

FCC Form 481

Part B Statement of Income and Retained Earnings Statement

Company Name: (Below)

INLAND TELEPHONE COMPANY

Line #	Item	Prior Year 2012 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2012
1	Local Network Services Revenues	603,282		603,282
2	Network Access Services Revenues	4,113,942		4,113,942
3	Long Distance Network Services Revenues	23,968		23,968
4	Carrier Billing and Collection Revenues	44,064		44,064
5	Miscellaneous Revenues	104,863		104,863
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(5,179)		(5,179)
7	Net Operating Revenues (1 thru 6)	4,884,940	0	4,884,940
8	Plant Specific Operations Expense	1,815,016	(155,265)	1,659,751
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	290,538		290,538
10	Depreciation Expense	1,070,497	(53,689)	1,016,808
11	Amortization Expense	182		182
12	Customer Operations Expense	455,479	(53,241)	402,238
13	Corporate Operations	865,414	(10,160)	855,254
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	865,414	(10,160)	855,254
14	Total Operations Expenses (8 thru 12 +13b)	4,497,126	(272,355)	4,224,771
15	Operating Income or Margins (7 less 14)	387,814	272,355	660,169
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	105,168	(13,162)	92,006
18	Federal Income Taxes (A1)	2,155	(121)	2,034
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	107,323	(13,283)	94,040
21	Net Operating Income or Margins (15+16-20)	280,491	285,638	566,129
22	Interest on Funded Debt	66,408		66,408
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	12,888		12,888
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	79,296	0	79,296
27	Nonoperating Net Income	(136,849)		(136,849)
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(540,289)	(285,638)	(825,927)
31	Total Net Income or Margins (21+27+28+29+30-26)	(475,943)	0	(475,943)
32	Total Taxes Based on Income	(140,100)	39,080	(101,020)
33	Retained Earning or Margins Beginning-of-Year	5,537,754		5,537,754
34	Miscellaneous Credits Year-to-Date	1,496		1,496
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)	5,063,307	0	5,063,307
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	593,769		593,769
45	Cash Ratio ((14+20-10-11)/7)	0.7234	#DIV/0!	0.6759
46	Operating Accrual Ratio ((14+20+26)/7)	0.9588	#DIV/0!	0.9003
47	TIER ((31+26)/26)	(5.0021)	#DIV/0!	(5.0021)
48	DSCR ((31+26+10+11)/44)	1.1352	#DIV/0!	1.0448

Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Company Name: (Below)
 INLAND TELEPHONE COMPANY

Line #	Item	Prior Year 2013 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2013
1	Local Network Services Revenues	562,589		562,589
2	Network Access Services Revenues	3,451,897		3,451,897
3	Long Distance Network Services Revenues	(850)		(850)
4	Carrier Billing and Collection Revenues	50,550		50,550
5	Miscellaneous Revenues	48,078		48,078
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(5,843)		(5,843)
7	Net Operating Revenues (1 thru 6)	4,106,421	0	4,106,421
8	Plant Specific Operations Expense	1,605,078	(137,268)	1,467,810
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	287,876		287,876
10	Depreciation Expense	1,127,367	(69,821)	1,057,546
11	Amortization Expense	182		182
12	Customer Operations Expense	483,882	(59,233)	424,649
13	Corporate Operations	867,296	(12,176)	855,120
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	867,296	(12,176)	855,120
14	Total Operations Expenses (8 thru 12 +13b)	4,371,681	(278,498)	4,093,183
15	Operating Income or Margins (7 less 14)	(265,260)	278,498	13,238
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	101,698	(11,441)	90,257
18	Federal Income Taxes (A1)	(198,891)	11,150	(187,741)
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	(97,193)	(291)	(97,484)
21	Net Operating Income or Margins (15+16-20)	(168,067)	278,789	110,722
22	Interest on Funded Debt	59,655		59,655
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	18,946		18,946
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	78,601	0	78,601
27	Nonoperating Net Income	13,925		13,925
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(199,650)	(278,789)	(478,439)
31	Total Net Income or Margins (21+27+28+29+30-26)	(432,393)	0	(432,393)
32	Total Taxes Based on Income	(196,331)	11,587	(184,744)
33	Retained Earning or Margins Beginning-of-Year	5,063,307		5,063,307
34	Miscellaneous Credits Year-to-Date	3,594		3,594
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)	4,634,508	0	4,634,508
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	645,182		645,182
45	Cash Ratio ((14+20-10-11)/7)	0.7663	#DIV/0!	0.7155
46	Operating Accrual Ratio ((14+20+26)/7)	1.0601	#DIV/0!	0.9922
47	TIER ((31+26)/26)	(4.5011)	#DIV/0!	(4.5011)
48	DSCR ((31+26+10+11)/44)	1.1993	#DIV/0!	1.0911

Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement
Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Company Name:
INLAND TELEPHONE COMPANY

Line #	Item	Adjusted Prior Year 2012	Adjusted Current Year 2013
1	Local Network Services Revenues	603,282	562,589
2	Network Access Services Revenues	4,113,942	3,451,897
3	Long Distance Network Services Revenues	23,968	(850)
4	Carrier Billing and Collection Revenues	44,064	50,550
5	Miscellaneous Revenues	104,863	48,078
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(5,179)	(5,843)
7	Net Operating Revenues (1 thru 6)	4,884,940	4,106,421
8	Plant Specific Operations Expense	1,659,751	1,467,810
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	290,538	287,876
10	Depreciation Expense	1,016,808	1,057,546
11	Amortization Expense	182	182
12	Customer Operations Expense	402,238	424,649
13	Corporate Operations	855,254	855,120
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()	0	0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	855,254	855,120
14	Total Operations Expenses (8 thru 12 +13b)	4,224,771	4,093,183
15	Operating Income or Margins (7 less 14)	660,169	13,238
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	92,006	90,257
18	Federal Income Taxes	2,034	(187,741)
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	94,040	(97,484)
21	Net Operating Income or Margins (15+16-20)	566,129	110,722
22	Interest on Funded Debt	66,408	59,655
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	12,888	18,946
25	Allowance for Funds Used During Construction	0	0
26	Total Fixed Charges (22+23+24-25)	79,296	78,601
27	Nonoperating Net Income	(136,849)	13,925
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	(825,927)	(478,439)
31	Total Net Income or Margins (21+27+28+29+30-26)	(475,943)	(432,393)
32	Total Taxes Based on Income	(101,020)	(184,744)
33	Retained Earning or Margins Beginning-of-Year	5,537,754	5,063,307
34	Miscellaneous Credits Year-to-Date		3,594
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)		0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	5,061,811	4,634,508
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	593,769	645,182
45	Cash Ratio ((14+20-10-11)/7)	0.6759	0.7155
46	Operating Accrual Ratio ((14+20+26)/7)	0.9003	0.9922
47	TIER ((31+26)/26)	(5.0021)	(4.5011)
48	DSCR ((31+26+10+11)/44)	1.04	1.0911

Footnote (A1)

S Corporation Effective Tax Rate (2 decimal places): Page 8

2012

2013

34.00%

34.00%