

Line of Credit ("LOC") Financing

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)	\$ 17,298,401	\$ 250,000	\$ 17,548,401
2	Less: Accumulated Depr. and Amort. (108-110)	6,547,479	\$ 9,019	6,556,498
3	Net Plant	\$ 10,750,922	\$ 240,981	\$ 10,991,903
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 10,750,922	\$ 240,981	\$ 10,991,903
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)	\$ 709,320	\$ (17,399)	\$ 691,921
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)	237,690		237,690
22	Accounts Receivable from Assoc. Co. (145)			
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	33,240		33,240
25	Stores Expense (161)			
26	Prepayments-Other (162)	21,518		21,518
27	Prepaid Taxes (163)	47,877		47,877
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)	117,847		117,847
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 1,167,492	\$ (17,399)	\$ 1,150,093
DEFERRED DEBITS				
32	Unamortized Debt Discount & Expense (181)	\$ 36,353	\$ 7,313	\$ 43,666
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	153,320		153,320
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)	13,297		13,297
40	Total Deferred Debits	\$ 202,970	\$ 7,313	\$ 210,283
TOTAL ASSETS AND OTHER DEBITS				
		\$ 12,121,384	\$ 230,894	\$ 12,352,278

Line of Credit ("LOC") Financing

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)	3,154,354		3,154,354
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	(759,974)	(15,418)	(775,392)
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 2,411,147	\$ (15,418)	\$ 2,395,729
LONG TERM DEBT				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	\$ 3,893,007	\$ 246,312	\$ 4,139,319
17	Total Long-Term Debt	\$ 3,893,007	\$ 246,312	\$ 4,139,319
CURRENT AND ACCRUED LIABILITIES				
18	Accounts Payable (231)	\$ 17,494		\$ 17,494
19	Notes Payable (232)			
20	Accounts Payable to Associated Co. (233)	48,471		48,471
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)	8,437		8,437
23	Accrued Taxes (236)	3,005		3,005
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)	27,236		27,236
29	Total Current and Accrued Liabilities	\$ 104,643	\$ -	\$ 104,643
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)	48,621		48,621
37	Other (283)			
38	Total Deferred Credits	\$ 48,621		\$ 48,621
OPERATING RESERVES				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)	7,733		7,733
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves	\$ 7,733	\$ -	\$ 7,733
CONTRIBUTIONS IN AID OF CONSTRUCTION				
44	Contributions In Aid of Construction (271)	\$ 9,142,476		\$ 9,142,476
45	Accumulated Amortization of C.I.A.C. (272)	3,486,243		3,486,243
46	Total Net C.I.A.C.	\$ 5,656,233	\$ -	\$ 5,656,233
46	TOTAL EQUITY CAPITAL AND LIABILITIES	\$ 12,121,384	\$ 230,894	\$ 12,352,278

Line of Credit ("LOC") Financing

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)	\$ 1,788,762		\$ 1,788,762
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	1,180,014		1,180,014
4	Depreciation Expense (403)	500,470	9,019	509,489
5	Amortization of Contribution in Aid of Construction (405)	(216,489)		(216,489)
6	Amortization of Utility Plant Acquisition Adjustment (406)			
7	Amortization Expense-Other (407)	2,715		2,715
8	Taxes Other Than Income (408.1-408.13)	159,664		159,664
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	11,492		11,492
10	Total Operating Expenses	\$ 1,637,866	\$ 9,019	\$ 1,646,885
11	Net Operating Income (Loss)	\$ 150,896	\$ (9,019)	\$ 141,877
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)			
14	Net Water Utility Operating Income	\$ 150,896	\$ (9,019)	\$ 141,877
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)	537		
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	\$ 537	\$ -	537
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)	\$ 129,400	\$ 6,212	\$ 135,612
28	Amortization of Debt Discount & Expense (428)	2,765	188	2,953
29	Amortization of Premium on Debt (429)			
30	Total Interest Expense	\$ 132,165	\$ 6,399	\$ 138,564
31	Income Before Extraordinary Items	\$ 19,268	\$ (15,418)	\$ 3,850
EXTRAORDINARY ITEMS				
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	Net Extraordinary Items			
NET INCOME (LOSS)		\$ 19,268	\$ (15,418)	\$ 3,850

Line of Credit ("LOC") Financing

**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)	3,154,354		3,154,354
3	Retained Earnings (214-215)	(759,974)	(15,418)	(775,392)
4	Total Equity Capital	\$ 2,411,147	\$ (15,418)	\$ 2,395,729
LONG TERM DEBT				
5	Other Long-Term Debt (224)	\$ 3,893,007	\$ 246,312	\$ 4,139,319
6	Total Long-Term Debt	\$ 3,893,007	\$ 246,312	\$ 4,139,319
7	Total Capital Structure	\$ 6,304,154	\$ 230,894	\$ 6,535,048

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)	0.27%	0.00%	0.26%
2	Other Paid-In Capital (209,211)	50.04%	0.00%	48.27%
3	Retained Earnings (214-215)	-12.06%	-6.68%	-11.87%
4	Total Equity Capital	38.25%	-6.68%	36.66%
LONG TERM DEBT				
5	Other Long-Term Debt (224)	61.75%	106.68%	63.34%
6	Total Long-Term Debt	61.75%	106.68%	63.34%
7	Total Capital Structure	100.00%	100.00%	100.00%

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Hampstead Area Water Company
Journal Entries

SPS-5

Line of Credit ("LOC") Financing

					<u>Impact on Net Income</u>
1	Dr. 181	Unamortized Debt Expense	7,500		
	Cr. 131	Cash		7,500	
	To record estimated debt expense associated with obtaining PUC approval of of 2018 Pentucket Bank Debt Financing				
2	Dr. 131	Cash	250,000		
	Cr. 224	Pentucket Bank loan		250,000	
	To record receipt of cash and related long term debt				
3	Dr. 101	Plant in Service	250,000		
	Cr. 131	Cash		250,000	
	To record year 1 additions to plant				
4	Dr. 403	Depreciation Expense	9,019		(9,019)
	Cr. 108	Accumulated Depreciation		9,019	
	To record 1/2 year depreciation and related accumulated depreciation on year 1 additions				
5	Dr. 224	Other Long Term Debt	3,688		
	Cr. 427	Interest Expense	6,212		(6,212)
	Dr. 131	Cash		9,899	
	To record the projected 1st year payments (principle and interest) on Pentucket Bank loan				
6	Dr. 428	Amortization of Debt Expense	188		(188)
	Cr. 181	Unamortized Debt Expense		188	
	To record 1/2 years of annual amortization of debt expense				
	Impact on Net Income				<u>(15,418)</u>
	Impact on Cash			250,000	267,399
	Net Impact on Cash				(17,399)

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9/20/2018

Hampstead Area Water Company
 Plant / Accumulated Depreciation / Depreciation Expenses

SPS-6

Line of Credit ("LOC") Financing

Acct. No.	Account Title	<u>Amount</u>	<u>Depr Rate</u>	<u>Year 1 Plant</u>	<u>Year 1 Annual Depreciation</u>	<u>Year 1 Accumulated Depreciation</u>
303	Land					
304	Structures	\$ 75,000	2.50%	\$ 18,750	\$ 234	\$ 234
307	Wells	75,000	3.33%	18,750	312	312
309	Supply Mains	10,000	2.00%	2,500	25	25
310	Power Generation Equipment	75,000	10.00%	18,750	938	938
311	Pumping Equipment	75,000	10.00%	18,750	938	938
320	Water Treatment Equipment	30,000	3.60%	7,500	135	135
330	Distribution Reservoirs and Standpipes					
331	T&D Mains	100,000	2.00%	25,000	250	250
333	Services			-		
334	Meter & Meter Installations	250,000	10.00%	62,500	3,125	3,125
334	Meter & Meter Installations	250,000	5.00%	62,500	1,563	1,563
335	Hydrants					
341	Transportation Equipment	50,000	20.00%	12,500	1,250	1,250
347	Computer Equipment	10,000	20.00%	2,500	250	250
	Total	\$ 1,000,000		\$ 250,000	\$ 9,019	\$ 9,019

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

SPS-7

Line of Credit ("LOC") Financing

Source of Funds

2019 - 2022

Pentucket Bank

\$ 1,000,000

Total Source of Funds

\$ 1,000,000

Use of Funds

Water Plant

\$ 1,000,000

Total Use of Funds

\$ 1,000,000

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

SPS-8

Line of Credit ("LOC") Financing

2018 Financing Costs

State of NH CIAC	\$ -
Pentucket Bank Debt Financing Fees	-
St. Cyr & Associates	2,500
Lewis Builders Development	<u>5,000</u>
Total Estimated Financing Costs	<u>\$ 7,500</u>

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