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**PEACE VALLEY TELEPHONE COMPANY, INC.**

**7101 State Route W  
P.O. Box 9  
Peace Valley, MO 65788**

**PH. (417) 277-5550 Fax (417) 277-5885 Email: pvtelco@pvtelephone.com**  
**Maurice Bosserman, President Clara Norsworthy, Office Manager**  
**Kelly Bosserman, Vice-Pres., Regulatory Affairs**

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**CONFIDENTIAL FINANCIAL INFORMATION—SUBJECT TO PROTECTIVE  
ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS.  
01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION**

October 17, 2013

Marlene H. Dortch, Commission's Secretary  
Office of the Secretary,  
Federal Communications Commission  
445 12th Street, SW, Suite TW-A325  
Washington, DC 20554

Re: Peace Valley Telephone Co., Inc./ SAC 421936  
WC Docket Numbers 10-90; 11-42  
481 Filing—and Line 3026 Attachment  
Confidential Financial Information Attachment

Dear Ms. Dortch:

Please find enclosed, a copy of Peace Valley Telephone's 481 Filing. The attachment for line 3026 is the redacted version for filing, as the confidential information should not be released to the public. Per the protective order, I have enclosed one copy of the Stamped Confidential Document. I filed the Redacted form electronically.

I will enclose two copies of the "redacted for public inspection" under a separate cover letter and will also mail two of the confidential versions to Charles Tyler at the Wireline Competition Bureau.

If you require anything further, please let me know.  
Thank you.

My Best Regards,

Kelly Michael Bosserman, ESQ





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**CONFIRMATION**

**Congratulations. Your filing has been successfully certified.**

Filing 2 was successfully certified on Wed Oct 09 13:20:20 EDT 2013 by kbosserman@hotmail.com .

SAC : 421936

SPIN : 143002361

Carrier Name : PEACE VALLEY TEL CO

Program Year : 2014

[Return to 481 Search](#)



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**CONFIRMATION**

**Congratulations. Your filing has been successfully certified.**

Filing 1 was successfully certified on Mon Oct 07 11:31:15 EDT 2013 by kbosserman@hotmail.com .

SAC : 421936

SPIN : 143002361

Carrier Name : PEACE VALLEY TEL CO

Program Year : 2014

[Return to 481 Search](#)

[Website & Privacy Policies](#)

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|   |  |
|---|--|
| <b>FCC Form 481 - Carrier Annual Reporting Data Collection Form</b> | FCC Form 481<br>OMB Control No. 3060-0986/OMB Control No. 3060-0819<br>July 2013 |
|---|--|

|   |                         |
|---|-------------------------|
| <b>&lt;010&gt; Study Area Code</b>  | 421936                  |
| <b>&lt;015&gt; Study Area Name</b>  | PEACE VALLEY TEL CO     |
| <b>&lt;020&gt; Program Year</b>   | 2014                    |
| <b>&lt;030&gt; Contact Name: Person USAC should contact with questions about this data</b>            | Kelly Michael Bosserman |
| <b>&lt;035&gt; Contact Telephone Number: Number of the person identified in data line &lt;030&gt;</b> | 417-277-5550            |
| <b>&lt;039&gt; Contact Email Address: Email of the person identified in data line &lt;030&gt;</b>     | kbosserman@hotmail.com  |

|  |                            |                            |
|--|----------------------------|----------------------------|
| <b>ANNUAL REPORTING FOR ALL CARRIERS</b> | <b>54.313</b>              | <b>54.422</b>              |
|  | <b>Completion Required</b> | <b>Completion Required</b> |

|                     |   |  | (check box when complete)           |                                     |
|---------------------|---|--|-------------------------------------|-------------------------------------|
| <b>&lt;100&gt;</b>  | Service Quality Improvement Reporting   | <i>(complete attached worksheet)</i>             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>&lt;200&gt;</b>  | Outage Reporting (voice)  | <i>(complete attached worksheet)</i>             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;210&gt;</b>  | <input checked="" type="checkbox"/> ← check box if no outages to report             |  |                                     |                                     |
| <b>&lt;300&gt;</b>  | Unfulfilled Service Requests (voice)  | <i>(attach descriptive document)</i>             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>&lt;310&gt;</b>  | Detail on Attempts (voice)  | <i>(attach descriptive document)</i>             |                                     |                                     |
| <b>&lt;320&gt;</b>  | Unfulfilled Service Requests (broadband)  | <i>(attach descriptive document)</i>             |                                     |                                     |
| <b>&lt;330&gt;</b>  | Detail on Attempts (broadband)  | <i>(attach descriptive document)</i>             |                                     |                                     |
| <b>&lt;400&gt;</b>  | Number of Complaints per 1,000 customers (voice)                                    |  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;410&gt;</b>  | Fixed   | 0.0  |                                     |                                     |
| <b>&lt;420&gt;</b>  | Mobile  | 0.0  |                                     |                                     |
| <b>&lt;430&gt;</b>  | Number of Complaints per 1,000 customers (broadband)                                |  |                                     |                                     |
| <b>&lt;440&gt;</b>  | Fixed   |  |                                     |                                     |
| <b>&lt;450&gt;</b>  | Mobile  |  |                                     |                                     |
| <b>&lt;500&gt;</b>  | Service Quality Standards & Consumer Protection Rules Compliance                    | <i>(check to indicate certification)</i>         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;510&gt;</b>  | <input type="text" value="421936mo510"/>  | <i>(attached descriptive document)</i>           | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;600&gt;</b>  | Functionality in Emergency Situations   | <i>(check to indicate certification)</i>         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;610&gt;</b>  | <input type="text" value="421936mo610"/>  | <i>(attached descriptive document)</i>           | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;700&gt;</b>  | Company Price Offerings (voice)   | <i>(complete attached worksheet)</i>             |                                     |                                     |
| <b>&lt;710&gt;</b>  | Company Price Offerings (broadband)   | <i>(complete attached worksheet)</i>             |                                     |                                     |
| <b>&lt;800&gt;</b>  | Operating Companies and Affiliates  | <i>(complete attached worksheet)</i>             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>&lt;900&gt;</b>  | Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/> | <i>(if yes, complete attached worksheet)</i>     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>&lt;1000&gt;</b> | Voice Services Rate Comparability   | <i>(check to indicate certification)</i>         |                                     |                                     |
| <b>&lt;1010&gt;</b> | <input type="text"/>  | <i>(attach descriptive document)</i>             |                                     |                                     |
| <b>&lt;1100&gt;</b> | Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>  | <i>(if not, check to indicate certification)</i> |                                     |                                     |
| <b>&lt;1110&gt;</b> |   | <i>(complete attached worksheet)</i>             |                                     |                                     |
| <b>&lt;1200&gt;</b> | Terms and Condition for Lifeline Customers  | <i>(complete attached worksheet)</i>             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

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

|                     |  |  |
|---------------------|--|--|
| <b>&lt;2000&gt;</b> |  | <i>(check to indicate certification)</i> |
| <b>&lt;2005&gt;</b> |  | <i>(complete attached worksheet)</i>     |

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

|                     |  |  |
|---------------------|--|--|
| <b>&lt;3000&gt;</b> |  | <i>(check to indicate certification)</i> |
| <b>&lt;3005&gt;</b> |  | <i>(complete attached worksheet)</i>     |

|   |  |
|---|--|
| <b>(100) Service Quality Improvement Reporting<br/>Data Collection Form</b> | FCC Form 481<br>OMB Control No. 3060-0986/OMB Control No. 3060-0819<br>July 2013 |
|---|--|

|       |   |   |
|-------|---|---|
| <010> | Study Area Code   | 421936  |
| <015> | Study Area Name   | PEACE VALLEY TEL CO   |
| <020> | Program Year  | 2014  |
| <030> | Contact Name - Person USAC should contact regarding this data   | Kelly Michael Bosserman   |
| <035> | Contact Telephone Number - Number of person identified in data line <030>                                 | 417-277-5550  |
| <039> | Contact Email Address - Email Address of person identified in data line <030>                             | kbosserman@hotmail.com  |
| <110> | Has your company received its ETC certification from the FCC?   | (yes / no) <input type="radio"/> <input checked="" type="radio"/> |
| <111> | 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 type="radio"/>            |

If your answer to Line <111> is yes, then you are required to 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.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

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

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|--|--|
| <b>(900) Tribal Lands Reporting<br/>Data Collection Form</b> | FCC Form 481<br>OMB Control No. 3060-0986/OMB Control No. 3060-0819<br>July 2013 |
|--|--|

|                    |   |                         |
|--------------------|---|-------------------------|
| <b>&lt;010&gt;</b> | Study Area Code   | 421936                  |
| <b>&lt;015&gt;</b> | Study Area Name   | PEACE VALLEY TEL CO     |
| <b>&lt;020&gt;</b> | Program Year  | 2014                    |
| <b>&lt;030&gt;</b> | Contact Name - Person USAC should contact regarding this data                 | Kelly Michael Bosserman |
| <b>&lt;035&gt;</b> | Contact Telephone Number - Number of person identified in data line <030>     | 417-277-5550            |
| <b>&lt;039&gt;</b> | Contact Email Address - Email Address of person identified in data line <030> | kbosserman@hotmail.com  |

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

**<920>** Tribal Government Engagement Obligation

\_\_\_\_\_  
 Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(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<br>(Yes, No,<br>NA) |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |
|                            |

**(1100) No Terrestrial Backhaul Reporting**

**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code 421936

<015> Study Area Name PEACE VALLEY TEL CO

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Kelly Michael Bosserman

<035> Contact Telephone Number - Number of person identified in data line <030> 417-277-5550

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

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

|       |   |                        |
|-------|---|------------------------|
| <010> | Study Area Code   | 421936                 |
| <015> | Study Area Name   | PEACE VALLEY TEL CO    |
| <020> | Program Year  | 2014                   |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Kelly Michael Boserman |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 417-277-5550           |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | kboserman@hccmail.com  |

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

421936m02210

Name of attached document (.pdf)

HTTP

<1220> Link to Public Website

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

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,

<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**  
**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

<010> Study Area Code 421936

<015> Study Area Name PEACE VALLEY TEL CO

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Kelly Michael Boeserman

<035> Contact Telephone Number - Number of person identified in data line <030> 417-277-5550

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

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

<2010> Incremental Connect America Phase I reporting  
2nd Year Certification (47 CFR § 54.313(b)(1))   
3rd Year Certification (47 CFR § 54.313(b)(2))

<2012> Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))  
2013 Frozen Support Certification   
2014 Frozen Support Certification   
2015 Frozen Support Certification   
2016 and future Frozen Support Certification

<2016> Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))  
Certification Support Used to Build Broadband

<2017> Connect America Phase II Reporting (47 CFR § 54.313(e))  
3rd year Broadband Service Certification   
5th year Broadband Service Certification   
Interim Progress Certification   
Please check the box to confirm that the attached PDF, on line 2021,  
contains the required information pursuant to § 54.313 (e)(3)(iii), as a recipient  
of CAF Phase II support shall provide the number, names, and addresses of  
community anchor institutions to which began providing access to broadband  
service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions  
Name of Attached Document Listing Required Information

**(3000) Rate Of Return Carrier Additional Documentation**  
 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<10> Study Area Code PEACE VALLEY TEL CO  
 <15> Study Area Name  
 <20> Program Year 2014  
 <25> Contact Name - Person USAC should contact regarding this data Kelly Michael Boereman  
 <30> Contact Telephone Number - Number of person identified in data line <30> 417-277-5550  
 <35> Contact Email Address - Email Address of person identified in data line <30> kbosserman@hotmail.com  
 <39>

CHECK the boxes below to note compliance on its 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.

(3010) Milestone Certification (47 CFR § 54.313(f)(1)(i))  
 Please check this box to confirm the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(i), as recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3011) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))  
 Is your company a Privately Held NOR Carrier (47 CFR § 54.313(f)(2)) (Yes/No)  (Yes/No)   
 If yes, does your company file the RUS annual report (3014) if the response is yes on line 3017, please check the boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:  
 Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)  
 PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3012) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation  
 (3017) If the response is no on line 3014, is your company audited? (Yes/No)   
 (3018) 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:  
 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,  
 Underlying information subjected to a review by an independent certified public accountant  
 Underlying information subjected to an officer certification.  
 (3024) Attach the worksheet listing required information  
 (3026) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(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, Underlying information subjected to a review by an independent certified public accountant  
 (3020) Management letter issued by the independent certified public accountant that performed the company's financial audit  
 (3021) 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:  
 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,  
 Underlying information subjected to a review by an independent certified public accountant  
 Underlying information subjected to an officer certification.  
 (3024) Attach the worksheet listing required information  
 (3026) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

**Certification of Officer as to the Accuracy of the Data Reported 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: PEACE VALLEY TEL CO

Signature of Authorized Officer: CERTIFIED ONLINE

Date

Printed name of Authorized Officer:

Title or position of Authorized Officer:

Telephone number of Authorized Officer:

Study Area Code of Reporting Carrier: 421936

Filing Due Date for this form: 10/15/2013

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<010> Study Area Code 421936

<015> Study Area Name PEACE VALLEY TEL CO

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Kelly Michael Bosserman

<035> Contact Telephone Number - Number of person identified in data line <030> 417-277-5550

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

**Certification - Reporting Carrier**

**Data Collection Form**

FCC Form 481

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

July 2013

**Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier**

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.

Name of Reporting Carrier: PEACB VALLEY TEL. CO  
 Name of Authorized Agent: PEACB VALLEY TEL. CO  
 Signature of Authorized Agent or Employee of Agent: CERTIFIED ONLINE  
 Date: \_\_\_\_\_  
 Printed name of Authorized Agent or Employee of Agent: \_\_\_\_\_  
 Title or position of Authorized Agent or Employee of Agent: \_\_\_\_\_  
 Telephone number of Authorized Agent or Employee of Agent: \_\_\_\_\_  
 Study Area Code of Reporting Carrier: 421936  
 Filing Due Date for this form: 10/15/2013

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. § 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

TO BE COMPLETED BY THE AUTHORIZED AGENT:

**Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier**

I certify that (Name of Agent) 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.

Name of Authorized Agent: \_\_\_\_\_  
 Name of Reporting Carrier: PEACB VALLEY TEL. CO  
 Signature of Authorized Officer: CERTIFIED ONLINE  
 Date: \_\_\_\_\_  
 Printed name of Authorized Officer: \_\_\_\_\_  
 Title or position of Authorized Officer: \_\_\_\_\_  
 Telephone number of Authorized Officer: \_\_\_\_\_  
 Study Area Code of Reporting Carrier: 421936  
 Filing Due Date for this form: 10/15/2013

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. § 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

<010> Study Area Code 421936  
 <015> Study Area Name PEACB VALLEY TEL. CO  
 <020> Program Year 2014  
 <030> Contact Name - Person USAC should contact regarding this data Kelly Michael Bosserman  
 <035> Contact Telephone Number - Number of person identified in data line <030> 417-277-5550  
 <039> Contact Email Address - Email Address of person identified in data line <030> kbosserman@hotmail.com

**Certification - Agent / Carrier**

Data Collection Form

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

## Attachments

Peace Valley Telephone Company (Peace Valley)

SAC 421936

Missouri

FCC Form 481 – Line 510

Peace Valley hereby certifies that it is complying with applicable service quality standards and consumer protection rules.

Description of Service Quality Standards and Consumer Protection Rules Compliance

1. Peace Valley complies with the consumer protection, quality of service standard, service objective level, customer inquiry and customer dispute provisions of the state of Missouri as promulgated in Missouri Code of State Regulations 4 CSR 240 Chapters 32 and 33, whereby among other things, call termination times are tested, trouble reports are monitored and number of complaints are tracked if applicable, (even though compliance with these regulations has been waived by the Missouri Public Service Commission). Peace Valley is committed to providing the highest quality service to its customers.
2. For the protection of consumer privacy, Peace Valley complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and Subpart Y, Truth in Billing Requirements for Common Carriers, and Federal Trade Commission Red Flag rules to prevent identity theft. A company manual for CPNI is in place, and employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

**Line 610--554.313(a)(6)-ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

**Ability to Function in Emergency Situations Annual Certification**

I am authorized to provide this certification on behalf of the Company. I hereby certify that the Company is capable of functioning in emergency situations. The Company has a reasonable amount of back-up power to ensure functionality without an external power source, including but not limited to battery power, generator power and back-up generator power; is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. However, Peace Valley Telephone has no fiber ring and only one fiber cable into the switch, therefore there can be no re-routing around any damage in this portion of the cable from our switch to where it connects with CenturyLink three miles away. It is cost prohibitive to plan otherwise. We have a disaster relief manual which outlines the procedures for contacting people and agencies and who is in charge of what responsibilities on behalf of our company.

Peace Valley Telephone Company (Peace Valley)

SAC 421936

Missouri

FCC Form 481 – Line 1210

Description of Lifeline Terms and Conditions

- 1) See below for Peace Valley's Customer Application for Lifeline customers.
- 2) See below for the applicable pages from Peace Valley's local tariff explaining the terms and conditions for Lifeline service.
- 3) All of Peace Valley's Lifeline customers receive unlimited local calling minutes.
- 4) Peace Valley provides toll calling equal access for all Lifeline customers to interexchange carriers (IXCs). The rates, terms and conditions of their toll carrier offerings are made by the IXCs, not by Peace Valley.

Peace Valley Telephone Company  
of Peace Valley, Missouri

P.S.C. MO. NO. 1  
7<sup>th</sup> Revised Sheet No. 4.1  
Cancels 6<sup>th</sup> Revised Sheet No. 4.1

LIFELINE SERVICE

A. General Regulations

1. Lifeline service is available to qualifying low-income subscribers for single-party residence service.

2. The monthly discount will be the maximum amount allowed by the Missouri Public Service Commission and the Federal Communications Commission; however, this discount will not exceed the sum of the federal subscriber line charge and the recurring charges for voice telephony service. The monthly discount will be the same for Lifeline customers solely subscribing to voice telephony service and for Lifeline customers subscribing to a bundle of services.

3. Lifeline will not be furnished on a Foreign Exchange service.

4. Lifeline service shall not be disconnected for non-payment of toll charges.

5. Toll blocking provides a means of restricting access to the Long Distance Message Telecommunications Network. Toll blocking for the purposes of lifeline service will restrict 1+, 0+ and 0- (operator handled) calls.

a. If the customer chooses "toll blocking" the company will not charge a service deposit.

b. Toll blocking is offered to Lifeline subscribers at no charge.

\*Indicates new rate or text  
+Indicates change

(D)  
(D)

(T)  
-----  
(D)

Issued: March 28, 2012

Maurice Bosserman

Effective: April 27, 2012

Peace Valley Telephone Co.  
Peace Valley, MO 65788

FILED

Missouri Public  
Service Commission  
JI-2012-0527

**Peace Valley Telephone Co., Inc.**

**Missouri Application for the Lifeline or Disabled Programs**

Consumers meeting certain eligibility criteria are able to receive monthly discounts for voice telephony service through the Lifeline program or the Disabled program. Lifeline service offers a monthly discount of \$12.75. The Disabled program offers a \$3.50 monthly discount. To apply complete this form and also submit proof of eligibility.

|  |   |
|--|---|
| <input type="checkbox"/> MO HealthNet (f/k/a Medicaid)                   | <input type="checkbox"/> Veteran Administration Disability Benefits |
| <input type="checkbox"/> Supplemental Nutrition Assistance (Food Stamps) | <input type="checkbox"/> State Blind Pension                        |
| <input type="checkbox"/> Supplemental Security Income                    | <input type="checkbox"/> State Aid to Blind Persons                 |
| <input type="checkbox"/> Low-Income Home Energy Assistance (LIHEAP)      | <input type="checkbox"/> State Supplemental Disability Assistance   |
| <input type="checkbox"/> Federal Public Housing Assistance (Section 8)   | <input type="checkbox"/> Federal Social Security Disability         |
| <input type="checkbox"/> National School Free Lunch Program              | <input type="checkbox"/> Federal Supplemental Security Income       |
| <input type="checkbox"/> Temporary Assistance for Needy Families (TANF)  | <input type="checkbox"/> Federal Supplemental Security Income       |
| <input type="checkbox"/> 135% of the Federal Poverty Level               |   |
| <i>(See next page for income threshold requirements)</i>                 |   |

|   |  |   |                                    |       |
|---|--|---|------------------------------------|-------|
| Applicant's Full Name:  |  | Birth Date:   | Social Security # (last 4 digits): | DCN:* |
| Name on Voice Service Account (if different from Applicant):                                      |  | Customer Contact Telephone Number:  |                                    |       |
| Customer's Full Residential Service Address (no P.O. Boxes):<br>Street:<br>City, Town, Zip:       |  | Is this address a temporary address? Yes / No<br>(If "yes" then must verify address every 90 days.) |                                    |       |
| Is this address also my billing address? Yes ___ No ___ (If "no" please provide billing address): |  |   |                                    |       |

\*This number is assigned to program participants of MO HealthNet, LIHEAP, Food Stamps and TANF.

- I understand the following obligations and provisions about the Lifeline and Disabled programs:
- The Lifeline and Disabled programs are government benefit programs and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
  - Only one Lifeline or Disabled service is available per household.
  - A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
  - A household is not permitted to receive Lifeline or Disabled benefits from multiple providers or combine Lifeline and Disabled program benefits.
  - Violation of the one-per-household limitation constitutes a violation of rules and will result in the subscriber's de-enrollment from the program.
  - Lifeline and the Disabled program are non-transferable benefits and the subscriber may not transfer his or her benefit to any other person.

**I CERTIFY UNDER PENALTY OF PERJURY EACH OF THE FOLLOWING:**

- I meet the eligibility criteria for the Lifeline program or the Disabled program.
  - I will provide notification to my voice service provider within 30 days if for any reasons I no longer satisfy the criteria for receiving Lifeline or Disabled benefits including, as relevant, if I no longer meet the income-based or program-based criteria for receiving Lifeline or Disabled support, I receive more than one Lifeline or Disabled benefit, or another member of my household is receiving a Lifeline or Disabled benefit.
  - If I move to a new address I will provide that new address to my voice service provider within 30 days.
  - If I have a temporary residential address then I will be required to verify my address with my voice service provider every 90 days.
  - My household will receive only one Lifeline or Disabled service and, to the best of my knowledge, my household is not already receiving a Lifeline or Disabled service.
  - I acknowledge the obligation to re-certify my continued eligibility for Lifeline or Disabled benefits at any time and failure to re-certify my continued eligibility will result in de-enrollment and the termination of Lifeline or Disabled benefits.
  - I consent to providing my name, telephone number and address to the Universal Service Administrative Company for the purpose of verifying I do not receive more than one Lifeline benefit. I also consent to sharing my account information with the Federal Communications Commission and Missouri Public Service Commission who oversee and administer the Lifeline or Disabled programs.
- I certify I have \_\_\_\_\_ individuals in my household.  
*(Initial and complete only if qualifying under income threshold.)*
- The information supplied on this form is true and correct.
- I acknowledge providing false or fraudulent information to receive Lifeline or Disabled benefits is punishable by law.

Signature of Customer \_\_\_\_\_

Date \_\_\_\_\_

Submit a completed signed form and proof of eligibility.

| Annual Income Threshold for Meeting 135% of Federal Poverty Level (Based on Household Size) | 1        | 2        | 3        | 4        | 5        | 6        | 7        | 8        | Each add'l person |
|---|----------|----------|----------|----------|----------|----------|----------|----------|-------------------|
|   | \$15,512 | \$20,939 | \$26,366 | \$31,793 | \$37,220 | \$42,647 | \$48,074 | \$53,501 | + \$5,427/person  |

Acceptable documentation for meeting the criteria of 135% of the federal poverty level includes: a copy of prior year's state or federal tax return; paycheck stub (three consecutive months); a statement of benefits for Social Security, Veterans Administration, retirement/pension or Unemployment/Workers Compensation; or other legal documents showing current income (e.g. divorce decree, child support award). Any documentation must cover a full year or three consecutive months within the previous twelve months.

Company Use Only

I hereby attest the applicant presented acceptable proof of eligibility.

Name of company official \_\_\_\_\_

Signature \_\_\_\_\_

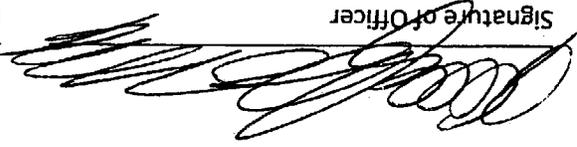
Date \_\_\_\_\_

Annual Reporting for High-Cost Recipients 47 C.F.R. §54.313(a)(2) through (a)(6) and (h) Peace Valley Telephone Company

**Line 3024—OFFICER CERTIFICATION/ MANAGEMENT STATEMENT REGARDING FINANCIAL DOCUMENTS**

I am authorized to provide this certification on behalf of the Company. I hereby certify that the 2012 financial statements were not audited in the ordinary course of business but were reviewed by a CPA and they are accurate. The CPA reviewed financial statements are attached for 2012. For 2011, the financial statements were audited and are also included in this attachment, along with the 2011 management letter.

Signature of Officer



Vice President

Printed Name of Officer

Kelly Bosserman

Title of Officer

Date

10/2/13

**PEACE VALLEY TELEPHONE COMPANY**  
PEACE VALLEY, MISSOURI

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND  
FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

**DEIDIKER Accounting & Consulting, LLC**  
*Certified Public Accountants*  
DEIDIKER ACCOUNTING BUILDING  
542 Bratton Avenue  
West Plains, MO 65775

PEACE VALLEY TELEPHONE COMPANY

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| 3   | Statement of Income                    |
| 4   | Statement of Cash Flows                |
| 5   | Statement of Stockholders' Equity      |
| 6-9 | Notes to the Financial Statements      |

*Page*

**DEIDIKER**

Accounting & Consulting, LLC  
Certified Public Accountants  
Deidiker Accounting Building  
542 Bratton Avenue  
West Plains, MO 65775  
417 255-1128  
Cell 417 293-4444

*Independent Accountant's Review Report*

We have reviewed the accompanying balance sheet of Peace Valley Telephone Company as of December 31, 2012, and the related statements of income, cash flows and stockholders' equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

*DEIDIKER, Accounting & Consulting, LLC*

**DEIDIKER, Accounting & Consulting, LLC**  
*Certified Public Accountants*  
May 20, 2013

PEACE VALLEY TELEPHONE COMPANY

Balance Sheet  
December 31, 2012

**ASSETS**  
Current Assets:  
Cash on Hand  
Accounts Receivable  
Accounts Receivable-Group D  
Temporary Investments  
Total Current Assets

Plant, Property, and Equipment:

Buildings and Land  
Motor Vehicles  
Office Equipment  
Digital Equipment  
Circuit Equipment  
Buried Cable  
Total Property, Plant, and Equipment

Accumulated Depreciation  
Total Property, Plant, and Equipment-Net Depreciation

Other Assets:  
Cash Bosserman Electric  
LifeLine  
Prepaid Taxes  
Mounst  
Total Other Assets

**TOTAL ASSETS**

**LIABILITIES & STOCKHOLDERS' EQUITY**

Current Liabilities  
State Payroll Tax  
Federal Sales Tax  
State Sales Tax  
Total Current Liabilities

Stockholder's Equity

Capital  
Retained Earnings  
Dividends

Total Stockholder's Equity

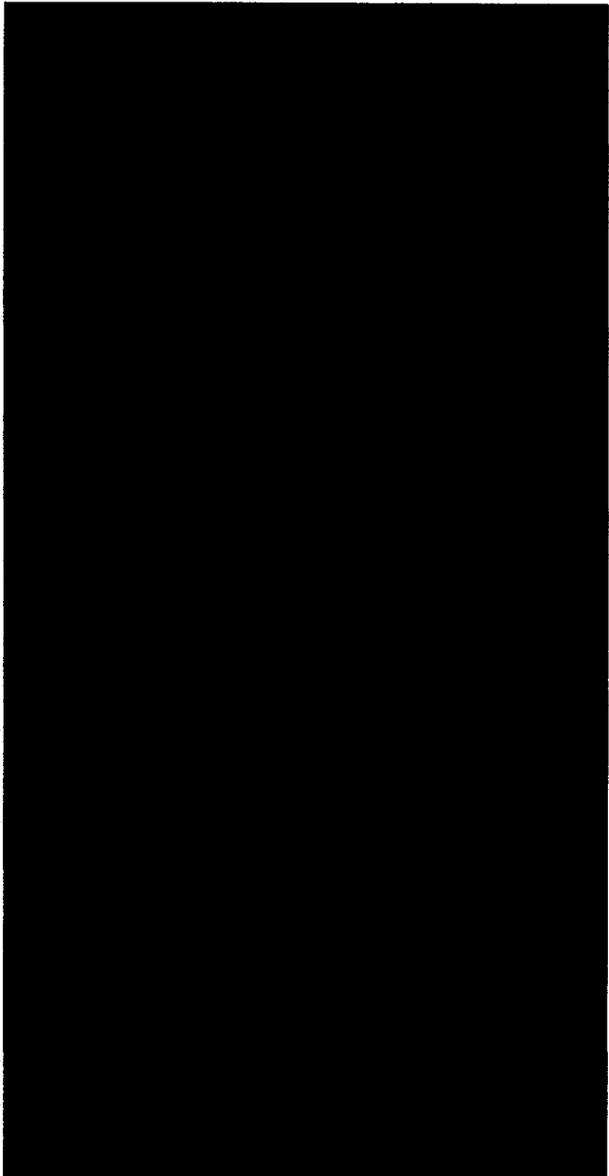
**TOTAL LIABILITIES AND STOCKHOLDER EQUITY**

The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

Statement of Income

Fiscal Year Ended December 31, 2012



**REVENUES:**

Total Network Access  
Internet Income  
Local Network Service  
DSL Regulated Income  
Custom Work Income  
Non-Regulated Income-other  
Interest Income  
Community Center Rent  
Special Billed Revenue  
Socket Rent  
Long Distance Network

**TOTAL REVENUES**

**EXPENSES:**

Cable and Wire Facilities  
General and Administration  
Central Office  
Internet Expense  
General Support  
Labor  
Taxes  
Special Charges  
Community Center Expense  
Uncollectibles

**TOTAL EXPENSES**

**NET INCOME FOR THE YEAR**

The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

Statement of Cash Flows  
Fiscal Year Ended December 31, 2012

*Cash Flows from Operating Activities*  
Cash Received from Customers  
Net Income

Cash Paid

State Payroll Tax  
Federal Sales Tax  
State Sales Tax

Net Cash Provided (Used) by Operating Activities

*Cash Flows from Investing Activities*

Bosserman Cash  
Temporary Investment  
Long Term Investments  
Accounts Receivable  
Accounts Receivable-Group D  
Lifetime  
Mouss  
Prepaid Taxes  
Office Equipment  
Circuit Equipment  
Buried Cable  
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

*Cash Flows from Financing Activities*  
Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash - Beginning of Year

Cash - End of Year

The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

Statement of Stockholders' Equity  
Fiscal Year Ended December 31, 2012



Balance, January 1, 2012  
Net Income (Loss)  
Dividends Paid  
Balance, December 31, 2012

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2012

The Peace Valley Telephone Company provides telephone and broadband internet service to the residents of Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in May 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2012. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

*Financial Interdependency*-The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

*Election of Management Authority* - The elected Board of Directors is exclusively responsible for all decisions and is accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

*Ability to Significantly Influence Operations* - The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, controls over assets, including facilities and properties, short term borrowing, signing contracts, and developing the services to be provided.

*Accounting of Fiscal Matters* - The responsibility and accountability over all funds is vested in the Board of Directors

B. Basis of Accounting

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the finance community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

*Regulated Accounts* Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

*Nonregulated Accounts* Presumptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The Company utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner's equity, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received or disbursed.

2. ACCOUNTS RECEIVABLE

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2012, the Company maintained accounts receivable totaling [REDACTED] net of bad debt.

3. INVESTMENTS

The Company invests in short term investments as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2012, short term investments totaled [REDACTED] and long term investments were [REDACTED].

4. PROPERTY, PLANT AND EQUIPMENT:

Depreciation of fixed assets used by the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-Line Method over the estimated useful life of the assets as follows:

| <u>Asset</u>       | <u>Useful Life</u> |
|--------------------|--------------------|
| Buildings and Land |                    |
| Motor Vehicles     |                    |
| Office Equipment   |                    |
| Digital Equipment  |                    |
| Circuit Equipment  |                    |
| Buried Cable       |                    |

Capital Assets activity for the year ended December 31, 2012, was as follows:

| <u>Asset</u>       | <u>Balance as of January 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of December 31, 2012</u> |
|--------------------|--------------------------------------|------------------|------------------|--|
| Buildings and Land |                                      |                  |                  |  |
| Motor Vehicles     |                                      |                  |                  |  |
| Office Equipment   |                                      |                  |                  |  |
| Digital Equipment  |                                      |                  |                  |  |
| Circuit Equipment  |                                      |                  |                  |  |
| Buried Cable       |                                      |                  |                  |  |
| Total              |                                      |                  |                  |  |

Capital Asset Depreciation for the year ended December 31, 2012, was as follows:

| Asset              | Balance as of January 1, 2012 | Additions | Deletions | Balance as of December 31, 2012 |
|--------------------|-------------------------------|-----------|-----------|---------------------------------|
| Buildings and Land |                               |           |           |                                 |
| Motor Vehicles     |                               |           |           |                                 |
| Office Equipment   |                               |           |           |                                 |
| Digital Equipment  |                               |           |           |                                 |
| Circuit Equipment  |                               |           |           |                                 |
| Buried Cable       |                               |           |           |                                 |
| Total              |                               |           |           |                                 |

5. OTHER ASSETS:

Other assets consist of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2012.

6. LONG ANS SHORT TRM DEBT:

At December 31, 2012, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT:

The Company is exposed to various risks of loss related to limited torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2012.

8. SUBSEQUENT EVENTS:

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be used.

REDACTED – FOR PUBLIC INSPECTION

**PEACE VALLEY TELEPHONE COMPANY**  
**PEACE VALLEY, MISSOURI**

**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2011**

**DEIDIKER Accounting & Consulting, LLC**  
*Certified Public Accountants*  
**FIRST & JEFFERSON BUILDING, SUITE 1**  
**203 First Street**  
**West Plains, MO 65775**

REDACTED – FOR PUBLIC INSPECTION

**PEACE VALLEY TELEPHONE COMPANY**  
Financial Statement Audit

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December 31, 2011

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| Income Statement and Retained Earnings  | 5           |
| Statement of Cash Flow  | 6           |
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REDACTED – FOR PUBLIC INSPECTION

**DEIDIKER**

Accounting & Consulting, LLC  
Certified Public Accountants  
First & Jefferson Building, Suite 1  
203 First Street  
West Plains, MO 65775  
417 255-1128  
Cell 417 293-4444

*Independent Auditor's Report*

To the Members of the Board of Directors  
Peace Valley Telephone Company

We have audited the accompanying basic financial statements of the Peace Valley Telephone Company as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Peace Valley Telephone Company's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Peace Valley Telephone Company as of December 31, 2011, and the results of its operations and its cash flows for the years then ended in the conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2012, on our consideration of the Peace Valley Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**DEIDIKER, Accounting & Consulting, LLC**

**DEIDIKER, Accounting & Consulting, LLC**  
*Certified Public Accountants*  
July 28, 2012

**PEACE VALLEY TELEPHONE COMPANY**

Balance Sheet  
December 31, 2011

**ASSETS**

Current Assets:

Cash on Hand  
Accounts Receivable  
Accounts Receivable-Group D  
Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land  
Motor Vehicles  
Office Equipment  
Digital Equipment  
Circuit Equipment  
Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric  
Lifeline  
Mousf

Total Other Assets

**TOTAL ASSETS**

**LIABILITIES & STOCKHOLDER'S EQUITY**

Current Liabilities

State Payroll Tax  
Federal Sales Tax  
State Sales Tax

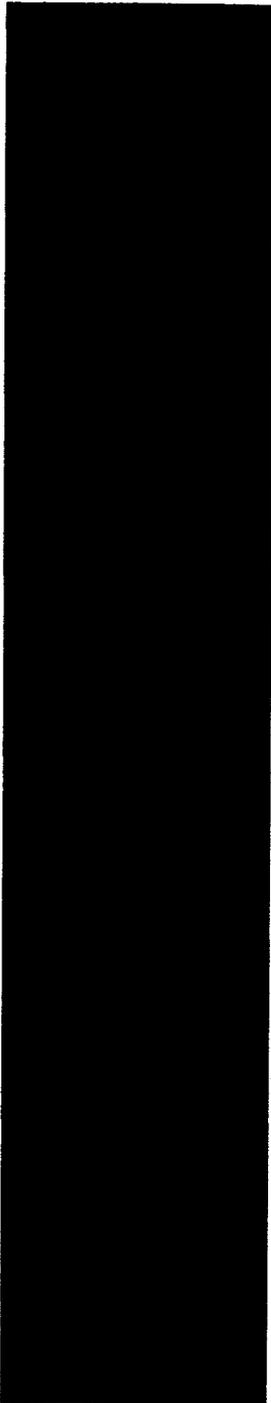
Total Current Liabilities

Stockholder's Equity

Capital  
Additional Paid-in Capital  
Retained Earnings  
Dividends

Total Stockholder's Equity

**TOTAL LIABILITIES AND STOCKHOLDER'EQUITY**



**PEACE VALLEY TELEPHONE COMPANY**

Income Statement and Retained Earnings

Fiscal Year Ended December 31, 2011

**REVENUES:**

Total Network Access  
Internet Income  
Local Network Service  
DSL Regulated Income  
Custom Work Income  
Non-Regulated Income-other  
Interest Income  
Community Center Rent  
Special Billed Revenue  
Socket Rent  
Long Distance Network  
Uncollectibles

**TOTAL REVENUES**

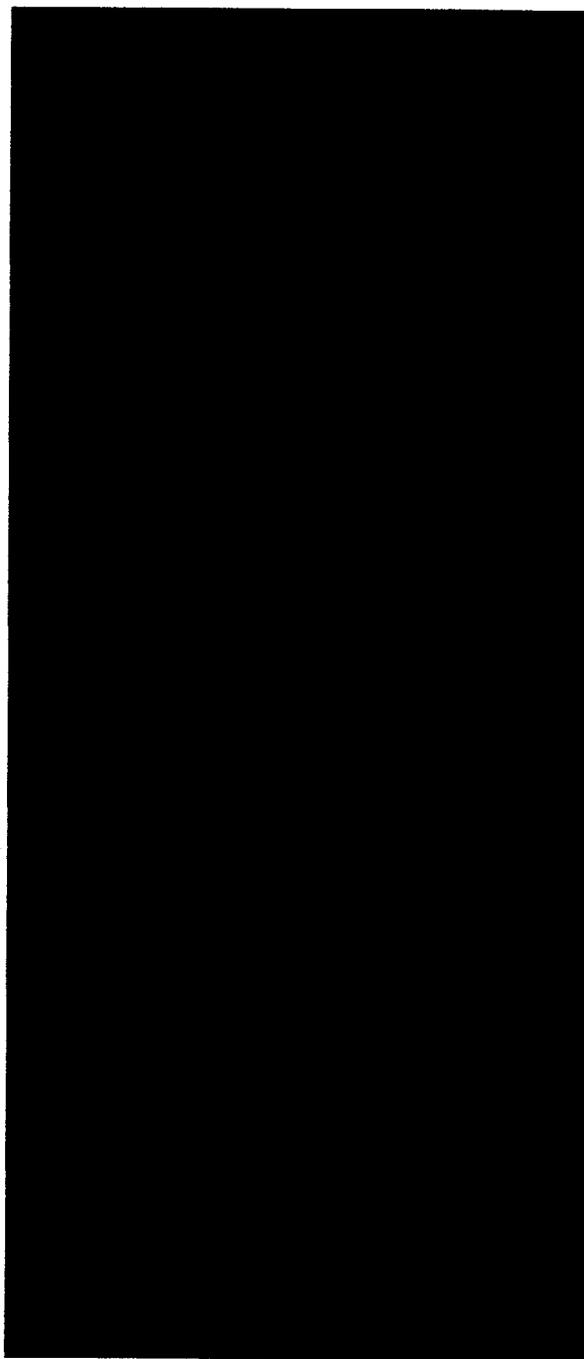
**EXPENSES:**

Cable and Wire Facilities  
General and Administration  
Central Office  
Internet Expense  
General Support  
Labor  
Taxes  
Special Charges  
Community Center Expense  
Uncollectibles

**TOTAL EXPENSES**

**NET INCOME FOR THE YEAR**

Retained Earnings at the Beginning of the Year  
Dividends Paid  
Retained Earnings at the End of the Year



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**PEACE VALLEY TELEPHONE COMPANY**

Statement of Cash Flows  
Year Ended December 31, 2011

*Cash Flows from Operating Activities*

Cash Received from Customers  
Net Income

Cash Paid

State Payroll Tax  
Federal Sales Tax  
State Sales Tax  
Net Cash Provided (Used) by Operating Activities

*Cash Flows from Investing Activities*

Temporary Investment  
Accounts Receivable  
Accounts Receivable- Group D  
Lifeline  
Mousf  
Prepaid Taxes  
Office Equipment  
Circuit Equipment  
Buried Cable  
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

*Cash Flows from Financing Activities*

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

**Cash- End of Year**

**PEACE VALLEY TELEPHONE COMPANY**

# REDACTED – FOR PUBLIC INSPECTION

## NOTES TO FINANACIAL STATEMENT DECEMBER 31, 2011

The Peace Valley Telephone Company provides telephone and broadband internet services to the Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in **MAY 1960**, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2011. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

*Financial Interdependency* – The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

*Election of Management Authority* – The elected Board of Directors is exclusively responsible for all decisions and accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

*Ability to Significantly Influence Operations* – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over assets, including facilities and properties, short-term borrowing, signing contracts, and developing the services to be provided.

*Accountability of Fiscal Matters* – The responsibility and accountability over all funds is vested in the Board of Directors.

#### B. Basis of Accounts

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the financial community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and

## REDACTED – FOR PUBLIC INSPECTION

continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

*Regulated Accounts* – Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

*Nonregulated Accounts* – Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The Company utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner’s equity, financial position, and cash flow. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received.

### 2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2011, the company maintained accounts receivable totaling [REDACTED] net of bad debt.

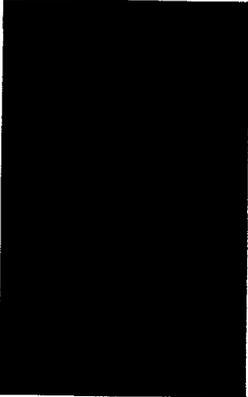
### 3. INVESTMENTS:

The Company invests in short term investment as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2011 short term investments totaled [REDACTED] and long term investments were [REDACTED]

### 4. PROPERTY, PLANT, AND EQUIPMENT:

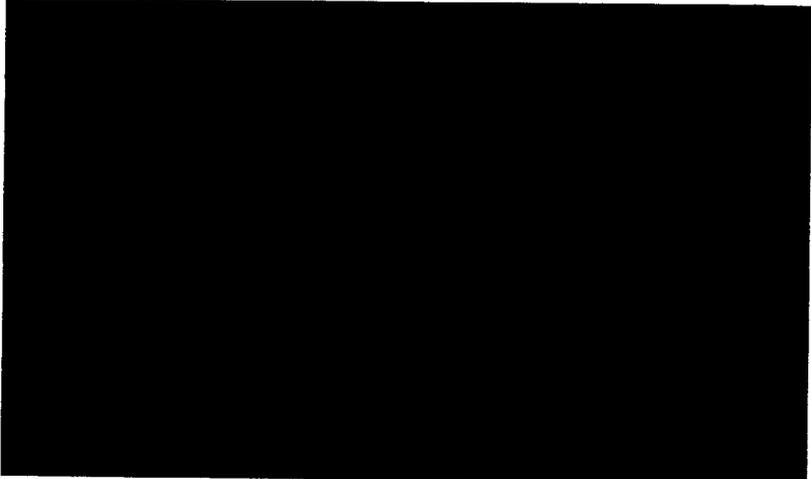
REDACTED – FOR PUBLIC INSPECTION

Depreciation of fixed assets used the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-line method over the estimated useful life of the assets as follows:

| <u>Asset</u>       | <u>Useful Life</u>  |
|--------------------|---|
| Buildings and Land |  |
| Motor Vehicles     |   |
| Office Equipment   |   |
| Digital Equipment  |   |
| Circuit Equipment  |   |
| Buried Cable       |   |

Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets

| <u>Asset</u>       | <u>Balance as of</u><br><u>January 2, 2011</u>                                       | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of</u><br><u>December 31, 2011</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

Capital Asset Depreciation

REDACTED – FOR PUBLIC INSPECTION

| <u>Asset</u>       | <u>Balance as of<br/>January 2, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of<br/>December 31, 2011</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

5. OTHER ASSETS

Other assets consists of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2011.

6. LONG AND SHORT TERM DEBT

At December 31, 2011, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT

The Company is exposed to various risks of loss related to limited torts, theft of damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2011.

Annual Reporting for High-Cost Recipients 47 C.F.R. §54.313(a)(2) through (a)(6) and  
(h) Peace Valley Telephone Company

**Line 3024—OFFICER CERTIFICATION/ MANAGEMENT STATEMENT REGARDING FINANCIAL DOCUMENTS**

I am authorized to provide this certification on behalf of the Company. I hereby certify that the 2012 financial statements were not audited in the ordinary course of business but were reviewed by a CPA and they are accurate. The CPA reviewed financial statements are attached for 2012. For 2011, the financial statements were audited and are also included in this attachment, along with the 2011 management letter.



Signature of Officer  
Vice President

Kelly Bosserman

Printed Name of Officer

10/2/13

Title of Officer

Date

REDACTED – FOR PUBLIC INSPECTION

**PEACE VALLEY TELEPHONE COMPANY**  
PEACE VALLEY, MISSOURI

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND  
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2012**

**DEIDIKER Accounting & Consulting, LLC**  
*Certified Public Accountants*  
DEIDIKER ACCOUNTNG BUILDING  
542 Bratton Avenue  
West Plains, MO 65775

PEACE VALLEY TELEPHONE COMPANY

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REDACTED – FOR PUBLIC INSPECTION

**DEIDIKER**

Accounting & Consulting, LLC  
Certified Public Accountants  
Deidiker Accounting Building  
542 Bratton Avenue  
West Plains, MO 65775  
417 255-1128  
Cell 417 293-4444

*Independent Accountant's Review Report*

We have reviewed the accompanying balance sheet of Peace Valley Telephone Company as of December 31, 2012, and the related statements of income, cash flows and stockholders' equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

*DEIDIKER, Accounting & Consulting, LLC*

**DEIDIKER**, Accounting & Consulting, LLC  
Certified Public Accountants  
May 20, 2013

**PEACE VALLEY TELEPHONE COMPANY**

Balance Sheet  
December 31, 2012

**ASSETS**

Current Assets:

- Cash on Hand
- Accounts Receivable
- Accounts Receivable-Group D
- Temporary Investments

Total Current Assets

Plant, Property, and Equipment:

- Buildings and Land
- Motor Vehicles
- Office Equipment
- Digital Equipment
- Circuit Equipment
- Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

- Cash Bosserman Electric
- Lifeline
- Prepaid Taxes
- Mousf

Total Other Assets

**TOTAL ASSETS**

**LIABILITIES & STOCKHOLDER'S EQUITY**

Current Liabilities

- State Payroll Tax
- Federal Sales Tax
- State Sales Tax

Total Current Liabilities

Stockholder's Equity

- Capital
- Retained Earnings
- Dividends

Total Stockholder's Equity

**TOTAL LIABILITIES AND STOCKHOLDER EQUITY**

The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

Statement of Income

Fiscal Year Ended December 31, 2012

**REVENUES:**

- Total Network Access
- Internet Income
- Local Network Service
- DSL Regulated Income
- Custom Work Income
- Non-Regulated Income-other
- Interest Income
- Community Center Rent
- Special Billed Revenue
- Socket Rent
- Long Distance Network

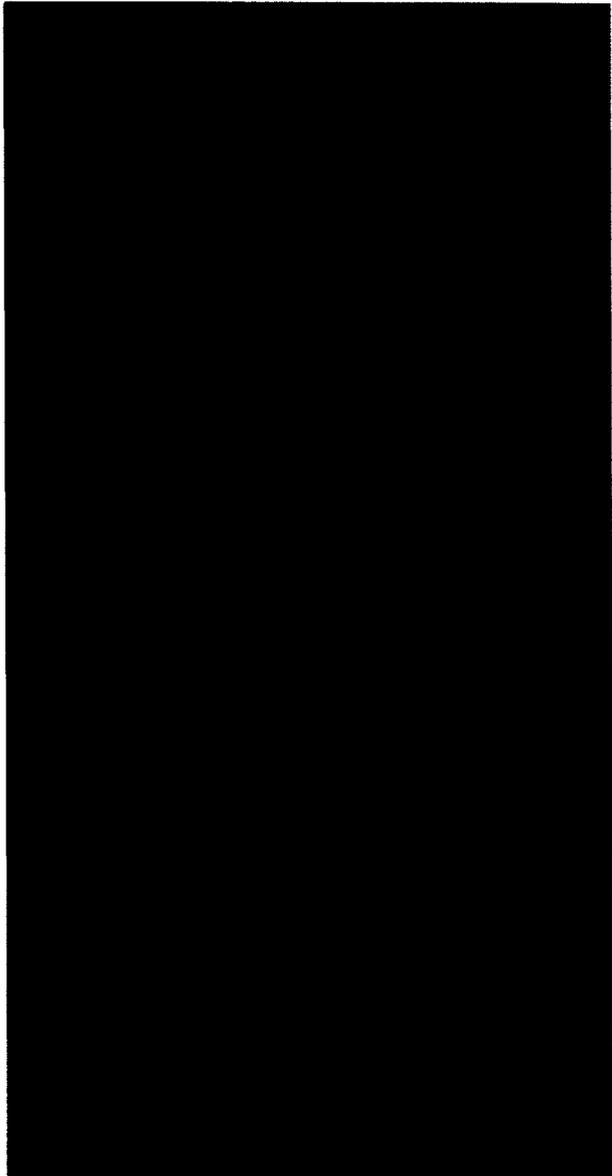
**TOTAL REVENUES**

**EXPENSES:**

- Cable and Wire Facilities
- General and Administration
- Central Office
- Internet Expense
- General Support
- Labor
- Taxes
- Special Charges
- Community Center Expense
- Uncollectibles

**TOTAL EXPENSES**

**NET INCOME FOR THE YEAR**



The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

Statement of Cash Flows

Fiscal Year Ended December 31, 2012

*Cash Flows from Operating Activities*

Cash Received from Customers  
Net Income

Cash Paid

State Payroll Tax  
Federal Sales Tax  
State Sales Tax

Net Cash Provided (Used) by Operating Activities

*Cash Flows from Investing Activities*

Bosserman Cash  
Temporary Investment  
Long Term Investments  
Accounts Receivable  
Accounts Receivable- Group D  
Lifeline  
Mousf  
Prepaid Taxes  
Office Equipment  
Circuit Equipment  
Buried Cable  
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

*Cash Flows from Financing Activities*

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

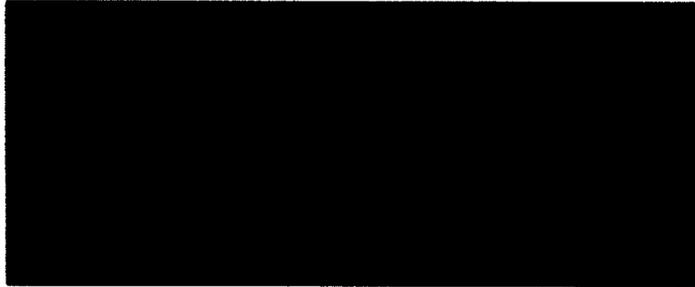
**Cash- Beginning of Year**

**Cash- End of Year**

The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**  
Statement of Stockholders' Equity  
Fiscal Year Ended December 31, 2012

Balance, January 1, 2012  
Net Income (Loss)  
Dividends Paid  
  
Balance, December 31, 2012



The accompanying notes are an integral part of this financial statement

**PEACE VALLEY TELEPHONE COMPANY**

NOTES TO FINANACIAL STATEMENT  
DECEMBER 31, 2012

The Peace Valley Telephone Company provides telephone and broadband internet service to the residents of Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in May 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2012. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

*Financial Interdependency*- The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

*Election of Management Authority* – The elected Board of Directors is exclusively responsible for all decisions and is accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

*Ability to Significantly Influence Operations* – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, controls over assets, including facilities and properties, short term borrowing, signing contracts, and developing the services to be provided.

*Accounting of Fiscal Matters* – The responsibility and accountability over all funds is vested in the Board of Directors

B. Basis of Accounting

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the finance community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

*Regulated Accounts* Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

*Nonregulated Accounts* Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

#### C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The Company utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner's equity, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received or disbursed.

#### 2. ACCOUNTS RECEIVABLE:

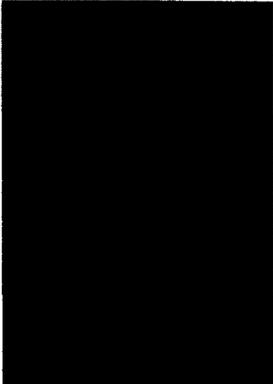
Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2012, the Company maintained accounts receivable totaling [REDACTED] net of bad debt.

#### 3. INVESTMENTS:

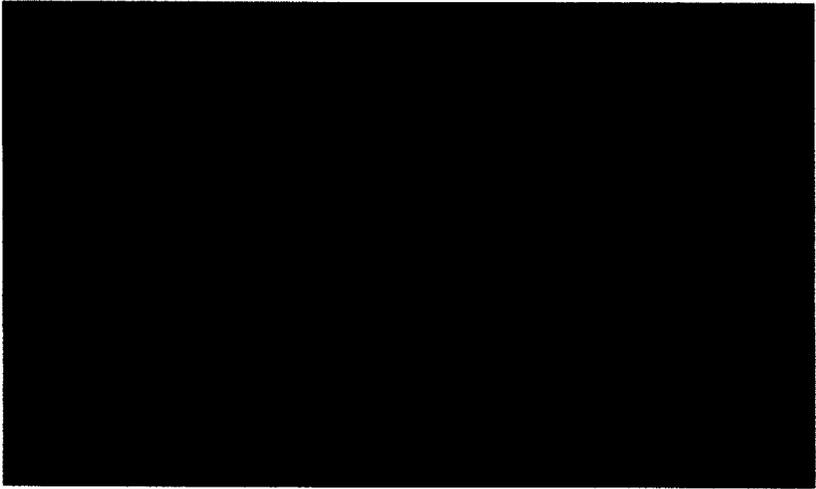
The Company invests in short term investments as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2012, short term investments totaled [REDACTED] and long term investments were [REDACTED]

4. PROPERTY, PLANT AND EQUIPMENT:

Depreciation of fixed assets used by the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-Line Method over the estimated useful life of the assets as follows:

| <u>Asset</u>       | <u>Useful Life</u>  |
|--------------------|---|
| Buildings and Land |  |
| Motor Vehicles     |   |
| Office Equipment   |   |
| Digital Equipment  |   |
| Circuit Equipment  |   |
| Buried Cable       |   |

Capital Assets activity for the year ended December 31, 2012, was as follows:

| <u>Asset</u>       | <u>Balance as of</u><br><u>January 1, 2012</u>                                       | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of</u><br><u>December 31, 2012</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

REDACTED – FOR PUBLIC INSPECTION

Capital Asset Depreciation for the year ended December 31, 2012, was as follows:

| <u>Asset</u>       | <u>Balance as of</u><br><u>January 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of</u><br><u>December 31, 2012</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

5. OTHER ASSETS:

Other assets consist of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2012.

6. LONG AND SHORT TERM DEBT:

At December 31, 2012, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT:

The Company is exposed to various risks of loss related to limited torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2012.

8. SUBSEQUENT EVENTS:

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be used.

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**PEACE VALLEY TELEPHONE COMPANY**  
**PEACE VALLEY, MISSOURI**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2011**

**DEIDIKER Accounting & Consulting, LLC**  
*Certified Public Accountants*  
**FIRST & JEFFERSON BUILDING, SUITE 1**  
**203 First Street**  
**West Plains, MO 65775**

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**PEACE VALLEY TELEPHONE COMPANY**  
Financial Statement Audit

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REDACTED – FOR PUBLIC INSPECTION

**DEIDIKER**

Accounting & Consulting, LLC  
Certified Public Accountants  
First & Jefferson Building, Suite 1  
203 First Street  
West Plains, MO 65775  
417 255-1128  
Cell 417 293-4444

*Independent Auditor's Report*

To the Members of the Board of Directors  
Peace Valley Telephone Company

We have audited the accompanying basic financial statements of the Peace Valley Telephone Company as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Peace Valley Telephone Company's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Peace Valley Telephone Company as of December 31, 2011, and the results of its operations and its cash flows for the years then ended in the conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2012, on our consideration of the Peace Valley Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**DEIDIKER, Accounting & Consulting, LLC**

DEIDIKER, Accounting & Consulting, LLC  
Certified Public Accountants  
July 28, 2012

**PEACE VALLEY TELEPHONE COMPANY**

Balance Sheet  
December 31, 2011

**ASSETS**

Current Assets:

- Cash on Hand
- Accounts Receivable
- Accounts Receivable-Group D
- Investments

Total Current Assets

Plant, Property, and Equipment:

- Buildings and Land
- Motor Vehicles
- Office Equipment
- Digital Equipment
- Circuit Equipment
- Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

- Cash Bosserman Electric
- Lifeline
- Mousf

Total Other Assets

**TOTAL ASSETS**

**LIABILITIES & STOCKHOLDER'S EQUITY**

Current Liabilities

- State Payroll Tax
- Federal Sales Tax
- State Sales Tax

Total Current Liabilities

Stockholder's Equity

- Capital
- Additional Paid-in Capital
- Retained Earnings
- Dividends

Total Stockholder's Equity

**TOTAL LIABILITIES AND STOCKHOLDER'EQUITY**



**PEACE VALLEY TELEPHONE COMPANY**

Income Statement and Retained Earnings

Fiscal Year Ended December 31, 2011

**REVENUES:**

Total Network Access  
Internet Income  
Local Network Service  
DSL Regulated Income  
Custom Work Income  
Non-Regulated Income-other  
Interest Income  
Community Center Rent  
Special Billed Revenue  
Socket Rent  
Long Distance Network  
Uncollectibles

**TOTAL REVENUES**

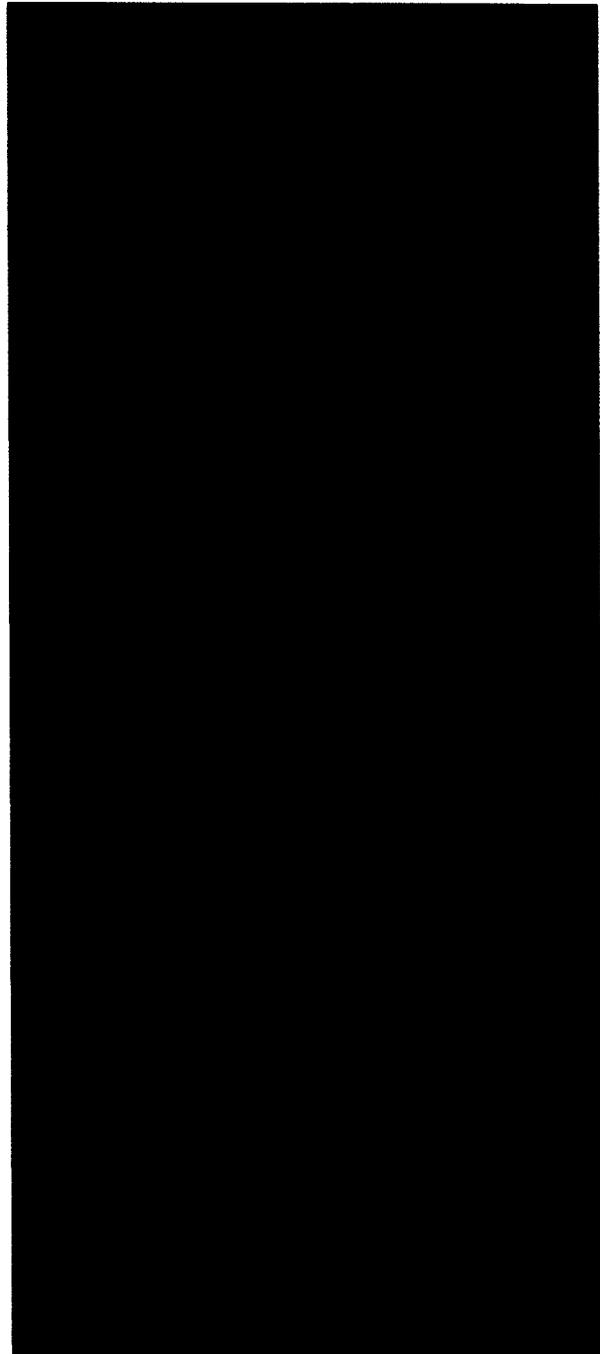
**EXPENSES:**

Cable and Wire Facilities  
General and Administration  
Central Office  
Internet Expense  
General Support  
Labor  
Taxes  
Special Charges  
Community Center Expense  
Uncollectibles

**TOTAL EXPENSES**

**NET INCOME FOR THE YEAR**

Retained Earnings at the Beginning of the Year  
Dividends Paid  
Retained Earnings at the End of the Year



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**PEACE VALLEY TELEPHONE COMPANY**

Statement of Cash Flows  
Year Ended December 31, 2011

*Cash Flows from Operating Activities*

Cash Received from Customers  
Net Income

Cash Paid

State Payroll Tax  
Federal Sales Tax  
State Sales Tax

Net Cash Provided (Used) by Operating Activities

*Cash Flows from Investing Activities*

Temporary Investment  
Accounts Receivable  
Accounts Receivable- Group D  
Lifeline  
Mousf  
Prepaid Taxes  
Office Equipment  
Circuit Equipment  
Buried Cable  
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

*Cash Flows from Financing Activities*

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

**Cash- End of Year**

**PEACE VALLEY TELEPHONE COMPANY**

# REDACTED – FOR PUBLIC INSPECTION

## NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2011

The Peace Valley Telephone Company provides telephone and broadband internet services to the Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in **MAY 1960**, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2011. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

*Financial Interdependency* – The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

*Election of Management Authority* – The elected Board of Directors is exclusively responsible for all decisions and accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

*Ability to Significantly Influence Operations* – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over assets, including facilities and properties, short-term borrowing, signing contracts, and developing the services to be provided.

*Accountability of Fiscal Matters* – The responsibility and accountability over all funds is vested in the Board of Directors.

#### B. Basis of Accounts

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the financial community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and

## REDACTED – FOR PUBLIC INSPECTION

continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

*Regulated Accounts* – Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

*Nonregulated Accounts* – Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The Company utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner’s equity, financial position, and cash flow. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received.

### 2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2011, the company maintained accounts receivable totaling [REDACTED] net of bad debt.

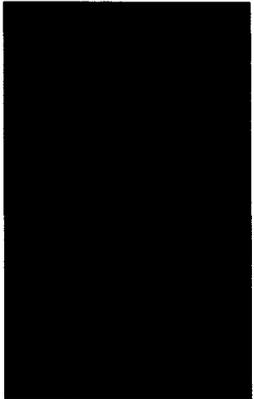
### 3. INVESTMENTS:

The Company invests in short term investment as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2011 short term investments totaled [REDACTED] and long term investments were [REDACTED]

### 4. PROPERTY, PLANT, AND EQUIPMENT:

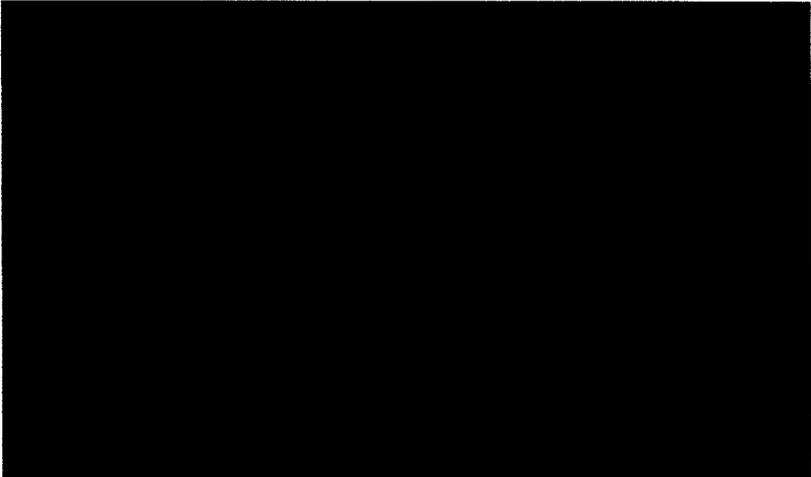
REDACTED – FOR PUBLIC INSPECTION

Depreciation of fixed assets used the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-line method over the estimated useful life of the assets as follows:

| <u>Asset</u>       | <u>Useful Life</u>  |
|--------------------|---|
| Buildings and Land |  |
| Motor Vehicles     |   |
| Office Equipment   |   |
| Digital Equipment  |   |
| Circuit Equipment  |   |
| Buried Cable       |   |

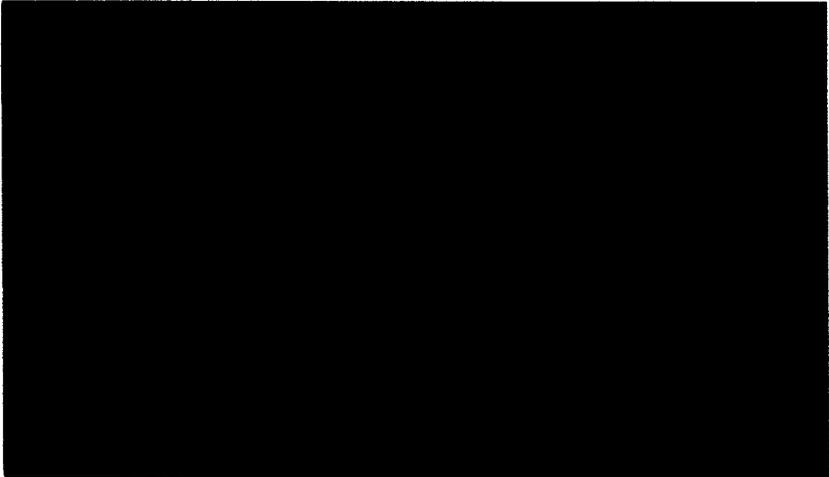
Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets

| <u>Asset</u>       | <u>Balance as of<br/>January 2, 2011</u>   | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of<br/>December 31, 2011</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

Capital Asset Depreciation

REDACTED – FOR PUBLIC INSPECTION

| <u>Asset</u>       | <u>Balance as of<br/>January 2, 2011</u>   | <u>Additions</u> | <u>Deletions</u> | <u>Balance as of<br/>December 31, 2011</u> |
|--------------------|--|------------------|------------------|--|
| Buildings and Land |  |                  |                  |  |
| Motor Vehicles     |  |                  |                  |  |
| Office Equipment   |  |                  |                  |  |
| Digital Equipment  |  |                  |                  |  |
| Circuit Equipment  |  |                  |                  |  |
| Buried Cable       |  |                  |                  |  |
| Total              |  |                  |                  |  |

5. OTHER ASSETS

Other assets consists of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2011.

6. LONG AND SHORT TERM DEBT

At December 31, 2011, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT

The Company is exposed to various risks of loss related to limited torts, theft of damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2011.