

Class C Water Utility

F-1 BALANCE SHEET
Assets and Other Debits

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY PLANT					
1	101-105	Utility Plant	\$515,720	\$39,313	\$555,033
2	108-110	Less: Accumulated Depreciation & Amortization	386,706	3,931	390,637
3		Net Plant	\$129,014	\$35,382	\$164,396
4	114-115	Utility Plant Acquisition Adjustment - Net			
5		Total Net Utility Plant	\$129,014	\$35,382	\$164,396
OTHER PROPERTY AND INVESTMENTS					
6	121	Nonutility Property			
7	122	Less: Accumulated Depreciation & Amortization			
8		Net Nonutility Property			
9	124	Utility Investments			
10	127	Depreciation Funds			
11		Total Other Property and Investments			
CURRENT AND ACCRUED ASSETS					
12	131	Cash	\$6,321	\$5,806	\$12,127
13	132	Special Deposits	14,381	(14,000)	381
14	141-143	Accounts & Notes Receivable Net	20,606		20,606
15	151	Plant Materials and Supplies			-
16	162-163	Prepayments	258		258
17	174	Miscellaneous Current and Accrued Assets			
18		Total Current and Accrued Assets	\$41,566	(\$8,194)	\$33,372
DEFERRED DEBITS					
19	186	Miscellaneous Deferred Debits	\$6,860	(\$3,260)	\$3,600
20	190	Accumulated Deferred Income Taxes			
21		Total Deferred Debits	\$6,860	(\$3,260)	\$3,600
TOTAL ASSETS AND OTHER DEBITS			\$177,440	\$23,928	\$201,368

Class C Water Utility

F-1 BALANCE SHEET
Equity Capital and Liabilities

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$1,000		\$1,000
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	10,000		10,000
4	217	Retained Earnings	(28,162)	(\$8,041)	(36,203)
5	218	Proprietary Capital (Proprietorships & Partnerships)			
6		Total Equity Capital	(\$17,162)	(\$8,041)	(\$25,203)
LONG TERM DEBT					
7	224	Other Long-Term Debt	\$111,837	61,852	\$173,689
CURRENT AND ACCRUED LIABILITIES					
8	231	Accounts Payable			\$0
9	232	Notes Payable			
10	235	Customer Deposits			
11	236	Accrued Taxes	1,650		1,650
12	237	Accrued Interest			
13	241	Miscellaneous Current & Accrued Liabilities	40,018	(29,883)	10,135
14		Total Current and Accrued Liabilities	\$41,668	(\$29,883)	\$11,785
OTHER LIABILITIES					
15	252	Advances for Construction			
16	253	Other Deferred Credits			
17	255	Accumulated Deferred Investment Tax Credit			
18	265	Miscellaneous Operating Reserves			
19	271-272	CIAC - Net	41,097		41,097
20	281-283	Accumulated Deferred Income Taxes			-
21		Total Other Liabilities	\$41,097	\$0	\$41,097
22		TOTAL LIABILITIES AND CAPITAL	\$177,440	\$23,928	\$201,368

Class C Water Utility

F-2 STATEMENT OF INCOME

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
UTILITY OPERATING INCOME					
1	400	Operating Revenue	\$49,426		\$49,426
2	-	Operating Expenses:			
3	401	Operation and Maintenance	\$14,979		\$14,979
4	403	Depreciation	15,331	3,931	19,262
5	405	Amortization of CIAC	(2,157)		(2,157)
6	406	Amortization of Utility Plant Acquisition Adj			
7	407	Amortization - Other			-
8	408	Taxes Other Than Income	3,170		3,170
9	-	Income Taxes (409.1, 410.1, 411.1, 412.1)			-
10		Total Operating Expenses	\$31,323	\$3,931	\$35,254
11		Net Operating Income (Loss)	\$18,103	(\$3,931)	\$14,172
OTHER INCOME AND DEDUCTIONS					
12	419	Interest & Dividend Income	\$43		43
13	420	Allowance for Funds Used During Construction			
14	421	Non-Utility Income			
15	422	Gain (Loss) From Disposition Nonutility Property			
16	426	Miscellaneous Non-Utility Expenses			
17	427	Interest Expense	(9,669)	(4,110)	(13,779)
18	-	Taxes Other Than Income (409.2+410.2+411.2+412.2)			
19		Total Other Income and Deductions	(\$9,626)	(\$4,110)	(13,736)
20		NET INCOME (LOSS)	\$8,477	(\$8,041)	\$436

Class C Water Utility

F-1 BALANCE SHEET
Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	\$1,000		\$1,000
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	10,000		10,000
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	(28,162)	(\$8,041)	(36,203)
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	(\$17,162)	(\$8,041)	(\$25,203)
LONG TERM DEBT					
8	224	Other Long-Term Debt	\$111,837	\$61,852	\$173,689
9		TOTAL CAPITAL	\$94,675	\$53,811	\$148,486

Capital Structure

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
EQUITY CAPITAL					
1	201	Common Stock Issued	1.06%		0.67%
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	10.56%		6.73%
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	-29.75%	-14.94%	-24.38%
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	-18.13%	-14.94%	-16.97%
LONG TERM DEBT					
8	224	Other Long-Term Debt	118.13%	114.94%	116.97%
9		TOTAL CAPITAL	100.00%	100.00%	100.00%

JOURNAL ENTRIES			Impact on NI
1	Dr. Unamortized Debt Expense	4,000	
	Cr. Cash		4,000
	To record costs associated with financing (See SPS 6)		
2	Dr. Cash	28,280	
	Dr. Other Long Term Debt	111,837	
	Dr. Misc Cur & Accr Liabilities	29,883	
	Cr. Other Long Term Debt		170,000
	To record receipt of cash, repayment of existing LTD / Accr Liab and new LTD (See SPS 5)		
3	Dr. Cash	14,000	
	Cr. Special Deposits		14,000
	To transfer funds from special deposits to partially pay for rejuvenation of leach field		
4	Dr. Plant	39,313	
	Cr. Misc Deferred Debits		6,860
	Cr. Cash		32,453
	To record cost to rejuvenate leach field		
5	Dr. Depreciation Expense	3,931	(3,931)
	Cr. Accumulated Depreciation		3,931
	To record annual depreciation expense		
6	Dr. Cash	19,474	
	Cr. Other Long Term Debt		9,805
	Cr. Interest Expense		9,669
	To reverse principal and interest payment on existing Promissory Note		
7	Dr. Other Long Debt	6,116	
	Dr. Interest Expense	13,379	(13,379)
	Cr. Cash		19,495
	To record principal and interest payment on new Promissory Note		
8	Dr. Amortization of Debt Expense	400	(400)
	Cr. Unamortized Debt Expense		400
	To record amortization of debt expense		
	Net Income		(8,041)

Financing / Refinancing

Source of Funds:

Robert S. LaMontagne	<u>\$170,000</u>
Total Source of Funds	<u>\$170,000</u>

Use of Funds:

Repayment of Promisory Note	\$111,837
Repayment of 3 Past Due Payments under Promisory Note	29,883
Payment of portion of the cost to rejuvenate the leach field	24,280
Payment of financing costs	<u>4,000</u>
Total Use of Funds	<u>\$170,000</u>

SPSt. Cyr
11/28/2012

Financing and Step Increase

Estimated Financing and Step Increase Costs

Stephen P. St. Cyr & Associates	<u>\$4,000</u>
Total Financing Costs	<u>\$4,000</u>

SPSt. Cyr
11/28/2012

2013 Promissory Note

FOR VALUE RECEIVED, Bedford Waste Services Corp. ("Borrower"), a New Hampshire corporation, promises to pay to the order of Robert S. LaMontagne ("Lender"), an individual with a business address of 317 South River Road, Bedford, N. H. or at such other place or places as the holder hereof may from time to time designate in writing, the principal sum of One Hundred Seventy Thousand Dollars (\$170,000.00) in lawful money of the United States of America, together with interest as hereinafter provided.

Commencing January 2013, and continuing until December 2027, when a final payment of principal and interest shall be due and payable (unless this note shall be sooner paid), monthly payments of principal and interest shall be made in equal installments of \$1,624.61. This Note shall bear interest at the rate of eight percent (8%) per annum. All payments shall be applied first to interest then to reduction of the principal balance.

Upon default in the payment of any installment for a period in excess of ten (10) days after written notice, the entire principal sum and accrued interest shall thereupon become due and payable at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

In the event any payment of principal or interest received upon this obligation and paid by the Maker shall be deemed by final order of competent jurisdiction to have been a voidable preference or fraudulent conveyance, whether under the bankruptcy or insolvency laws of the United States of America, New Hampshire or any other state, or otherwise; then in such event and to the extent thereof, the obligation of the Makers shall, jointly and severally, survive as an obligation due hereunder and shall not have been discharged or satisfied by said payment or payments, or by the return of the Note to the Maker by the holder.

The undersigned agrees to pay all costs of collection, including reasonable attorneys' fees, paid or incurred by Lender in enforcing this Note.

This Note constitutes a New Hampshire contract to be governed by the laws of the State of New Hampshire, to be paid and performed within said State.

The undersigned hereby waives presentation for payment, demand and protest, notice of demand, protest, dishonor and of nonpayment of this Note; and the liability of the undersigned hereunder shall remain unimpaired notwithstanding (i) any extension of the time of payment or other indulgence granted by the holder hereof, whether the same is granted to the undersigned hereof or any guarantor or endorser of this Note, or (ii) the release of all or any part of security for this Note or the liability of any party who may be obligated hereon, either now or hereafter.

IN WITNESS WHEREOF, Bedford Waste Services Corp. has caused this Promissory Note to be executed as of 1st day of January, 2013.

WITNESS:

Bedford Waste Service Corp.

Stephen P. St. Cyr, Manager

Accepted and Agreed

Robert S. LaMontagne