

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	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  Westgate Communications, LLC  (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 WA0547
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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

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DATE

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	60,637	70,555	25. Accounts Payable	458,408	78,738
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	41,624	47,399
a. Telecom, Accounts Receivable	5,486	11,630	28. Customer Deposits		
b. Other Accounts Receivable	35,788	57,273	29. Current Mat. L/T Debt	1,372,264	122,578
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued	5,215	5,959
c. Notes Receivable			34. Other Current Liabilities	653,317	
5. Interest and Dividends Receivable			<b>35. Total Current Liabilities (25 thru 34)</b>	<b>2,530,828</b>	<b>254,674</b>
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	60,117	1,340,396
8. Prepayments	4,992	0	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>10. Total Current Assets (1 Thru 9)</b>	<b>106,903</b>	<b>139,458</b>	39. Funded Debt-Other	153,353	90,096
<b>NONCURRENT ASSETS</b>			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			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt	1,768	1,768
b. Nonrural Development			<b>46. Total Long-Term Debt (36 thru 45)</b>	<b>215,238</b>	<b>1,432,260</b>
13. Nonregulated Investments	585	21	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>17. Total Noncurrent Assets (11 thru 16)</b>	<b>585</b>	<b>21</b>	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	0
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	2,402,560	2,422,489	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	87,557	112,863	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	1,794,208	1,859,006	55. Other Capital		
<b>23. Net Plant (18 thru 21 less 22)</b>	<b>695,909</b>	<b>676,346</b>	56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins	(1,942,669)	(871,109)
	803,397	815,825	<b>58. Total Equity (51 thru 57)</b>	<b>(1,942,669)</b>	<b>(871,109)</b>
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>803,397</b>	<b>815,825</b>

Total Equity = 06.78% % of Total Assets

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

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PERIOD ENDING

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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	18,944	26,000
2. Network Access Services Revenues	607,661	633,249
3. Long Distance Network Services Revenues	702	
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	21,100	17,281
6. Uncollectible Revenues	29	
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>648,378</b>	<b>676,530</b>
8. Plant Specific Operations Expense	238,318	238,725
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	9,063	7,801
10. Depreciation Expense	134,884	64,798
11. Amortization Expense	750	
12. Customer Operations Expense	20,526	22,969
13. Corporate Operations Expense	210,170	185,207
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>613,711</b>	<b>519,500</b>
15. Operating Income or Margins (7 less 14)	34,667	157,030
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes	2,936	5,833
<b>20. Total Operating Taxes (17+18+19)</b>	<b>2,936</b>	<b>5,833</b>
21. Net Operating Income or Margins (15+16-20)	31,731	151,197
22. Interest on Funded Debt	67,020	
23. Interest Expense - Capital Leases		
24. Other Interest Expense	3,076	3,025
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>70,096</b>	<b>3,025</b>
27. Nonoperating Net Income		
28. Extraordinary Items	63,599	936,752
29. Jurisdictional Differences		
30. Nonregulated Net Income	(14,701)	(13,364)
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>10,533</b>	<b>1,071,560</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	(1,953,202)	(1,942,669)
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		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	<b>(1,942,669)</b>	<b>(871,109)</b>
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44. Annual Debt Service Payments	58,020	122,700
45. Cash Ratio [(14+20-10-11) / 7]	0.7419	0.6807
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0592	0.7810
47. TIER [(31+26) / 26]	1.1503	355.2347
48. DSCR [(31+26+10+11) / 44]	3.7274	9.2859

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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)
Stehekin	35.00	25.00	30	50	80	1,074.00	924.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			30	50	80	1,074.00	924.00
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)
Stehekin	80	26	26	>6,000	768	45.00	Package	DSL
Total	80	26						

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INSTRUCTIONS- See RUS Bulletin 1744-2

**PART D. SYSTEM DATA**

1. No. Plant Employees 0	2. No. Other Employees 2	3. Square Miles Served 150	4. Access Lines per Square Mile .46	5. Subscribers per Route Mile .06
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**PART E. TOLL DATA**

1. Study Area ID Code(s) a. 520580 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
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**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)	45,235
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	45,235

**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					

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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	15.00%
7. Land and support assets - General purpose computers	25.00%
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	13.00%
12. Central Office Transmission - Circuit equipment	11.19%
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	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	6.00%
22. Cable and wire facilities - Underground cable - Fiber	6.00%
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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**OPERATING REPORT FOR  
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INSTRUCTIONS – See help in the online application.

**PART I – STATEMENT OF CASH FLOWS**

<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	60,637
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>2. Net Income</b>	1,071,560
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	64,798
4. Add: Amortization	0
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	(27,629)
7. Decrease/(Increase) in Materials and Inventory	0
8. Decrease/(Increase) in Prepayments and Deferred Charges	4,992
9. Decrease/(Increase) in Other Current Assets	0
10. Increase/(Decrease) in Accounts Payable	(379,670)
11. Increase/(Decrease) in Advance Billings & Payments	5,775
12. Increase/(Decrease) in Other Current Liabilities	(652,573)
<b>13. Net Cash Provided/(Used) by Operations</b>	87,253
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
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)	(32,664)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	0
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20. Less: Payment of Dividends	0
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain)	
<b>23. Net Cash Provided/(Used) by Financing Activities</b>	(32,664)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	(45,235)
25. Other Long-Term Investments	564
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain)	
<b>28. Net Cash Provided/(Used) by Investing Activities</b>	(44,671)
<b>29. Net Increase/(Decrease) in Cash</b>	9,918
<b>30. Ending Cash</b>	70,555

Revision Date 2010

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



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