

INLAND TELEPHONE COMPANY

Corporate Offices

103 South 2nd Street
P.O. Box 171
Roslyn, WA 98941

**INLAND
TELEPHONE**

Telephone: 509.649.2211

Fax: 509.649.3300

June 3, 2024

Via electronic filing to: secretary@puc.idaho.gov

Ms. Monica Barrios-Sanchez
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd, Bldg 8, Suite 201-A
Boise, Idaho 83714

RE: 2023 Eligible Telecommunications Carrier (ETC) Annual Reporting
Requirements with the IPUC/ 2024 ETC Re-Certification

Dear Ms. Barrios-Sanchez:

Inland Telephone Company hereby provides notice to the Idaho Public Utilities Commission ("Commission") that it has electronically completed and submitted the FCC Form 481 to the Universal Service Administrative Corporation ("USAC") and the Federal Communications Commission ("FCC") for carriers designated as an Eligible Telecommunications Carrier, in accordance with 47 C.F.R. §§ 54.313 and 54.422.

I have also included the signed Affidavit pursuant to Commission Order 29841. Inland Telephone Company, Study Area Code 472423, is a rural incumbent local exchange carrier (ILEC) as designated by the FCC, and is eligible to receive federal universal service high-cost support pursuant to the Code of Federal Regulations ("CFR"), Title 47, §§ 54.301, 54.305, and Part 36, sub-part F.

Please review the FCC Form 481 filing and include Inland Telephone Company in your Annual Use Certification Letter to USAC and the FCC. If you should have any questions, do not hesitate to contact me directly.

Sincerely,



James K. Brooks
Treasurer/Controller

Attachments

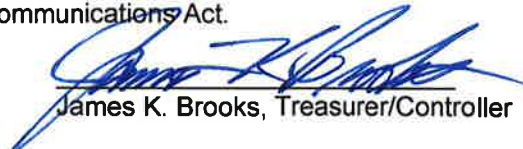
State of Washington)
) ss
County of Kittitas)

CERTIFICATION BY ELIGIBLE TELECOMMUNICATIONS CARRIER
OF COMPLIANCE WITH SERVICE QUALITY AND CUSTOMER
PROTECTION, ABILITY TO REMAIN FUNCTIONAL IN EMERGENCIES,
AND USE OF FEDERAL HIGH-COST SUPPORT.

AFFIDAVIT OF BUSINESS OR CORPORATE OFFICER


The Idaho Public Utilities Commission Order No. 29841 requires that Eligible Telecommunications Carriers (ETC) certify that it is compliant with applicable service quality standards and consumer protection rules; and ETCs must demonstrate the ability to remain functional in emergencies. In addition, the Commission must file an annual certification with the USAC and the FCC that all federal high-cost support provided to ETCs within the State of Idaho will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Accordingly, the undersigned states and verifies under oath the following:

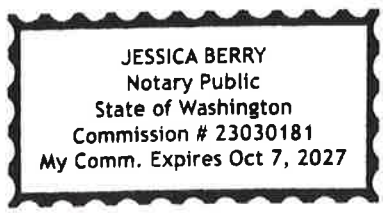
1. I am an officer of Inland Telephone Company, an eligible telecommunications carrier for receiving federal universal service support under section 214(e) of the Telecommunications Act of 1996 in the state of Idaho.
2. I am familiar with the Company's day-to-day operations in the state of Idaho and with the State's service quality standards and consumer protection rules as set forth in Commission Order No. 29841.
3. Inland Telephone Company is complying with applicable service quality standards and consumer protection rules of the Federal Communications Commission and the Idaho Public Utilities Commission.
4. I certify to the Commission that the Company is able to remain functional in emergencies as set forth in Commission Order No. 29841 and in 47 C.F.R. § 54.202(a)(2).
5. I also certify that all federal universal service support funds received by Inland Telephone Company during the current calendar year will be used in a manner consistent with section 254(e); that is, for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The company will continue to comply for the period of January 1, 2025, through December 31, 2025, to be eligible for federal universal service fund support.
6. This verification and affidavit is provided to be the Idaho Public Utilities Commission to enable the IPUC to certify to the FCC that federal universal service support received by the eligible carriers in the state will be used in a manner consistent with Section 254(e) of the Telecommunications Act.


James K. Brooks, Treasurer/Controller

June 3, 2024
Date

SUBSCRIBED AND SWORN to before me this 03 day of June 2024


Notary Public for Washington, residing at 110 R.R. Heights Dr.
My Commission expires October 7, 2027 Roslyn, WA 98941



INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Filing Type and Contact Info

Filing Type

This information has been preselected based on High Cost and Lifeline program support paid out in the previous calendar year. If you think the filing type is incorrect, [please contact USAC](#).

High Cost (Section 54.313)

Lifeline (Section 54.422)

Contact Information

Include contact information for the person best able to answer questions about this form.

Contact Name (030)

James Brooks

Phone # (035)

(509)649-2211

(xxx) xxx-xxxx

Ext. (optional)

Contact Email Address (039)

jbrooks@inlandnet.com

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Service Outage Reporting (Voice) (200)

Reportable Outages

For the prior calendar year, were there any reportable voice service outages? (210)

Yes

No

Upload Service Outage Data (220)

[Service Outage Data Template](#) 

CSV only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &

3060-0819 (Low Income), December 2020

Program Year: 2025

Number of Complaints per 1,000 Customers (400)

Report Voice Complaints

How you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. (400)

Enter complaints per 1000 customers for fixed voice (410)

Enter complaints per 1000 customers for mobile voice (420)

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Compliance with Service Quality Standards and Consumer Protection Rules (500)

Certify

Compliance with Minimum Service Standards (515)

Does the carrier comply with applicable minimum service standards?

Yes

No

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Functionality in Emergency Situations (600)

Certify

Functionality in Emergency Situations Certification (600)

Is the carrier able to function in emergency situations?



Yes



No

Descriptive Document for Functionality in Emergency Situations (610)



472423 ID FUNC IN EMERG CERT.pdf (72 KB)

PDF only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Operating Companies (800)

Carrier Names

Reporting Carrier (810)

Inland Telephone Company

Holding Company (811)



Western Elite Incorporated Services

Validate the information listed above (811) by selecting one of the following:

- Holding Company/Affiliate name listed above is correct. (811A)
- Holding Company/Affiliate name listed above is NOT correct. (811B)

The correct Holding Company/Affiliate name
is (811C):

- This study area does not have a Holding Company/Affiliate name. (811D)

Operating Company

Operating Company (812)

Inland Telephone Company

Upload Operating Company Data (813A, 813B, 813C) (Optional)

[Operating Company Data Template](#)

CSV only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

Tribal Lands Reporting (900)

Tribal Land Services

Does the filing entity offer Tribal land services? (900)

Yes No

Tribal Land(s) on which ETC Serves (910)

Tribal Government Engagement Obligation (920)

PDF only

Confirm Statuses

Select Yes, No, or NA for each of the below to confirm the status described on the attached PDF (920) demonstrates coordination with the Tribal government pursuant to Section 54.313(a)(5) includes:

Needs assessment and deployment planning with a focus on Tribal community anchor institutions (921)

Yes No NA

Feasibility and sustainability planning (922)

Yes No NA

Marketing services in a culturally sensitive manner (923)

Yes No NA

Compliance with Rights of way processes (924)

Yes No NA

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Compliance with Land Use permitting requirements (925)

Yes No NA

Compliance with Facilities Siting rules (926)

Yes No NA

Compliance with Environmental Review processes (927)

Yes No NA

Compliance with Cultural Preservation review processes (928)

Yes No NA

Compliance with Tribal Business and Licensing requirements (929)

Yes No NA

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Voice and Broadband Service Rate Comparability (1000)

Certify Voice

Voice Services Rate Comparability Certification (1000)

Is the carrier's pricing of fixed voice services no more than two standard deviations above the applicable national average urban rate for voice service? If you answer No to line 1000, please provide an explanation for non-compliance.



Yes



No



Not Applicable

Attach Detailed Description for Voice Services Rate Comparability Compliance (1010)


[472423 ID VOICE RATE COMP CERT.pdf \(70 KB\)](#)


PDF, XLS, XLSX only

Certify Broadband

Broadband Comparability Certification (1020)

Does the carrier's broadband services pricing meet one of the following criteria? If you answer No to line 1020, please provide an explanation for non-compliance.



Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau.



Yes - Pricing is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support.



No - Unable to certify broadband rate comparability



Not Applicable.



Yes - CETC Alaska Plan participant certifies that one plan it offers is substantially similar to a service plan offered by at least one mobile wireless service provider in the cellular market area of Anchorage, Alaska and offered for the same or a lower rate than the matching plan in the cellular market area.

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Attach Detailed Description for Broadband Rate Comparability Compliance (1030)

 472423 ID BB RATE COMP CERT.pdf (79 KB) 

PDF, XLS, XLSX only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Terrestrial Backhaul Reporting (1100)

Certify

Terrestrial Backhaul Certification (1100)

Do terrestrial backhaul options exist?

Yes

No

Select the appropriate response to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to Section 54.313(g) (1130)

Yes

No

Not Applicable

Alaska Plan Satellite Backhaul Certification (1140)

Is the carrier providing service consistent with its approved performance plan in the portion(s) of its study area that relies exclusively on satellite backhaul?

Yes

No

Not Applicable

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Lifeline Terms and Conditions (1200)

Upload Document or Link Website

Upload a descriptive document(s) AND/OR reference a specific link to your company's website.

Terms & Conditions of Voice Telephony Lifeline Plans (1210)

PDF only

AND/OR

Link to Public Website(1220)

Confirm Information

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 Section 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers (1221)
- Details on the number of minutes provided as part of the plan (1222)
- Additional charges for toll calls, and rates for each such plan (1223)

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Price Cap Data (2005)

Certify

Select the appropriate responses below to note compliance as a recipient of 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(c), (d),(e). The information reported on this form and in the documents attached below is accurate.

Price Cap Carrier Receiving Frozen Support Certification (2015)

Does the carrier certify compliance with the requirements in 47 CFR Section 54.312(a)?

Yes

No

NA

Price Cap Carrier Connect America ICC Support (2016)

Does the carrier certify compliance with the requirements in 47 CFR Section 54.313(d)?

Yes

No

NA

Enter total amount of Phase II support, if any, that the price cap carrier used for capital expenditures in 2022. (2017C)

\$x.xx

Price Cap Community Anchor Institutions (2018A)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

Yes - Attach New Community Anchors

No - No New Community Anchors

Not Applicable - No Attachment Required

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Please Provide Attachment (2018B)

Attach a document to this line to provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

[Community Anchor Template](#) 

XLSM only

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Rate of Return Data (3005)

Certify

Select from the drop down menus or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Does this filing retain a Cost Consultant and/or Firm, or other Third Party to prepare financial and operations data disclosures submitted to the National Exchange Carrier Association (NECA), USAC, or the Administrator? (3007)

Yes

No

Name of Consultant (3007A)

Name of Consultant Firm/Third Party (3007B)

[+Another Consultant](#)

Certification of Public Interest Obligations (3010A)

Does the carrier certify compliance with the requirements in 47 CFR Sections 54.313(f)(1)(i)?

Yes - Attach Explanation

No - Attach Explanation

Not Applicable - No Attachment Required

Please Provide Attachment (3010B)



472423 ID PUBLIC INTEREST CERT.pdf (60 KB)



PDF, XLS, XLSX, DOC, DOCX only

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Rate-of-Return Community Anchor Institutions (3012A)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

- Yes - Attach New Community Anchors
- No - No New Community Anchors
- Not Applicable - No Attachment Required

Please Provide Attachment (3012B)

Using link, download template and list the number, name and address for each community anchor institution. As required by 47 CFR Section 54.313(f)(1)(ii), attach the document which contains the community anchor institution details.

[Community Anchor Template](#) 

XLSM only

As defined in 47 CFR Section 54.313(f)(2), is your company a Privately Held ROR Carrier? (3013)

- Yes
- No

Does your company file the RUS annual report? (3014)

- Yes
- No

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to Section 54.313(f)(2) compliance requires:

Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) (3015)

Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows (3016)

Annual Report (3017)

 **WA05340530-12312023 RUS.pdf** (350 KB) 

PDF, XLS, XLSX, DOC, DOCX only

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Is your company audited? (3018)

Yes

No

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

- Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers (3019)
- Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows (3020)
- Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit (3021)
- Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers (3022)
- Underlying information subjected to a review by an independent certified public accountant (3023)
- Underlying information subjected to an officer certification (3024)
- Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows (3025)

Worksheet Listing (3026)

PDF, XLS, XLSX, DOC, DOCX only

Financial Data Summary

Enter the specified financial data below which is located on your RUS Report (attached on Line 3017) or your reviewed/audited financial statements (attached on Line 3026).

Revenue (3027)

8743575

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Operating Expenses (3028)

8151127

Net Income (3029)

102312

Telephone Plant In Service (TPIS) (3030)

42397206

Total Assets (3031)

19714362

Total Debt (3032)

10497582

Total Equity (3033)

9216780

Dividends (3034)

0

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Rural Broadband Experiment Data (4005)

Certify

Public Interest Obligations (4001)

Per FCC 14-98 (paragraphs 26-29 and 78), recipient certifies that it is offering broadband meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas.

Yes

No

RBE Community Anchor Institutions (4003A)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

Yes - Attach New Community Anchors

No - No New Community Anchors

Please Provide Attachment (4003B)

Using link, download template and list the number, name and address for each community anchor institution. As required by FCC 14-98 (paragraph 79), attach the document which contains the community anchor institution details.

[Community Anchor Template](#) 

XLSM only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Alaska Plan Participants (5005)

Certify Terrestrial Backhaul

Newly Available Terrestrial or other Satellite Backhaul (RoR Carriers) (5011)

Indicate whether any terrestrial backhaul or other satellite backhaul became commercially available in the previous calendar year in areas previously served exclusively by performance-limiting satellite backhaul.

Yes No

Newly Available Terrestrial or other Satellite Backhaul (CETC Carriers) (5012)

If the filing carrier identified in its approved performance plans that it relies exclusively on satellite backhaul for a certain portion of the population in its service area, indicate whether any terrestrial backhaul or other satellite backhaul became commercially available in the previous calendar year in areas that were previously served exclusively by satellite backhaul.

Yes No

Upload Backhaul Technology Data (5013A - 5013C)

[Backhaul Data Template](#) 

CSV only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Phase II Auction Reporting (6005)

Certify

Enter the total amount of Phase II Auction Support, if any, the carrier used for capital expenditures. (6010)

\$x.xx

New York Funds Certification (6011)

Certify regarding whether the recipient has available funds for all project costs that will exceed the amount of support that will be received for the next calendar year. This certification must be provided starting the first July 1 after receiving support until the recipient's penultimate year of support.

Yes No

Community Anchor Institutions (6012a)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

Yes - Attach New Community Anchor No - No New Community Anchor

Using the template, upload a document with a number, name and address for each community anchor institution. (6012b)

[Community Anchor Template](#) 

XLSM only

FCC Form 470 Postings (6013)

For the filing due July 1 following full implementation of this requirement answer this certification request.

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Yes No Not Applicable

Post-Final Deployment Milestone Performance Certification (6014)

Starting the first July 1 after meeting the final service milestone, certify that the Phase II-funded network that the Phase II auction recipient operated in the prior year meets the relevant performance requirements in Section 54.309.

Yes No Not Applicable

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Phase-Down Support Reporting (7005)

Certify

Price Cap Carrier and Fixed Competitive Eligible Telecommunications Carrier Transitional Support Requirement Certification. (7010)

This certification request applies to any price cap carrier or fixed competitive eligible telecommunications carrier that elects to continue receiving support pursuant to Section 54.312(d) or Section 54.307(e)(2)(iii) starting July 1, 2020, and annually thereafter on July 1 for each subsequent year they receive such support. These carriers must use this support throughout specific high-cost and extremely high-cost census blocks where they continue to have the federal high-cost ETC obligation to provide voice service pursuant to Section 54.201(d) at rates that are reasonably comparable to comparable offerings in urban areas. Per Section 54.313(m), does the carrier certify that they used all such support received in the previous year to provide voice service in compliance with the above obligation?

Yes

No

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

Puerto Rico Fixed and Mobile Funds Certification (8005)

Certify Fixed

Capital Expenditures (8010)

Enter the total amount of Uniendo a Puerto Rico Stage 2 fixed support, if any, the carrier used for capital expenditures.

\$x.xx

Available Funds Certification (8011)

Certify (either yes or no) regarding whether the recipient has available funds for all project costs that will exceed the amount of support that will be received for the next calendar year. This certification must be provided starting the first July 1 after receiving support until the recipient's penultimate year of support.

Yes No

Community Anchor Institutions (8012A)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

Yes - Attach New Community Anchors No - No New Community Anchors

Please Provide Attachment (8012B)

Using link, download template and list the number, name and address for each community anchor institution. As required by 47 CFR Section 54.313(e)(2)(i)(A), attach the document which contains the community anchor institution details.

[Community Anchor Template !\[\]\(f507db636256ac11a5525ef93ec6b8d7_img.jpg\)](#)

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

ALSM CITY

FCC Form 470 Postings (8013)

For the filing due July 1 following full implementation of this requirement answer yes, no, or not applicable to this certification request.

Yes No Not Applicable

Post-Final Deployment Milestone Performance Certification (8014)

Starting the first July 1 after meeting the final service milestone, certify (yes or no) that the Uniendo a Puerto Rico Stage 2-funded network that the Stage 2 recipient operated in the prior year meets the relevant performance requirements in Section 54.309.

Yes No Not Applicable

Support Reimbursement Certification (8020)

54.313(n): Recipients of Uniendo a Puerto Rico Fund Stage 2 fixed support shall certify that such support was not used for costs that are (or will be) reimbursed by other sources of support, including of federal or local government aid or insurance reimbursements; and that support was not used for other purposes, such as the retirement of company debt unrelated to eligible expenditures, or other expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Uniendo a Puerto Rico Fund.

Yes No

Disaster Preparedness and Response Documentation (8030)

54.313(n): Recipients of fixed support from Stage 2 of the Uniendo a Puerto Rico Fund shall certify that they have conducted an annual review of the documentation required by section 54.1515(a)-(c) to determine the need for and to implement changes or revisions to disaster preparation and recovery documentation.

Yes No

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Certify Mobile

Support Reimbursement (8040)

54.313(n): Recipients of Uniendo a Puerto Rico Fund Stage 2 mobile support shall certify that such support was not used for costs that are (or will be) reimbursed by other sources of support, including of federal or local government aid or insurance reimbursements; and that support was not used for other purposes, such as the retirement of company debt unrelated to eligible expenditures, or other expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Uniendo a Puerto Rico Fund.

Yes No

Disaster Preparedness and Response Documentation (8050)

54.313(n): Recipients of mobile support from Stage 2 of the Uniendo a Puerto Rico Fund shall certify that they have conducted an annual review of the documentation required by section 54.1515(a)-(c) to determine the need for and to implement changes or revisions to disaster preparation and recovery documentation.

Yes No

Mobile Disbursements Certification (8060)

54.313(o): Recipients of Uniendo a Puerto Rico Fund Stage 2 mobile support shall certify that they are in compliance with all requirements for receipt of such support to continue receiving Stage 2 mobile disbursements.

Yes No

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Transitional Support (8070)

Recipients of transitional support under Section 54.1516 shall certify that such support was not used for costs that are or will be reimbursed by other sources of support, or expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Uniendo a Puerto Rico Fund. Transitional support recipients shall certify that they have conducted an annual review to determine that their disaster preparation and recovery documentation is up to date, as required by Section 54.1515(a) through (c) or Section 54.1524. Answer yes or no if carrier is compliant with 54.313(q).

Yes No

Spending Plans for Recipients of Legacy Frozen Phase-Down Support (8080)

For annual reports due in 2024, 2025, and 2026, recipients of frozen high-cost support under Section 54.1504(b) shall certify that such support received after June 1, 2023 was used for resiliency and redundancy measures and to maintain their voice and broadband network footprint.

Yes No

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Connect USVI Fixed and Mobile Funds Certification (9005)

Certify Fixed

Capital Expenditures (9010)

Enter the total amount of Connect USVI Fund Stage 2 fixed support, if any, the carrier used for capital expenditures.

\$x.xx

Available Funds Certification (9011)

Certify (either yes or no) regarding whether the recipient has available funds for all project costs that will exceed the amount of support that will be received for the next calendar year. This certification must be provided starting the first July 1 after receiving support until the recipient's penultimate year of support.

Yes No

Community Anchor Institutions (9012A)

Indicate if the carrier newly deployed broadband service to community anchor institution(s) in the previous calendar year.

Yes - Attach New Community Anchors No - No New Community Anchors

Please Provide Attachment (9012B)

Using link, download template and list the number, name and address for each community anchor institution. As required by 47 CFR Section 54.313(e)(2)(i)(A), attach the document which contains the community anchor institution details.

[Community Anchor Template !\[\]\(2cf6801d0ea3db56ed897b0c35d9ff86_img.jpg\)](#)

XLSM only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

FCC Form 470 Postings (9013)

For the filing due July 1 following full implementation of this requirement answer yes, no, or not applicable to this certification request.

Yes No Not Applicable

Post-Final Deployment Milestone Performance Certification (9014)

Starting the first July 1 after meeting the final service milestone, certify (yes or no) that the Connect USVI Fund Stage 2-funded network that the Stage 2 recipient operated in the prior year meets the relevant performance requirements in Section 54.309.

Yes No Not Applicable

Support Reimbursement Certification (9020)

54.313(n): Recipients of Connect USVI Fund Stage 2 fixed support shall certify that such support was not used for costs that are (or will be) reimbursed by other sources of support, including of federal or local government aid or insurance reimbursements; and that support was not used for other purposes, such as the retirement of company debt unrelated to eligible expenditures, or other expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Connect USVI Fund.

Yes No

Disaster Preparedness and Response Documentation (9030)

54.313(n): Recipients of fixed support from Stage 2 of the Connect USVI Fund shall certify that they have conducted an annual review of the documentation required by section 54.1515(a)-(c) to determine the need for and to implement changes or revisions to disaster preparation and recovery documentation.

Yes No

Certify Mobile

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Support Reimbursement (9040)

54.313(n): Recipients of Connect USVI Fund Stage 2 mobile support shall certify that such support was not used for costs that are (or will be) reimbursed by other sources of support, including of federal or local government aid or insurance reimbursements; and that support was not used for other purposes, such as the retirement of company debt unrelated to eligible expenditures, or other expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Connect USVI Fund.

Yes No

Disaster Preparedness and Response Documentation (9050)

54.313(n): Recipients of mobile support from Stage 2 of the Connect USVI Fund shall certify that they have conducted an annual review of the documentation required by Section 54.1515(a)-(c) to determine the need for and to implement changes or revisions to disaster preparation and recovery documentation.

Yes No

Mobile Disbursements Certification (9060)

54.313(o): Recipients of Connect USVI Fund Stage 2 mobile support shall certify that they are in compliance with all requirements for receipt of such support to continue receiving Stage 2 mobile disbursements.

Yes No

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Transitional Support (9070)

Recipients of transitional support under Section 54.1516 shall certify that such support was not used for costs that are or will be reimbursed by other sources of support, or expenses not directly related to network restoration, hardening, and expansion consistent with the framework of the Connect USVI Fund. Transitional support recipients shall certify that they have conducted an annual review to determine that their disaster preparation and recovery documentation is up to date, as required by Section 54.1515(a) through (c) or Section 54.1524. Answer yes or no if carrier is compliant with 54.313(q).

Yes No

Spending Plans for Recipients of Legacy Frozen Phase-Down Support (9080)

For annual reports due in 2024, 2025, and 2026, recipients of frozen high-cost support under Section 54.1504(b) shall certify that such support received after June 1, 2023 was used for resiliency and redundancy measures and to maintain their voice and broadband network footprint.

Yes No

INLAND TEL-ID

FCC Form 481

State: ID

OMB Control #: 3060-0986 (High Cost) &

Sac: 472423

3060-0819 (Low Income), December 2020

498 ID: 143002527

Program Year: 2025

Rural Digital Opportunity Fund Reporting (10005)

Certify RDOF

Capital Expenditures (10010)

Starting the first July 1 after receiving support until the July 1 after the recipient's support term has ended, recipients of Rural Digital Opportunity Fund support must submit the total amount of support, if any, the recipient used for capital expenditures in the previous calendar year. This is required by 47 C.F.R. Section 54.313(e)(2)(i)(B).

\$x.xx

Available Funds Certification (10011)

Please provide a response (either yes or no) to this certification request for any recipient of Rural Digital Opportunity Fund support that the recipient has available funds for all project costs that will exceed the amount of support that will be received for the next calendar year. This certification must be provided starting the first July 1 after receiving support until the recipient's penultimate year of support, as required by required by 47 C.F.R. Section 54.313(e)(2)(ii).

Yes No

Community Anchor Institutions (10012A)

Recipients of Rural Digital Opportunity Fund support must attach a list containing the number, names, and addresses of community anchor institutions to which the eligible telecommunications carrier newly began providing access to broadband service in the preceding calendar year. This filing is required by 47 C.F.R. Section 54.313(e)(2)(i)(A).

Yes - Attach New Community Anchors No - No New Community Anchors

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

Please Provide Attachment (10012B)

Using link, download template and list the number, name and address for each community anchor institution. As required by 47 CFR Section 54.313(e)(2)(i)(A), attach the document which contains the community anchor institution details.

[Community Anchor Template](#) 

XLSM only

FCC Form 470 Postings (10013)

For the filing due July 1st following full implementation of this requirement, please provide a response (either yes, no, or not applicable) to this certification request. Recipients of Rural Digital Opportunity Fund must respond affirmatively that they bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries (as described in Section 54.501) located within any area in a census block where the carrier is receiving Rural Digital Opportunity Fund, and that such bids were at rates reasonable comparable to rates charged to eligible schools and libraries in urban areas for Instructions for Completing FCC Form 481 OMB Control No. 3060-0986 (High-Cost) OMB Control No. 3060-0819 (Low-Income) November 2020 Page 44 comparable offerings. This filing is required by 47 C.F.R. Section 54.313(e)(2)(i)(C). This certification will not be required until the July 1st following the E-Rate program year that this obligation has been fully implemented. Modernizing the E-Rate Program for Schools and Libraries et al., WC Docket. Nos. 13-184, 10-90, 29 FCC Rcd 15538, 15566-67, para. 72 (2014).

Yes No Not Applicable

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) &
3060-0819 (Low Income), December 2020

Program Year: 2025

Post-Final Deployment Milestone Performance Certification (10014)

Starting the first July 1st after a Rural Digital Opportunity Fund recipient meets its final service milestone until the July 1st after the support recipient's support term has ended, please provide a response (either yes, no, or not applicable) that the Rural Digital Opportunity Fund-funded network that the support recipient operated in the prior year meets the relevant performance requirements in 47 C.F.R. Section 54.309. This filing is required by 47 C.F.R. Section 54.313(e)(2)(iii).

Yes No Not Applicable

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

Certifications

Supply Chain Certifications

Section 54.9: Prohibition on the Use of Funds

I certify under penalty of perjury that no universal service support has been or will be used to purchase, obtain, maintain, improve, or otherwise support any equipment or services produced or provided by any company designated by the Federal Communications Commission as posing a national security threat to the integrity of communications networks or the communications supply chain since the effective date of the designations.

If **No** is selected, a waiver is required for each SAC which is not certified.

Yes No

Upload Waiver Document

PDF only

Section 54.10: Prohibition on the Use of Certain Federal Subsidies

I certify that no federal subsidy made available through a program administered by the Commission that provides funds to be used for the capital expenditures necessary for the provision of advanced communications services has been or will be used to purchase, rent, lease, or otherwise obtain, any covered communications equipment or service, or maintain any covered communications equipment or service previously purchased, rented, leased, otherwise obtained, as required by 47 C.F.R. Section 54.10.

If **No** is selected, a waiver is required for each SAC which is not certified.

Yes No

Upload Waiver Document

PDF only

INLAND TEL-ID

State: ID

Sac: 472423

498 ID: 143002527

OMB Control #: 3060-0986 (High Cost) & 3060-0819 (Low Income), December 2020

Program Year: 2025

Section 54.11: Requirements to Remove and Replace

Prior to answering, review section 54.11 of the Commission’s rules (47 CFR Section 54.11). Answer Yes if either (1) you comply with section 54.11(a), meaning you do not use covered communications equipment or services, or (2) section 54.11(d) applies to you, meaning you are not yet subject to section 54.11(a) because you are a Reimbursement Program recipient with an unexpired removal, replacement, and disposal term per section 1.50004(h) of the Commission’s rules (47 CFR Section 1.50004(h)). Answer No if you do not comply with section 54.11(a), meaning you do use covered communications equipment or services.

Yes No

Accuracy Certifications

Certify

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.

I understand that making willful false statements in any part of this report and/or in these certifications is punishable by fine or imprisonment pursuant to 47 U.S.C. Sections 416(c), 503(b)(1)(B), and 18 U.S.C. Section 1001.

Signature

Officer Name

James Brooks

Title

Treasurer

I understand this is a digital signature, and is the same as if I signed my name with a pen.

Ability to Remain Functional in Emergencies Certification §54.313(a)(1)

ETCs must demonstrate that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to re-route traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

§54.202(a)(2) Demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.


I, James K. Brooks, being of lawful age, state that I am Treasurer/Controller of Inland Telephone Company ("Company")(SAC 472423), that I am authorized to execute this certification on behalf of the Company, and that the facts set forth in this certification are true to the best of my knowledge, information and belief.

On this basis, the Company certifies that it maintained the ability to function in emergency situations under the standard found in Idaho Public Utilities Commission Order No. 29841 and in 47 C.F.R. §54.202(a)(2), as such standards relate to functionality of wireline carriers in emergency situations. The Company further certifies that it maintains back-up power to ensure functionality without an external power source in the forms of auxiliary generators and batteries in its central offices as well as adequate battery back-up in its subscriber carrier cabinets. For its fiber-to-the-premise deployment in its Leon exchange, the Company offers for sale battery back-up for the optical network terminal. The Company's switching capability is more than adequate to manage the traffic of its subscribers.

For calls within the exchange of Leon, depending upon where a cut is made, there exists redundant toll routing however, the Lenore exchange has no redundant toll routing. In both exchanges, customers can continue to make calls within the exchange should the interexchange interconnected facilities get disconnected. The Company does not have "ring" technology at this time however; the Company is always looking for redundant routing alternatives.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 31st day of May, 2024 in Roslyn, Washington.

By: 
James K. Brooks
Treasurer/Controller
Inland Telephone Company

Voice Services Rate Comparability Certification §54.313(a)(2)

Any recipient of high-cost support shall provide the following: A certification that the pricing of the company's voice services is not more than two standard deviations above the applicable national average urban rate for voice service, which will be specified annually in a public notice issued by the FCC's Wireline Competition Bureau.

PUBLIC NOTICE DA 23-1172 – Voice Rates. Based on the survey results, the 2024 urban average monthly rate is \$34.37. Therefore, the reasonable comparability benchmark for voice services, two standard deviations above the urban average, is \$55.13. Under the Commission's rules, each ETC, including competitive ETCs providing fixed voice services, must certify in the FCC Form 481 filed no later than July 1, 2024, that the pricing of its basic residential voice services is no more than \$55.13.

I, James K. Brooks, being of lawful age, state that I am Treasurer/Controller of Inland Telephone Company ("Company"), Study Area Code 472423, that I am authorized to execute this certification on behalf of the Company, and that the facts set forth in this certification are true to the best of my knowledge, information and belief.


On this basis, the Company certifies, pursuant to 47 C.F.R. § 54.313(a)(10), that the Company's pricing of its voice services is no more than \$55.13.

The Company further submits, as support, the following residential service lines and rates as of June 1; excluding the Federal Subscriber Line Charge of \$6.50 and below \$55.13:

Exchange	Rate Type	Count	Base Res. Rate	State SLC	State USF Fee	Mand. EAS Charge	Total Per Res.
LENORE (836)	Residential	116	25.76	0	.25	0	26.01
LENORE (836)	Res-Measured	5	18.00	0	.25	0	18.25
LEON (224)	Residential	12	25.76	0	.25	0	26.01
LEON (224)	Res-Measured	1	18.00	0	.25	0	18.25

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 31st day of May, 2024 in Roslyn, Washington.

By: 
James K. Brooks
Treasurer/Controller
Inland Telephone Company

Broadband Services Rate Comparability Certification
§54.313(a)(3)

Any recipient of high-cost support shall provide the following: A certification that the pricing of one of their broadband services, which meet public interest obligations, is no more than the applicable benchmark announced annually in a public notice issued by the FCC's Wireline Competition Bureau or is no more than the non-promotional price charged for a comparable fixed wireline service in urban areas in the states or U.S. Territories where the eligible telecommunications carrier receives support.

PUBLIC NOTICE DA 23-1172 – Broadband Rates. Recipients of high-cost and/or Connect America Fund support that are subject to broadband performance obligations are required to offer broadband service at rates that are at or below the relevant reasonable comparability benchmark. Carriers subject to the Alaska Plan are required to meet Alaska-specific benchmarks and to certify that they are meeting the relevant reasonable comparability benchmark for their broadband service offering in the FCC Form 481 filed no later than July 1, 2024.

I, James K. Brooks, being of lawful age, state that I am Treasurer/Controller of Inland Telephone Company (“Company”), Study Area Code 472423, that I am authorized to execute this certification on behalf of the Company, and that the facts set forth in this certification are true to the best of my knowledge, information, and belief.

The Company offers at least one broadband service plan that meets the relevant metrics in both of its Idaho exchanges; the pricing benchmark for the minimum speed standard of 10 Mbps downstream/1 Mbps upstream, and unlimited capacity Allowance. The Company's rate for a 10 Mbps downstream/1 Mbps upstream service is \$65.00; the benchmark is \$89.35. In its Lenore exchange, the Company also offers and advertises a fixed wireless broadband alternative; the maximum offered is 50 Mbps downstream/15 Mbps upstream, and unlimited capacity allowance for \$90.00. The closest benchmark is 50 Mbps downstream/5 Mbps upstream for \$88.38. In the Company's Leon exchange, fiber-to-the-premise is available. the Company's rate for a 100 Mbps downstream/20 Mbps upstream, and unlimited usage capacity is \$80.00; the benchmark is \$92.26. On this basis, the Company certifies that the pricing of a service that meets the Commission's broadband public interest obligations is no more than the applicable benchmark announced in Public Notice DA 23-1172; compliant pursuant to 47 C.F.R. § 54.313(a)(3).

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 31st day of May, 2024 in Roslyn, Washington.

By: _____

James K. Brooks
Treasurer/Controller
Inland Telephone Company

Public Interest Obligations - Broadband Certification
§54.313(f)(1)(i)

Rate-of-Return ETCs are required to provide certain certifications and other details related to their broadband obligations.


I, James K. Brooks, being of lawful age, state that I am Treasurer/Controller of Inland Telephone Company ("Company"), Study Area Code 472423, that I am authorized to execute this certification on behalf of the Company, and that the facts set forth in this certification are true to the best of my knowledge, information, and belief.

The Company currently offers and advertises a maximum speed of 500 Mbps downstream/50 Mbps upstream to where it is available to customers served by fiber-to-the-premise and 50 Mbps downstream/5 Mbps upstream where available to customers served from copper facilities in its Leon exchange. The Company currently offers and advertises a maximum speed of 25 Mbps downstream/25 Mbps upstream in its Lenore exchange and has consciously limited its offering based on bandwidth to the Internet from this exchange location. The Company currently conditions service offerings as they are not available throughout these exchanges; based on the facilities available.

On this basis, the Company certifies, pursuant to 47 C.F.R. § 54.313(f)(1)(i), that it has taken reasonable steps to provide upon reasonable request, broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 31st day of May, 2024 in Roslyn, Washington.

By: 
James K. Brooks
Treasurer/Controller
Inland Telephone Company

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**
(A Wholly-Owned Subsidiary of
Western Elite Incorporated Services)

Audited Financial Statements

December 31, 2023 and 2022

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

Audited Financial Statements

December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT 1-3

AUDITED FINANCIAL STATEMENTS

Balance Sheets 4-5

Statements of Income 6

Statements of Stockholder's Equity 7

Statements of Cash Flows 8-9

Notes to Financial Statements 10-23



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report

Board of Directors
Inland Telephone Company
Roslyn, Washington

Opinion

We have audited the accompanying financial statements of Inland Telephone Company (a wholly-owned subsidiary of Western Elite Incorporated Services) (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Telephone Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as of January 1, 2023, using the modified retrospective approach. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inland Telephone Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inland Telephone Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

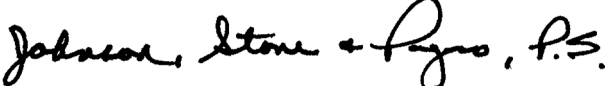
In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Inland Telephone Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inland Telephone Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.


JOHNSON, STONE & PAGANO, P.S.

April 8, 2024

AUDITED FINANCIAL STATEMENTS

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

BALANCE SHEETS

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 521,029	\$ 559,133
Cash - construction fund	10,562	10,562
Telecommunications accounts receivable, less allowance for credit losses	406,350	434,430
Materials and supplies	623,155	547,807
Income taxes receivable	40	40
Prepaid expenses	<u>178,917</u>	<u>123,802</u>
Total Current Assets	1,740,053	1,675,774
NONCURRENT ASSETS		
Cash surrender value of life insurance	80,651	76,699
Due from affiliated companies	623,495	611,638
Investments	90,781	89,414
Other assets	<u>250</u>	<u>250</u>
Total Noncurrent Assets	795,177	778,001
PROPERTY, PLANT AND EQUIPMENT		
Telecommunications plant in service	37,710,834	37,302,801
Less allowances for depreciation	<u>23,634,609</u>	<u>22,192,120</u>
	14,076,225	15,110,681
Telecommunications plant under construction	470,893	367,075
Property held for future telecommunications plant use	383,023	383,023
Less allowances for depreciation	<u>306,950</u>	<u>237,839</u>
	76,073	145,184
Total Telecommunications Plant	14,623,191	15,622,940
Nonregulated plant in service and miscellaneous physical property	4,686,372	4,869,703
Less allowances for depreciation	<u>2,130,431</u>	<u>2,151,908</u>
Total Nonregulated Plant and Miscellaneous Physical Property	<u>2,555,941</u>	<u>2,717,795</u>
TOTAL ASSETS	<u>\$ 19,714,362</u>	<u>\$ 20,794,510</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

BALANCE SHEETS (Continued)

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 213,285	\$ 183,609
Customers' deposits	1,374	1,318
Taxes, other than income taxes	59,453	62,095
Accrued payroll and benefits	326,645	333,137
Other current liabilities	6,925	12,025
Deferred revenue	232,911	232,911
Installments on long-term debt due within one year	<u>1,208,184</u>	<u>1,183,813</u>
Total Current Liabilities	2,048,777	2,008,908
LONG-TERM DEBT , less portion classified as a current liability	6,417,339	7,625,522
DEFERRED INCOME TAXES	<u>2,031,466</u>	<u>2,045,612</u>
Total Liabilities	10,497,582	11,680,042
STOCKHOLDER'S EQUITY		
Common stock, par value \$10 per share Authorized - 10,000 shares Issued and outstanding - 9,315 shares	93,150	93,150
Additional paid-in capital	7,175	7,175
Retained earnings	<u>9,116,455</u>	<u>9,014,143</u>
Total Stockholder's Equity	<u>9,216,780</u>	<u>9,114,468</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 19,714,362</u>	<u>\$ 20,794,510</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

STATEMENTS OF INCOME

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Local network service revenues	\$ 431,146	\$ 473,254
Network access service revenues	4,659,514	4,821,070
Miscellaneous revenues	50,208	50,701
Uncollectible deduction	<u>(25,138)</u>	<u>(7,558)</u>
Total Operating Revenues	5,115,730	5,337,467
OPERATING EXPENSES		
Plant specific operations	1,690,395	1,640,961
Plant nonspecific operations	756,706	658,422
Depreciation and amortization	1,592,897	1,580,323
Customer operations	696,221	663,996
Corporate operations	<u>932,129</u>	<u>845,578</u>
Total Operating Expenses	5,668,348	5,389,280
OPERATING TAXES		
Taxes, other than income taxes	228,019	269,568
Income taxes	<u>23,111</u>	<u>32,159</u>
Total Operating Taxes	<u>251,130</u>	<u>301,727</u>
Net Operating Loss	(803,748)	(353,540)
FIXED CHARGES		
Interest on funded debt	179,647	205,182
Other interest expense	<u>60</u>	<u>27</u>
Total Fixed Charges	179,707	205,209
OTHER INCOME (EXPENSE)		
Interest and dividend income	13,498	16,393
Unrealized loss on investment	(1,470)	(10,730)
Miscellaneous expense	(38,573)	(38,676)
Nonregulated income - net	1,145,066	850,281
Nonoperating income tax expense	<u>(32,754)</u>	<u>(93,965)</u>
Total Other Income	<u>1,085,767</u>	<u>723,303</u>
NET INCOME	<u>\$ 102,312</u>	<u>\$ 164,554</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

STATEMENTS OF STOCKHOLDER'S EQUITY

Years Ended December 31, 2023 and 2022

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE AT DECEMBER 31, 2021	\$ 93,150	\$ 7,175	\$ 8,849,589	\$ 8,949,914
Net income for the year	_____	_____	<u>164,554</u>	<u>164,554</u>
BALANCE AT DECEMBER 31, 2022	93,150	7,175	9,014,143	9,114,468
Net income for the year	_____	_____	<u>102,312</u>	<u>102,312</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 93,150</u>	<u>\$ 7,175</u>	<u>\$ 9,116,455</u>	<u>\$ 9,216,780</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 102,312	\$ 164,554
Adjustments to reconcile net income to net cash provided by operating activities		
Increase in cash surrender value of life insurance policies	(3,952)	(5,506)
Unrealized loss on investment	1,470	10,730
Depreciation and amortization of telecommunications plant	1,592,897	1,580,323
Depreciation of nonregulated plant and miscellaneous physical property	229,772	235,037
Deferred income taxes	55,865	126,124
Gain on disposal of equipment	(65,728)	(42,265)
Noncash stock dividend income	(5,165)	(3,023)
Noncash transfer of plant in service to expense		1,857
Net change in operating assets and liabilities	(92,615)	334,241
Net Cash Provided by Operating Activities	<u>1,814,856</u>	<u>2,402,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on note receivable		152,440
Proceeds from life insurance		137,034
Additions to plant	(584,377)	(763,551)
Proceeds from sale of equipment	396,800	47,500
Additions to nonregulated plant in service and miscellaneous physical property	(402,031)	(494,809)
Advances to affiliated companies	(425,944)	(1,152,787)
Payments received from affiliated companies	344,076	1,348,105
Proceeds from capital certificates	2,328	5,079
Net Cash Used by Investing Activities	<u>(669,148)</u>	<u>(720,989)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(1,183,812)	(1,159,763)
Net Cash Used by Financing Activities	<u>(1,183,812)</u>	<u>(1,159,763)</u>
NET INCREASE (DECREASE) IN CASH	(38,104)	521,320
Cash at Beginning of Year	<u>569,695</u>	<u>48,375</u>
CASH AT END OF YEAR	<u>\$ 531,591</u>	<u>\$ 569,695</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
COMPONENTS OF NET CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) decrease in assets		
Telecommunications accounts receivable	\$ 28,080	\$ 173,397
Materials and supplies	(75,348)	11,520
Prepaid expenses	(55,115)	(4,204)
Increase (decrease) in liabilities		
Accounts payable	23,946	2,344
Customers' deposits	56	(116)
Taxes, other than income taxes	(2,642)	708
Accrued payroll and benefits	(6,492)	(82,319)
Other current liabilities	(5,100)	
Deferred revenue		232,911
NET CHANGE IN OPERATING ASSETS AND LIABILITIES	<u>\$ (92,615)</u>	<u>\$ 334,241</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 179,707</u>	<u>\$ 205,209</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Extension and replacement of telecommunications plant included in accounts payable	<u>\$ 9,998</u>	<u>\$ 4,268</u>
Noncash transfer of materials and supplies to telecommunications plant in service	<u>\$</u>	<u>\$ (2,176)</u>
Noncash transfer of nonregulated plant in service from telecommunications plant in service	<u>\$</u>	<u>\$ 14,590</u>
Noncash transfer of deferred income tax benefit to affiliated company	<u>\$ 70,011</u>	<u>\$ 73,823</u>
COMPONENTS OF CASH AT END OF YEAR		
Cash	\$ 521,029	\$ 559,133
Cash - construction fund	<u>10,562</u>	<u>10,562</u>
	<u>\$ 531,591</u>	<u>\$ 569,695</u>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Telephone Industry

Inland Telephone Company (the "Company") is a local exchange telecommunications company providing local exchange, network access, broadband access services and other telecommunications services to customers in Columbia, Kittitas, Mason, Whitman and Walla Walla counties in Washington, and Latah and Nez Perce Counties in Idaho.

The Company is a small rate-of-return carrier. The Federal Communications Commission ("FCC") Report and Order and Further Notice of Proposed Rulemaking ("FCC 11-161") and Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking ("FCC 16-33") have reformed the universal service and intercarrier compensation systems. These reforms have modified the manner in which the Company recovers its telecommunication revenue requirements.

Organization

The Company is a wholly-owned subsidiary of Western Elite Incorporated Services ("WEIS").

Regulation

The Company is subject to the accounting rules and rate regulation policies of the Washington Utilities and Transportation Commission ("WUTC") and the Idaho Public Utilities Commission ("IPUC") and adheres to the FCC Uniform System of Accounts for a Class B telephone company as prescribed by the FCC under Part 32.

Cash

For purposes of the statements of cash flows, the Company considers cash to be cash on hand, in checking accounts, in money market accounts and in construction fund accounts.

Materials and Supplies

Materials and supplies consist of telephone installation equipment that is purchased by the Company and are reported at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Investments in marketable equity securities are carried at fair value; investments in cooperative capital certificates are carried at cost as fair value is not readily determinable (see Note 4).

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Fair Value Measurements

The Company measures fair value of its investments in accordance with a hierarchy based on defined inputs. The hierarchy prioritizes the inputs underlying fair value measurements and requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs essentially distinguish the relative reliability of inputs to fair value measurements. Level 1 inputs are more reliable and objective than Level 2 inputs, which are in turn more reliable and objective than Level 3 inputs. In arriving at a fair value measure, the Company is required to determine the level in the fair value hierarchy within which a fair value measurement ultimately falls and provide disclosure of such determinations.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated on a straight-line basis for accounting purposes. Lives used for calculating depreciation on telecommunications plant are in accordance with the rules of the WUTC and IPUC and are based on the estimated economic useful lives of the assets. Likewise, lives used for calculating depreciation on all other property, plant and equipment are based on the estimated economic useful lives of the assets.

Accounting for Long-lived Assets

The Company periodically reviews its long-lived assets, such as property, plant and equipment for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2023 and 2022, management determined that there were no material impairment charges to be recorded as of those dates.

Telecommunications Plant Retirements

When an asset is retired or otherwise disposed of, the cost of the asset is removed from the asset account and charged to the related allowance for depreciation. Similarly, the cost of removal and salvage proceeds are charged or credited to the allowances for depreciation. Consequently, no gain or loss upon disposition is recognized.

Allowance for Funds Used During Construction

Interest applicable to funds used for long-term construction projects is capitalized as a part of the cost of the asset and depreciated over the asset's estimated useful life. There was no interest capitalized in 2023 and 2022.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Advertising Costs

Costs incurred for advertising are expensed as incurred. Advertising expense was \$3,072 and \$3,831 for the years ended December 31, 2023 and 2022, respectively.

Revenue Recognition, Major Customers and Services

The Company's revenue contracts with customers may include a promise or promises to deliver goods, such as equipment and/or services, including local network, network access services, long distance network and broadband and internet access services. Promised goods and services are considered distinct as the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and the Company's promise to transfer a good or service to the customer is separately identifiable from other promises in the contract. The Company accounts for goods and services as separate performance obligations. Each service is considered a single performance obligation as it is providing a series of distinct services that are substantially the same and have the same pattern of transfer.

The transaction price is determined at contract inception and reflects the amount of consideration to which the Company is expected to be entitled in exchange for transferring a good or service to the customer. The amount is generally equal to the market price of the goods and/or services promised in the contract. The transaction price excludes amounts collected on behalf of third-parties, such as sales taxes and regulatory fees. Conversely, nonrefundable up-front fees, such as service activation and set-up fees, are included in the transaction price. In determining the transaction price, the Company considers its enforceable rights and obligations within the contract. The Company does not consider the possibility of a contract being cancelled, renewed or modified.

The transaction price is allocated to each performance obligation based on the standalone selling price of the good or service, net of the related discount, as applicable.

Revenue is recognized when or as performance obligations are satisfied by transferring control of the good or service to the customer as described below.

Service revenues, with the exception of usage-based revenues, are generally billed in advance and recognized in subsequent periods when or as services are transferred to the customer.

The Company offers bundled service packages that consist of high-speed internet and voice services, including local and long distance calling, voicemail and calling features. Each service is considered distinct and, therefore, accounted for as a separate performance obligation. Service revenue is recognized over time, consistent with the transfer of service, as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Revenue Recognition, Major Customers and Services (Continued)

Usage-based services, such as per-minute long distance service and access charges billed to other telephone carriers for originating and terminating long distance calls in the Company's network, are billed in arrears. The Company recognizes revenue from these services when or as services are transferred to the customer.

Equipment revenue is generated from the sale of voice and data communications equipment.

Subsidies consist of both federal and state subsidies, which are designed to promote widely available, quality telephone service at affordable prices and access to broadband internet service in rural areas. These revenues are calculated by the administering government agency based on information the Company provides.

The Company recognizes federal universal service contributions on a gross basis. The Company accounts for all other taxes collected from customers and remitted to the respective government agencies on a net basis.

In the normal course of the Company's business, certain long distance network and network access service revenues are subject to out-of-period adjustments. Such adjustments are normal occurrences and are recorded by the Company during the year in which they become determinable.

Network access service revenues are derived from the provision of exchange access services to interexchange carriers or to an end-user of telecommunication services.

Revenues for certain interstate access services are currently received through tariffed access charges filed by the National Exchange Carrier Association ("NECA") with the FCC on behalf of the NECA member companies. These access charges are currently billed by the Company to interstate interexchange carriers and pooled with like-revenues from all NECA member companies. The pooled access charge revenues received by the Company are currently based upon the actual cost of providing interstate access services, plus a return on the investment dedicated to providing these services. Pooled access charge revenues are estimated at December 31 each year and are subject to adjustment. Such adjustments are normal occurrences and are recorded by the Company during the year in which they occur.

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Revenue Recognition, Major Customers and Services (Continued)

The FCC 11-161 modified and replaced the existing universal system and intercarrier compensation systems with universal service reform and intercarrier compensation reform. A Connect America Fund ("CAF") has been established to replace all existing high-cost support mechanisms and set broadband service requirements. Alongside the broadband service rules, reforms to establish a framework to limit reimbursements for excessive capital and operating expenses were implemented as of July 1, 2012, and phase-outs of certain support payments occurred. Intercarrier compensation reform adopts a uniform bill-and-keep framework as the ultimate end-state for all telecommunications traffic exchanged with the Company. Intercarrier compensation rates are capped, and the disparity between intrastate and interstate terminating end office rates is being brought to parity in two steps as outlined in FCC 11-161. The state's public utilities commissions will be overseeing the modifications to rates in intrastate tariffs. All intrastate terminating rates mirror NECA interstate rates. Limits on carriers' total eligible recovery will reflect existing downward trends on intercarrier compensation revenues with declining switching costs and minutes of use.

As part of FCC 16-33 Universal Service Reform ("USF") order, rate-of-return telecommunication carriers have been given an option of remaining on a legacy support mechanism that includes broadband data-only service funding or electing a model-based support funding mechanism with an emphasis on broadband obligation deployment that was implemented on February 1, 2017. The Company elected the model-based support mechanism called Alternative Connect America Model ("A-CAM"). A-CAM funding is a set guaranteed amount for 10 years in exchange for the Company completing broadband build-out obligations to its service area. In January 2024, the Company elected enhanced A-CAM, a model-based support funding mechanism that requires broadband to all locations identified in the Broadband Data Collection map within their study area to provide at 100/20 speed or above. In exchange, the Company receives predictable guaranteed federal funding for 15 years effective January 1, 2024. This funding will replace legacy funding, which includes CAF Broadband Loop Support and High Cost Loop Support.

The Company continues to review the reforms and modifications to the support that the Company receives and understands that those reforms and modifications could have an adverse effect on the Company's revenues and cash flow. Revenue impacts are subject to change based upon future data collections and further clarification from the FCC.

Revenues for intrastate access services are received through tariffed access charges filed by the Company at the WUTC. Once filed, the tariffed access charges become effective if specifically approved by the WUTC or allowed to become effective by operation of law. The intrastate switched access charges are billed by the Company to intrastate interexchange carriers. Intrastate special access charges are also billed to intrastate interexchange carriers that order such services and, in some cases, to retail customers that order special access services.

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Revenue Recognition, Major Customers and Services (Continued)

The WUTC implemented a state universal communications service program ("State USF Program") and also replaced the cumulative reduction in support the Company received from the federal CAF. The State USF Program began January 2015, and subsequent annual disbursements from the State USF Program comprised of the terminated universal service support pool ("Traditional USF") and the disbursement of the cumulative CAF deficit support are scheduled to occur in January of the following State USF Program years, assuming the Company continues to be eligible under the program. On July 1, 2020, WUTC changed the funding requirements to be based on obligation for deployment of broadband at speeds specified by the FCC to locations in the Company's study area. The State USF Program year runs from July 1 to June 30. In 2023, the Company received \$401,899 from the state USF Program for the period July 1, 2023 to June 30, 2024, and recorded deferred revenue of \$200,050 for the unearned portion. In 2022, the Company received \$401,897 from the State USF Program for the period July 1, 2022 to June 30, 2023, and recorded deferred revenue of \$200,050. The State USF Program is scheduled to expire on June 30, 2024.

Revenues for Idaho State intrastate access services are received through tariffed access charges filed by the Company and approved by the IPUC. The access charges are billed by the Company to intrastate interexchange carriers and are considered bill-and-keep based on tariffed rates.

For some of the services that the Company provides to its customers, the Company relies upon services and facilities supplied to it by other companies. Any material disruption of the services or facilities supplied to the Company by other companies could potentially have an adverse effect upon the Company's operating results.

Income Taxes

The Company provides federal and state income taxes for the effects of transactions reported in the financial statements and consists of taxes currently due and deferred income taxes. The Company files a consolidated federal and state income tax return with its parent, Western Elite Incorporated Services and affiliated subsidiaries. The consolidated tax liability of the affiliated group is allocated based upon each company's contributions to consolidated taxable income.

The Company utilizes the liability method of accounting for deferred income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Adoption of New Accounting Standard

As of January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - *Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held-to-maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only. See Note 3 for further disclosure of the Company's accounts receivable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements.

Subsequent Events

The management of the Company evaluated for subsequent events and transactions for potential recognition and disclosure through April 8, 2024, the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at one financial institution in eastern Washington, insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2023, \$318,940 exceeded the insured amount.

The Company's accounts receivable are subject to potential credit risk as they are unsecured.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 3 - TELECOMMUNICATIONS ACCOUNTS RECEIVABLE

The telecommunications accounts receivable balance consists of:

	<u>2023</u>	<u>2022</u>
Due from customers and agents	\$ 84,402	\$ 78,352
Due from exchange carriers and exchange carrier associations	317,775	327,465
Other accounts receivable	31,348	31,613
Allowance for credit losses	<u>(27,175)</u>	<u>(3,000)</u>
	<u>\$ 406,350</u>	<u>\$ 434,430</u>

The Company extends credit to their business and residential customers based upon a written credit policy. Service interruption is the primary vehicle for controlling losses. Telecommunications accounts receivable are recorded when subscriber bills, carrier access bills and exchange carrier associations settlement statements are rendered and are presented in the balance sheets, net of the allowances for credit losses. Certain exchange carrier associations' settlements are subject to out-of-period adjustments and are recorded during the year in which they become determinable. The allowances for credit losses are estimated based on the Company's historical loss experience, current conditions and forecasted changes, including, but not limited to, changes related to the economy, the industry and business. As of December 31, 2023, approximately 21% of the accounts receivable were outstanding 90 days or more after the date of the invoice on which they were first billed.

NOTE 4 - INVESTMENTS

Investments consist of the following:

	<u>2023</u>	<u>2022</u>
Common stock of Verizon Communications, Inc. (at fair value)	\$ 31,695	\$ 33,165
Rural Telephone Finance Cooperative Capital Certificates (at cost)	<u>59,086</u>	<u>56,249</u>
	<u>\$ 90,781</u>	<u>\$ 89,414</u>

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 4 - INVESTMENTS (Continued)

Following is the hierarchy and fair value measurements at December 31:

	<u>Fair Value Measurements</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Other Subjective Inputs (Level 3)</u>
<u>December 31, 2023</u>				
Verizon Communications, Inc.	\$ <u>31,695</u>	\$ <u>31,695</u>	\$ _____	\$ _____
<u>December 31, 2022</u>				
Verizon Communications, Inc.	\$ <u>33,165</u>	\$ <u>33,165</u>	\$ _____	\$ _____

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Level 3 inputs are based on the Company's own assumptions on how knowledgeable parties would price assets or liabilities and are developed using the best information available in the circumstances.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Telecommunications Plant in Service

Telecommunications plant in service is stated at cost. Listed below are the major classes of telecommunications plant:

	<u>2023</u>	<u>2022</u>
General support facilities	\$ 6,628,396	\$ 6,434,406
Central office equipment	8,000,918	8,020,188
Cable and wire facilities	23,073,596	22,840,283
Intangible assets	<u>7,924</u>	<u>7,924</u>
	<u>\$ 37,710,834</u>	<u>\$ 37,302,801</u>

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Provisions have been made for depreciation of major classes of telecommunications plant at straight-line rates as follows:

General support facilities	
Buildings	2.50% - 4.00%
Furniture and office equipment	15.00% - 25.00%
Vehicles and other work equipment	12.50% - 16.00%
Central office equipment	9.00% - 11.19%
Cable and wire facilities	5.00% - 42.06%

Nonregulated Plant in Service and Miscellaneous Physical Property

Nonregulated plant in service and miscellaneous physical property are stated at cost. Listed below are the major classes of nonregulated plant and miscellaneous physical property:

	<u>2023</u>	<u>2022</u>
Land	\$ 406,216	\$ 518,714
Buildings	920,128	1,341,029
Towers	332,678	332,678
General support assets	99,266	151,230
Nonregulated telecommunications equipment	514,091	501,959
Broadband and internet equipment	2,411,588	2,021,688
Trademark	<u>2,405</u>	<u>2,405</u>
	<u>\$ 4,686,372</u>	<u>\$ 4,869,703</u>

Provisions have been made for depreciation of major classes of nonregulated plant and miscellaneous physical property at straight-line rates as follows:

Buildings	5.00%
Towers	5.00%
General support assets	15.00% - 16.00%
Nonregulated telecommunications equipment	20.00%
Broadband and internet equipment	20.00%
Trademark	6.72%

**WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY**
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation Expense

The provisions for depreciation on telecommunications plant and nonregulated plant in service and miscellaneous physical property are as follows:

	<u>2023</u>	<u>2022</u>
Telecommunication plant	\$ 1,592,897	\$ 1,580,323
Nonregulated plant and miscellaneous physical property	<u>229,772</u>	<u>235,037</u>
	<u>\$ 1,822,669</u>	<u>\$ 1,815,360</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt consists of the following:

	Current Annual Installments of Principal	Principal Amount	
		<u>2023</u>	<u>2022</u>
Federal Financing Bank ("FFB") - supplemental mortgage note			
1.702% - due December 2029	\$ 34,771	\$ 217,660	\$ 251,840
2.468% - due December 2029	88,342	563,776	649,951
2.681% - due December 2029	25,790	165,473	190,577
2.894% - due December 2029	45,853	295,796	340,335
2.649% - due December 2029	136,056	872,257	1,004,736
2.422% - due December 2029	35,382	225,539	260,069
2.078% - due December 2029	93,450	590,542	682,058
1.856% - due December 2029	37,996	238,773	276,066
2.157% - due December 2029	120,603	763,650	881,664
2.069% - due December 2029	83,818	529,555	611,647
1.655% - due December 2029	93,463	584,375	676,293
1.744% - due December 2029	107,511	673,716	779,357
1.260% - due December 2029	39,168	242,485	281,159
1.628% - due December 2029	265,981	<u>1,661,926</u>	<u>1,923,583</u>
Total Long-term Debt		<u>7,625,523</u>	<u>8,809,335</u>
Less principal installments on long-term debt due within one year		<u>1,208,184</u>	<u>1,183,813</u>
		<u>\$ 6,417,339</u>	<u>\$ 7,625,522</u>

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 6 - LONG-TERM DEBT (Continued)

At December 31, 2023, maturities on long-term debt for the next five years and thereafter are as follows:

2024	\$ 1,208,184
2025	1,232,066
2026	1,257,249
2027	1,282,476
2028	1,309,426
Thereafter	<u>1,336,122</u>
	<u>\$ 7,625,523</u>

Substantially all of the Company's telephone plant now owned and hereafter acquired is subject to first and supplemental mortgage agreements executed by the Federal Financing Bank ("FFB"). The terms of the mortgage agreements restrict distributions to stockholders, redemptions of capital stock and investments in affiliated companies. Allowable distributions are based on minimum net worth requirements defined in the agreements.

Pursuant to the FFB Loan Agreement dated October 7, 2011, Section 5.12, TIER Requirement, the Company will maintain a TIER of at least 1.5. At December 31, 2023, management believes they meet the TIER covenant.

NOTE 7 - INCOME TAXES

The Company recognizes deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent future income tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate to the following:

- Depreciable assets' lives and methods of calculating depreciation for financial and income tax reporting.
- Accounting for investment in marketable equity securities at fair value for financial reporting purposes and cost for income tax purposes.
- Carryforward of a net operating loss for income tax reporting.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 7 - INCOME TAXES (Continued)

The tax effects of temporary differences that give rise to significant portions of deferred tax (assets) liabilities consist of the following:

	<u>2023</u>	<u>2022</u>
Telecommunications plant	\$ 1,773,440	\$ 1,852,644
Net operating loss carryforward	102,315	70,011
Nonregulated assets	157,023	123,960
Investments	<u>(1,312)</u>	<u>(1,003)</u>
	<u>\$ 2,031,466</u>	<u>\$ 2,045,612</u>

The provision for income taxes is allocated between operating and nonoperating income as follows:

	<u>2023</u>	<u>2022</u>
Operating income taxes		
Deferred expense	\$ 23,111	\$ 32,159
Nonoperating income taxes		
Deferred expense	<u>32,754</u>	<u>93,965</u>
Total Income Taxes Expense	<u>\$ 55,865</u>	<u>\$ 126,124</u>

Components of the provisions for income taxes expense are as follows:

	<u>2023</u>	<u>2022</u>
Deferred tax expense	\$ <u>55,865</u>	\$ <u>126,124</u>
Total Income Taxes Expense	<u>\$ 55,865</u>	<u>\$ 126,124</u>

NOTE 8 - LEASES

Future lease commitments are not material; total rental and lease expense for the years ended December 31, 2023 and 2022 is less than 1% of revenues.

WASHINGTON 534 & 530
INLAND TELEPHONE COMPANY
(A Wholly-Owned Subsidiary of Western Elite Incorporated Services)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Company participates in a 401(k) profit sharing plan and a discretionary integrated pension plan for the benefit of all full-time eligible employees. The 401(k) plan provides for employee elective deferrals up to a maximum allowed by law. The Company has a matching contribution rate that is equal to 100% of each eligible employee's elective deferrals up to and including, but not exceeding, 4% of said eligible employee's eligible compensation (as defined in the 401(k) plan document). In compliance with the integration formula which coordinates the pension plan with Social Security, the Company can elect to contribute 4% of eligible employees' first \$128,200 for 2023 and \$118,000 for 2022 of regular compensation, and 4% of their regular compensation in excess of \$128,200 in 2023 and \$118,000 in 2022 to the plan, but not to exceed \$66,000 and \$61,000 per employee in 2023 and 2022, respectively. The Company did not make a discretionary integrated pension or profit sharing contribution in 2023 or 2022. Company contributions charged to operations in connection with the 401(k) profit sharing plan and the integrated pension plan were \$76,845 and \$81,446 in 2023 and 2022, respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Company's parent, Western Elite Incorporated Services, also owns Inland Long Distance Company and R&R Cable Company. Inland Telephone Company conducts certain business transactions with Inland Long Distance Company and R&R Cable Company.

During the years ended December 31, the Company had the following related party transactions:

	<u>Western Elite Incorporated Services and Subsidiaries</u>
Balance December 31, 2021	\$ 733,133
Advances to affiliates	1,173,126
Transfer of deferred income taxes	73,823
Telecommunication services provided	18,996
Telecommunications services received	(39,335)
Repayment of advances	<u>(1,348,105)</u>
Balance December 31, 2022	611,638
Advances to affiliates	442,053
Transfer of deferred income taxes	(70,011)
Telecommunication services provided	17,335
Telecommunications services received	(33,444)
Repayment of advances	<u>(344,076)</u>
Balance December 31, 2023	\$ <u>623,495</u>



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Directors
Inland Telephone Company
Roslyn, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inland Telephone Company (a wholly-owned subsidiary of Western Elite Incorporated Services) (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of income, stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inland Telephone Company's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Inland Telephone Company's internal control. Accordingly, we do not express an opinion on the effectiveness of Inland Telephone Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

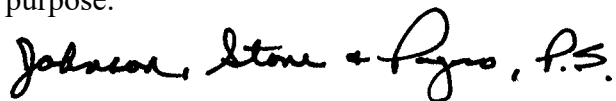
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inland Telephone Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JOHNSON, STONE & PAGANO, P.S.

April 8, 2024



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

April 8, 2024

Board of Directors and Management
Inland Telephone Company
Roslyn, Washington

Board of Directors and Management:

We have audited the financial statements of Inland Telephone Company (the "Company") as of and for the year ended December 31, 2023, and have issued our report thereon dated April 8, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 5, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Inland Telephone Company solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

We have complied with all relevant ethical requirements regarding independence. We have implemented a quality control review of the financial statements conducted by a shareholder not involved in the engagement and our assessment of management's skills, knowledge, and experience to mitigate threats to independence.

Significant Risks Identified

Professional standards require us to identify significant risks as part of the overall planning process of an audit. We consider these significant risks when planning the nature, timing, and extent of our audit procedures. Our audit planning has resulted in the identification of the following significant risks in relation to Inland Telephone Company's audit:

- 1) Fraud in Revenue Recognition
- 2) Management Override of Control

We noted no instances of fraud in revenue recognition or management override of controls as a result of our audit procedures.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Inland Telephone Company is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, Inland Telephone Company adopted the provisions of Financial Accounting Standards Board Accounting Standards update 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* using the modified retrospective approach. The cumulative effect of the accounting change as of the beginning of the year is not material. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Your estimates of the recoverability of long-term assets, estimates of the useful lives of property, plant and equipment, and interstate revenue requirements, which are based on prior experience with similar assets, liabilities, and interstate filing requirements. We evaluated the estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Your estimate of allowance for credit losses, which is based on historical revenue, historical loss levels experienced, current conditions, and forecasted changes, including, but not limited to, changes related to the economy, industry, and business. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Your estimate of the future maturities of long-term debt is based on minimum required payments at current levels of debt. We evaluated these required payments and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were regarding property, plant, and equipment (Note 5), long-term debt (Note 6), income taxes (Note 7) and related party transactions (Note 10).

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We identified no significant unusual transactions as a result of our audit procedures that have not been recognized in the financial statements in the proper period.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Furthermore, professional standards require us to communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has corrected all such misstatements. The adjustments for current period income taxes and deferred income taxes were material misstatements detected as a result of audit procedures and were corrected by you.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Inland Telephone Company's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 8, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

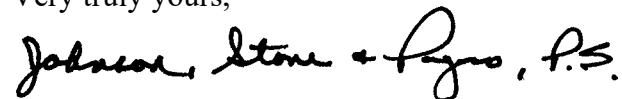
In the normal course of our professional association with Inland Telephone Company, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Inland Telephone Company's auditors.

Changes in Accounting Principle

We included a change in accounting principle paragraph in the auditor's report related to the Company's adoption of Accounting Standards Codification 2016-13 *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit losses on Financial Instruments*. We concluded the adoption of the standard did not have a material effect on the financial statements. The purpose of the paragraph is to draw attention to the disclosures in the adoption of the standard. We did not modify our opinion related to this matter.

This report is intended solely for the information and use of the Board of Directors and management of Inland Telephone Company, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,



JOHNSON, STONE & PAGANO, P.S.

Financial Report

REPORTING PERIOD: October 01, 2023 - December 31, 2023

STATUS: Submitted

ENTITY NAME

Inland Telephone Company

PRIMARY BORROWER ID

N/A

PHYSICAL ADDRESS

103 S 2nd St
Roslyn, Washington
98941

CORRESPONDENCE ADDRESS

P O Box 171
Roslyn, Washington
98941

FISCAL YEAR-END

December 31

SUPPLEMENTAL INFORMATION / NOTES TO USDA

N/A

SUPPLEMENTAL DOCUMENTS

N/A

NOTES FROM USDA

N/A

CERTIFICATION

We hereby certify that the entries in the report are true and accurate to the best of our knowledge.

All insurance required by 7 CFR Part 1788 was in effect during the reporting period, and renewals have been obtained for all policies.

All of the obligations under the RUS award documents have been fulfilled in all material respects.

SUBMITTED BY

JAMES BROOKS

SUBMISSION DATE

03/28/2024

Inland Telephone Company
 Primary Borrower ID:
 Submission Date: 03/28/2024

Network Access Services Revenue

REPORTING PERIOD: October 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
End User Federal Subscriber Line Charges	\$118,855
End User State Subscriber Line Charges	
End User Federal Broadband Only Loop Charges	
End User Federal Access Recovery Charges	\$39,095
Federal USF Model Based High Cost Support (CAM, A-CAM, REVISED A-CAM, Enhanced A-CAM)	\$1,861,788
Federal USF Auction Support (RBE, CAF II, RDOF)	
Federal USF High Cost Loop Support	
Federal USF Connect America Fund - Broadband Loop Support (Formerly ICLS)	
Federal USF Frozen High Cost Support	
Federal USF Alaska Plan Support	
State Universal Service Support	\$429,503
Federal USF Connect America Fund - Intercarrier Compensation Support	\$624,810
Carrier Interstate Switched Access Charges	\$11,865
Carrier Intrastate Switched Access Charges	\$22,379
Interstate Special Access Charges (aka, Business Data Services Charges)	\$882,818
Intrastate Special Access Charges	\$11,867
Other Network Access Services Revenue	\$656,547
Total Network Access Services Revenue	\$4,659,527

Inland Telephone Company
Primary Borrower ID:
Submission Date: 03/28/2024

Non-Operating Net Income

REPORTING PERIOD: October 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Non-Operating Revenue	
Non-Operating Revenue	\$13,498
Total Non-Operating Revenue	\$13,498
Non-Operating Expense	
Non-Operating Expense	\$40,043
Total Non-Operating Expense	\$40,043
Total	
Total Non-Operating Net Income	\$(26,545)

Income Statement

REPORTING PERIOD: October 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Local Network Services Revenue	\$431,146
Network Access Services Revenue	\$4,659,527
Long Distance Network Services Revenue	\$(13)
Carrier Billing and Collection Revenue	\$17,335
Other Operating Revenue	\$3,660,718
Amortized Grant Revenue	
Uncollectible Revenue	\$25,138
Net Operating Revenues	\$8,743,575
Plant Specific Operations Expense	\$1,690,395
Plant Non-Specific Operations Expense (Excluding Depreciation and Amortization)	\$756,706
Depreciation Expense	\$1,592,761
Amortization Expense	\$136
Customer Operations and Corporate Operations Expenses	\$1,628,350
Other Operating Expense	\$2,482,779
Total Operating Expenses	\$8,151,127
Operating Income or Margins	\$592,448
Non-Operating Net Income	\$(26,545)
Interest on Funded Debt (RUS, RTB and FFB Notes)	\$179,647
Other Interest Expense	\$60
Interest on Line(s) of Credit	
Allowance for Funds Used During Construction	
Total Fixed Charges	\$179,707
Taxes	\$283,884
Extraordinary Items	
Total Net Income or Margins	\$102,312
Financial Performance Metrics	
EBITDA	\$2,158,800
EBIT	\$565,903
Principal Payments on Long-Term Debt and Capital Leases	\$1,183,812
TIER	1.57
DSCR	1.38
Network Access Services Revenue / Net Operating Revenues	0.53%
Cash Flow from Operations / Total Debt Service	

Balance Sheet

REPORTING PERIOD: October 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Assets	
Current Assets	
Cash and Equivalents	\$521,029
Cash-RUS Construction Fund	\$10,562
Accounts Receivable - Affiliates	\$0
Accounts Receivable - Non-Affiliates	\$406,350
Notes Receivable - Affiliates	
Notes Receivable - Non-Affiliates	
Interest and Dividends Receivable	
Materials and Inventory	\$623,155
Other Current Assets	\$178,957
Total Current Assets	\$1,740,053
Non-Current Assets	
Investment in Affiliated Companies - Rural Development	\$623,495
Investment in Affiliated Companies - Non-Rural Development	
Intangible Assets	
Other Non-Current Assets	\$171,682
Total Non-Current Assets	\$795,177
Plant, Property, Equipment	
Plant-in-Service	\$42,397,206
Plant Under Construction	\$470,893
Plant Adjustment, Non-Operating Plant and Goodwill	\$383,023
Less Accumulated Depreciation	\$26,071,990
Net Plant	\$17,179,132
Total Assets	\$19,714,362
Liabilities & Equity	
Current Liabilities	
Accounts Payable - Affiliates	\$0
Accounts Payable - Non-Affiliates	\$213,285
Notes Payable - Affiliates	
Notes Payable - Non-Affiliates	\$1,374
Current Maturities Long-Term Debt - RUS, RTB, and FFB Notes	\$1,208,184
Current Maturities Long-Term Debt - Funded Debt - Other	
Current Maturities Long-Term Debt - Rural Development Loan	
Current Maturities Other Long-Term Debt	
Current Maturities - Capital Leases	
Lines of Credit	
Other Current Liabilities	\$625,934
Total Current Liabilities	\$2,048,777
Long-Term Debt	
Funded Debt - RUS, RTB, and FFB Notes	\$6,417,339
Less Unapplied Payments - Cushion of Credit	
Funded Debt - Other	
Funded Debt - Rural Development Loan	
Obligations Under Capital Lease	
Other Long-Term Debt	
Total Long-Term Debt	\$6,417,339

Balance Sheet

Continued

REPORTING PERIOD: October 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Other Liabilities and Deferred Credits	
Other Long-Term Liabilities and Deferred Credits	\$2,031,466
Deferred Grant Revenue	
Total Other Liabilities and Deferred Credits	\$2,031,466
Total Liabilities	\$10,497,582
Equity	
Capital Stock Outstanding and Subscribed	\$93,150
Additional Paid-in-Capital	\$7,175
Membership and Capital Certificates	
Patronage Capital Credits	
Retained Earnings or Margins	\$9,116,455
Total Equity	\$9,216,780
Total Liabilities and Equity	\$19,714,362
Financial Performance Metrics	
Total Equity / Total Assets	47%
Current Ratio	0.85
Quick Ratio	0.55
Working Capital in Dollars	\$(308,724)
Total Liabilities / Total Equity	1.14
Net Plant / Long-Term Debt	2.25
Tangible Equity	\$8,833,757
Tangible Equity / Total Assets	0.45

Subscriber Data

REPORTING PERIOD: October 1, 2023 - December 31, 2023

My Entity has an existing network; therefore, it has subscribers (including data) to report at the end of this reporting period.

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Total number of cumulative subscribers at the beginning of this reporting period	3,758
Total number of cumulative subscribers at the end of this reporting period	3,626
Total number of existing data subscribers who were upgraded to broadband service during this reporting period	84
Total number of new broadband subscribers that were added during this reporting period	262
Average price for broadband service offered to residential customers	\$72.00
Average price for broadband service offered to business customers	\$91.00
Average download speed	10 Mbps
Average upload speed	1 Mbps
Average price	\$50.00

Review Report

REPORTING PERIOD: October 1, 2023 - December 31, 2023

Non-Operating Net Income

LINE ITEM	EXPLANATION	USDA NOTES
Non-Operating Revenue	Includes Interest and Dividend Income and other nonoperating income	
Non-Operating Expense	Other expenses	

Income Statement

LINE ITEM	EXPLANATION	USDA NOTES
Operating Income or Margins	Loss of voice grade customers	
Non-Operating Net Income	Expenses were more than revenue	

Balance Sheet

LINE ITEM	EXPLANATION	USDA NOTES
Accounts Receivable - Affiliates	Affiliate amounts are located in noncurrent section	
Accounts Payable - Affiliates	No affiliates accounts payable	
Current Ratio	Our Network Access Service revenues decreased and our Operating expenses increased.	

System Data Report

REPORTING PERIOD: January 01, 2023 - December 31, 2023

STATUS: Submitted

ENTITY NAME

Inland Telephone Company

PRIMARY BORROWER ID

N/A

PHYSICAL ADDRESS

103 S 2nd St
Roslyn, Washington
98941

CORRESPONDENCE ADDRESS

P O Box 171
Roslyn, Washington
98941

FISCAL YEAR-END

December 31

SUPPLEMENTAL INFORMATION / NOTES TO USDA

N/A

CERTIFICATION

We hereby certify that the entries in the report are true and accurate to the best of our knowledge.

SUPPLEMENTAL DOCUMENTS

N/A

SUBMITTED BY

JAMES BROOKS

NOTES FROM USDA

N/A

SUBMISSION DATE

03/28/2024

Network Data

REPORTING PERIOD: January 1, 2023 - December 31, 2023

My Entity has an existing wireline and wireless network.

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Wireline Network	
Route Miles (Existing) Beginning of the Calendar Year	1,135.75
Route Miles (New) Constructed During the Calendar Year	6.51
Route Miles (Retired) During the Calendar Year	4.43
Total Route Miles End of Calendar Year	1,137.83
Route Miles (Modified) Constructed During the Calendar Year	3.46
Route Miles (New) Under Construction at the End of the Calendar Year	1.5
Route Miles (Modified) Under Construction at the End of the Calendar Year	0
Wireless Network	
Sites (Existing) Beginning of the Calendar Year	7
Sites (New) Added/Constructed During the Calendar Year	0
Sites (Retired) During the Calendar Year	0
Total Sites End of Calendar Year	7
Sites (New) Under Construction at the End of the Calendar Year	0
Sites (Existing) Upgraded During the Calendar Year	0

Capital Investment Data

REPORTING PERIOD: January 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
RUS, RTB, and FFB Loans	\$6,417,339.00
RUS Grants	
Other Long-Term Loan Funds	
Other Short-Term Loan Funds	
General Funds (RUS Interim Approval)	
General Funds (Other than Interim Approval)	
Other Federal/State Grants	
Matching Funds (Equity)	
Salvaged Materials	
Contribution in Aid to Construction	
Total Capital Investment	\$6,417,339.00

Depreciation Rates

REPORTING PERIOD: January 1, 2023 - December 31, 2023

My Entity's depreciation rates are approved by a regulatory authority with jurisdiction over the provision of telephone services.

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Network & Access Equipment	
Switching Equipment	9%
Routing Equipment	9%
Transport Equipment	11.2%
Access Equipment	
Video Equipment	
Power Equipment	
Satellite Equipment	
Other - Network and Access Equipment	
Outside Plant	
Copper Cable - Aerial	20.4%
Copper Cable - Buried	6%
Copper Cable - Underground	
Coaxial Cable - Aerial	
Coaxial Cable - Buried	
Coaxial Cable - Underground	
Fiber Cable - Aerial	5%
Fiber Cable - Buried	5%
Fiber Cable - Underground	
Fiber Cable - Submarine	
Conduit Systems	
Ducts (Vacant)	
Drops	6%
Cabinets / Underground Vaults	6%
Poles	7.6%
Make-Ready	
Other - Outside Plant	
Buildings	
New Construction	
Pre-Fab Huts	
Improvements	
Other - Buildings	4%
Towers	
Guyed Towers	
Lattice Towers	
Monopole / Self-Supporting Towers	
Wood Poles	
Improvements	
Other - Towers	
Customer Premises Equipment	
Video Set Top Boxes	
Modems and Routers	
Inside Wiring	
Multi-Terminal Adapter (VoIP)	
Smart Meters	
Other - Customer Premises Equipment	
Support Assets	

Depreciation Rates

Continued

REPORTING PERIOD: January 1, 2023 - December 31, 2023

LINE ITEM	CURRENT YEAR AMOUNT December 31, 2023
Construction Vehicles	
Construction Equipment	
Motor Vehicles	16%
Special Purpose Vehicles	
Office Equipment	25%
Office Furniture	15%
Billing System	
Test Equipment	
Portable Generators	
Tools	16%
Other - Support Assets	