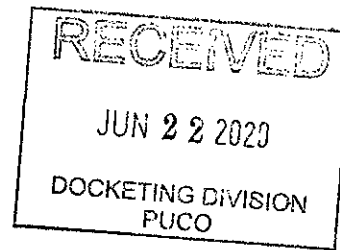


# Confidential Release

Case number: 13-1115-TP-COI

Date of Confidential Document: 10/15/2013

Release Date: 6/18/20



Page Count: 25

Document Description: FCC Form 481 Carrier  
Annual Reporting

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**"Consent to Release to the PUCO DIS Website"**

Name           Jay Agranoff          

Reviewing Attorney Examiner's Signature

Date Reviewed   6/22/20  

This is to certify that the images appearing are an  
accurate and complete reproduction of a case file  
document delivered in the regular course of business.  
Technician           JW           Date Processed   6/23/20

# CONFIDENTIAL

*Confidential treatment has been requested for the following document:*

*Case: 13-1115-TP-COI*

*Page Count: 25*

*Date Filed: 10/16/2013*

*Filed by: Norman J. Kennard*

*On Behalf of: Glandorf Telephone Company*

*Summary of document: FCC FORM 481- Carrier Annual Reporting*

RECEIVED-DOCKETING DIV  
2013 OCT 16 PM 1:15  
PUCO

<b>ECF Form 481 - Carrier Annual Reporting Data Collection Form</b>	
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<010> Study Area Code	300619
<015> Study Area Name	Glandorf Telephone Company, Inc.
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Linda Heckman
<035> Contact Telephone Number: Number of the person identified in data line <030>	419-538-6987
<039> Contact Email: Email of the person identified in data line <030>	glante1@bright.net

<b>ANNUAL REPORTING FOR ALL CARRIERS</b>	
--	--

		54918 Completion Required	54922 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report			
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	<input type="text" value="0"/>		
<420> Mobile	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Number of Complaints per 1,000 customers (broadband)			
<450> Fixed	<input type="text" value="0"/>		
<460> Mobile	<input type="text" value="0"/>		
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)		
<710> Company Price Offerings (broadband)	(complete attached worksheet)		
<800> Operating Companies and Affiliates	(complete attached worksheet)		
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)		
<1010>	(attach descriptive document)		
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)		
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)		<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**  
 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

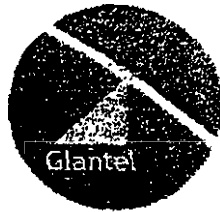
<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

RECEIVED-COASTAL DIV  
 2013 OCT 16 PM 11:58  
 PUCO

(10) Service Quality Improvement Reporting Data Collection Form		FCC Form 481 July 2013	
<010>	Study Area Code	300619	
<015>	Study Area Name	Glandorf Telephone Company, Inc.	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Linda Heckman	
<035>	Contact Telephone Number - Number of person identified in data line <030>	419-538-6987	
<039>	Contact Email Address - Email Address of person identified in data line <030>	glantel@bright.net	
<110>	Has your company received its ETC certification from the FCC?	(yes / no)	Yes
<111>	If your answer to line <110> is yes, do you have an existing §54.202(a) "S year plan" filed with the FCC?	(yes / no)	No
<112>	<p>If your answer to line &lt;111&gt; is yes, then you are required to file a progress report on line &lt;112&gt; delineating the status of your company's existing § 54.202(a) "S year plan" on file with the FCC, as it relates to your provision of voice telephony service.</p> <p>Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which receives only frozen support, your progress report is only required to address voice telephony service.</p> <p>Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.</p>		
<113>	Maps detailing progress towards meeting plan targets		
<114>	Report how much universal service (USF) support was received		
<115>	How (USF) was used to improve service quality		
<116>	How (USF) was used to improve service coverage		
<117>	How (USF) was used to improve service capacity		
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.		
Name of Attached Document (.pdf)			



## Glandorf Telephone Company, Inc.

Your Communications Link to the World

Documentation of the company's processes implemented to assure compliance with certification requirements pursuant to 47 CFR §54.313(a)(6) and §54.202(a)(2).

Glandorf Telephone Company, Inc. has an employee call-out procedure in place to mobilize its entire workforce in the event of an emergency situation. The notification process utilizes landline, cellular and internet technologies. In the event of total failure of all communications technologies, company practices include having employees report to the central office to obtain further instructions.

The central office and core network functionality is supported by 8 hours of battery reserve and a 45 KW generator fueled by Natural Gas which can run indefinitely. Network nodes containing active electronic equipment are equipped with battery backup. The company maintains a number of portable generator sets that can be deployed to network nodes in the event a power outage exceeds the battery reserve capacity.

The facility network is designed as a diverse-routed fiber optic ring, capable of instantaneously switching traffic around damaged facilities. Employees are trained in fiber optic splicing and the necessary equipment is maintained on-site for rapid deployment and restoration. Separate facilities support the PSTN and broadband network connections to other carriers. In the event that all PSTN facilities are damaged, the switch is capable of both TDM and IP formats, providing the ability to reroute PSTN traffic via dedicated IP facilities to other carriers.

The network is capable of managing traffic spikes caused by emergency situations. This is accomplished by maintaining properly sized trunk groups to the PSTN and by providing substantial broadband backbone bandwidth capable of carrying overflow voice traffic in addition to data traffic.

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135 S. Main St. – P.O. Box 31 – Glandorf, Ohio 45848

Phone: 419-538-6987 - Fax: 419-538-6668

Mobile: 419-796-0136

E-mail: [glantel@bright.net](mailto:glantel@bright.net)

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(900) Tribal Lands and Heritage Data Collection Form Version 1.0 July 2013		Glandorf Telephone Co. 3060-0985 OMB Control No. 3060-0819 July 2013	
<010>	Study Area Code	300619	
<015>	Study Area Name	Glandorf Telephone Company Inc.	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Linda Heckman	
<035>	Contact Telephone Number - Number of person identified in data line <030>	419-538-6987	
<039>	Contact Email Address - Email Address of person identified in data line <030>	glantel@bright.net	
<910>	Tribal Land(s) on which ETC Serves	NO	
<920>	Tribal Government Engagement Obligation	Name of Attached Document (.pdf)	

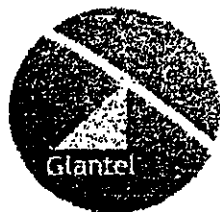
If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.31(a)(9) includes:

	Select (Yes, No, NA)
<921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	
<922> Feasibility and sustainability planning;	
<923> Marketing services in a culturally sensitive manner;	
<924> Compliance with Rights of way processes	
<925> Compliance with Land Use permitting requirements	
<926> Compliance with Facilities Siting rules	
<927> Compliance with Environmental Review processes	
<928> Compliance with Cultural Preservation review processes	
<929> Compliance with Tribal Business and Licensing requirements.	



(1110) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 457 OMB Control No. 3060-0045 OMB Control No. 3060-0045 July 2013	
<010>	Study Area Code	300619	
<015>	Study Area Name	Glandorf Telephone Company Inc.	
<020>	Program Year	2014	
<030>	Contact Name - Person USAC should contact regarding this data	Linda Heckman	
<035>	Contact Telephone Number - Number of person identified in data line <030>	419-538-6987	
<039>	Contact Email Address - Email Address of person identified in data line <030>	glantel@bright.net	
<1120>	Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) <input checked="checked" type="checkbox"/>		
<1130>	Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) <input type="checkbox"/>		

(1200) Terms and Condition for Lifeline Customers		FCC Form 487
Lifeline Data Collection Form		OMB Control No. 3050-0086
		OMB Control No. 3050-0089
		July 2013
<010>	Study Area Code	300619
<015>	Study Area Name	Glandorf Telephone Co
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Linda Heckman
<035>	Contact Telephone Number - Number of person identified in data line <030>	419-538-6987
<039>	Contact Email Address - Email Address of person identified in data line <030>	glantel@bright.net
<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	Lifeline Terms & Conditions Name of attached document (.pdf)
<1220>	Link to Public Website	HTTP://www.glantel.net
Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:		
<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>



# Glandorf Telephone Company, Inc.

Your Communications Link to the World

Documentation of the company's compliance with certification requirements pursuant to 47 CFR §54.313(a)(5).

In addition to the rules and regulations contained in Title 47, Code of Federal Regulations, Glandorf Telephone Company, Inc. is subject to the following Service Quality Standards and Consumer Protection Rules of the Public Utilities Commission of Ohio:

## Ohio Administrative Code

- 4901:1-6-09 Eligible Telecommunication Carrier certification (high cost and Lifeline).
- 4901:1-6-12 Service Requirements for BLES (Basic Local Exchange Service), including installation and repair intervals, deposits, payments and disconnection.
- 4901:1-6-13 Warm line service.
- 4901:1-6-14 BLES pricing parameters, including late payment charges and reconnection fees.
- 4901:1-6-15 Directory Information.
- 4901:1-6-16 Unfair or deceptive acts and practices.
- 4901:1-6-17 Truth in billing requirements.
- 4901:1-6-18 Slamming and preferred carrier freezes.
- 4901:1-6-19 Lifeline requirements.
- 4901:1-6-20 Discounts for persons with communications disabilities.
- 4901:1-6-27 Provider of last resort (POLR).
- 4901:1-6-30 Company records and complaint procedures.
- 4901:1-6-31 Emergency and outage operations.
- 4901:1-7-03 Toll presubscription.
- 4901:1-7-24 Local number portability (LNP).
- 4901:1-7-26 Competition safeguards (CPNI).

## Ohio Revised Code

- 4927.06 Unfair or deceptive trade practices.
- 4927.08 Basic local exchange service standards.
- 4927.09 Access to 9-1-1 service.
- 4927.11 Access to basic local exchange service.
- 4927.12 Alteration of rates for basic local exchange service.
- 4927.13 Lifeline service for eligible residential customers.
- 4927.14 Adoption of rules for rates for persons with disabilities.
- 4927.15 Rates, terms and conditions for 9-1-1 and other services.

4927.17 Notice of rates, terms or conditions of service; contact information to be provided on bills and notices.

The company has established policies and procedures designed to protect consumers, including publishing customer rights, formal complaint procedures, and policies related to privacy, slamming and network management. These can be viewed on the company's web site at [www.glantel.net](http://www.glantel.net).

The company observes strict compliance to all CPNI rules, including training for new employees, refresher training for current employees, maintaining written practices for handling CPNI and submitting annual certifications to regulatory agencies. The CPNI manual is available for inspection at the company business office. The company uses a contracted service order administrator to process LNP requests within the time constraints contained in the rules. Customer billing is performed by a billing vendor that maintains software that complies with all truth in billing requirements, including the information that is required to be displayed on the customer bill. The company maintains a CALEA manual and utilizes a third party vendor to make sure that all CALEA requests are processed in accordance with applicable laws and regulations. The CALEA manual and procedures are filed with the appropriate agencies and are also maintained at the company business office.

The company's Basic Local Exchange Service Tariff, PUCO No. 6, contains BLES pricing, 9-1-1, Lifeline and IntraLATA presubscription information, terms and conditions. The tariff is available at the company business office and in the tariff section of the PUCO website <http://www.puco.ohio.gov>.

Other sections of FCC Form 481 contain additional information regarding the following:  
Lifeline terms and conditions - Line 1210  
Emergency operations - Line 610

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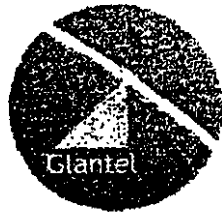
135 S. Main St. - P.O. Box 31 - Glandorf, Ohio 45848

Phone: 419-538-6987 - Fax: 419-538-6668

Mobile: 419-796-0136

E-mail: [glantel@bright.net](mailto:glantel@bright.net)

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# Glandorf Telephone Company, Inc.

Your Communications Link to the World

Glandorf Telephone Company, Inc. (SAC 300619) has established terms and conditions for Lifeline customers that incorporate the Federal and State requirements as documented in its Basic Local Exchange Service Tariff PUCO No. 6, Section 5, First Revised Sheet No. 1.

*The Company shall provide Lifeline service as defined in 47 C.F.R. § 54.401 (a) on a non-discriminatory basis to all qualifying low-income customers. The Company's Lifeline service offering shall comply with all applicable Federal and State Laws, including, but not limited to, 47 C.F.R. Part 54, Subpart E: the FCC's Lifeline reform order (Report and Order released February 6, 2012, WC Docket No. 11-42, et. al) and any subsequent clarifying orders; Section 4927.13, Revised Code; Rule 4901:1-6-19, Ohio Administrative Code; and, the Commission's nontraditional Lifeline service order (Finding and Order adopted May 23, 2012, Case No. 10-2377-TP-COI) and any subsequent entries and/or orders.*

The Company's website has a page dedicated to Lifeline support that explains its availability to customer, maximum discount amount, qualification requirements, annual renewal requirements, household limitations and penalties for false statements made to obtain the benefit. The page can be viewed at <http://glandtel.net/lla.htm>.

The Lifeline discount applies to Basic Local Exchange Service (BLES) as defined by Ohio Revised Code 4927.01(A)(1). For residence customers, BLES consists of local dial tone service, flat-rate telephone exchange service, touch-tone dialing service, access to and usage of 9-1-1 services, provision of a telephone directory at no charge, listing in that directory, per call caller identification blocking services, access to telecommunications relay service and access to toll presubscription, interexchange or toll providers or both, and networks of other telephone

companies. The company also provides an optional toll denial feature at no additional charge.

Residential BLES customers may also add optional service features and subscribe to a variety of long distance calling plans offered by the Company. These optional services are described on the company website (<http://glantel.net>) under the Services and Bright Long Distance links.

The company applies the Lifeline support amount as follows: first, to waive the End User Common Line Charge and second, to discount the residential BLES charges with the remaining balance of the support amount, in compliance with 47 C.F.R. §54.403(b).

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135 S. Main St. – P.O. Box 31 – Glandorf, Ohio 45848

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Mobile: 419-796-0136

E-mail: [glantel@bright.net](mailto:glantel@bright.net)

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FCC Form 481  
 Onix Control No. 3000-0988  
 Onix Control No. 3000-0988  
 July 2013

Price Cap Carrier Additional Documentation		Name of Attached Document Listing Required Information	
<010>	Study Area Code		
<015>	Study Area Name		
<020>	Program Year		
<030>	Contact Name - Person USAC should contact regarding this data		
<035>	Contact Telephone Number - Number of person identified in data line <030>		
<038>	Contact Email Address - Email Address of person identified in data line <030>		
<p>             CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b)(4)(i)-(v). The information reported on this form and in the documents attached below is accurate.           </p>			
<2010>	Incremental Connect America Phase I reporting		
<2011>	2nd Year Certification (47 CFR § 54.313(b)(1))		
<2012>	3rd Year Certification (47 CFR § 54.313(b)(2))		
<2013>	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.313(a))		
<2014>	2013 Frozen Support Certification		
<2015>	2014 Frozen Support Certification		
<2016>	2015 Frozen Support Certification		
<2017>	2016 and future Frozen Support Certification		
<2018>	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2019>	Certification Support Used to Build Broadband		
<2020>	Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2021>	3rd year Broadband Service Certification		
<2022>	5th year Broadband Service Certification		
<2023>	Interim Progress Certification		
<2024>	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313(e)(5)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.		
<2025>	Interim Progress Community Anchor Institutions		

Certification - Reporting Carrier Data Collection Form		FCC Form 487 OMB Control No. 3060-0986 OMB Control No. 3060-0819 July 2013
<010> Study Area Code	300619	
<015> Study Area Name	Glandorf Telephone	
<020> Program Year	2014	
<030> Contact Name - Person USAC should contact regarding this data	Linda Heckman	
<035> Contact Telephone Number - Number of person identified in data line <030>	419-538-6987	
<039> Contact Email Address - Email Address of person identified in data line <030>	lheckm@bright.net	
TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:		
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.		
Name of Reporting Carrier	Glandorf Telephone Company, Inc.	
Signature of Authorized Officer:	<i>Linda Heckman</i>	Date 10-10-13
Printed name of Authorized Officer:	Linda Heckman	
Title or position of Authorized Officer:	Asst. Treasurer	
Telephone number of Authorized Officer:	419-538-6987	
Study Area Code of Reporting Carrier:	300619	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(a), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.		



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PUBLIC INSPECTION

**GLANDORF TELEPHONE COMPANY, INC.**

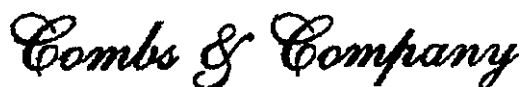
Financial Report

*December 31, 2012*

GLANDORF TELEPHONE COMPANY, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

3810 Elida Road  
Lima, Ohio 45807

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PUBLIC INSPECTION

Phone: 419-879-4012  
Fax: 419-879-4015

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Glandorf Telephone Company, Inc.  
Glandorf, Ohio 45848-0031

We have reviewed the accompanying statements of assets, liabilities, and stockholders' equity, *regulatory basis*, of Glandorf Telephone Company, Inc. (a corporation) as of December 31, 2012 and 2011, and the related statements of income and expenses, changes in retained earnings, and cash flows, *regulatory basis*, for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

The Public Utilities Commission of Ohio prescribes and orders the depreciation methods and lives of assets placed into service by the company. In some instances they do not conform with methods that are generally accepted. The effect on asset values and depreciation expenses has not been determined.

*Combs & Company*

Lima, Ohio  
October 7, 2013

**GLANDORF TELEPHONE COMPANY, INC.**  
**Statements of Assets, Liabilities, and Stockholders' Equity**

*Regulatory Basis*  
*See Independent Accountants' Review Report*  
*December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
PUBLIC INSPECTION**

ASSETS		
	2012	2011
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 635,821	\$ 533,337
Marketable securities		136,415
Accounts receivable (net of allowance for bad debts)	108,126	103,500
Notes and other receivables	175,000	175,000
Materials and supplies	22,781	14,871
Refundable income taxes		13,006
Prepaid expenses	<u>23,368</u>	<u>28,475</u>
<b>TOTAL CURRENT ASSETS</b>	<b>965,035</b>	<b>1,004,492</b>
 <b>INVESTMENTS, At Cost</b>	 <b>384,622</b>	 <b>357,463</b>
 <b>PROPERTY, PLANT, AND EQUIPMENT, At Cost</b>		
Regulated:		
Motor vehicles	62,963	62,963
Other work equipment	77,372	74,452
Buildings	28,528	28,528
Furniture	4,517	4,111
Office support equipment	3,573	3,346
Company communications equipment	3,109	2,748
General purpose computers	40,660	40,347
Digital electronic switch	662,997	657,937
Digital software	419,350	418,849
Circuit equipment	332,580	311,494
Poles	15,787	15,537
Aerial cable, metallic	85,352	84,200
Aerial cable, non-metallic	20,116	20,116
Buried cable, metallic	554,000	534,081
Fiber optic cable	817,819	697,044
Aerial wire	<u>3,357</u>	<u>3,357</u>
	3,132,879	2,959,110
Accumulated depreciation	<u>1,999,543</u>	<u>1,880,093</u>
	1,133,336	1,079,017
Deregulated:		
Equipment	461,274	416,908
Accumulated depreciation	<u>248,148</u>	<u>212,496</u>
	213,126	204,412
<b>TOTAL PROPERTY, PLANT, AND EQUIPMENT</b>	<b>1,346,462</b>	<b>1,283,429</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 2,696,120</b>	 <b>\$ 2,645,384</b>

*The Notes to Financial Statements are a part of these statements.*

**Page 2**

Combs & Company  
CERTIFIED PUBLIC ACCOUNTANTS

**GLANDORF TELEPHONE COMPANY, INC.**  
**Statements of Assets, Liabilities, and Stockholders' Equity**

**Regulatory Basis**  
*See Independent Accountants' Review Report*  
*December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
PUBLIC INSPECTION**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<b>2012</b>	<b>2011</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,624	\$ 1,144
Income taxes payable	2,842	
Other taxes and expenses payable	<u>5,263</u>	<u>7,816</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,939</b>	<b>8,963</b>
 <b>OTHER LIABILITIES</b>		
Deferred taxes and revenues	315,167	295,903
 <b>STOCKHOLDERS' EQUITY</b>		
Capital stock, par value \$25, 808 and 816 shares authorized, issued and outstanding for 2012 and 2011, respectively	20,200	20,400
Retained earnings	<u>2,351,814</u>	<u>2,320,118</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>2,372,014</u></b>	<b><u>2,340,518</u></b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 2,696,120</u></b>	<b><u>\$ 2,645,384</u></b>
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*The Notes to Financial Statements are a part of these statements.*  
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Combs & Company  
 CERTIFIED PUBLIC ACCOUNTANTS

**GLANDORF TELEPHONE COMPANY, INC.**

*Statements of Income and Expenses*

*Regulatory Basis*

*See Independent Accountants' Review Report*

*Years Ended December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
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	2012	2011
Income:		
Local basic service	\$ 239,011	\$ 218,470
Network access service	153,684	155,048
Long distance network service	10,986	8,473
NECA settlements	233,974	231,740
Miscellaneous	8,142	844
Total Income	<u>646,797</u>	<u>614,272</u>
Operating Expenses:		
Motor vehicle and work equipment	7,504	3,933
Land and building	13,415	12,846
Central office	11,422	59,926
Digital electronic switch	5,210	69
Outside services	877	1,043
Poles	10,467	4,581
Cable and wire	39,795	38,777
Power	6,365	5,125
CELEC Ottawa	67	
Network operations	63,400	69,911
Engineering	4,070	3,647
Product advertising	2,467	1,081
Customer services	73,187	104,813
Computer expense	572	187
Executive	15,000	15,000
Planning	513	343
Accounting and finance	31,129	28,039
Legal	6,396	1,568
Other general and administrative	149,645	162,813
Operating taxes	1,092	(1,629)
Depreciation	119,451	120,317
Total Operating Expenses	<u>562,043</u>	<u>632,410</u>
Operating Income (Loss)	84,754	(18,138)
Other Income and (Expense):		
Interest income	10,928	11,891
Dividend income	6,489	9,114
Investment loss	27,149	(2,326)
Gain on sale of assets	17,433	
Loss from deregulated activity	(11,012)	(10,167)
Total Other Income and (Expense)	<u>50,987</u>	<u>8,512</u>
Income (Loss) Before Tax Provision	<u>135,741</u>	<u>(9,626)</u>
Provision For Income Tax	<u>34,402</u>	<u>49,263</u>
Net Income (Loss)	<u>\$ 101,339</u>	<u>\$ (58,889)</u>

*The Notes to Financial Statements are a part of these statements.*

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Combs & Company  
CERTIFIED PUBLIC ACCOUNTANTS

**GLANDORF TELEPHONE COMPANY, INC.**

**Statements of Changes in Retained Earnings**

**Regulatory Basis**

*See Independent Accountants' Review Report*

*Years Ended December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
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	2012	2011
Balance, January 1	\$ 2,320,116	\$ 2,444,382
Additions:		
Net income	181,388	
Deductions:		
Net loss		58,889
Retired stock	16,600	
Dividends	<u>53,040</u>	<u>65,355</u>
Balance, December 31	<u>\$ 2,351,814</u>	<u>\$ 2,320,118</u>

*The Notes to Financial Statements are a part of these statements.*

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**Combs & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

**GLANDORF TELEPHONE COMPANY, INC.**

*Statements of Cash Flows*

*Regulatory Basis*

*See Independent Accountants' Review Report*

*Years Ended December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
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	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 101,339	\$ (58,889)
Adjustments To Reconcile Net Income (Loss) To		
Net Cash Provided By Operating Activities:		
Depreciation	155,103	152,068
Deferred income taxes	19,264	53,400
(Gain) Loss on investments	(44,582)	2,162
Change In Assets And Liabilities		
Decrease (Increase):		
Accounts receivable	(4,626)	8,670
Prepaid expenses	5,165	(2,444)
Materials and supplies	(8,110)	(1,924)
Refundable income taxes	13,098	(13,098)
Increase (Decrease):		
Accounts payable	490	(428)
Accrued expenses and taxes	(518)	(13,357)
Total Adjustments	<u>135,282</u>	<u>185,651</u>
Net Cash Provided By Operating Activities	236,621	126,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for the purchase of property	(218,135)	(130,581)
Cash proceeds from investments and marketable securities	<u>153,848</u>	<u>22,109</u>
Net Cash Used In Investing Activities	(64,287)	(108,472)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments to retire common stock	(16,800)	
Dividends paid	<u>(53,040)</u>	<u>(65,355)</u>
Net Cash Used In Financing Activities	<u>(69,840)</u>	<u>(65,355)</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	102,494	(47,665)
<b>CASH AND EQUIVALENTS, January 1</b>	<u>533,337</u>	<u>581,002</u>
<b>CASH AND EQUIVALENTS, December 31</b>	<u>\$ 635,831</u>	<u>\$ 533,337</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Income taxes paid	\$	\$ 3,682

*The Notes to Financial Statements are a part of these statements.*

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CERTIFIED PUBLIC ACCOUNTANTS



GLANDORF TELEPHONE COMPANY, INC.

Notes to Financial Statements  
December 31, 2012 and 2011

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Accounting Method and Pervasiveness of Estimates*

The corporation in reporting assets and liabilities, as well as in determining income and expenses uses the accrual accounting method. The preparation of financial statements, in conformity with regulatory accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Accounts Receivable*

Corporation has elected to report receivables at billing amounts, less a reserve for possible losses in their collection that is based on historical experience, coupled with a review of current status of existing receivables. Accounts deemed uncollectible by the company's management are charged off after approval of the Board of Directors.

*Inventories*

Inventories are stated at the lower of cost or market on a first-in, first-out basis.

*Investments*

The corporation reports investments at the aggregate of lower of cost or market, where a market value can be established.

*Property, Plant, and Equipment*

Assets representing property, plant, and equipment are carried at cost, less depreciation, using the straight-line method over the estimated useful lives as prescribed by regulatory agencies.

*Income Taxes*

Federal income taxes are recognized proportionately, based on the overall income tax liability of the consolidated group.

The corporation has adopted Financial Accounting Standards Board FASB ASC 740 "Accounting for Uncertainty in Income Taxes". FASB ASC 740 prescribes a two-step process for the financial statement measurement and recognition of a tax position taken or expected to be taken in a tax return. The first step involves the determination of whether it is more likely than not, greater than 50 percent likelihood, that a tax position will be sustained upon examination, based on the technical merits of the position. The second step requires that any tax position that meets the more-likely-than-not recognition threshold is measured and recognized in the financial statements at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Penalties and interest assessed, if any, by income taxing authorities are included in operating expenses. Tax returns for the years 2009, 2010, 2011 and 2012 remain open for examination by the Internal Revenue Service.

**GLANDORF TELEPHONE COMPANY, INC.**

*Notes to Financial Statements  
December 31, 2012 and 2011*

**CONFIDENTIAL - NOT FOR  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Shipping and Handling Costs**

Fees and costs for shipping and handling are recorded in the income statement as a part of the operating expenses.

**Subsequent Events**

Management has evaluated subsequent events through October 7, 2013, the date the financial statements were available to be issued.

**NOTE 2. NATURE OF OPERATIONS AND CONCENTRATION OF CREDIT RISK**

The corporation was initially formed to provide telephone service to the Glandorf area. The telephone services provided are primarily regulated by the Public Utilities Commission of Ohio with assets, liabilities, income, and expenses reported on a regulatory basis. The corporation has engaged in other activities, which are not regulated, but do not constitute a material part of the operations. Both regulated and deregulated accounts have been combined within these financial statements. Credit is primarily granted to customers located locally and regionally or nationally for carrier. The company has extended credit of \$108,126 and \$103,500 at December 31, 2012 and 2011.

**NOTE 3. INVESTMENTS, At Cost**

	Type	2012	2011
Com Net, Inc.	Common	\$ 18,000	\$ 18,000
Broadband Network Group	Partnership	4,004	4,077
North West Net, Inc.	Common	68,000	68,000
Horizon Telecom, Inc.	Class A	38,369	38,369
Horizon Telecom, Inc.	Class B	115,098	115,098
Horizon PCS, Inc.	Common	-	-
Fiber Solutions of Ohio, LLC	Partnership	41,151	13,919
Leader Technologies, Inc.	Common	100,000	100,000
Total		<u>\$ 384,622</u>	<u>\$ 357,463</u>

These investments are in closely held regional communications companies with no current market price available.

**NOTE 4. PROPERTY, PLANT, AND EQUIPMENT**

Major account for deregulated activities is as follows:

# GLANDORF TELEPHONE COMPANY, INC.

Notes to Financial Statements  
December 31, 2012 and 2011

CONFIDENTIAL - NOT FOR  
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## NOTE 4. PROPERTY, PLANT, AND EQUIPMENT (continued)

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Video Equipment	\$ 200,000	\$ 62,070	\$ 156,629	\$ 46,030
Telephones & equipment	260,285	185,169	260,285	167,486
Total	\$ 461,274	\$ 248,148	\$ 416,908	\$ 212,496

Depreciation expense for 2012 and 2011 was \$35,652 and \$31,751, respectively.

## NOTE 5. FEDERAL INCOME TAXES

The provision for income taxes consists of:

	2012	2011
Federal taxes currently payable	\$ 15,138	\$ -
Federal deferred tax expense	19,284	53,400
Prior year over accrual	-	(4,137)
Total	\$ 34,402	\$ 49,263

The following is a summary of the deferred tax liabilities as reported on the statement of assets, liabilities and stockholders' equity for the years ended December 31, 2012 and 2011:

	2012	2011
Deferred federal tax liability, non-current	\$316,167	\$295,903

After considering all the evidence, both positive and negative, management has concluded it is more likely than not that all future tax expense will be realized, therefore, a valuation allowance is not needed for the deferred tax liability of December 31, 2012 and 2011.

## NOTE 6. RELATED PARTY TRANSACTIONS

The company has entered into long term agreements for right to use equipment and fiber cable with ComNet, Inc., a corporation in which they have a minority interest. The amount prepaid in 2012 for fiber equipment located at the Glandorf office was \$6,661 for December 31, 2012 and will be amortized over 15 years. The amount of deferred revenue received in 2012 by the company for the use of fiber cable by ComNet, Inc. was \$11,086 for December 31, 2012 and will be amortized over 15 years.