

**F-1 BALANCE SHEET**  
**Assets and Other Debits**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-106)	\$ 12,926,406	\$ 135,000	\$ 13,061,406
2	Less: Accumulated Depr. and Amort. (108-110)	3,508,268	\$ (42,750)	3,465,518
3	Net Plant	\$ 9,418,138	\$ 177,750	\$ 9,595,888
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 9,418,138	\$ 177,750	\$ 9,595,888
<b>OTHER PROPERTY AND INVESTMENTS</b>				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments			
13	Special Funds(126-128)			
14	Total Other Property & Investments			
<b>CURRENT AND ACCRUED ASSETS</b>				
16	Cash (131)	\$ 204,641	\$ (6,242)	\$ 198,399
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	403,985		403,985
22	Accounts Receivable from Assoc. Co. (145)			
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)			
25	Stores Expense (161)			
26	Prepayments-Other (162)	11,440		11,440
27	Prepaid Taxes (163)	32,621		32,621
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)	101,805		101,805
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 754,492	\$ (6,242)	\$ 748,250
<b>DEFERRED DEBITS</b>				
32	Unamortized Debt Discount & Expense (181)	\$ 78,826	\$ 3,800	\$ 82,626
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	45,710		45,710
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)	22,348		22,348
40	Total Deferred Debits	\$ 146,884	\$ 3,800	\$ 150,684
<b>TOTAL ASSETS AND OTHER DEBITS</b>		\$ 10,319,514	\$ 175,308	\$ 10,494,822

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
	<b>EQUITY CAPITAL</b>			
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	2,104,354		2,104,354
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	(1,259,624)	2,074	(1,257,550)
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 861,497	\$ 2,074	\$ 863,571
	<b>LONG TERM DEBT</b>			
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	\$ 4,539,302	\$ 173,234	\$ 4,712,536
17	Total Long-Term Debt	\$ 4,539,302	\$ 173,234	\$ 4,712,536
	<b>CURRENT AND ACCRUED LIABILITIES</b>			
18	Accounts Payable (231)	\$ 32,233		\$ 32,233
19	Notes Payable (232)			
20	Accounts Payable to Associated Co. (233)	80,109		80,109
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)			
23	Accrued Taxes (236)	185		185
24	Accrued Interest (237)			
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)	22,569		22,569
29	Total Current and Accrued Liabilities	\$ 135,096	\$ -	\$ 135,096
	<b>DEFERRED CREDITS</b>			
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	<b>Accumulated Deferred Income Taxes:</b>			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	4,315		4,315
37	Other (283)			
38	Total Deferred Credits	\$ 4,315		\$ 4,315
	<b>OPERATING RESERVES</b>			
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)			
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves	\$ -	\$ -	\$ -
	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
44	Contributions In Aid of Construction (271)	\$ 6,966,458	\$ (45,000)	\$ 6,921,458
45	Accumulated Amortization of C.I.A.C. (272)	2,187,154	(45,000)	2,142,154
46	Total Net C.I.A.C.	\$ 4,779,304	\$ -	\$ 4,779,304
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 10,319,514	\$ 175,308	\$ 10,494,822

## F-2 STATEMENT OF INCOME

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
	<b>UTILITY OPERATING INCOME</b>			
1	Operating Revenues(400)	\$ 1,661,728	\$ 13,116	\$ 1,674,844
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	917,115		917,115
4	Depreciation Expense (403)	385,341	2,250	387,591
5	Amortization of Contribution in Aid of Construction (405)	(186,415)		(186,415)
6	Amortization of Utility Plant Acquisition Adjustment (406)			
7	Amortization Expense-Other (407)	20,450		20,450
8	Taxes Other Than Income (408.1-408.13)	172,678	3,487	176,165
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	6,662	38	6,700
10	<b>Total Operating Expenses</b>	\$ 1,315,831	\$ 5,775	\$ 1,321,606
11	Net Operating Income (Loss)	\$ 345,897	\$ 7,341	\$ 353,238
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)			
14	<b>Net Water Utility Operating Income</b>	\$ 345,897	\$ 7,341	\$ 353,238
	<b>OTHER INCOME AND DEDUCTIONS</b>			
15	Revenues From Merchandising, Jobbing and Contract Work (415)			
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)			
17	Equity in Earnings of Subsidiary Companies (418)			
18	Interest and Dividend Income (419)			
19	Allow. for funds Used During Construction (420)			
20	Nonutility Income (421)			
21	Gains (Losses) Form Disposition Nonutility Property (422)			
22	Miscellaneous Nonutility Expenses (426)			
23	<b>Total Other Income and Deductions</b>	\$ -	\$ -	-
	<b>TAXES APPLICABLE TO OTHER INCOME</b>			
24	Taxes Other Than Income (408.2)			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)			
26	<b>Total Taxes Applicable To Other Income</b>			
	<b>INTEREST EXPENSE</b>			
27	Interest Expense (427)	\$ 174,021	\$ 5,067	\$ 179,088
28	Amortization of Debt Discount & Expense (428)	3,099	200	3,299
29	Amortization of Premium on Debt (429)			
30	<b>Total Interest Expense</b>	\$ 177,120	\$ 5,267	\$ 182,387
31	<b>Income Before Extraordinary Items</b>	\$ 168,777	\$ 2,074	\$ 170,851
	<b>EXTRAORDINARY ITEMS</b>			
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	<b>Net Extraordinary Items</b>			
	<b>NET INCOME (LOSS)</b>	\$ 168,777	\$ 2,074	\$ 170,851

**F-1 BALANCE SHEET**  
**Capital Structure**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767
2	Other Paid-In Capital (209,211)	2,104,354	-	2,104,354
3	Retained Earnings (214-215)	(1,259,624)	2,074	(1,257,550)
4	Total Equity Capital	\$ 861,497	\$ 2,074	\$ 863,571
<b>LONG TERM DEBT</b>				
5	Other Long-Term Debt (224)	\$ 4,539,302	\$ 173,234	\$ 4,712,536
6	Total Long-Term Debt	\$ 4,539,302	\$ 173,234	\$ 4,712,536
7	Total Capital Structure	\$ 5,400,799	\$ 175,308	\$ 5,576,107

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	0.31%	0.00%	0.30%
2	Other Paid-In Capital (209,211)	38.96%	0.00%	37.74%
3	Retained Earnings (214-215)	-23.32%	1.18%	-22.55%
4	Total Equity Capital	15.95%	1.18%	15.49%
<b>LONG TERM DEBT</b>				
5	Other Long-Term Debt (224)	84.05%	98.82%	84.51%
6	Total Long-Term Debt	84.05%	98.82%	84.51%
7	Total Capital Structure	100.00%	100.00%	100.00%

**Hampstead Area Water Company**  
**Journal Entries**

**SPS-4**

1	Dr.	181	Unamortized Debt Expense	4,000	
	Cr.	131	Cash		4,000
	To record estimated debt expense associated with 2011 SRF Financing				
2	Dr.	131	Cash	180,000	
	Cr.	224	Other Long Term Debt		180,000
	To record receipt of cash and related long term debt associated with SRF loan				
3	Dr.	108	Accumulated Depreciation	45,000	
	Cr.	333	Services		45,000
	Dr.	271	CIAC	45,000	
	Cr.	272	A/A of CIAC		45,000
	To record retirement of services and related CIAC				
4	Dr.	333	Services	180,000	
	Cr.	131	Cash		180,000
	To record the 2012 services				
5	Dr.	403	Depreciation Expense	2,250	
	Cr.	108	Accumulated Depreciation		2,250
	To record half year depreciation expense on 2012 additions to plant				
6	Dr.	224	Other Long Term Debt	6,766	
	Dr.	427	Interest Expense	5,067	
	Cr.	131	Cash		11,833
	To record 1st year principal and interest payments on SRF loan				
7	Dr.	428	Amortization of Debt Expense	200	
	Cr.	181	Unamortized Debt Expense		200
	To record annual amortization of debt expense				
8	Dr.	131	Cash	13,116	
	Cr.	461	Metered Water Revenues		13,116
	To record additional annual revenue				
9	Dr.	408	State Utility Property Taxes	1,173	
	Dr.	408	Local Property Taxes	2,314	
	Dr.	409.11	State Business Enterprise Taxes	38	
	Cr.	131	Cash		3,525
	To record additional state and local property taxes and state business enterprise tax				

Hampstead Area Water Company

SPS-5

2011 Projected Additions

Plant and Depreciation

Item Description	<u>Plant Acct #</u>	<u>Total Amount</u>	<u>Depr. Rate</u>	<u>Annual Depr Exp</u>	<u>Accum Depr</u>
Services					
100 service lines, ahut offs, corporations and saddles	333	<u>\$180,000</u>	2.50%	<u>\$4,500</u>	<u>\$2,250</u>
Total Proposed Financing		<u>\$180,000</u>		<u>\$4,500</u>	<u>\$2,250</u>

**Hampstead Area Water Company  
2011 Additions to Plant Financing**

**SPS-6**

Calculation of Revenue Requirement

Addition to Rate Base:		Estimated <u>2011</u>
Plant Additions		
2012 Additions		\$180,000
Less: Accumulated Depreciation		<u>2,250</u>
Net Plant		\$177,750
Add: Cash Working Capital		
Total Additions to Rate Base		\$177,750
Rate of Return		<u>2.864%</u>
Additional Net Operating Income Required		\$5,091
Add: Operating and Maintenance Expenses		
Depreciation Expense		4,500
Amortization of CIAC		0
Assessed Property Value	\$177,750	
State Property Taxes		1,173
Local Property Taxes		2,314
Business Enterprise Taxes	5,067	<u>38</u>
Total Additional Revenue Required		<u>\$13,116</u>

**Hampstead Area Water Company**  
**Source and Use of Funds**

**SPS-7**

Source of Funds

2012

State of NH - SRF Loan

\$ 180,000

Total Source of Funds

\$ 180,000

Use of Funds

2012 Service Line Replacements

\$ 180,000

Total Use of Funds

\$ 180,000



**Hampstead Area Water Company  
Estimated Cost of Financing**

**SPS-8**

2011 Financing Costs

St. Cyr & Associates	\$1,500
Lewis Builders Development	<u>2,500</u>
Total Estimated Financing Costs	<u>\$4,000</u>