

# Lakes Region Water Company

Exhibit 1-1

## 2017 Finaning with Ford Motor Credit for 3 Vehicles

### Balance Sheet

### Assets and Other Debits

Line No. (a)	Account Title (Number) (b)	2016 Actual Year End Balance (c)	Adjustments (d)	2016 Proformed Year End Balance (e)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-106)	\$ 5,686,778	\$ 27,573	\$ 5,714,351
2	Less: Accumulated Depr. and Amort. (108-110)	\$ (1,822,525)	\$ 134,640	\$ (1,687,885)
3	Net Plant	\$ 3,864,253	\$ 162,213	\$ 4,026,466
4	Utility Plant Acquisition Adj. (Net) (114-115)	(70,553)		(70,553)
5	Total Net Utility Plant	\$ 3,793,700	\$ 162,213	\$ 3,955,913
<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 (125)	4,107		4,107
13	Special Funds(126-128)			
14	Total Other Property & Investments	\$ 4,107		\$ 4,107
<b>CURRENT AND ACCRUED ASSETS</b>				
16	Cash (131)	10,509	(20,542)	(10,033)
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)	173,320		173,320
22	Accounts Receivable from Assoc. Co. (145)	18,021		18,021
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	9,805		9,805
25	Stores Expense (161)			
26	Prepayments-Other (162)	27,245		27,245
27	Prepaid Taxes (163)	14,273		14,273
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)			
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 253,174	\$ (20,542)	\$ 232,632
<b>DEFERRED DEBITS</b>				
32	Unamortized Debt Discount & Expense (181)	19,906	1,600	21,506
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	206,241		206,241
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)			
40	Total Deferred Debits	\$ 226,147	\$ 1,600	\$ 227,747
<b>TOTAL ASSETS AND OTHER DEBITS</b>		\$ 4,277,128	\$ 143,271	\$ 4,420,399

## 2017 Financing with Ford Motor Credit for 3 Vehicles

## Balance Sheet

## Equity Capital and Liabilities

Line No. (a)	Account Title (Number) (b)	2016 Actual Year End Balance (c)	Adjustments (f)	2016 Proformed Year End Balance (g)
	<b>EQUITY CAPITAL</b>			
1	Common Stock Issued (201)	\$ 10,000		\$ 10,000
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)	1,426,322		1,426,322
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	(3,678)		(3,678)
10	Retained Earnings (214-215)	1,130,012	8,680	1,138,692
12	Total Equity Capital	\$ 2,562,656	\$ 8,680	\$ 2,571,336
	<b>LONG TERM DEBT</b>			
13	Bonds (221)	719,151		719,151
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	94,993	134,591	229,584
17	Total Long-Term Debt	\$ 814,144	\$ 134,591	\$ 948,735
	<b>CURRENT AND ACCRUED LIABILITIES</b>			
18	Accounts Payable (231)	173,581		173,581
19	Notes Payable (232)			
20	Accounts Payable to Associated Co. (233)			
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)			
23	Accrued Taxes (236)	11,268		11,268
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)			
29	Total Current and Accrued Liabilities	\$ 184,849	\$ -	\$ 184,849
	<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)	128,000		-
37	Deferred Income Tax-Other (283)			
38	Total Deferred Credits	\$ 128,000	\$ -	\$ 128,000
	<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)	870,878		870,878
45	Accumulated Amortization of C.I.A.C. (272)	(283,399)		(283,399)
46	Total Net C.I.A.C.	\$ 587,479	\$ -	\$ 587,479
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 4,277,128	\$ 143,271	\$ 4,420,399

## Statement of Income as of July 31, 2017

Line No. (a)	Account Title (Number) (b)	2016 Actual End Balance (c)	Adjustments (e)	YTD Balance (f)
	<b>UTILITY OPERATING INCOME</b>			
1	Operating Revenues(400)	\$ 1,381,630	\$ -	\$ 1,381,630
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	732,506		732,506
4	Depreciation Expense (403)	168,851	(13,351)	155,500
5	Amortization of Contribution in Aid of Construction (405)	(17,048)		(17,048)
6	Amortization of Utility Plant Acquisition Adjustment (406)	(5,708)		(5,708)
7	Amortization Expense-Other (407)	4,319		
8	Taxes Other Than Income (408.1-408.13)	82,132		82,132
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	(68,328)		(68,328)
10	<b>Total Operating Expenses</b>	\$ 896,724	\$ (13,351)	\$ 879,054
11	Net Operating Income (Loss)	484,907	13,351	502,576
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>	\$ 484,907	\$ 13,351	\$ 502,576
	<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)	9,236		9,236
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)	2,151		2,151
23	<b>Total Other Income and Deductions</b>	\$ 7,085	\$ -	\$ 7,085
	<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)	39,943	4,271	44,214
28	Amortization of Debt Discount & Expense (428)	7,474	400	7,874
29	Amortization of Premium on Debt (429)			
30	<b>Total Interest Expense</b>	\$ 47,417	\$ 4,671	\$ 52,088
31	<b>Income Before Extraordinary Items</b>	444,574	8,680	457,573
	<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>	\$ 444,574	\$ 8,680	\$ 457,573

## 2017 Financing with Ford Motor Credit for 3 Vehicles

## Capital Structure

Line No. (a)	Account Title (Number) (b)	Actual 12/31/2016 (c)	Proforma Adjustments (d)	Proformed 12/31/2016 (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 10,000		\$ 10,000
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)	1,426,322		1,426,322
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	(3,678)		(3,678)
10	Retained Earnings (214-215)	1,130,012	8,680	1,138,692
12	Total Equity Capital	\$ 2,562,656	\$ 8,680	\$ 2,571,336
<b>LONG TERM DEBT</b>				
13	Bonds (221)	719,151		719,151
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	94,993	134,591	229,584
17	Total Long-Term Debt	\$ 814,144	\$ 134,591	\$ 948,735
	<b>Total Capitalization</b>	\$ 3,376,800	\$ 143,271	\$ 3,520,071

## Capitalization Ratios

Line No.	Account Title (Number) (a)	12/31/2015	Proforma Adjustments	Proformed 12/31/2008
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	0.30%		0.28%
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)	42.24%		40.52%
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)	-0.11%		-0.10%
10	Retained Earnings (214-215)	33.46%	6.06%	32.35%
12	Total Equity Capital	75.89%	6.06%	73.05%
<b>LONG TERM DEBT</b>				
13	Bonds (221)	21.30%		20.43%
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	2.81%	93.94%	6.52%
17	Total Long-Term Debt	24.11%	93.94%	26.95%
	<b>Total Capitalization</b>	100.00%	100.00%	100.00%

# Lakes Region Water Company

Exhibit 4

## 2017 Financing with Ford Motor Credit for 3 Vehicles

Journal Entries			DR	CR	Impact on NI
2016 Net Income					\$444,574
JE#1	181	Unamortized Debt Expense	2,000		
	131	Cash		2,000	
To record costs associated with Ford Motor Credit Financing					
JE#2	131	Cash	148,862		
	224	Other Long Term Debt - Ford Motor Credit		148,862	
To record receipt of cash and new LTD					
JE#3	341	Transportation Equip 2017 F550	66,882		
	341	Transportation Equip 2018 F550	40,990		
	341	Transportation Equip 2018 F550	40,990		
	131	Cash		148,862	
To record purchase of 3 Vehicles					
JE#4	108	Accumulated Depreciation	37,301		
	341	Transportation Equip 2011 Dump		37,301	
	108	Accumulated Depreciation	46,919		
	341	Transportation Equip 2013 F250 4d		46,919	
	108	Accumulated Depreciation	37,069		
	341	Transportation Equip 2013 F250		37,069	
To record retirement of 3 Vehicles					
Note: Assumes that vehicles will be fully depreciated when retired.					
JE#5	108	Accumulated Depreciation	26,326		
	403	Depreciation Expense		26,326	26,326
To reverse 2016 depreciation					
JE#6	403	Depreciation Expense	12,975		(12,975)
	108	Accumulated Depreciation		12,975	
To record 1st year depreciation on 3 vehicles					
JE#7	131	Cash	14,704		
	224.02	Other LTD		12,928	
	427	Interest Expense		1,776	1,776
To reverse 2016 principal and interest on existing loans					
JE#8	224.02	Other LTD	27,199		
	427	Interest Expense	6,047		(6,047)
	131	Cash		33,246	
To record 1st year principal and interest under new LTD					
JE#9	428	Amortization of Debt Expense	400		(400)
	181	Unamortized Debt Expense		400	
To record amortization of debt expense					
Total Impact on Net Income					8,680
Impact on Cash			163,566	184,108	
Net impact on cash				(20,542)	

## 2017 Financing with Ford Motor Credit for 3 Vehicles

## Preliminary Calculation of Revenue Requirement

## Plant Additions/Retirements:

Plant Additions		2017 F550	2018 F250	2018 F250	Total
341	Transportation Equipment	66,882	40,990	40,990	148,862
	Less: Accumulated Depreciation	4,777	4,099	4,099	12,975
	TOTAL	\$ 62,105	\$ 36,891	\$ 36,891	\$ 135,887
Plant Retirements		2011 Dump	2013 F250	2013 F250	Total
341	Transportation Equipment	\$ 37,301	\$ 46,919	\$ 37,069	\$ 121,289
	Accumulated Depreciation	37,301	46,919	37,069	121,289
	TOTAL	\$ -	\$ -	\$ -	\$ -
Net Plant		\$ 62,105	\$ 36,891	\$ 36,891	\$ 135,887
Plus: Working Capital		-	-	-	-
Total Additional Rate Base		\$ 62,105	\$ 36,891	\$ 36,891	\$ 135,887
Rate of Return		4.33%	4.33%	4.33%	4.33%
Additional Net Operating Income Required		\$ 2,690	\$ 1,598	\$ 1,598	\$ 5,885
Increase in Depreciation Expense		\$ 9,555	\$ 8,198	\$ 8,198	\$ 25,951
Total Increase in Operating Expenses		\$ 9,555	\$ 8,198	\$ 8,198	\$ 25,951
Increase in Revenue Required		\$ 12,244	\$ 9,796	\$ 9,796	\$ 31,836
2016 Operating Revenues					1,381,630
Percentage Increase Required					2.30%

### 2017 Financing with Ford Motor Credit for 3 Vehicles

#### Weighted Average Cost of Capital for 2017 Ford F555 and 2 2018 Ford F250s

<u>Financing</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Amortization of Fin Costs</u>	<u>Total Interest</u>	<u>Cost Rate</u>
Ford Motor Credit	\$ 148,862	4.34%	\$ 6,047	\$ 400	\$ 6,447	4.33%
Total	\$ 148,862	4.34%	\$ 6,047	\$ 400	\$ 6,447	4.33%

**2017 Financing with Ford Motor Credit for 3 Vehicles****Plant / Accumulated Depreciation / Depreciation Expense**

PUC <u>Acct. No.</u>	<u>Description</u>	<u>Cost</u>	Depr. <u>Rate</u>	Annual <u>Cost</u>	Accum <u>Depr.</u>
<u>2017 F550</u>					
341	Transportation - 2017 F550	\$ 66,882	14.29%	\$ 9,555	\$ 4,777
341	Transportation - 2018 F250	40,990	20.00%	8,198	4,099
341	Transportation - 2018 F250	<u>40,990</u>	20.00%	<u>8,198</u>	<u>4,099</u>
.	Total	<u>\$ 148,862</u>		<u>\$ 25,951</u>	<u>\$ 12,975</u>



# Lakes Region Water Company

Exhibit 8

## 2017 Financing with Ford Motor Credit for 3 Vehicles

Total Costs of Vehicles	\$ 148,862
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### Source of Funds:

Ford Credit	\$ 148,862
Total Source of Funds	<u>\$ 148,862</u>

### Use of Funds:

2017 F550	\$ 66,882
2018 F250	40,990
2018 F250	40,990
Total Use of Funds	<u>\$ 148,862</u>

# Lakes Region Water Company

Exhibit 9

## 2017 Financing with Ford Motor Credit for 3 Vehicles

### Estimated Financing Costs

Stephen P. St. Cyr & Associates	\$ 2,000
Ford Motor Credit	-
Total	<u>\$ 2,000</u>

# Vehicle Buyers Worksheet

**Date:** 9-21-17

# Meredith Ford

**www.meredithford.com**

**14 Town West Rd./Tenney Mtn. Hwy.**

## Plymouth, New Hampshire

**536-4521**

Phone: \_\_\_\_\_

Buyer's Name Lakes Region Water Company D.O.B.

**Co-Buyer's  
Name**

**D.O.B.**

Make	Model	Type	Stock # Order#	Year

Serial #	Mileage	To be delivered on or about
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# Vehicle Buyers Worksheet

**Date:** 9-21-17

# Meredith Ford

**www.meredithford.com**

**14 Town West Rd./Tenney Mtn. Hwy.**

## Plymouth, New Hampshire

**536-4521**

**Phone:**

**Buyer's  
Name**

Lakes Region Water Company

D.O.B.

**Co-Buyer's  
Name**

**D.O.B.**

**Make**

### Model

Type

Stock #	Order#	QTY	UNIT PRICE	AMOUNT	TAX	TOTAL
1000	1000	1	100.00	100.00	0.00	100.00
2000	2000	1	200.00	200.00	0.00	200.00
3000	3000	1	300.00	300.00	0.00	300.00
4000	4000	1	400.00	400.00	0.00	400.00
5000	5000	1	500.00	500.00	0.00	500.00
6000	6000	1	600.00	600.00	0.00	600.00
7000	7000	1	700.00	700.00	0.00	700.00
8000	8000	1	800.00	800.00	0.00	800.00
9000	9000	1	900.00	900.00	0.00	900.00
10000	10000	1	1000.00	1000.00	0.00	1000.00
11000	11000	1	1100.00	1100.00	0.00	1100.00
12000	12000	1	1200.00	1200.00	0.00	1200.00
13000	13000	1	1300.00	1300.00	0.00	1300.00
14000	14000	1	1400.00	1400.00	0.00	1400.00
15000	15000	1	1500.00	1500.00	0.00	1500.00
16000	16000	1	1600.00	1600.00	0.00	1600.00
17000	17000	1	1700.00	1700.00	0.00	1700.00
18000	18000	1	1800.00	1800.00	0.00	1800.00
19000	19000	1	1900.00	1900.00	0.00	1900.00
20000	20000	1	2000.00	2000.00	0.00	2000.00
21000	21000	1	2100.00	2100.00	0.00	2100.00
22000	22000	1	2200.00	2200.00	0.00	2200.00
23000	23000	1	2300.00	2300.00	0.00	2300.00
24000	24000	1	2400.00	2400.00	0.00	2400.00
25000	25000	1	2500.00	2500.00	0.00	2500.00
26000	26000	1	2600.00	2600.00	0.00	2600.00
27000	27000	1	2700.00	2700.00	0.00	2700.00
28000	28000	1	2800.00	2800.00	0.00	2800.00
29000	29000	1	2900.00	2900.00	0.00	2900.00
30000	30000	1	3000.00	3000.00	0.00	3000.00
31000	31000	1	3100.00	3100.00	0.00	3100.00
32000	32000	1	3200.00	3200.00	0.00	3200.00
33000	33000	1	3300.00	3300.00	0.00	3300.00
34000	34000	1	3400.00	3400.00	0.00	3400.00
35000	35000	1	3500.00	3500.00	0.00	3500.00
36000	36000	1	3600.00	3600.00	0.00	3600.00
37000	37000	1	3700.00	3700.00	0.00	3700.00
38000	38000	1	3800.00	3800.00	0.00	3800.00
39000	39000	1	3900.00	3900.00	0.00	3900.00
40000	40000	1	4000.00	4000.00	0.00	4000.00
41000	41000	1	4100.00	4100.00	0.00	4100.00
42000	42000	1	4200.00	4200.00	0.00	4200.00
43000	43000	1	4300.00	4300.00	0.00	4300.00
44000	44000	1	4400.00	4400.00	0.00	4400.00
45000	45000	1	4500.00	4500.00	0.00	4500.00
46000	46000	1	4600.00	4600.00	0.00	4600.00
47000	47000	1	4700.00	4700.00	0.00	4700.00
48000	48000	1	4800.00	4800.00	0.00	

Year

**Serial #**

Mileage

To be delivered  
on or about

[illegible]