

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

West Kentucky Rural Telephone Cooperative Corporation, Inc
(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2015

BORROWER DESIGNATION

KY0525

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII

(Check one of the following)

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

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Trevor Bonnsetter

3/24/2016

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	10,106,635	12,079,516	25. Accounts Payable	588,294	577,138
2. Cash-RUS Construction Fund	100	100	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	533,576	543,838
a. Telecom, Accounts Receivable			28. Customer Deposits	161,828	89,716
b. Other Accounts Receivable			29. Current Mat. L/T Debt	5,510,067	5,855,695
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	1,018,213	883,029	32. Income Taxes Accrued	25,922	310,374
b. Other Accounts Receivable	1,665,910	206,756	33. Other Taxes Accrued	343,169	1,042,109
c. Notes Receivable			34. Other Current Liabilities	1,862,328	2,217,176
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	9,025,184	10,636,046
6. Material-Regulated	1,242,364	495,316	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	62,901,671	61,582,396
8. Prepayments	1,912,122	1,853,860	37. Funded Debt-RTB Notes	2,166,858	2,164,969
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	15,945,344	15,518,577	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	11,428,753	12,677,100	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies	2,142,773	80,462
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	40,066,388	42,077,921	46. Total Long-Term Debt (36 thru 45)	67,211,302	63,827,827
13. Nonregulated Investments	446,429	382,409	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities	1,733,321	562,339
15. Deferred Charges	71,570		48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	52,013,140	55,137,430	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,733,321	562,339
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	142,662,027	102,113,260	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	20,332,522	370,823	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates	54,689	54,689
22. Less Accumulated Depreciation	86,119,900	32,508,560	55. Other Capital	2,449,560	301,460
23. Net Plant (18 thru 21 less 22)	76,874,649	69,975,523	56. Patronage Capital Credits	56,051,408	58,567,317
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	8,307,669	6,681,852
			58. Total Equity (51 thru 57)	66,863,326	65,605,318
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		
	144,833,133	140,631,530		144,833,133	140,631,530

Total Equity = 46.65% % of Total Assets

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BORROWER DESIGNATION

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

KY0525

PERIOD ENDING

December, 2015

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	3,187,571	3,290,371
2. Network Access Services Revenues	11,913,633	11,895,007
3. Long Distance Network Services Revenues	673,947	286,270
4. Carrier Billing and Collection Revenues	160,030	140,146
5. Miscellaneous Revenues	1,349,321	1,365,420
6. Uncollectible Revenues	182,401	152,463
7. Net Operating Revenues (1 thru 5 less 6)	17,102,101	16,824,751
8. Plant Specific Operations Expense	4,183,259	4,535,226
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	1,556,148	1,391,340
10. Depreciation Expense	6,038,623	7,687,530
11. Amortization Expense		
12. Customer Operations Expense	2,809,573	2,804,101
13. Corporate Operations Expense	2,580,901	2,567,404
14. Total Operating Expenses (8 thru 13)	17,168,504	18,985,601
15. Operating Income or Margins (7 less 14)	(66,403)	(2,160,850)
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	740,203	848,276
19. Other Taxes	1,157,765	1,393,023
20. Total Operating Taxes (17+18+19)	1,897,968	2,241,299
21. Net Operating Income or Margins (15+16-20)	(1,964,371)	(4,402,149)
22. Interest on Funded Debt	2,487,505	2,461,932
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction	1,131,064	221,589
26. Total Fixed Charges (22+23+24-25)	1,356,441	2,240,343
27. Nonoperating Net Income	2,998,399	3,114,742
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	2,899,267	4,478,785
31. Total Net Income or Margins (21+27+28+29+30-26)	2,576,854	951,035
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	6,467,842	8,307,669
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital	737,027	2,576,852
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	8,307,669	6,681,852
40. Patronage Capital Beginning-of-Year	55,396,461	56,051,408
41. Transfers to Patronage Capital	737,027	2,576,852
42. Patronage Capital Credits Retired	82,080	60,943
43. Patronage Capital End-of-Year (40+41-42)	56,051,408	58,567,317
44. Annual Debt Service Payments	7,620,563	8,064,426
45. Cash Ratio [(14+20-10-11) / 7]	0.7618	0.8047
46. Operating Accrual Ratio [(14+20+26) / 7]	1.1942	1.3948
47. TIER [(31+26) / 26]	2.8997	1.4245
48. DSCR [(31+26+10+11) / 44]	1.3086	1.3490