According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

	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		
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	The Toledo Telephone Co., Inc.		
	(Prepared with Audited Data)		
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.	PERIOD ENDING	BORROWER DESIGNATION	
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	December, 2014	WA0538	

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)

X 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
Russell Ramsey	4/14/2015	
<u> </u>	DATE	

PART A. BALANCE SHEET						
	BALANCE	BALANCE		BALANCE	BALANCE	
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR	END OF PERIOD	
CURRENT ASSETS			CURRENT LIABILITIES			
1. Cash and Equivalents	205,788	246,413	25. Accounts Payable	902,603	441,933	
2. Cash-RUS Construction Fund	7,721,948	1,004,043	26. Notes Payable			
3. Affiliates:			27. Advance Billings and Payments	237,123	23,075	
a. Telecom, Accounts Receivable		0	28. Customer Deposits	620	450	
b. Other Accounts Receivable		(3,470)	29. Current Mat. L/T Debt	1,275,692	939,876	
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.			
4. Non-Affiliates:			31. Current MatCapital Leases			
a. Telecom, Accounts Receivable	48,694	113,922	32. Income Taxes Accrued	155,573	(52,508)	
b. Other Accounts Receivable	671,655	409,933	33. Other Taxes Accrued	14,637	17,240	
c. Notes Receivable			34. Other Current Liabilities	196,733	36,087	
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	2,782,981	1,406,153	
6. Material-Regulated	145,595	183,818	LONG-TERM DEBT			
7. Material-Nonregulated	186,086	351,414	36. Funded Debt-RUS Notes	2,412,384	1,111,493	
8. Prepayments	129,351	93,477	37. Funded Debt-RTB Notes	85,905	37,259	
Other Current Assets	1,702,373	2,382,504	38. Funded Debt-FFB Notes	8,658,473	9,068,286	
10. Total Current Assets (1 Thru 9)	10,811,490		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	461,417	643,079	43. Obligations Under Capital Lease			
12. Other Investments			44. Adv. From Affiliated Companies			
a. Rural Development			45. Other Long-Term Debt			
b. Nonrural Development	533,330	438,869	46. Total Long-Term Debt (36 thru 45)	11,156,762	10,217,038	
13. Nonregulated Investments	119,727		OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets			47. Other Long-Term Liabilities			
15. Deferred Charges			48. Other Deferred Credits	750,403	786,160	
16. Jurisdictional Differences			49. Other Jurisdictional Differences			
17. Total Noncurrent Assets (11 thru 16)	1,114,474	1,147,825	50. Total Other Liabilities and Deferred Credits (47 thru 49)	750,403	786,160	
PLANT, PROPERTY, AND EQUIPMENT			EQUITY			
18. Telecom, Plant-in-Service	21,496,249	21,576,491	51. Cap. Stock Outstand. & Subscribed	10,670	10,670	
19. Property Held for Future Use			52. Additional Paid-in-Capital			
20. Plant Under Construction	2,339,721	6,689,601	53. Treasury Stock			
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates			
22. Less Accumulated Depreciation	14,823,216	15,138,103	55. Other Capital	197,992	144,742	
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		•	
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	6,039,910	6,493,105	
, ,			58. Total Equity (51 thru 57)	6,248,572	6,648,517	
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	3,210,372	-,-10,01,	
	20 020 710	19,057,868	, , ,	20,938,718	19,057,868	

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

WA0538

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS				
ITEM	PRIOR YEAR	THIS YEAR		
Local Network Services Revenues	425,670	429,238		
2. Network Access Services Revenues	3,516,845	3,555,904		
3. Long Distance Network Services Revenues				
4. Carrier Billing and Collection Revenues	8,343	8,085		
5. Miscellaneous Revenues	51,923	52,453		
6. Uncollectible Revenues	9,371	111,055		
7. Net Operating Revenues (1 thru 5 less 6)	3,993,410	3,934,625		
8. Plant Specific Operations Expense	973,006	893,341		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	312,486	380,341		
10. Depreciation Expense	965,638	966,580		
11. Amortization Expense				
12. Customer Operations Expense	327,734	269,753		
13. Corporate Operations Expense	783,262	811,944		
14. Total Operating Expenses (8 thru 13)	3,362,126	3,321,959		
15. Operating Income or Margins (7 less 14)	631,284	612,666		
16. Other Operating Income and Expenses				
17. State and Local Taxes				
18. Federal Income Taxes	250,951	161,909		
19. Other Taxes	120,148	272,246		
20. Total Operating Taxes (17+18+19)	371,099	434,155		
21. Net Operating Income or Margins (15+16-20)	260,185	178,511		
22. Interest on Funded Debt	296,143	377,868		
23. Interest Expense - Capital Leases				
24. Other Interest Expense	6			
25. Allowance for Funds Used During Construction	18,245	59,349		
26. Total Fixed Charges (22+23+24-25)	277,904	318,519		
27. Nonoperating Net Income	62,053	244,732		
28. Extraordinary Items				
29. Jurisdictional Differences				
30. Nonregulated Net Income	355,275	348,471		
31. Total Net Income or Margins (21+27+28+29+30-26)	399,609	453,195		
32. Total Taxes Based on Income	333,003	100 / 100		
33. Retained Earnings or Margins Beginning-of-Year	5,640,301	6,039,910		
34. Miscellaneous Credits Year-to-Date	370107301	0,000,7520		
35. Dividends Declared (Common)				
36. Dividends Declared (Preferred)				
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)]	6,039,910	6,493,105		
40. Patronage Capital Beginning-of-Year		0 / 123 / 103		
41. Transfers to Patronage Capital				
42. Patronage Capital Credits Retired	1			
43. Patronage Capital End-of-Year (40+41-42)	0	0		
44. Annual Debt Service Payments	1,368,605	1,654,577		
45. Cash Ratio [(14+20-10-11) / 7]	0.6930	0.7090		
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0044	1.0356		
47. TIER [(31+26) / 26]	2.4379	2.4228		
48. DSCR [(31+26+10+11) / 44]	1.2006	1.0506		
*\	1.2000	Page 2 of 6		

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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INSTRUCTIONS - See RUS Bulletin 1744-2

	Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION						
	1. RA	TES	2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(D)	(a)	(b)	(c)	(a)	(b)
Toledo, WA	16.00	16.00	270	1,419	1,689	301.50	75.00
MobileWireless	0						
Route Mileage Outside Exchange Area	0.00				0.00		
Total			270	1,419	1,689	301.50	75.00
No. Exchanges	1						

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

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INSTRUCTIONS - See RUS Bulletin 1744-2

i———								
	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	1,689	1,364	412	1,500	512	39.95	Package	DSL
Total	1,689	1,364						

	USDA-RUS	BORROWER DESIGNATION				
	OPERATING REPORT FO	WA0538				
	TELECOMMUNICATIONS BORRO	PERIOD ENDING				
		December, 20	014			
INSTRUCTIONS- See RUS Bullet	in 1744-2					
		PART D. SYSTE	M DATA			
1. No. Plant Employees	2. No. Other Employees 11	3. Square Miles Served	386	4. Access Lines per Square	e Mile 4.31	5. Subscribers per Route Mile 5.52
		PART E. TOLL	DATA			
Study Area ID Code(s)	2. Types of Toll S	ettlements (Check on	e)			
	a. 522447	()	Interstate:	Average Schedule)	X Cost Basis
	b.		oroidio.			
	с.		Intrastate:	Average Schedule)	X Cost Basis
	d					
	e					
	f					
	g					
	h					
	i.					
	j					
	PART F. FU	INDS INVESTED IN I	PLANT DURING YE	AR		
1. RUS, RTB, & FFB Loan Funds	Expended					7,989,300
Other Long-Term Loan Funds B	,					
Funds Expended Under RUS Ir						
4. Other Short-Term Loan Funds						
General Funds Expended (Other						
Salvaged Materials	,					
Contribution in Aid to Construct	tion					
8. Gross Additions to Telecom. Pl						7,989,300
						<u> </u>
	PART G. IN	VESTMENTS IN AFF	FILIATED COMPAN	IES		
		CURRENT	YEAR DATA		CUMULATIVE D	ATA
				Cumulative	Cumulative	
IN	VESTMENTS	Investment	Income/Loss	Investment	Income/Loss	Current
		This Year	This Year	To Date	To Date	Balance
	(a)	(b)	(c)	(d)	(e)	(f)
Investment in Affiliated Compar	nies - Rural Development					
2. Investment in Affiliated Compar	nies - Nonrural Development			276,031	367,048	643,079

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER D	DESIGNATION
PERIOD ENDI	NG
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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) Х YES NO **EQUIPMENT CATEGORY DEPRECIATION RATE** 16.00% Land and support assets - Motor Vehicles Land and support assets - Aircraft Land and support assets - Special purpose vehicles 16.00% Land and support assets - Garage and other work equipment 4.00% Land and support assets - Buildings 20.00% Land and support assets - Furniture and Office equipment Land and support assets - General purpose computers 9.00% Central Office Switching - Digital 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 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% 20.40% 20. Cable and wire facilities - Aerial cable - Fiber 21. Cable and wire facilities - Underground cable - Metal 4.55% 5.00% 22. Cable and wire facilities - Underground cable - Fiber 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

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

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INSTRUCTIONS – See help in the online application.

	PART I – STATEMENT OF CASH FLOWS	
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	7,927,736
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income	453,195
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	966,580
4.	Add: Amortization	0
5.	Other (Explain)	
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	199,964
7.	Decrease/(Increase) in Materials and Inventory	(203,551)
8.	Decrease/(Increase) in Prepayments and Deferred Charges	35,874
9.	Decrease/(Increase) in Other Current Assets	(680,131)
10.	Increase/(Decrease) in Accounts Payable	(460,670)
11.	Increase/(Decrease) in Advance Billings & Payments	(214,048)
12.	Increase/(Decrease) in Other Current Liabilities	(366,124)
13.	Net Cash Provided/(Used) by Operations	(268,911)
	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	(170)
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(1,275,540)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	35,757
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(53,250)
20.	Less: Payment of Dividends	0
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	(1,293,203)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(4,430,122)
25.	Other Long-Term Investments	(33,351)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) Net/reclass from other activities	(651,693)
20	Not Cook Dravidad// load) by Investing Astivities	/F 115 166)
28.	Net Cash Provided/(Used) by Investing Activities	(5,115,166)
29.	Net Increase/(Decrease) in Cash	(6,677,280)
30.	Ending Cash	1,250,456

Revision Date 2010

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R TELECOMMUNICATIONS BORROWERS

USDA-RUS	BORROWER DESIGNATION			
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	WA0538			
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014			
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS				