	10/24/06	300				300	10	MO S/L	218	30
63	Line Repair - Blooming Grove Rd	11/15/06	2,796				2,796	10	MO S/L	2,004	280
64	Main Line Repair	5/01/07	500				500	10	MO S/L	333	50
65	Casing for Road Bore - Sandtown	5/01/07	214				214	10	MO S/L	143	21
66	Casing for Road Bore - Dry Branch	7/20/07	800				800	10	MO S/L	513	80
67	Line Extention - Feaster Rd	12/08/09	5,700				5,700	5	MO S/L	4,655	1,045
68	Line Extention - FM 55 & Teese Rds	12/08/09	3,700				3,700	10	MO S/L	1,511	370
69	Line Repair - Wakeland & Blooming Grove	6/24/10	3,055				3,055	10	MO S/L	1,095	305
70	Computer	6/01/90	6,497				6,497	5	MO S/L	6,497	0
71	RVS Computer	2/28/00	2,786				2,786	5	MO S/L	2,786	0

AVALON000997

Federal Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
72	Laptop Computer & Software (MX6445....)	10/17/06	1,178				1,178	3 MO S/L	1,178	0
73	RVS Mosiacs Software	11/09/12	2,866				2,866	5 MO S/L	669	573
74	Unitech Hand Held Computer	11/09/12	2,705				2,705	5 MO S/L	631	541
75	Lexmark T650 Laser Printer	11/09/12	811				811	5 MO S/L	189	162
76	2003 Ford Ranger Pickup	2/12/04	11,896				11,896	3 MO S/L	11,896	0
77	Backhoe	11/01/94	37,400				37,400	10 MO S/L	37,400	0
78	Cab for Backhoe	1/10/95	445				445	5 MO S/L	445	0
79	Fan	7/26/95	641				641	5 MO S/L	641	0
80	Lawnmower	6/17/00	169				169	3 MO S/L	169	0
81	Lawnmower	3/16/01	1,500				1,500	3 MO S/L	1,500	0
82	1970 Ford Tractor	12/01/04	4,350				4,350	5 MO S/L	4,350	0
83	Brush Hog	5/12/06	969				969	5 MO S/L	969	0
84	Air Compressor Well #2	4/14/11	709				709	4 MO S/L	472	177
85	Power Washer	4/10/12	599				599	3 MO S/L	349	200
86	Sewer System	1/01/70	98,089				98,089	40 MO S/L	98,089	0
87	Disconnect Box & Wiring	7/01/88	1,235				1,235	10 MO S/L	1,235	0
88	Fence - New Sewer plant	12/26/99	3,525				3,525	10 MO S/L	3,525	0
89	Equipment	3/20/00	672				672	5 MO S/L	672	0
90	Environmental Monitoring	7/02/01	5,480				5,480	10 MO S/L	5,480	0
91	Hydrox! Sewer Unit	12/31/01	274,501				274,501	40 MO S/L	82,350	6,863
92	Lift Station valves & pumps	5/30/02	1,140				1,140	10 MO S/L	1,140	0
93	Pump for lift station	5/31/02	2,132				2,132	10 MO S/L	2,132	0
94	Major Repairs to 50 HP pump	8/22/02	2,000				2,000	5 MO S/L	2,000	0
95	Repairs to Paco Booster pump	6/30/03	1,761				1,761	5 MO S/L	1,761	0
96	Road Bore - Drain for Avalon ISD	1/04/04	2,765				2,765	10 MO S/L	2,765	0
97	Repairs to 30MP at lift station	1/16/04	7,041				7,041	10 MO S/L	7,041	0
98	Blower System Oxidation Ditch	6/01/04	3,200				3,200	5 MO S/L	3,200	0
99	Improvements for Road Sewer Plant	7/07/04	600				600	3 MO S/L	600	0
100	New Bldg/ F/Lift station f/sewer plant	9/30/06	7,110				7,110	40 MO S/L	1,304	177
101	Blower System for WWTP	4/01/07	866				866	5 MO S/L	866	0
102	1.5" Meter 7.5 HP sewere pump	9/01/09	1,404				1,404	5 MO S/L	1,217	187
103	C12 Metering Pump	2/01/10	948				948	5 MO S/L	743	190
104	Grinder Pump	3/31/10	1,713				1,713	5 MO S/L	1,713	0
105	Aquasol Chemical Pump	11/01/11	515				515	5 MO S/L	223	103
106	2 HP 3 ph 230 V Sewer pumps	12/08/11	2,611				2,611	5 MO S/L	1,088	522
107	Grinder Pump	3/15/12	1,907				1,907	2 MO S/L	1,748	159
108	Propeller Mixer	8/10/12	5,785				5,785	2 MO S/L	3,290	2,495
109	Printer	11/25/13	216				216	5 MO S/L	4	43
110	2" Pump	12/20/13	520				520	7 MO S/L	0	74
111	Laptop for Gregg	12/21/13	531				531	5 MO S/L	0	106
112	Cartwright Rd Creek	5/29/14	4,095				4,095	10 MO S/L	0	239
113	Paint Ground Storage Tank	6/12/14	22,500				22,500	20 MO S/L	0	656
114	Well #2	8/04/14	44,710				44,710	20 MO S/L	0	931
115	Air Compressor	10/14/14	1,696				1,696	5 MO S/L	0	85
116	Used Brush Hog	11/03/14	450				450	5 MO S/L	0	15
117	Computer	5/19/14	1,025				1,025	5 MO S/L	0	120
118	Land	5/07/14	6,753				6,753	0 -- Land	0	0
Total Other Depreciation			<u>1,748,115</u>				<u>1,748,115</u>		<u>812,116</u>	<u>44,160</u>
Total ACRS and Other Depreciation			<u>1,748,115</u>				<u>1,748,115</u>		<u>812,116</u>	<u>44,160</u>
Grand Totals			1,748,115				1,748,115		812,116	44,160
Less: Dispositions and Transfers			0				0		0	0
Less: Start-up/Org Expense			0				0		0	0
Net Grand Totals			<u>1,748,115</u>				<u>1,748,115</u>		<u>812,116</u>	<u>44,160</u>

_*4866

Depreciation Adjustment Report

All Business Activities

Form Unit Asset

Description

Tax

AMT

AMT
Adjustments/
Preferences

There are no assets that meet the criteria of this report

AVALON000999

Future Depreciation Report

FYE: 12/31/15

Form 990, Page 1

Asset	Description	Date In Service	Cost	Tax	AMT
Other Depreciation:					
1	Land	1/01/73	3,170	0	0
2	Water System	1/01/73	20,000	0	0
3	Land- New Well Site	5/19/99	9,231	0	0
4	Easement- Jerry Wilson	10/15/99	8,400	0	0
5	Donated Land Site	4/07/03	4,750	0	0
6	New Facilities	1/01/76	216,428	5,410	0
7	Various Equipment	1/01/86	69,000	0	0
8	Pump	1/01/87	7,631	0	0
9	Well Pump	12/01/91	8,995	0	0
10	Fence	11/09/00	400	0	0
12	Well#1 Motor & Standpipe	8/08/06	13,864	0	0
13	Well #3 Storage Tank 214 N Hwy 55	12/01/05	84,385	1,688	0
14	New door & installation Well #2	11/03/06	412	0	0
15	Refurbish East Tank @ #2 Well	6/01/07	24,660	987	0
16	Truck Box Storage Container	6/15/07	500	0	0
17	Storage Building	10/26/10	4,253	212	0
18	Well # 3 213 N. Hwy. 55	12/01/05	369,704	7,394	0
19	SubMonitor for Well # 1	10/15/06	1,379	138	0
20	Main Extension - Chambers Creek	5/02/01	11,500	287	0
21	LMI Pump	6/28/00	437	0	0
22	Pump Impeller	6/28/00	690	0	0
23	Master Turbine Meter	7/07/00	723	0	0
24	Water Pump	10/16/01	1,380	0	0
25	Sewer Grinder Pump for racetrac	7/31/02	1,695	0	0
26	Sludge Pump-Mywe WGL-20/23	3/31/03	1,985	0	0
27	3 HP Electric Motor f/Lift Station	6/30/03	708	0	0
28	3 HP Elec Motor f/Lift Station Pump #2	7/31/03	708	0	0
29	2 HP Grinder Pump & Motor - Race Track	9/30/03	911	0	0
30	NEW 2 HP Grinder Pump & Motor - Race Track	10/31/03	2,190	0	0
31	5HP Air Compressor	1/12/04	379	0	0
32	Disconnect Box & Wiring	2/26/04	1,189	0	0
33	Master Turbine Meter Replacement	3/09/04	636	0	0
34	Aqua Tap Hot Tapping System	9/12/05	893	0	0
35	30 MP8 13/32 Pump	3/29/06	2,725	0	0
36	Pump for Well # 1	7/31/06	1,035	0	0
37	Pump for Well #2	8/01/06	547	0	0
38	Controller f/lift Station Well # 1	9/18/06	75	0	0
39	Electrode Housing Unit Well #2	1/11/07	564	0	0
40	Stenner Pump 17 GPD	8/13/07	465	0	0
41	Master Turbine Meter	10/07/08	702	0	0
42	Pulsafeder metering pump (c12pump)	5/01/08	1,395	0	0
43	Chlorine Booster Pump Well # 3	4/07/09	801	0	0
44	New Pump & Motor Well #3	11/30/09	19,592	0	0
45	Chlorine Booster Pump Well #3	3/16/10	812	27	0
46	10 HP Pump Well #2 So. Bldg	10/01/10	3,535	530	0
47	Grundfos Booster Pump Well #3	1/24/11	1,978	396	0
48	Booster Pump Well # 2 (N Bldg)	1/31/11	2,094	419	0
49	Line Extention	12/30/99	925	0	0
50	Line Extention - Yellow Mine	2/01/00	532	0	0
51	Line Extention- Castro&Kennedy	2/10/00	1,300	0	0
52	Line Extention	6/23/00	735	0	0
53	Line Extention - Rankin	7/11/00	1,000	0	0
54	Line Extention - Bunkey Ln	10/08/00	850	0	0
55	Line Extention - Feaster Rd	4/03/01	700	0	0
56	Line Extention - Chambers Creek	6/04/01	1,018	0	0
57	Line Extention - Cartwright Rd	3/14/02	750	0	0
58	Major Line Imp- USDA Project	12/01/05	207,717	4,155	0
59	Line Ext- Tees Rd Onion Creek FM	1/27/06	20,000	2,000	0
60	Line Extention - Hemphill	5/23/06	500	50	0
61	Line Extention- Hemphill	9/25/06	500	50	0
62	Line Repair - Feaster Rd (Antle)	10/24/06	300	30	0
63	Line Repair - Blooming Grove Rd	11/15/06	2,796	279	0
64	Main Line Repair	5/01/07	500	50	0
65	Casing for Road Bore - Sandtown	5/01/07	214	21	0
66	Casing for Road Bore - Dry Branch	7/20/07	800	80	0
67	Line Extention - Feaster Rd	12/08/09	5,700	0	0
68	Line Extention - FM 55 & Teese Rds	12/08/09	3,700	370	0
69	Line Repair - Wakeland & Blooming Grove	6/24/10	3,055	306	0

AVALON001000

Two Year Comparison Report

2013 & 2014

For calendar year 2014, or tax year beginning

, ending

Name

Taxpayer Identification Number

AVALON WATER SUPPLY & SEWER SERVICE

-*4866

		2013	2014	Differences	
Revenue	1. Contributions, gifts, grants	1.			
	2. Membership dues and assessments	2.			
	3. Government contributions and grants	3.			
	4. Program service revenue	4.	305,839	352,384	46,545
	5. Investment income	5.	1,073	563	-510
	6. Proceeds from tax exempt bonds	6.			
	7. Net gain or (loss) from sale of assets other than inventory	7.			
	8. Net income or (loss) from fundraising events	8.			
	9. Net income or (loss) from gaming	9.			
	10. Net gain or (loss) on sales of inventory	10.			
	11. Other revenue	11.	4,029	14,333	10,304
	12. Total revenue. Add lines 1 through 11	12.	310,941	367,280	56,339
Expenses	13. Grants and similar amounts paid	13.			
	14. Benefits paid to or for members	14.			
	15. Compensation of officers, directors, trustees, etc	15.			
	16. Salaries, other compensation, and employee benefits	16.	77,998	92,979	14,981
	17. Professional fundraising fees	17.			
	18. Other professional fees	18.	32,951	19,433	-13,518
	19. Occupancy, rent, utilities, and maintenance	19.	47,218	45,959	-1,259
	20. Depreciation and Depletion	20.	46,178	44,160	-2,018
	21. Other expenses	21.	145,570	101,944	-43,626
	22. Total expenses. Add lines 13 through 21	22.	349,915	304,475	-45,440
	23. Excess or (Deficit). Subtract line 22 from line 12	23.	-38,974	62,805	101,779
Other Information	24. Total exempt revenue	24.	310,941	367,280	56,339
	25. Total unrelated revenue	25.			
	26. Total excludable revenue	26.	310,941	367,280	56,339
	27. Total assets	27.	1,058,880	1,090,863	31,983
	28. Total liabilities	28.	352,294	308,537	-43,757
	29. Retained earnings	29.	706,586	782,326	75,740
	30. Number of voting members of governing body	30.	7	7	
	31. Number of independent voting members of governing body	31.	7	7	
	32. Number of employees	32.	7	8	
	33. Number of volunteers	33.			

AVALON001001

Form 990

Tax Return History

2014

Name

AVALON WATER SUPPLY & SEWER SERVICE

Employer Identification Number
-*4866

	2010	2011	2012	2013	2014	2015
Contributions, gifts, grants						
Membership dues						
Program service revenue				305,839	352,384	
Capital gain or loss						
Investment income				1,073	563	
Fundraising revenue (income/loss)						
Gaming revenue (income/loss)						
Other revenue				4,029	14,333	
Total revenue				310,941	367,280	
Grants and similar amounts paid						
Benefits paid to or for members						
Compensation of officers, etc						
Other compensation				77,998	92,979	
Professional fees				32,951	19,433	
Occupancy costs				47,218	45,959	
Depreciation and depletion				46,178	44,160	
Other expenses				145,570	101,944	
Total expenses				349,915	304,475	
Excess or (Deficit)				-38,974	62,805	
Total exempt revenue				310,941	367,280	
Total unrelated revenue						
Total excludable revenue				310,941	367,280	
Total Assets				1,058,880	1,090,863	
Total Liabilities				352,294	308,537	
Net Fund Balances				706,586	782,326	

AVALON001002

Form 990T

Tax Return History

2014

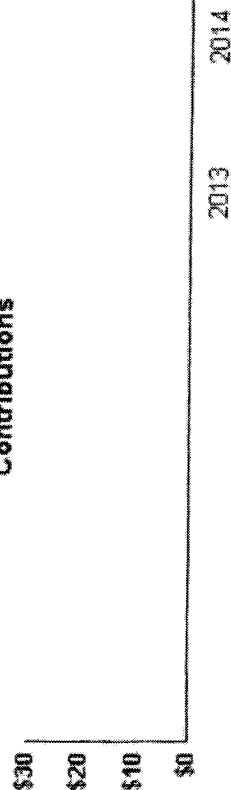
Name

Employer Identification Number
-*4866

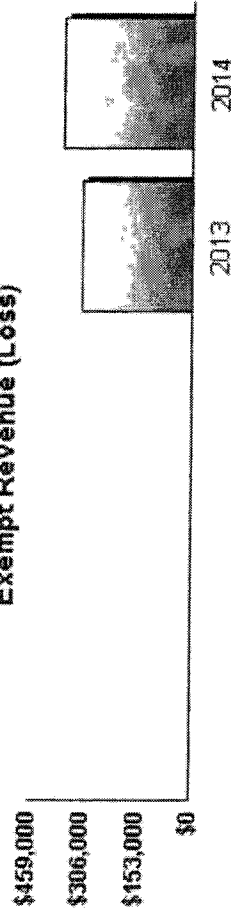
AVALON WATER SUPPLY & SEWER SERVICE

	2010	2011	2012	2013	2014	2015
Business activity profit/loss						
Capital gains/losses						
Partner and S Corp gain/loss						
Rental income*						
Debt-financed income*						
Controlled organizations income/interest*						
Investment income, specific organizations*						
Exploited exempt activity income*						
Other income						
Total trade or business income.						
Compensation of officers, ect.						
Other salaries and wages						
Repairs and maintenance						
Bad debts						
Interest						
Taxes and licenses						
Charitable contributions						
Depreciation and Depletion						
Deferred compensation plans						
Employee benefit programs						

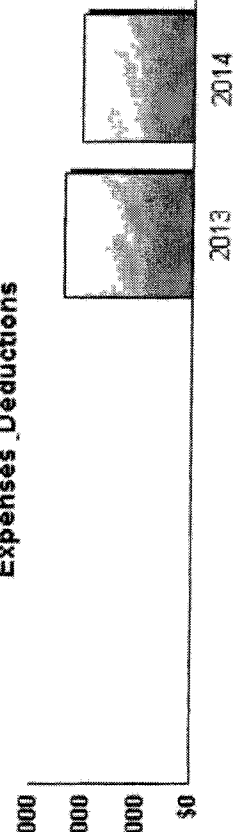
Contributions



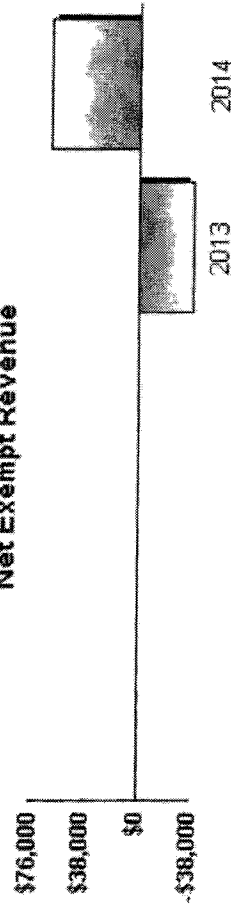
Exempt Revenue (Loss)



Expenses Deductions



Net Exempt Revenue



AVALON001008

Form 990T

Tax Return History

2014

Name

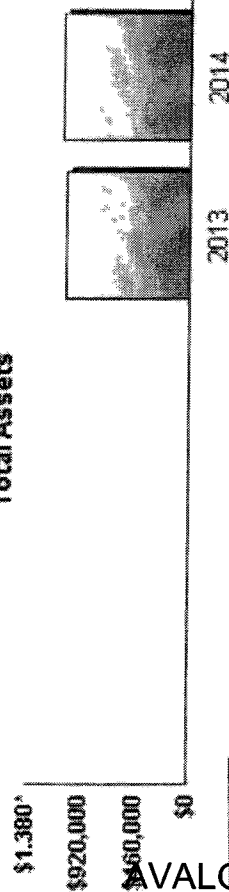
AVALON WATER SUPPLY & SEWER SERVICE

Employer Identification Number
-*4866

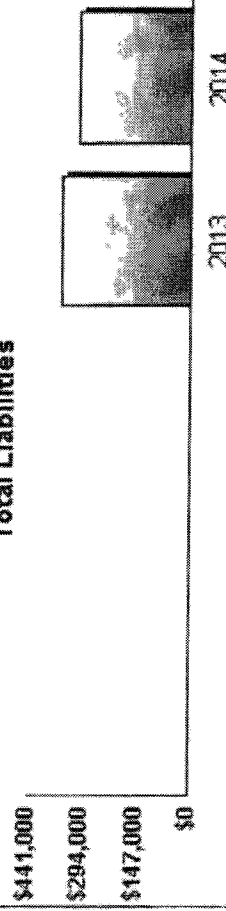
	2010	2011	2012	2013	2014	2015
Other deductions						
Net operating loss deduction						
Specific deduction						
Income after expense and deductions				1,000		
Income tax (corporate or trust)				-1,000		
Other taxes						
Total taxes						
General business credit						
Other credits						
Net tax after credits						
Estimated tax payments						
Other payments						
Balance due/Overpayment						

* Income shown net of expenses

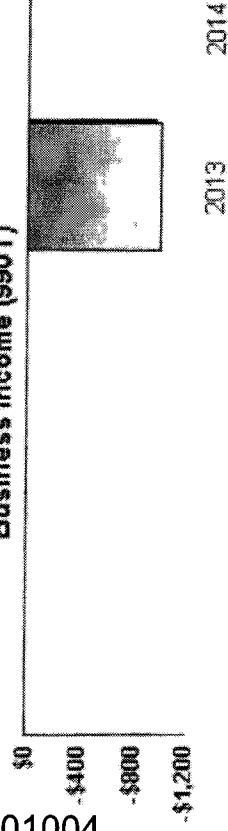
Total Assets



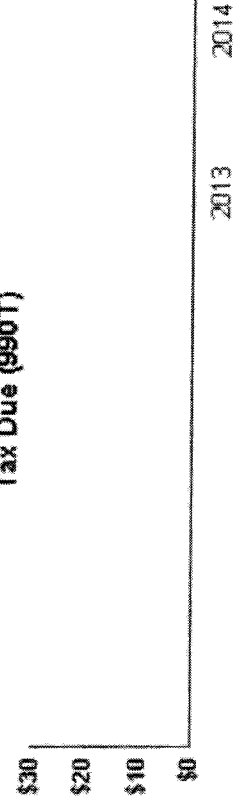
Total Liabilities



Business Income (990T)



Tax Due (990T)



AVALON001004

Federal Statements

Form 990, Part IX, Line 11g - Other Fees for Service (Non-employee)

Description	Total Expenses	Program Service	Management & General	Fund Raising
OTHER FEES	\$ 4,063	\$	\$ 4,063	\$
TOTAL	\$ 4,063	\$ 0	\$ 4,063	\$ 0

Form 990, Part IX, Line 24e - All Other Expenses

Description	Total Expenses	Program Service	Management & General	Fund Raising
AMORTIZATION OF WATER RIG	\$ 965	\$ 965	\$	\$
TOTAL	\$ 965	\$ 965	\$ 0	\$ 0

Brown, Jimmy

From: Avalon Water <awssc76623@yahoo.com>
Sent: Monday, March 07, 2016 9:06 AM
To: David Waishes; Robin Donaldson; jacob1910@hotmail.com
Cc: calvinphillipsavalonwater@outlook.com; Denice Wimbish; cnbrewster@yahoo.com; matildawilliams@hotmail.com; Brown, Jimmy
Subject: Agenda 3-10
Attachments: Agenda 3-10.docx

Agenda for the meeting this week.

Thanks,
Heather

Brown, Jimmy

From: Avalon Water <awssc76623@yahoo.com>
Sent: Monday, February 22, 2016 11:05 AM
To: David Waishes; Robin Donaldson; jacob1910@hotmail.com
Cc: calvinphillipsavalonwater@outlook.com; cnbrewster@yahoo.com; Denice Wimbish; Brown, Jimmy; matildawilliams@hotmail.com
Subject: Meetings week of February 25th-26th
Attachments: reg meeting 02-16_160222100300.pdf; Special Meeting 2-26.docx

Here are the agendas for the two meetings this week one on Thursday and one On Friday.

Thanks,
Heather

Avalon Water Supply and Sewer Service Corp.

PO Box 70

Avalon, TX. 76623

Agenda

Officers

David Waishes, President

Jacob Carter, Vice-President

Robin Donaldson, Secretary/Treasurer

Directors

Denice Wimbish

Jimmy Brown

Matilda Williams

Candice Brewster

Notice of Monthly Meeting for March 10th, 2016

The regular meeting of Avalon Water Supply and Sewer Service Corp. will be held at the First Baptist Church, 206 Giles St., Avalon, Texas on Thursday, March, 10th, 2016 at 7:00 p.m.

1. Call meeting to order.

- A. Verify presence of quorum
- B. Declare notices legally posted according to TOMA

2. Consent Agenda: All matters listed under this section, are considered to be routine by the Board of Directors and will be enacted/approved by one motion. Approval of the Consent Agenda authorizes the General Manager to execute all matters necessary to implement or make suggested changes to each item. There may be separate discussion of these items and any item may be removed from the Consent Agenda for separate discussion and consideration by any member of the Board.

- A. General Manager's report.*
- B. Operators report.*
- C. President's report.*
- D. Minutes of Monthly Meeting of Feb 25th, 2016. **
- E. Minutes of Monthly Meeting of Feb 26th, 2016. **
- F. Financials. ***

3. Action Agenda: The Board reserves the right on all matters listed under this section to take action by motion and vote. Said action including but not limited to; Discuss, amend, table, approve or reject as is determined appropriate by the majority of the quorum.

- A. Review and approve changes to the budget
- B. Closed session under section 551.071 Consultation with attorney to discuss pending litigation and determine course of action.

AVALON001008

4. Open Public forum: limited to three minutes per speaker. No action and only limited discussion on topics not on the agenda from the board member are allowed.

5. Adjournment.

The governing body of Avalon Water Supply And Sewer Service Corp. reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply And Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551

* All verbal report will be available only on the digital copy of the minutes.

** Copies of all will be available in digital format during normal office hour no earlier than two working days after the meeting. Charges for copy/copies will apply, in accordance to Texas Government Code, Chapter 551 subsection B sec 551.021.

*** Copies will be available the night of the meeting at no cost. For copies after meeting refer to above.

Robin Donaldson, Secretary/Treasurer
Or Authorized Agent

AVALON001009

From: [Gregg](#)
To: awssc76623@yahoo.com
Subject: 9-23-13
Date: Monday, October 14, 2013 11:45:05 AM
Attachments: [ja foto.JPG](#)
[Untitled attachment 01269.txt](#)

AVALON001010

From: [Grego Rodriguez](#)
To: awssc76623@yahoo.com
Subject: 10-14-13
Date: Monday, October 14, 2013 11:43:05 AM
Attachments: [la foto.JPG](#)
[Untitled attachment 01275.txt](#)

AVALON001011

From: [Gregg](#)
To: awssc76623@yahoo.com
Subject: 14060617.pdf
Date: Wednesday, June 25, 2014 4:36:47 PM
Attachments: [14060617.pdf](#)
[Untitled attachment 00079.txt](#)

AVALON001012

From: Robin Donaldson
To: Avalon Water
Subject: agenda
Date: Wednesday, March 30, 2016 10:59:20 AM

You got the signed agenda, right?

Robin Donaldson
First State Bank, Italy Branch
Personal Banker
972-483-6326
fax 972-483-6924
rdonaldson@fsbrice-tx.com

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AVALON001013

From: Fred Bednarski
To: Avalon Water Sewer Service Cor Avalon
Subject: Automatic reply: Agenda & minutes from Avalon Water
Date: Monday, February 17, 2014 4:03:11 PM

Hello,

I'm going to be out of the office until 2/19. Sorry for any inconvenience and have a good day.

Sincerely,
Fred

AVALON001014

From: [Fred Bednarski](#)
To: [Avalon Water Sewer Service Cor Avalon](#)
Subject: Automatic reply: Avalon Water Supply & Sewer Service Corp.
Date: Friday, March 14, 2014 8:19:49 AM

Hello,

I'm out of the office until tomorrow. Sorry for any inconvenience and have a good day.

Sincerely,
Fred

AVALON001015

From: [Avalon Water](#)
To: ["clinton.walker@sunbeltrentals.com"](mailto:clinton.walker@sunbeltrentals.com)
Subject: Avalon info
Date: Monday, June 1, 2015 10:51:00 AM
Attachments: [ampage for generator.pdf](#)
[Generator requirments.pdf](#)

Please let me know if you need anything else.

Heather

AVALON001016

From: Sherry Gaines
To: awssc76623@yahoo.com
Subject: Avalon Water & SSC
Date: Thursday, August 29, 2013 9:22:56 AM
Attachments: 2140854066e.pdf

Ed,

Per our conversation attached is the invoice for the Workers comp coverage for \$1223.00. Should you need any additional info, please do not hesitate to call.

Thanks.....

Sherry Gaines

AVALON001017

From: [Calvin Phillips](#)
To: AWSSC76623@YAHOO.COM
Subject: bids
Date: Wednesday, July 8, 2015 12:50:01 PM
Attachments: [Generator spreadsheet.xlsx](#)
[Letter for Transfer Switch.docx](#)
[Bid report.xlsx](#)
[Letter for tank removal.docx](#)

To print

Sent from Windows Mail

AVALON001018

From: Steven Mindt
To: Ed Hettinger
Subject: Board Information
Date: Thursday, December 5, 2013 3:16:08 PM
Attachments: annual_mtg_procedure_2011_rev2.doc

Hello Ed,

Can you send me a list of the Board Members and note which one was not at the meeting last night please, for my records.

Also here is the US Census site we talked about.

<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml###>

I have also attached an example of the TRWA election procedures for member meetings for a WSC.

Steven Mindt, R.E.H.S.
Technical Assistance & Training Specialist
Texas Rural Water Association
1616 Rio Grande, Austin Texas 78701
Phone 512.472.8591
Cell 512.923.5831
Fax 512.472.5186
www.trwa.org

This message may contain information that is confidential. The information is intended solely for the use of the addressee(s). If you are not an addressee, your disclosure, copying, distribution or use of the contents of this message is prohibited. If this message has been sent to you in error, please notify the sender by return e-mail. Thank you.

AVALON001019

From: TWDB Webinar
To: Ed Hettinger
Subject: Confirmation: "Financial Assistance Workshop"
Date: Monday, January 27, 2014 4:59:30 PM



Financial Assistance Workshop



Join us on Thursday, Jan 30, 2014 1:30 PM - 4:30 PM CST

Dear Ed,

Thank you for registering for:

Financial Assistance Workshop

Thursday, Jan 30, 2014 1:30 PM - 4:30 PM CST

1. Click here to join:

<https://www4.gotomeet.net/join/148232559/106909204>

This link **should not be shared** with others; it is unique to you.

2. You will be connected to audio using your computer's microphone and speakers (VoIP). A headset is recommended.

Or, you may select Use Telephone after joining the Webinar.

Toll-free: 1 877 309 2074

— OR —

Toll: +1 (415) 655-0069

Access Code: 978-248-663

Audio PIN: Shown after joining the Webinar

Webinar ID: 148-232-559

Please send your questions, comments and feedback to: gotowebinar@twdb.texas.gov.

System Requirements

PC-based attendees

Required: Windows® 8, 7, Vista, XP or 2003 Server

Mac®-based attendees

Required: Mac OS® X 10.6 or newer

Mobile attendees

AVALON001020