

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	300606
<015> Study Area Name	CONNEAUT TEL CO
<020> Program Year	2017
<030> Contact Name: Person USAC should contact with questions about this data	Judy Christiansen
<035> Contact Telephone Number: Number of the person identified in data line <030>	4028181322 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jchristiansen@consortiaconsulting.com
Form Type	54.313 and 54.422

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	300606
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111>	year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

300606oh112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	Not Applicable

Yes
Not Applicable

**(300) Unfulfilled Service Request
Data Collection Form**

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<300> Unfulfilled service request (voice)

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com	
<400>	Select from the drop-down list to indicate 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.	Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice		0 . 7
<420>	Complaints per 1000 customers for mobile voice		
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband 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.	Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband		0 . 0
<450>	Complaints per 1000 customers for mobile broadband		

**(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
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<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes

300606oh510.pdf

<510> Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance

**(600) Functionality in Emergency Situations
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	300606oh610.pdf

**(900) Tribal Lands Reporting
Data Collection Form**

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<039> Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<900> Does the filing entity offer tribal land services? (Y/N) No

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

(1000) Voice and Broadband Service Rate Comparability Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

(1100) No Terrestrial Backhaul Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<1100> Certify whether terrestrial backhaul options exist (Y/N)

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<1210> Terms & Conditions of Voice Telephony Lifeline Plans

300606oh1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

“Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

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

(2000) Price Cap Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	July 2013

<010>	Study Area Code	300606
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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support	<input style="width: 100%; height: 20px;" type="text"/>	
<2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support	<input style="width: 100%; height: 20px;" type="text"/>	
<2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.	<input style="width: 100%; height: 20px;" type="text"/>	
<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.	<input style="width: 100%; height: 20px;" type="text"/>	
<2024A> Round 2 Recipient of Incremental Support?	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 60px;" type="text"/>
<2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.	Name of Attached Document Listing Required Information	<input style="width: 100%; height: 60px;" type="text"/>
<2025A> Round 1 or Round 2 Recipient of Incremental Support?	<input style="width: 100%; height: 20px;" type="text"/>	
<2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-	Name of Attached Document Listing Required Information	<input style="width: 100%; height: 60px;" type="text"/>
<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)		<input style="width: 100%; height: 20px;" type="text"/>

(2000) Price Cap Carrier Additional Documentation (Continued)

Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing
Required Information

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it 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 located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

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Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring 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.

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Yes - Attach Certification

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} No - No New Community Anchors

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} (Yes/No)

(3014) If yes, does your company file the RUS annual report (Yes/No)

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

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

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

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (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:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) 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

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information Name of Attached Document Listing Required Information

(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
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Financial Data Summary

(3027) Revenue	[REDACTED]
(3028) Operating Expenses	[REDACTED]
(3029) Net Income	[REDACTED]
(3030) Telephone Plant In Service(TPIS)	[REDACTED]
(3031) Total Assets	[REDACTED]
(3032) Total Debt	[REDACTED]
(3033) Total Equity	[REDACTED]
(3034) Dividends	[REDACTED]

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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations 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?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. 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. Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481. Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area. Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer: ext.	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
<p>I certify that (Name of Agent) <u>Consortia Consulting</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.</p>	
Name of Authorized Agent:	Consortia Consulting
Name of Reporting Carrier:	CONNEAUT TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 08/16/2016
Printed name of Authorized Officer:	Deanna Brown
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	4405937138 ext.
Study Area Code of Reporting Carrier:	300606 Filing Due Date for this form: 07/01/2016
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
<p>I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.</p>	
Name of Reporting Carrier:	CONNEAUT TEL CO
Name of Authorized Agent Firm:	Consortia Consulting
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 08/16/2016
Name of Authorized Agent Employee:	Judy Christiansen
Title or position of Authorized Agent or Employee of Agent	Consultant
Telephone number of Authorized Agent or Employee of Agent:	4028181322 ext.
Study Area Code of Reporting Carrier:	300606 Filing Due Date for this form: 07/01/2016
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

Attachments

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Conneaut Telephone Company complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

Service quality standards for voice service are established by the state commission. The Company consistently meets or exceeds those standards and provides reports to the state commission, in accordance with the state commission's rules.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company's compliance with CPNI rules and a description of the Company's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Conneaut Telephone Company is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

Conneaut Telephone Company

Lifeline Terms and Conditions

Conneaut Telephone Company (“Conneaut”) offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

- Medicaid
- Federal Public Housing Assistance (Section 8)
- Low Income Housing Energy Assistance (LIHEAP)
- Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps)
- Ohio Works First/Temporary Aid to Needy Families (TANF)
- National School Lunch Program Free Lunch Program
- Supplemental Security Income (SSI)
- SSI – Blind and Disabled (SSDI)
- General/Disability Assistance

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year’s statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer’s participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 150% of the federal poverty guidelines.

Acceptable documentation of income eligibility includes: prior year’s state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen’s compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Conneaut’s Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Conneaut’s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Conneaut. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

The Conneaut Telephone Company, Inc.

Progress Report of 5 Year Plan – Milestone Certification

To be in compliance with the Milestone Certification of providing upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream:

- The Conneaut Telephone Company, Inc. certifies that it has taken reasonable steps to provide upon a 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.
- The Company provides usage capacity that is reasonably comparable to comparable offerings in urban areas.
- The Company certifies that requests for such service are met within a reasonable amount of time.

REDACTED - FOR PUBLIC INSPECTION

REDACTED - FOR PUBLIC INSPECTION

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH CONSOLIDATING INFORMATION**

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Conneaut Telephone Company and Subsidiary
Conneaut, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Conneaut Telephone Company (an Ohio corporation) and Subsidiary, which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of income and comprehensive income, retained earnings and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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An Independently Owned Member
McGLADREY ALLIANCE



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Conneaut Telephone Company and Subsidiary as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

The financial statements of the Company, as of and for the year ended December 31, 2014, were audited by other auditors whose report dated July 27, 2015 expressed an unmodified opinion on those statements.

Diemore Gavin Mahler, LTD

Findlay, Ohio
July 22, 2016

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014

ASSETS		2015	2014
Current assets			
Cash		\$ [REDACTED]	[REDACTED]
Customer accounts receivable (net of allowance)		[REDACTED]	[REDACTED]
Other accounts receivable		[REDACTED]	[REDACTED]
Materials and supplies		[REDACTED]	[REDACTED]
Other prepaid expenses		[REDACTED]	[REDACTED]
Unamortized refinancing cost		[REDACTED]	[REDACTED]
Total current assets		[REDACTED]	[REDACTED]
Property, plant and equipment			
Construction in process		[REDACTED]	[REDACTED]
Land		[REDACTED]	[REDACTED]
Plant in service		[REDACTED]	[REDACTED]
Non-operating plant		[REDACTED]	[REDACTED]
Total property, plant and equipment		[REDACTED]	[REDACTED]
Accumulated depreciation		[REDACTED]	[REDACTED]
Net property, plant and equipment		[REDACTED]	[REDACTED]
Other assets			
Investment in Rural Telephone Finance Cooperative		[REDACTED]	[REDACTED]
Deferred income taxes		[REDACTED]	[REDACTED]
Unamortized refinancing cost		[REDACTED]	[REDACTED]
Total other assets		[REDACTED]	[REDACTED]
Total assets		\$ [REDACTED]	[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

	2015	2014
Current liabilities		
Accounts payable	\$ [REDACTED]	[REDACTED]
Other accrued taxes	[REDACTED]	[REDACTED]
Accrued pension contribution	[REDACTED]	[REDACTED]
Accrued dividends on preferred stock	[REDACTED]	[REDACTED]
Current portion of note payable	[REDACTED]	[REDACTED]
Current portion of capital equipment leases	[REDACTED]	[REDACTED]
Other accrued expenses	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]
Other liabilities		
Unfunded accrued pension cost	[REDACTED]	[REDACTED]
Unfunded accrued other postretirement benefits	[REDACTED]	[REDACTED]
Note payable	[REDACTED]	[REDACTED]
Capital equipment leases	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]
Total other liabilities	[REDACTED]	[REDACTED]
Total liabilities	[REDACTED]	[REDACTED]
Stockholders' equity		
Common stock	[REDACTED]	[REDACTED]
Treasury stock	[REDACTED]	[REDACTED]
Preferred stock	[REDACTED]	[REDACTED]
Additional paid in capital	[REDACTED]	[REDACTED]
Accumulated other comprehensive income	[REDACTED]	[REDACTED]
Retained earnings	[REDACTED]	[REDACTED]
Total stockholders' equity	[REDACTED]	[REDACTED]
Total liabilities and stockholders' equity	\$ [REDACTED]	[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Local network services	\$ [REDACTED]	[REDACTED]
Network access services	[REDACTED]	[REDACTED]
Long distance network services	[REDACTED]	[REDACTED]
Cellular revenues	[REDACTED]	[REDACTED]
Basic networking revenues	[REDACTED]	[REDACTED]
Miscellaneous revenues	[REDACTED]	[REDACTED]
Uncollectible revenues	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]
Operating expenses		
Plant specific operations	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]
Depreciation and amortization	[REDACTED]	[REDACTED]
Other operating taxes	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]
Net operating loss	[REDACTED]	[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014

	2015	2014
Nonoperating income (expenses)		
Dividend and interest income	█	█
Gain (loss) on disposal of equipment	█	█
Interest expense	█	█
Other non-operating expenses	█	█
Total nonoperating income (expenses)	█	█
Loss before income taxes	█	█
Income tax benefit	█	█
Net loss	\$ █	\$ █
Other comprehensive income, net of tax		
Unrealized loss on pension plan	█	█
Net loss recognized in other comprehensive income	█	█
Comprehensive loss	\$ █	\$ █

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>		<u>2014</u>
Retained earnings, beginning of year	\$ [REDACTED]		[REDACTED]
Net loss	[REDACTED]		[REDACTED]
Dividends	[REDACTED]		[REDACTED]
Retained earnings, end of year	\$ [REDACTED]		[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015		2014
Cash flows from operating activities			
Net loss	\$	█	█
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation		█	█
Amortization of refinancing costs		█	█
Provision for deferred income taxes		█	█
Actuarial gain on pension plan		█	█
Loss on disposal of equipment		█	█
Adjusted net income (loss)		█	█
Changes in operating assets and liabilities			
(Increase) decrease in:			
Customer accounts receivable		█	█
Other accounts receivable		█	█
Materials and supplies		█	█
Other prepaid expenses		█	█
Prepaid and refundable federal income taxes		█	█
Increase (decrease) in:			
Accounts payable		█	█
Other accrued taxes		█	█
Accrued pension contribution		█	█
Accrued dividends on preferred stock		█	█
Other accrued expenses		█	█
Unfunded accrued pension cost		█	█
Unfunded accrued other postretirement benefits		█	█
Total changes in operating assets and liabilities		█	█
Net cash provided by operating activities	\$	█	█

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from investing activities		
Purchase of plant and equipment	\$ [REDACTED]	[REDACTED]
Proceeds from sale of investment	[REDACTED]	[REDACTED]
Net cash used in investing activities	[REDACTED]	[REDACTED]
Net cash provided by operating activities and investing activities	[REDACTED]	[REDACTED]
Cash flows from financing activities		
Payments on notes payable	[REDACTED]	[REDACTED]
Payments on capital leases	[REDACTED]	[REDACTED]
Repayments on line of credit	[REDACTED]	[REDACTED]
Issuance of stock	[REDACTED]	[REDACTED]
Paid-in-capital received	[REDACTED]	[REDACTED]
Net cash used in financing activities	[REDACTED]	[REDACTED]
Net decrease in cash	[REDACTED]	[REDACTED]
Cash at beginning of year	[REDACTED]	[REDACTED]
Cash at end of year	\$ [REDACTED]	[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 1—Nature of business

The Conneaut Telephone Company, d/b/a Greatwave Communications, commenced business in 1897 and operates in the northeast area of Ohio and provides regulated local telephone services to Conneaut, Ohio and the surrounding areas. The Company also provides nonregulated services. Nonregulated services include cellular, internet, cable television (HFC), and other deregulated services including phone rentals, phone sales, service charges, and ancillary services.

Cable Suite 541, Inc., a wholly-owned subsidiary of the Company, provides cable television services in the same area of the telephone company.

The Public Utilities Commission of Ohio (PUCO) regulates the rates charged by the Company for local telephone services provided to its exchanges. The PUCO does not have jurisdiction over the rates or operations of the Cable Suite 541, Inc.

Total consolidated operating revenues are comprised of the following amounts:

		2015		2014	
Local regulated telephone services	\$	██████████	██████████	██████████	██████████
HFC		██████████	██████████	██████████	██████████
Cellular		██████████	██████████	██████████	██████████
Deregulated		██████████	██████████	██████████	██████████
Internet		██████████	██████████	██████████	██████████
Cable Suite 541, Inc.		██████████	██████████	██████████	██████████
Total	\$	██████████	██████████	██████████	██████████

Note 2—Summary of significant accounting policies

Basis of accounting and reporting

The Company uses the accrual basis of accounting for financial statement purposes.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Conneaut Telephone Company and its wholly-owned subsidiary (collectively, the Company). Significant intercompany transactions and balances have been eliminated in consolidation.

Concentrations

The Company has a concentration of customers in one geographic area, specifically Conneaut, Ohio and the surrounding Ashtabula County communities.

The Company is operating under a collective bargaining agreement with the International Brotherhood of Electrical Workers, AFL-CIO, and its Local Union Number 673. It covers all outside plant and central office personnel, excluding supervisors, employed by the Company. Management and office clerical employees are also not covered by the Union. In August 2013, the Company signed a new three year contract that expires July 31, 2016.

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 2—Summary of significant accounting policies – continued

Concentrations-continued

The Company maintains cash balances in financial institutions located in Ohio. All accounts are insured up to [REDACTED] for 2015 and 2014. All accounts are fully insured as of December 31, 2015. The Company occasionally held bank deposit balances in excess of the insured limit throughout the year ended December 31, 2014

Cash and cash equivalents

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Materials and supplies

Materials and supplies are valued at lower of cost or market. Cost is determined by the average cost method on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are carried at cost in continuing mass asset accounts. Depreciation of the Conneaut Telephone Company plant is computed at composite rates on the average cost as prescribed by the PUCO. Depreciation is based on the estimated useful lives computer for financial reporting on the straight-line method. For each mass asset account, the average of the beginning and ending monthly balances is computed and the applicable depreciation rate is applied.

Depreciation of Cable Suite 541, Inc. property and equipment is computed by the straight-line method over estimated useful lives, which range from three to 14 years.

The Company's policy is to continue evaluating the remaining lives and recoverability of such assets. When assets are retired, or otherwise disposed of, the depreciation reserve is charged with the full cost or other basis of the asset, and credited with the salving value and/or proceeds.

Unamortized refinancing cost

The Company has capitalized the costs of refinancing its term loan with the [REDACTED]. [REDACTED] Loan origination costs are being amortized over the terms of the loan.

Federal income taxes

The Company and its subsidiary file a consolidated Federal income tax return. The Company's effective tax rate is higher than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes. These expenses consist of nondeductible lobbying expenses and meals and entertainment expenses. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The principal temporary differences are due to the use of different financial reporting and income tax methods for depreciation, as well as net operating loss carryforwards.

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 2—Summary of significant accounting policies – continued

Federal income taxes— continued

The Company has adopted Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 740-10-50-17 to account for uncertainty in income taxes. Management of the Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). The Company, and its subsidiary, files income tax returns in the United States of America Federal jurisdiction, the state of Ohio, and various local jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state and local tax examinations by tax authorities for years before 2012.

At December 31, 2015 and 2014, there are no unrecognized tax benefits that if recognized would affect the annual effective tax rate. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2015 and 2014, no interest or penalties were recognized.

Comprehensive income

The Company has adopted FASB ASC 220-10-55. In conformity with FASB ASC 220-10-55, the Company reports comprehensive income and its components. Comprehensive income refers to net income plus other comprehensive income, that is, certain revenues, expenses, gains, and losses that are reported as separate components of stockholder's equity rather than net income.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 could differ from those estimates.

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation of the current year consolidated financial statements. These reclassifications had no material effect on previously reported consolidated results of operations or retained earnings.

Subsequent events

Subsequent events have been evaluated through July 22, 2016, the date in which the consolidated financial statements were available to be issued. During 2016, the Company formed a subsidiary entity, GreatWave Broadband Services, LLC. The new entity will provide broadband and CLEC services.

Also in 2016, the Chief Executive Officer announced he will be resigning from his position. The Chief Operating Officer will be assuming the responsibilities of the Chief Executive Officer.

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 3—Accounts receivable

The Company recognizes all revenue earned through the end of the year, regardless of when customers are billed. Revenue earned but not billed was [REDACTED] and [REDACTED] as of December 31, 2015 and 2014, respectively.

Customer accounts receivable include all amounts due from the customers of the Company's local telephone exchange as well as HFC, cellular, deregulated and internet operations. Other accounts receivable include pooling settlements due from NECA and receivables from various organizations including [REDACTED]. The Company provides an allowance for doubtful accounts, based on historical rates for accounts deemed uncollectible. The allowance was [REDACTED] and [REDACTED] as of December 31, 2015 and 2014, respectively.

Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are past due in the amount of [REDACTED] per month if not paid by the end of the month.

Note 4—Unamortized refinancing cost

In accordance with generally accepted accounting principles in the United States of America, the Company has elected to amortize the loan refinancing costs related to the [REDACTED] loan that was awarded in 2012. The loan origination costs will be amortized over a period of 7 years to coincide with the maturity of the loan.

Amortization expense was [REDACTED] and [REDACTED] for 2015 and 2014, respectively. Estimated amortization expense related to loan origination costs is [REDACTED] for years 2015 through 2019.

Note 5—Property, plant and equipment

The costs of major classes of property, plant and equipment at the end of the year were:

	2015	2014
Conneaut Telephone Company		
Construction in process	\$ [REDACTED]	[REDACTED]
Land	[REDACTED]	[REDACTED]
Buildings	[REDACTED]	[REDACTED]
Digital electronic switching	[REDACTED]	[REDACTED]
Station apparatus	[REDACTED]	[REDACTED]
Poles, cables and wire	[REDACTED]	[REDACTED]
Other equipment	[REDACTED]	[REDACTED]
General purpose computers	[REDACTED]	[REDACTED]
Furniture and office equipment	[REDACTED]	[REDACTED]
Customer premise equipment	[REDACTED]	[REDACTED]
Non-Operating plant	[REDACTED]	[REDACTED]
Cable Suite 541, Inc.		
Total property, plant and equipment	\$ [REDACTED]	[REDACTED]

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 6—Investment in [REDACTED] certificate

The Company has a note payable to the [REDACTED]. The loan requires that [REDACTED] percent of the total loan be used to purchase a [REDACTED] which is amortized annually to maintain a [REDACTED]-to-outstanding loan balance. The [REDACTED] amortized amounts are paid in cash to the Company. The Company received [REDACTED] for the year 2015 in March 2016. This amount is included in other receivables in the financial statements. The Company received [REDACTED] for the year 2014.

Note 7—Pension plan

The Company has a defined benefit pension plan covering all of its employees. The benefits are based on years of service and the employee's final average monthly pay, which is the monthly average of an employee's earnings during the five consecutive years within the last ten years of employment, which produce the highest average. The Company's funding policy is to contribute annually an amount that, based on actuarial assumptions, is greater than the minimum required contribution, to meet the minimum funding standards of the Employee Retirement Income Security Act (ERISA), but less than the maximum amount that can be deducted for federal income tax purposes. However, the Company has temporarily frozen pension plan benefit accruals for newly hired and existing employees. The funds are invested in various (a) common stocks; (b) fixed income securities; and, (c) convertible securities.

The Company reports its pension liability under FASB ASC 715. The Funded Status is reported using the fair value of plan assets. The unrecognized transition obligation is added to the pension liability account as of December 31, 2004, with a charge to retained earnings, net of deferred tax. Furthermore, previously unrecognized actuarial gains and losses are recognized in a liability account in stockholders' equity called accumulated other comprehensive income (loss).

The following tables set forth the plan's funded status and amounts recognized in the Company's balance sheets at December 31, 2015 and 2014:

	2015	2014
Actuarial present value of obligations		
Accumulated benefit obligations, including vested benefits of [REDACTED] and [REDACTED], respectively	\$ [REDACTED]	\$ [REDACTED]
Projected benefit obligation for service rendered to date	\$ [REDACTED]	\$ [REDACTED]
Plan assets at fair value	[REDACTED]	[REDACTED]
Unfunded accrued pension cost	\$ [REDACTED]	\$ [REDACTED]

The segmented interest rates were used in determining the actuarial present value of the projected benefit obligation.

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 7—Pension plan—continued

An alternative amortization approach was used to amortize the unrecognized net obligation over the average remaining service period of employees expected to receive benefits under the plan.

	2015	2014
Projected benefit obligation: reconciliation		
Beginning balance	\$ [REDACTED]	[REDACTED]
Service cost	[REDACTED]	[REDACTED]
Interest cost	[REDACTED]	[REDACTED]
Actuarial gains	[REDACTED]	[REDACTED]
Benefits paid and expenses	[REDACTED]	[REDACTED]
Ending balance	[REDACTED]	[REDACTED]
Fair value of plan assets: reconciliation		
Beginning balance	[REDACTED]	[REDACTED]
Actual return on plan assets	[REDACTED]	[REDACTED]
Employer contributions	[REDACTED]	[REDACTED]
Benefits paid	[REDACTED]	[REDACTED]
Actuarial adjustment	[REDACTED]	[REDACTED]
Ending balance	[REDACTED]	[REDACTED]
Unfunded accrued pension cost	\$ [REDACTED]	[REDACTED]
Net pension cost included the following components		
Service cost	\$ [REDACTED]	[REDACTED]
Interest cost on projected benefit obligation	[REDACTED]	[REDACTED]
Actual return on plan assets	[REDACTED]	[REDACTED]
Net (gain) loss	[REDACTED]	[REDACTED]
Net periodic pension cost	\$ [REDACTED]	[REDACTED]

An analysis of accumulated other comprehensive income under FASB ASC 715 follows:

Net unrecognized actuarial gains and losses at 12/31/04	\$ [REDACTED]
Less: Deferred income tax	[REDACTED]
Reclassified as other comprehensive income 01/01/05	[REDACTED]
Net gains and (losses) from 2005 to 2013	[REDACTED]
Other comprehensive (gain) loss for 2014	[REDACTED]
Other comprehensive (gain) loss for 2015	[REDACTED]
Balance December 31, 2015	\$ [REDACTED]

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 8—Postretirement health care benefits

In addition to providing pension benefits, the Company provides certain health care benefits for retired employees, specifically the payment of health care insurance premiums. All of the Company's employees may become eligible for these benefits if they reach normal retirement age while working for the Company. For early retirees age 55 and over, the Company pays the Medicare supplement rate, with the retirees paying the balance. The plan is neither funded nor does it hold any assets. The premiums are paid from cash flows provided by operating activities. There are no non-benefit liabilities or significant matters affecting the comparability of information for the periods presented.

The Company reports under FASB ASC 715. The Funded Status is reported using the accumulated benefit obligation compared to the fair value of plan assets.

Effective August 1, 2008 the Company was able to reduce its monthly hospitalization premium to [REDACTED] per participant. Since 1993 the Postretirement Health Care Benefit Obligation (OPEB) liability had been calculated using a [REDACTED] monthly premium, plus an assumed [REDACTED] annual [REDACTED]. The actual rate of [REDACTED] is much [REDACTED] the 2008 and thereafter calculations of the OPEB liability. The current obligation calculation also assumes an annual [REDACTED] rather than [REDACTED].

The following tables set forth the plan's funded status and amounts recognized in the Company's balance sheets:

	2015	2014
Retirees	\$ [REDACTED]	[REDACTED]
Other active plan participants	[REDACTED]	[REDACTED]
Accumulated benefit obligation	<u>\$ [REDACTED]</u>	<u>[REDACTED]</u>
Accumulated benefit obligation	\$ [REDACTED]	[REDACTED]
Plan assets at fair market value	[REDACTED]	[REDACTED]
Unfunded accrued other postretirement benefits	<u>\$ [REDACTED]</u>	<u>[REDACTED]</u>

Net postretirement benefit costs include the following components:

	2015	2014
Service cost-benefits earned during the year	\$ [REDACTED]	[REDACTED]
Interest cost on accumulated benefit obligation	[REDACTED]	[REDACTED]
Net periodic postretirement benefit cost	<u>\$ [REDACTED]</u>	<u>[REDACTED]</u>
Accrued benefit cost at beginning of the year	\$ [REDACTED]	[REDACTED]
Net periodic postretirement benefit cost	[REDACTED]	[REDACTED]
Contributions	[REDACTED]	[REDACTED]
Adjustment for employee resignations	[REDACTED]	[REDACTED]
Unfunded accrued other postretirement benefits	<u>\$ [REDACTED]</u>	<u>[REDACTED]</u>

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 8—Postretirement health care benefits-continued

The weighted average discount rate used in determining the present value of the accumulated benefit obligation and the health care cost trend rate (current and prospective) were [REDACTED] and [REDACTED] percent for the years ended December 31, 2015 and 2014, respectively.

[REDACTED] the weighted average health care cost trend rate [REDACTED] would [REDACTED] both the accumulated postretirement benefit obligation as of December 31, 2015 and 2014 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the years then ended are as follows:

	2015	2014
If costs [REDACTED]		
Accumulated benefit obligation [REDACTED] by	\$ [REDACTED]	[REDACTED]
Postretirement benefit cost [REDACTED] by	\$ [REDACTED]	[REDACTED]

[REDACTED] the weighted average health care cost trend to [REDACTED] would [REDACTED] both categories as follows:

	2015	2014
If costs [REDACTED]		
Accumulated benefit obligation [REDACTED] by	\$ [REDACTED]	[REDACTED]
Postretirement benefit cost [REDACTED] by	\$ [REDACTED]	[REDACTED]

Note 9—Supplemental cash flow information

The following information supplements the consolidated statements of cash flows:

	2015	2014
Cash paid for interest	\$ [REDACTED]	[REDACTED]
Net cash paid for income taxes	\$ [REDACTED]	[REDACTED]

For the years ended December 31, 2015 and 2014, the Company purchased vehicles and equipment in non-cash transactions totaling [REDACTED], respectively.

Note 10—Income taxes

Income tax expense (benefit) consists of the following components:

	2015	2014
Current federal income taxes	\$ [REDACTED]	[REDACTED]
Deferred federal income taxes	[REDACTED]	[REDACTED]
Total income tax benefit	\$ [REDACTED]	[REDACTED]

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 10—Income taxes—continued

Significant components of the Company’s deferred tax assets and deferred tax liabilities are as follows:

	2015	2014
Deferred tax assets (liabilities):		
Property, plant and equipment, net	\$ [REDACTED]	[REDACTED]
OPEB	[REDACTED]	[REDACTED]
Pension costs	[REDACTED]	[REDACTED]
Unamortized lease	[REDACTED]	[REDACTED]
Net operating loss carryover	[REDACTED]	[REDACTED]
Total deferred tax assets (liabilities)	\$ [REDACTED]	[REDACTED]

At December 31, 2015, the Company has a net operating loss carryforward for income tax purposes of approximately [REDACTED] and will begin expiring in 2023.

Note 11—Operating leases

Beginning in 2013, the Company entered into operating leases to provide video transport of television channels for its cable television operation and to provide bandwidth service for its internet operation. Monthly payment amounts are [REDACTED]. These agreements were for 60 month term, expiring in 2018.

The Company also has an operating lease for land for its microwave tower payable to the township trustees. Monthly payment amounts are [REDACTED] through October 2019.

The Company leases multiple vehicles under one master operating lease with [REDACTED]. Monthly payment amounts are [REDACTED] as of December 31, 2015. The Company replaces vehicles as necessary under the master operating lease. As of December 31, 2015, the vehicle leases expire at various date through August 2019.

The Company has also entered into various Indefeasible Right of Use (IRU) operating lease agreements for use fiber capacity. These agreements range from 36 to 60 months terms. Monthly payment amounts for these leases are [REDACTED].

Total rent expense under these agreements was [REDACTED] in 2015 and 2014, respectively.

The future minimum commitments under the long-term lease agreements are as follows for the years ending December 31:

2016	\$	[REDACTED]
2017		[REDACTED]
2018		[REDACTED]
2019		[REDACTED]
2020		[REDACTED]
	\$	[REDACTED]

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 12—Common stock, preferred stock and treasury stock

The Company has [REDACTED] shares of common stock authorized with a stated value of [REDACTED] per share. As of December 31, 2015 and 2014, [REDACTED] shares of common stock are issued and outstanding. The Company also has [REDACTED] shares of preferred stock authorized with a par value of [REDACTED]. As of December 31, 2015 and 2014, [REDACTED] shares of preferred stock are issued and outstanding. There were [REDACTED] shares of common stock held in treasury stock as December 31, 2015 and 2014, respectively.

Note 13—

[REDACTED]

Note 14—Treasury stock reissuance

In October 2015, the Company transferred [REDACTED] shares of common treasury stock as a contribution to the Company's defined benefit pension plan. The total stock contribution to the pension amounted to [REDACTED].

In September 2014, the Company transferred [REDACTED] shares of common treasury stock as a contribution to the Company's defined benefit pension plan. The total stock contribution to the pension amounted to [REDACTED]. In addition, [REDACTED] shares, with a value of [REDACTED], were transferred to the pension plan in prior years and will [REDACTED] the pension contribution.

Note 15—Advertising costs

The Company has the policy of expensing nondirect-response advertising costs as incurred. Total advertising costs charged to expense in 2015 and 2014 were [REDACTED], respectively.

Note 16—Notes payable

The Company has a note payable to the [REDACTED] with an interest rate of [REDACTED] payable in quarterly installments of [REDACTED] with a maturity of March 2019. The outstanding loan balance as of December 31, 2015 and 2014 was [REDACTED], respectively. The note payable is collateralized by substantially all business assets of the Company and certain stock and related proceeds and all proceeds of the business assets. This note payable is subject to certain covenants. [REDACTED]

As of December 31, 2015, future annual maturities of the outstanding note payable are as follows:

2016	\$ [REDACTED]
2017	[REDACTED]
2018	[REDACTED]
2019	[REDACTED]
	\$ [REDACTED]

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED
December 31, 2015 and 2014

Note 17—Capital equipment leases

The Company has entered into agreements to lease various property and equipment under non-cancelable long-term contracts that are being accounted for as capital leases through March 2020. The property and equipment is being amortized over its estimated useful life and the related expense is included in depreciation expense. The capital lease obligations at December 31, 2015 and 2014 are [REDACTED] and [REDACTED], respectively.

The future minimum lease payments under the capital leases and the present value of the net minimum lease payments are as follows:

		\$	
2016			[REDACTED]
2017			[REDACTED]
2018			[REDACTED]
2019			[REDACTED]
2020			[REDACTED]
Total minimum lease payments			[REDACTED]
Less amounts representing interest and fees			[REDACTED]
Present value of minimum lease payments			[REDACTED]
Less current portion			[REDACTED]
Net long-term capital lease obligations		\$	[REDACTED]

Equipment held under capital leases as of December 31, 2015 and 2014 was:

	2015		2014	
Equipment	\$ [REDACTED]		\$ [REDACTED]	
Less accumulated depreciation	[REDACTED]		[REDACTED]	
Total	\$ [REDACTED]		\$ [REDACTED]	

Note 18 [REDACTED]

Note 19 [REDACTED]

REDACTED - FOR PUBLIC INSPECTION

CONSOLIDATING INFORMATION



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors
The Conneaut Telephone Company and Subsidiary
Conneaut, Ohio

We have audited the consolidated financial statements of The Conneaut Telephone Company and Subsidiary as of and for the year ended December 31, 2015, and have issued our report thereon, dated July 22, 2016, which contains an unmodified opinion on those consolidated financial statements. The consolidated financial statements as of and for the year ended December 31, 2014, were audited by other auditors whose report dated July 27, 2015 expressed an unmodified opinion on those statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to July 22, 2016.

The accompanying consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gilmore Jason Mahler, LTD

Findlay, Ohio
July 22, 2016

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING BALANCE SHEETS
 December 31, 2015 and 2014

	The Conneaut Telephone Company	Cable Suite 541, Inc.	Eliminations	December 31, 2015 Consolidated	December 31, 2014 Consolidated
Current assets					
Cash	\$				
Customer accounts receivable (net of allowance)					
Other accounts receivable					
Materials and supplies					
Other prepaid expenses					
Unamortized refinancing cost					
Total current assets					
Property, plant and equipment					
Construction in process					
Land					
Plant in service					
Non-operating plant					
Total property, plant and equipment					
Accumulated depreciation					
Net property, plant and equipment					
Other assets					
Investment in subsidiaries					
Intercompany receivables					
Investment in [REDACTED]					
Deferred income taxes					
Unamortized refinancing cost					
Total other assets					
Total assets	\$				

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING BALANCE SHEETS
 December 31, 2015 and 2014

	The Conneaut Telephone Company	Cable Suite 541, Inc.	Eliminations	December 31, 2015 Consolidated	December 31, 2014 Consolidated
Current liabilities					
Accounts payable	\$	\$	\$	\$	\$
Other accrued taxes					
Accrued pension contribution					
Accrued dividends on preferred stock					
Current portion of note payable					
Current portion of capital equipment leases					
Other accrued expenses					
Total current liabilities					
Other liabilities					
Intercompany payables					
Unfunded accrued pension cost					
Unfunded accrued other postretirement benefits					
Note payable					
Capital equipment leases					
Deferred income taxes					
Total other liabilities					
Total liabilities					
Stockholders' equity					
Common stock					
Treasury stock					
Preferred stock					
Additional paid in capital					
Accumulated other comprehensive income					
Retained earnings					
Total stockholders' equity					
Total liabilities and stockholders' equity	\$	\$	\$	\$	\$

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 For the Years Ended December 31, 2015 and 2014

	Regulated Telephone	Nonregulated divisions		
		HFC	Cellular	Deregulated
Operating revenues				
Local network services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Network access services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long distance network services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cellular revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Basic networking revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Rent revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Uncollectible revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating expenses				
Plant specific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other operating taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net operating income (loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

	Regulated Telephone	Nonregulated divisions		
		HFC	Cellular	Deregulated
Nonoperating income (expenses)				
Dividend and interest income	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Gain (loss) on disposal of equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other non-operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total nonoperating income (expenses)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income (loss) before income taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income tax (expense) benefit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net income (loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Other comprehensive income (loss), net of tax

Unrealized loss on pension plan	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net loss recognized in other comprehensive loss	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Comprehensive income (loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
 For the Years Ended December 31, 2015 and 2014

	The Conneaut Telephone Company	Cable Suite 541, Inc.	Eliminations	December 31, 2015 Consolidated	December 31, 2014 Consolidated
Retained earnings, beginning of year	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net loss	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Dividends	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Retained earnings, end of year	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2015 and 2014

	The Conneaut Telephone Company	Cable Suite 541, Inc.	Eliminations	December 31, 2015 Consolidated	December 31, 2014 Consolidated
Cash flows from operating activities					
Net loss	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Amortization of refinancing costs					
Provision for deferred income taxes					
Actuarial gain on pension plan					
(Gain) loss on disposal of equipment					
Adjusted net income (loss)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changes in operating assets and liabilities					
(Increase) decrease in:					
Customer accounts receivable	[REDACTED]			[REDACTED]	[REDACTED]
Other accounts receivable		[REDACTED]		[REDACTED]	[REDACTED]
Materials and supplies					
Other prepaid expenses					
Prepaid and refundable federal income taxes				[REDACTED]	[REDACTED]
Increase (decrease) in:					
Accounts payable		[REDACTED]		[REDACTED]	[REDACTED]
Other accrued taxes		[REDACTED]		[REDACTED]	[REDACTED]
Accrued pension contribution					
Accrued dividends on preferred stock					
Other accrued expenses					
Unfunded accrued pension cost					
Unfunded accrued other postretirement benefits					
Total changes in operating assets and liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash provided by (used in) operating activities	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

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

THE CONNEAUT TELEPHONE COMPANY AND SUBSIDIARY
 CONSOLIDATING STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2015 and 2014

	The Conneaut Telephone Company	Cable Suite 541, Inc.	Eliminations	December 31, 2015 Consolidated	December 31, 2014 Consolidated
Cash flows from investing activities					
Purchase of plant and equipment	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Proceeds from investment in [REDACTED] [REDACTED] certificate	[REDACTED]			[REDACTED]	[REDACTED]
Proceeds from sale of equipment	[REDACTED]			[REDACTED]	[REDACTED]
Net cash used in investing activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash provided by (used in) operating activities and investing activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cash flows from financing activities					
Payments on note payable	[REDACTED]			[REDACTED]	[REDACTED]
Payments on capital equipment leases	[REDACTED]			[REDACTED]	[REDACTED]
Repayments on line of credit	[REDACTED]			[REDACTED]	[REDACTED]
Dividends paid	[REDACTED]			[REDACTED]	[REDACTED]
Re-issuance of treasury stock	[REDACTED]			[REDACTED]	[REDACTED]
Paid-in-capital received	[REDACTED]			[REDACTED]	[REDACTED]
Intercompany financing	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
Net cash provided by (used in) financing activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net increase (decrease) in cash	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cash at beginning of year	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cash at end of year	\$ [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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