

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)
	UTILITY PLANT			
1	Utility Plant (101-106)	\$ 12,926,406	\$ 339,400	\$ 13,265,806
2	Less: Accumulated Depr. and Amort. (108-110)	3,508,268	9,952	3,518,220
3	Net Plant	\$ 9,418,138	\$ 329,448	\$ 9,747,586
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 9,418,138	\$ 329,448	\$ 9,747,586
	OTHER PROPERTY AND INVESTMENTS			
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			
	CURRENT AND ACCRUED ASSETS			
16	Cash (131)	\$ 204,641	\$ 6,007	\$ 210,648
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	\$ 6,007	\$ 760,499
	DEFERRED DEBITS			
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
	TOTAL ASSETS AND OTHER DEBITS	\$ 10,319,514	\$ 339,255	\$ 10,658,769

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)
EQUITY CAPITAL				
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)	9,444	(1,250,180)
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 861,497	\$ 9,444	\$ 870,941
LONG TERM DEBT				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	\$ 4,539,302	\$ 329,811	\$ 4,869,113
17	Total Long-Term Debt	\$ 4,539,302	\$ 329,811	\$ 4,869,113
CURRENT AND ACCRUED LIABILITIES				
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
DEFERRED CREDITS				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	Accumulated Deferred Income Taxes:			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	4,315		4,315
37	Other (283)			
38	Total Deferred Credits	\$ 4,315		\$ 4,315
OPERATING RESERVES				
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	\$ -	\$ -	\$ -
CONTRIBUTIONS IN AID OF CONSTRUCTION				
44	Contributions In Aid of Construction (271)	\$ 6,966,458		\$ 6,966,458
45	Accumulated Amortization of C.I.A.C. (272)	2,187,154		2,187,154
46	Total Net C.I.A.C.	\$ 4,779,304	\$ -	\$ 4,779,304
46	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 10,319,514	\$ 339,255	\$ 10,658,769

F-2 STATEMENT OF INCOME

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
UTILITY OPERATING INCOME				
1	Operating Revenues(400)	\$ 1,661,728	\$ 44,626	\$ 1,706,354
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	917,115		917,115
4	Depreciation Expense (403)	385,341	9,952	395,293
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	6,464	179,142
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	6,662	138	6,800
10	Total Operating Expenses	\$ 1,315,831	\$ 16,554	\$ 1,332,385
11	Net Operating Income (Loss)	\$ 345,897	\$ 28,072	\$ 373,969
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)			
14	Net Water Utility Operating Income	\$ 345,897	\$ 28,072	\$ 373,969
OTHER INCOME AND DEDUCTIONS				
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	Total Other Income and Deductions	\$ -	\$ -	-
TAXES APPLICABLE TO OTHER INCOME				
24	Taxes Other Than Income (408.2)			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)			
26	Total Taxes Applicable To Other Income			
INTEREST EXPENSE				
27	Interest Expense (427)	\$ 174,021	\$ 18,428	\$ 192,449
28	Amortization of Debt Discount & Expense (428)	3,099	200	3,299
29	Amortization of Premium on Debt (429)			
30	Total Interest Expense	\$ 177,120	\$ 18,628	\$ 195,748
31	Income Before Extraordinary Items	\$ 168,777	\$ 9,444	\$ 178,221
EXTRAORDINARY ITEMS				
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	Net Extraordinary Items			
NET INCOME (LOSS)				
		\$ 168,777	\$ 9,444	\$ 178,221

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)
EQUITY CAPITAL				
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)	9,444	(1,250,180)
4	Total Equity Capital	\$ 861,497	\$ 9,444	\$ 870,941
LONG TERM DEBT				
5	Other Long-Term Debt (224)	\$ 4,539,302	\$ 329,811	\$ 4,869,113
6	Total Long-Term Debt	\$ 4,539,302	\$ 329,811	\$ 4,869,113
7	Total Capital Structure	\$ 5,400,799	\$ 339,255	\$ 5,740,054

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
EQUITY CAPITAL				
1	Common Stock Issued (201)	0.31%	0.00%	0.29%
2	Other Paid-In Capital (209,211)	38.96%	0.00%	36.66%
3	Retained Earnings (214-215)	-23.32%	2.78%	-21.78%
4	Total Equity Capital	15.95%	2.78%	15.17%
LONG TERM DEBT				
5	Other Long-Term Debt (224)	84.05%	97.22%	84.83%
6	Total Long-Term Debt	84.05%	97.22%	84.83%
7	Total Capital Structure	100.00%	100.00%	100.00%

**Hampstead Area Water Company
Journal Entries**

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1	Dr.	181	Unamortized Debt Expense	4,000	
	Cr.	131	Cash		4,000
	To record estimated debt expense associated with 2011 Additions to Plant Financing				
2	Dr.	131	Cash	339,400	
	Cr.	224	Other Long Term Debt		339,400
	To record receipt of cash and related long term debt associated with 2011 Additions to Plant				
3	Dr.	101	Plant in Service	339,400	
	Cr.	131	Cash		339,400
	To record the 2011 plant in service				
4	Dr.	403	Depreciation Expense	9,952	
	Cr.	108	Accumulated Depreciation		9,952
	To record half year depreciation expense on 2011 additions to plant				
5	Dr.	224	Other Long Term Debt	9,589	
	Dr.	427	Interest Expense	18,428	
	Cr.	131	Cash		28,017
	To record 1st year principal and interest payments on N/P for 2011 additions				
6	Dr.	428	Amortization of Debt Expense	200	
	Cr.	181	Unamortized Debt Expense		200
	To record annual amortization of debt expense				
7	Dr.	131	Cash	44,626	
	Cr.	461	Metered Water Revenues		44,626
	To record additional annual revenue				
8	Dr.	408	State Utility Property Taxes	2,174	
	Dr.	408	Local Property Taxes	4,289	
	Dr.	409.11	State Business Enterprise Taxes	138	
	Cr.	131	Cash		6,602
	To record additional state and local property taxes and state business enterprise tax				
9	Dr.	108	Accumulated Depreciation	0	
	Cr.	101	Plant in Service		0
	To record 2011 retirements				

Hampstead Area Water Company

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2011 Projected Additions

Plant and Depreciation

Item Description	Plant <u>Acct #</u>	Total <u>Amount</u>	Depr. <u>Rate</u>	Annual <u>Depr Exp</u>	Accum <u>Depr</u>
Structures & Improvements					
Upgrade Electrical @Shop	304	\$2,000	2.50%	\$50	\$25
Pumping Equipment					
Miscellaneous	311	30,000	10.00%	3,000	1,500
SCADA at Kent Farm	311	18,000	10.00%	1,800	900
Midpoint	311	5,000	10.00%	500	250
Test / Replace 14 well meters	311	8,400	10.00%	840	420
Treatment Equipment					
Replace (1) 4' Greensand Filters	320	20,000	3.60%	720	360
Replace Arsenic Media @ 3 stations	320	36,000	18.18%	6,545	3,272
Mains					
Replace Mains	331	30,000	2.00%	600	300
Replace Mains - Hovey/Hoyt/Merrill	331	20,000	2.00%	400	200
System Wide Water Loss Program	331	10,000	2.00%	200	100
Replace Mains as a result of System Wide Water Loss Program	331	50,000	2.00%	1,000	500
Services					
Repace Services - Hovey/Hoyt/Merrill	333	30,000	2.50%	750	375
Install Shut Offs	333	20,000	2.50%	500	250
Meters					
Replace Meters	334	<u>60,000</u>	5.00%	<u>3,000</u>	<u>1,500</u>
Total Proposed Financing		<u>\$339,400</u>		<u>\$19,905</u>	<u>\$9,952</u>

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

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Calculation of Revenue Requirement

Addition to Rate Base:		Estimated <u>2011</u>
Plant Additions		
2011 Additions		\$339,400
Less: Accumulated Depreciation		<u>9,952</u>
Net Plant		\$329,448
Add: Cash Working Capital		
Total Additions to Rate Base		\$329,448
Rate of Return		<u>5.50%</u>
Additional Net Operating Income Required		\$18,120
Add: Operating and Maintenance Expenses		
Depreciation Expense		19,905
Amortization of CIAC		0
Assessed Property Value	\$329,448	
State Property Taxes (\$6.60 / \$1,000)		2,174
Local Property Taxes (\$13.02 / 1,000)		4,289
Business Enterprise Taxes (\$18,428 x \$0.0075)		<u>138</u>
Total Additional Revenue Required		<u>\$44,626</u>

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

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Source of Funds

2011

Lewis Builders Development, Inc.

\$ 339,400

Total Source of Funds

\$ 339,400

Use of Funds

2011 Additions to Plant

\$ 339,400

Total Use of Funds

\$ 339,400

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

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2011 Financing Costs

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