

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential. BORROWER NAME The Toledo Telephone Co., Inc. (Prepared with Audited Data)
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INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2018	BORROWER DESIGNATION WA0538
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CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
 (Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.
 There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

_____ 6/18/2019 _____
 Russell Ramsey DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	4,884,956	6,576,474	25. Accounts Payable	63,734	151,976
2. Cash-RUS Construction Fund	4,963	4,963	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable	25,741	11,782	29. Current Mat. L/T Debt	1,177,957	1,063,935
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	203,762	230,194	32. Income Taxes Accrued	(32,972)	(202,731)
b. Other Accounts Receivable	449,800	533,724	33. Other Taxes Accrued	2,968	31,752
c. Notes Receivable			34. Other Current Liabilities	70,915	221,340
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	1,282,602	1,266,272
6. Material-Regulated	187,896	215,895	LONG-TERM DEBT		
7. Material-Nonregulated	70,365	71,380	36. Funded Debt-RUS Notes		
8. Prepayments	37,185	42,779	37. Funded Debt-RTB Notes		
9. Other Current Assets	2,934,640	2,867,246	38. Funded Debt-FFB Notes	13,024,691	12,132,541
10. Total Current Assets (1 Thru 9)	8,799,308	10,554,437	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	696,396	611,585	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	231,648	231,176	46. Total Long-Term Debt (36 thru 45)	13,024,691	12,132,541
13. Nonregulated Investments	85,185	231,699	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	1,669,153	1,731,071
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	1,013,229	1,074,460	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,669,153	1,731,071
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	35,783,642	34,791,230	51. Cap. Stock Outstand. & Subscribed	10,670	10,670
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	125,335	508,886	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	19,010,797	19,146,445	55. Other Capital	371,047	68,747
23. Net Plant (18 thru 21 less 22)	16,898,180	16,153,671	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	10,352,554	12,573,267
	26,710,717	27,782,568	58. Total Equity (51 thru 57)	10,734,271	12,652,684
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	26,710,717	27,782,568

Total Equity = 45.54% % of Total Assets

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

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INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	116,658	108,159
2. Network Access Services Revenues	6,887,132	6,901,642
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	10,897	11,173
5. Miscellaneous Revenues	50,608	49,375
6. Uncollectible Revenues	5,813	3,843
7. Net Operating Revenues (1 thru 5 less 6)	7,059,482	7,066,506
8. Plant Specific Operations Expense	1,016,551	1,181,556
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	534,105	690,587
10. Depreciation Expense	1,657,282	1,493,692
11. Amortization Expense		
12. Customer Operations Expense	312,489	307,355
13. Corporate Operations Expense	880,713	1,091,739
14. Total Operating Expenses (8 thru 13)	4,401,140	4,764,929
15. Operating Income or Margins (7 less 14)	2,658,342	2,301,577
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	(65,600)	607,241
19. Other Taxes	254,215	270,168
20. Total Operating Taxes (17+18+19)	188,615	877,409
21. Net Operating Income or Margins (15+16-20)	2,469,727	1,424,168
22. Interest on Funded Debt	455,885	330,898
23. Interest Expense - Capital Leases		
24. Other Interest Expense	2,455	
25. Allowance for Funds Used During Construction	3,431	7
26. Total Fixed Charges (22+23+24-25)	454,909	330,891
27. Nonoperating Net Income	303,248	64,877
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	505,152	1,062,559
31. Total Net Income or Margins (21+27+28+29+30-26)	2,823,218	2,220,713
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	7,529,336	10,352,554
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	10,352,554	12,573,267
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	1,456,814	1,377,284
45. Cash Ratio [(14+20-10-11) / 7]	0.4154	0.5871
46. Operating Accrual Ratio [(14+20+26) / 7]	0.7146	0.8453
47. TIER [(31+26) / 26]	7.2061	7.7113
48. DSCR [(31+26+10+11) / 44]	3.3878	2.9372

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**OPERATING REPORT FOR
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INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Toledo, WA	18.00	18.00	55	161	216	301.50	301.50
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			55	161	216	301.50	301.50
No. Exchanges	1						

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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Toledo, WA	1,600	1,490	1,490	>6,000	>6,000	49.95	StandAlone	Fiber to the Home
Total	1,600	1,490						

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	PERIOD ENDING December, 2018

INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

1. No. Plant Employees 9	2. No. Other Employees 8	3. Square Miles Served 386	4. Access Lines per Square Mile .56	5. Subscribers per Route Mile .72
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PART E. TOLL DATA

1. Study Area ID Code(s)	2. Types of Toll Settlements (Check one)
a. _____	Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
b. _____	
c. _____	Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
d. _____	
e. _____	
f. _____	
g. _____	
h. _____	
i. _____	
j. _____	

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	486,736
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	486,736

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development			276,031	335,554	611,585

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PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

EQUIPMENT CATEGORY

DEPRECIATION RATE

1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	20.00%
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	9.00%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	20.00%
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	7.59%
19. Cable and wire facilities - Aerial cable - Metal	20.40%
20. Cable and wire facilities - Aerial cable - Fiber	20.40%
21. Cable and wire facilities - Underground cable - Metal	4.55%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.55%
26. Cable and wire facilities - Other	

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**OPERATING REPORT FOR
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December, 2018

INSTRUCTIONS – See help in the online application.

PART I – STATEMENT OF CASH FLOWS

1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	4,889,919
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	2,220,713
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	1,493,692
4. Add: Amortization	0
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	(96,397)
7. Decrease/(Increase) in Materials and Inventory	(29,014)
8. Decrease/(Increase) in Prepayments and Deferred Charges	(5,594)
9. Decrease/(Increase) in Other Current Assets	67,394
10. Increase/(Decrease) in Accounts Payable	88,242
11. Increase/(Decrease) in Advance Billings & Payments	0
12. Increase/(Decrease) in Other Current Liabilities	9,450
13. Net Cash Provided/(Used) by Operations	3,748,486
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	0
15. Increase/(Decrease) in Notes Payable	0
16. Increase/(Decrease) in Customer Deposits	0
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(1,006,172)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	61,918
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(302,300)
20. Less: Payment of Dividends	0
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	(1,246,554)
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	608,861
25. Other Long-Term Investments	(61,231)
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain) Net/reclass from other activities	(1,358,044)
28. Net Cash Provided/(Used) by Investing Activities	(810,414)
29. Net Increase/(Decrease) in Cash	1,691,518
30. Ending Cash	6,581,437

Revision Date 2010

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INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2018
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

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INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2018
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	