

Citizens Telephone Cooperative

Balance Sheet
December 2009

ASSETS

Current Assets

Cash And Equivalents	1,115,138.03
Cash-Restricted Grand Funds	402,936.33
Telecommunication Accts Receivable	269,012.32
Other Accounts Receivable - Affiliates	(58.24)
Other Accounts Receivable - Subsidiaries	4,897,537.70
Other Accounts Receivable - Non Affiliates	(245,274.36)
Notes Receivable	24,000.00
Material - Regulated	142,301.37
Material - Non Regulated	43,661.36
Prepayments	(7,891.16)
Total Current Assets	6,641,363.35

Non-Current Assets

Investments in Affi-Not Rural Development	(5,475,874.25)
Other Investments Not Rural Development	6,983.83
Non Regulated Investments	73,466.13
Total Non-Current Assets	(5,395,424.29)

Property, Plant, and Equipment

Telecommunications Plant in Service	39,365,899.32
Plant Under Construction	117,273.60
Less Accumulated Depreciation	(25,597,820.19)
Net Plant	13,885,352.73

TOTAL ASSETS

15,131,291.79

LIABILITIES

Current Liabilities

Accounts Payable	412,918.49
Accounts Payable - Subsidiaries	1,060,132.15
Advance Billing And Payments	15,215.78
Customers Deposits	46,403.46
Other Taxes Accrued	4,909.49
Patronage Liability	20,855.98
Other Current Liabilities	662,165.43
Total Current Liabilities	2,222,600.78

Long-Term Debt

Funded Debt - CoBank	7,500,000.00
Total Long-Term Debt	7,500,000.00

Other Liabilities

Deferred Credits	1,654.26
Total Other Liabilities	1,654.26

EQUITY

Capital Stock Outstanding	23,304.95
Treasury Stock	(22,060.00)
Patronage Capital Credits	4,280,049.23
Retained Earnings or Margins	1,125,742.57
TOTAL EQUITY	5,407,036.75

TOTAL LIABILITIES AND EQUITY

15,131,291.79

CITIZENS TELEPHONE COOPERATIVE

Income Statement

January 2009 - December 2009

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
REVENUES:													
OPERATING REVENUES													
Basic Area Revenue	148,214	143,784	144,075	142,187	143,270	151,937	151,051	149,998	148,490	145,039	148,171	140,993	1,757,214
Public Telephone Service	211	211	211	211	0	347	347	347	347	347	347	347	3,276
Local Private Line Revenue	5,922	5,922	5,722	5,809	11,394	5,490	4,748	4,748	4,748	4,748	4,747	4,748	68,751
Enhanced Services	37,303	35,601	37,414	35,920	36,703	39,685	40,767	38,556	38,616	37,724	34,504	33,607	446,404
TOTAL LOCAL SERVICE REVENUES	191,651	185,519	187,423	184,128	191,368	197,460	196,914	193,650	192,203	187,859	187,770	179,696	2,275,646
End User Revenues	64,600	59,782	51,821	41,713	60,671	54,148	41,826	53,105	52,205	53,585	64,594	77,809	675,863
Interstate Access - CCL	45,414	44,814	43,174	43,317	41,590	46,030	75,085	64,485	62,769	59,831	59,459	59,547	645,519
Interstate Access - Other	72,956	66,584	55,018	26,859	55,843	68,035	25,179	50,156	33,571	41,691	47,346	44,896	588,139
Special Access-Intra & Inter	72,479	71,688	72,600	73,503	71,963	74,732	76,643	76,854	77,445	78,096	79,099	81,007	906,116
State Access - CCL	10,292	7,878	12,006	7,500	5,455	6,953	6,871	6,675	8,194	8,476	9,342	9,252	98,899
State Access - Other	28,553	22,779	24,766	24,893	17,827	23,082	22,680	22,369	2,323	24,475	25,515	25,984	265,251
TOTAL ACCESS SERVICE REVENUES	294,296	273,528	259,386	217,788	253,352	272,983	248,286	273,646	236,510	266,157	285,357	298,497	3,179,789
Long Distance Message Rev	6,776	6,694	6,431	5,835	6,441	4,833	5,029	5,459	4,974	5,662	5,292	5,459	68,891
Long Distance Rev-Calling Cards	0	0	0	0	0	0	0	0	0	0	0	0	0
Private Netwrk Rev-Private Line	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Long Distance Rev-D/A	700	1,620	951	849	791	191	160	167	145	153	158	144	6,034
TOTAL LONG DISTANCE REVENUES	7,476	8,314	7,382	6,685	7,233	5,025	5,190	5,627	5,119	5,816	5,451	5,604	74,926
Directory Revenue	11,670	11,460	11,596	11,329	10,979	3,333	3,306	3,595	3,313	3,310	3,314	3,526	80,737
Rent Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Billing Arrangements Rev	430	430	430	430	430	430	430	430	430	430	430	3,430	8,160
Customer Operations Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reg Rev-Late Pay & Check	2,527	5,090	2,588	2,754	6,684	5,809	8,089	5,577	5,297	5,444	5,361	9,452	64,676
Carrier B/C Revenue-Interstate	157	159	159	134	140	141	141	146	153	147	130	131	1,742
Carrier B/C Revenue-Interstate	(21)	(11)	(30)	8	108	(129)	1	13	(1)	5	18	21	(15)
Uncollect Revenues Telephone	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(17,000)
TOTAL MISCELLANEOUS REVENUES	13,264	15,628	13,243	13,156	16,844	9,085	10,468	8,262	7,693	7,837	7,756	15,061	138,301
TOTAL OPERATING REVENUES	506,688	482,990	467,435	421,758	468,797	484,553	460,859	481,187	441,526	467,671	486,335	498,859	5,668,664
EXPENSES:													
OPERATING EXPENSES													
Vehicle & Other Equipment Expense	(13)	(24)	(5)	(10)	(3)	(12,011)	(5,705)	(2,860)	(280)	(2,719)	(2,578)	(826)	(27,040)
Land & Building Maintenance	(21,650)	(10,661)	(13,984)	(14,202)	(9,318)	(14,122)	(13,431)	(14,823)	(9,305)	(16,318)	(9,120)	(19,003)	(165,943)
Furniture & office Equipment Expense	(2,197)	(1,535)	(2,551)	(1,729)	(1,870)	(2,898)	(2,501)	(1,060)	(1,818)	(5,683)	(2,316)	(937)	(27,099)
General Purpose Computers	(5,828)	(3,688)	(7,515)	(4,066)	(2,412)	(2,804)	(3,750)	(2,367)	(1,523)	(3,317)	(6,305)	(3,258)	(46,838)
Central office Expense	(43,318)	(45,520)	(47,878)	(37,982)	(36,706)	(63,334)	(40,861)	(55,743)	(50,779)	(61,018)	(40,845)	(60,025)	(584,014)
Public Telephone Term Equipment Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Terminal Equipment Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
Poles Expense	(3,971)	(387)	(1,759)	(2,200)	(2,774)	(3,525)	(5,978)	(5,187)	(4,393)	(3,570)	(6,835)	(5,762)	(46,346)
Aerial Cable Expense	(1,479)	(84)	(2,667)	(2,894)	0	(1,598)	(1,291)	(411)	(261)	(2,380)	(130)	(982)	(14,181)
Buried Cable Expense	(17,047)	(19,740)	(18,007)	(19,295)	(22,299)	(32,976)	(27,962)	(21,514)	(19,651)	(24,567)	(19,562)	(43,392)	(286,017)
PLANT SPECIFIC EXPENSES	(95,507)	(81,641)	(94,370)	(82,381)	(75,385)	(133,271)	(101,482)	(103,968)	(88,013)	(119,575)	(87,694)	(134,188)	(1,197,480)

CITIZENS TELEPHONE COOPERATIVE

Income Statement

January 2009 - December 2009

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Access Expense	(9,601)	(11,134)	(9,543)	(15,860)	(11,900)	(10,744)	(1,821)	(11,901)	(33,651)	(52,099)	21,099	(36,361)	(183,521)
Power Expense	(7,499)	(6,577)	(7,027)	(6,642)	(6,722)	(12,355)	(2,092)	(12,324)	(1,607)	(7,565)	(7,727)	(13,926)	(92,070)
Testing Expense	(842)	(763)	(502)	(632)	(403)	(744)	(883)	(800)	(835)	(846)	(675)	(744)	(8,674)
Plant Oper Administration	(6,855)	(15,879)	(8,012)	(4,838)	(7,618)	(12,136)	(9,373)	(9,274)	(8,238)	(9,517)	(10,228)	(10,240)	(112,214)
Engineering Expense	(24,925)	(19,848)	(19,066)	(18,386)	(17,162)	(25,948)	(18,708)	(19,319)	(14,269)	(20,471)	(18,657)	(26,330)	(243,096)
PLANT NON SPECIFIC EXPENSES	(49,724)	(54,203)	(44,153)	(46,359)	(43,807)	(61,929)	(32,879)	(53,620)	(58,603)	(90,501)	(16,189)	(87,602)	(639,576)
Depreciation Expense	(120,224)	(120,282)	(120,419)	(119,706)	(119,270)	(109,562)	(115,501)	(116,293)	(124,959)	(107,769)	(92,713)	(93,677)	(1,360,382)
CUSTOMER OPERATIONS:													
Customer Services Expense	(23,926)	(20,906)	(21,698)	(21,889)	(20,302)	(26,440)	(23,269)	(23,818)	(21,892)	(27,851)	(21,913)	(26,759)	(280,668)
Product Advertising	(8,284)	(7,981)	(1,966)	(7,629)	(6,942)	(6,953)	(8,749)	(9,276)	(2,555)	(6,031)	(9,957)	(4,976)	(81,306)
Number Services (Directory Exp)	(12,144)	(12,144)	(12,144)	(12,144)	(12,144)	52,957	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(22,763)
Customer Services-Rev Account	(20,019)	(12,412)	(9,439)	(7,993)	(7,083)	(104,471)	(7,901)	(7,700)	(5,842)	(8,556)	(45,205)	(16,430)	(253,056)
Contract Oper Service Expense	(683)	(592)	(673)	(591)	0	0	(553)	(491)	(481)	(441)	(473)	(470)	(5,453)
TOTAL CUST OPERATION EXP	(65,058)	(54,036)	(45,922)	(50,249)	(46,472)	(84,907)	(42,974)	(43,787)	(33,271)	(45,381)	(80,049)	(51,135)	(643,248)
CORPORATE EXPENSES:													
Executive & Planning Exp	(26,277)	(26,007)	(23,367)	(33,677)	(22,179)	(15,963)	(30,455)	(27,311)	(21,408)	(27,755)	(26,869)	(30,395)	(311,668)
Planning Expense													
Accounting & Finance Exp	(26,609)	(26,232)	(21,203)	(23,488)	(20,150)	(30,133)	(20,669)	(22,192)	(19,757)	(30,988)	(27,232)	(42,902)	(311,560)
External Rel- Advertising	(8,177)	(7,753)	(7,053)	(8,497)	(7,645)	(7,549)	(6,890)	(6,554)	(11,015)	(11,912)	(5,550)	(7,611)	(96,213)
Human Resources Exp	(16,228)	(15,124)	(13,445)	(14,787)	(13,197)	(18,904)	(14,654)	(14,724)	(13,261)	(18,007)	(12,865)	(15,212)	(180,414)
Information Management	(9,802)	0	(9,802)	(29,406)	0	(19,604)	(10,327)	(9,802)	20,576	0	(27,242)	(9,137)	(104,547)
Legal Expense	(3,938)	(7,588)	(15,198)	(6,984)	(4,867)	19,987	(4,167)	(12,308)	(4,080)	(10,124)	(7,655)	(3,839)	(60,766)
Other Gen & Admin Expense	(34,651)	(20,057)	(34,676)	(21,247)	(23,716)	33,808	(7,487)	(26,316)	(89,315)	45,515	(19,813)	(42,238)	(240,198)
TOTAL CORP OPERATIONS EXP	(125,684)	(102,764)	(124,746)	(138,090)	(91,757)	(38,358)	(94,652)	(119,210)	(138,262)	(53,272)	(127,228)	(151,338)	(1,305,368)
Operating Taxes- State & Local	(8,986)	(8,986)	(8,986)	(8,986)	(9,240)	(12,493)	(8,986)	(8,986)	(10,246)	(80,814)	56,696	4,917	(105,096)
TOTAL OPERATING EXPENSES	(465,185)	(421,914)	(438,598)	(445,774)	(385,933)	(440,523)	(396,476)	(445,866)	(453,358)	(497,315)	(347,179)	(513,025)	(5,251,152)
NET OPERATING INCOME	41,502	61,075	28,837	(24,015)	82,864	44,029	64,382	35,320	(11,832)	(29,643)	139,155	(14,166)	417,511
Interest on Funded Debt-Rea	(49,350)	(44,993)	(38,198)	(34,514)	(32,269)	(12,877)	(36,386)	(30,035)	(31,191)	(19,255)	(18,352)	(14,746)	(362,172)
REGULATED INCOME(LOSS)	(7,847)	16,082	(9,360)	(58,530)	50,594	31,151	27,995	5,285	(43,023)	(48,899)	120,803	(28,913)	55,338
ELECTRONIC STORE													
Electronic Store Sales	3,824	456	681	524	710	1,106	1,709	2,052	941	572	1,630	1,453	15,665
Electronic Store Expense	(3,609)	(1,308)	(1,279)	(499)	0	(7,616)	(1,455)	(1,608)	(2,655)	(1,155)	(1,205)	(902)	(23,296)
Electronic Store Contribution Margin	215	(851)	(597)	24	710	(6,510)	254	444	(1,714)	(582)	424	550	(7,630)
INTERNET													
Internet Revenue	147,578	151,167	151,594	151,818	192,450	248,961	169,853	166,544	175,907	174,998	184,599	205,667	2,121,142
Internet Expense	(90,652)	(90,126)	(86,066)	(83,202)	(80,944)	(261,055)	(74,820)	(111,563)	(76,025)	(104,244)	(125,413)	(137,016)	(1,321,131)
Internet Contribution Margin	56,926	61,040	65,528	68,615	111,505	(12,093)	95,033	54,981	99,881	70,754	59,185	68,651	800,011

CITIZENS TELEPHONE COOPERATIVE
Income Statement
January 2009 - December 2009

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
VIDEO													
Video Revenue	16,319	17,168	16,722	16,722	16,820	0	16,760	16,760	16,760	16,760	16,760	16,760	184,315
Video Expense	(28,907)	(27,083)	(42,227)	(21,325)	(22,073)	(26,987)	(30,085)	(35,084)	(20,088)	(26,398)	(22,115)	(23,611)	(325,988)
Video Contribution Margin	(12,588)	(9,915)	(25,504)	(4,602)	(5,252)	(26,987)	(13,324)	(18,323)	(3,328)	(9,637)	(5,354)	(6,851)	(141,672)
CITIZENS LONG DISTANCE													
CLD Revenues	50,247	54,093	57,623	54,285	56,167	47,463	47,669	47,419	46,404	45,997	45,807	45,847	599,026
CLD Expenses	(42,227)	(29,777)	(27,107)	(44,966)	(26,206)	(38,672)	(31,173)	(32,430)	(31,283)	(29,891)	(33,158)	(32,156)	(399,050)
CLD Contribution Margin	8,019	24,316	30,515	9,318	29,960	8,791	16,496	14,988	15,121	16,106	12,649	13,691	199,975
CALLING CARDS													
Calling Card Revenues	701	539	457	328	487	106	164	395	183	144	269	115	3,894
Calling Card Expense	(367)	(300)	(42)	(296)	(331)	(288)	(122)	(299)	(305)	(244)	(554)	(254)	(3,407)
Calling Card Contribution Margin	334	239	414	31	156	(182)	42	95	(122)	(100)	(285)	(138)	486
CLEC													
CLEC Revenues	998	0	1,996	947	1,063	531	3,079	481	288	361	409	868	11,024
CLEC Expenses	(957)	(1,026)	(1,289)	(965)	(999)	(2,619)	(1,255)	(1,123)	(1,089)	(396)	(1,171)	(688)	(13,582)
CLEC Contribution Margin	40	(1,026)	706	(18)	63	(2,087)	1,824	(641)	(801)	(34)	(762)	179	(2,558)
CELLULAR													
Cellular Revenues	24,535	25,003	25,512	24,097	25,155	25,742	31,021	38,094	38,921	37,117	38,404	39,662	373,271
Cellular Expenses	(21,530)	(25,038)	(22,375)	(16,801)	(32,412)	(34,303)	(37,241)	(35,164)	(29,861)	(32,118)	(33,059)	(33,584)	(353,492)
Cellular Contribution Margin	3,005	(34)	3,136	7,295	(7,256)	(8,561)	(6,219)	2,930	9,059	4,999	5,345	6,078	19,778
Other Non Regulated Income	583	(2,389)	(2,499)	(2,378)	(2,530)	111,099	(16,272)	5,231	59	129	(29)	39,675	130,680
Gain on Investments	0	0	97,976	360	0	2,600,638	0	0	0	0	26,800	0	2,725,774
Interest & Dividend Income	199	261	183	131	107	646	629	1,046	1,091	721	974	1,021	7,015
TOTAL NON REGULATED INCOME(LOSS)	782	(2,128)	95,660	(1,886)	(2,423)	2,712,384	(15,642)	6,278	1,151	851	27,745	40,697	2,863,470
NET INCOME	48,887	87,722	160,499	20,249	178,059	2,695,904	106,460	66,038	76,223	33,456	219,752	93,946	3,787,200

Citizens Telephone Cooperative
Statement of Cash Flows
For the Twelve Months Ending December 31, 2009

Net Income	3,787,200.00
<i>Adjustments To Reconcile Net Income</i>	
Add Depreciation	1,391,657.94
Cash Basis Net Income	<u>5,178,857.94</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Assets and Liability Items

(Increase)/Decrease In:

Receivables	(837,427.50)
Material and Supplies	(30,560.41)
Prepaid Items	27,479.53

Increase/(Decrease)In:

Accounts Payable	(352,524.12)
Accrued Taxes	(18,098.84)
Other Current Liabilities	299,335.95

Net Cash Provided By Operating Activity **(911,795.39)**

CASH FLOWS FROM INVESTING ACTIVITIES

Sales/(Acquisitions) of Equipment	<u>(1,003,342.22)</u>
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Net Cash Used in Investing Activities **(1,003,342.22)**

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Loans	<u>(2,000,000.00)</u>
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Net Cash Used in Financing Activities **(2,000,000.00)**

Net Increase in Cash Equivalents **1,263,720.33**

Citizens Telephone Cooperative
Notes on Financial Statements
For the 12 months ending December 31, 2009

NOTE 1 – SALE OF FCC LICENSE

On the Income Statement, "Gain on Investments" represents a one time gain recognized on the sale of a FCC License. In June 2009, Citizens Telephone Cooperative sold a FCC license to a national telecommunications company. The license was carried on the balance sheet as an investment at a cost of \$246,000. The final sale price of the license was \$3,000,000. After consideration of related legal expenses, the resulting gain was \$2,597,042.

Citizens Telephone Cooperative

Balance Sheet
December 2008

ASSETS

Current Assets

Cash And Equivalents	204,028.57
Cash-Restricted Grand Funds	50,325.49
Telecommunication Accts Receivable	331,298.72
Other Accounts Receivable - Subsidiaries	3,821,142.94
Other Accounts Receivable - Non Affiliates	(68,651.74)
Notes Receivable	24,000.00
Material - Regulated	122,103.73
Material - Non Regulated	33,298.59
Prepayments	19,588.37

Total Current Assets 4,537,134.67

Non-Current Assets

Investments in Affi-Not Rural Developement	1,974,883.05
Other Investments Not Rural Developement	6,983.83
Non Regulated Investments	69,870.13
Other Non-Current Assets	246,000.00

Total Non-Current Assets 2,297,737.01

Property, Plant, and Equipment

Telecommunications Plant in Service	38,437,766.54
Plant Under Construction	42,064.16
Less Accumulated Depreciation	(24,150,868.41)

Net Plant 14,328,962.29

TOTAL ASSETS

21,163,833.97

LIABILITIES

Current Liabilities

Accounts Payable	1,081,364.37
Accounts Payable - Subsidiaries	744,210.39
Advance Billing And Payments	121,957.67
Customers Deposits	55,510.16
Income Taxes Accrued	(370.68)
Other Taxes Accrued	23,379.01
Patronage Liability	4,498.11
Other Current Liabilities	229,861.00

Total Current Liabilities 2,260,410.03

Long-Term Debt

Funded Debt - CoBank	9,500,000.00
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Total Long-Term Debt 9,500,000.00

Other Liabilities

Deferred Credits	1,654.26
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Total Other Liabilities 1,654.26

EQUITY

Capital Stock Outstanding	23,304.95
Treasury Stock	(22,060.00)
Patronage Capital Credits	4,378,933.96
Retained Earnings or Margins	5,021,590.77

TOTAL EQUITY 9,401,769.68

TOTAL LIABILITIES AND EQUITY

21,163,833.97

CITIZENS TELEPHONE COOPERATIVE

Income Statement

January 2008 -December 2008

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
REVENUES:													
OPERATING REVENUES													
Basic Area Revenue	185,354	168,665	167,647	166,520	168,171	176,822	171,686	165,570	164,497	161,757	154,258	135,831	1,986,784
Public Telephone Service	226	240	240	240	240	240	0	201	211	211	211	211	2,478
Local Private Line Revenue	6,070	5,991	5,808	5,852	5,407	5,384	8,212	6,182	6,189	6,067	5,571	5,922	72,661
Enhanced Services	20,748	36,677	36,872	37,362	36,401	27,378	36,265	36,034	36,530	35,858	36,134	36,675	412,940
TOTAL LOCAL SERVICE REVENUES	212,399	211,575	210,568	209,977	210,221	209,826	216,164	207,989	207,428	203,894	196,176	178,641	2,474,865
End User Revenues	62,811	51,854	56,903	57,579	43,975	(40,210)	86,796	88,591	78,811	14,872	36,412	31,514	569,911
Interstate Access - CCL	43,502	44,755	44,761	45,161	43,669	47,285	44,105	(5,329)	104,290	44,109	45,008	45,255	546,574
Interstate Access - Other	55,789	57,775	72,733	67,299	35,433	68,119	41,844	78,144	46,335	80,092	68,689	74,646	746,905
Special Access-Intra & Inter	81,654	68,973	80,179	70,398	71,405	65,547	66,922	66,799	67,364	66,091	71,397	72,527	829,262
State Access - CCL	7,439	9,821	9,355	8,302	9,467	8,947	8,804	7,861	8,352	8,322	7,670	9,169	103,516
State Access - Other	20,121	22,862	22,281	19,933	22,533	21,415	21,566	18,809	20,869	20,756	20,266	22,715	254,132
TOTAL ACCESS SERVICE REVENUES	271,318	256,044	266,214	268,674	226,484	171,105	270,039	254,878	326,024	234,244	249,445	255,830	3,050,304
Long Distance Message Rev	8,818	8,679	10,373	8,791	8,043	8,471	7,774	7,458	7,197	7,101	6,760	7,416	96,887
Long Distance Rev-Calling Cards	0	0	0	0	0	0	0	0	0	0	0	0	0
Private Netwrk Rev-Private Line	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Long Distance Rev-D/A	1,683	1,224	1,007	841	843	847	871	928	774	777	687	709	11,196
TOTAL LONG DISTANCE REVENUES	10,501	9,904	11,380	9,632	8,887	9,319	8,646	8,387	7,972	7,878	7,448	8,125	108,083
Directory Revenue	11,680	11,223	11,110	13,045	12,623	25,508	11,510	11,508	11,880	11,386	12,081	11,443	155,001
Rent Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Billing Arrangements Rev	430	430	430	430	430	430	430	430	430	430	430	430	5,160
Customer Operations Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reg Rev-Late Pay & Check	2,015	2,560	2,425	2,636	1,517	1,827	1,946	2,408	2,013	2,824	2,921	2,735	27,833
Carrier B/C Revenue-Interstate	173	162	161	178	180	167	162	157	164	161	159	158	1,987
Carrier B/C Revenue-Interstate	(40)	(40)	(30)	(45)	(43)	(30)	(28)	(18)	(29)	(20)	(22)	(12)	(363)
Uncollect Revenues Telephone	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(18,000)
TOTAL MISCELLANEOUS REVENUES	12,759	12,836	12,596	14,745	13,207	26,402	12,520	12,985	12,959	13,281	14,070	13,255	171,620
TOTAL OPERATING REVENUES	506,978	490,360	500,760	503,030	458,800	416,653	507,371	484,241	554,385	459,299	467,139	455,852	5,804,873
EXPENSES:													
OPERATING EXPENSES													
Vehicle & Other Equipment Expense	(74)	(35)	(2,591)	(3,517)	5,821	4,209	(4,358)	(1,194)	0	0	0	1,194	(547)
Land & Building Maintenance	(16,497)	(11,784)	(12,451)	(11,534)	(9,891)	(14,648)	(10,516)	(7,946)	(8,596)	(11,484)	(10,453)	(13,509)	(139,313)
Furniture & office Equipment Expense	(2,208)	(1,252)	(2,244)	(1,348)	(1,511)	(2,139)	(1,283)	(7,598)	(3,340)	(2,337)	(2,352)	(1,702)	(29,318)
General Purpose Computers	(6,810)	(6,960)	(5,929)	(5,855)	(3,780)	(2,843)	(2,323)	(2,320)	(3,962)	(4,747)	(6,627)	(9,273)	(61,433)
Central office Expense	(48,000)	(49,186)	(44,059)	(43,050)	(55,811)	(33,499)	(34,226)	(45,244)	(37,994)	(49,402)	(37,642)	(49,455)	(527,573)
Public Telephone Term Equipment Exp	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Terminal Equipment Exp	(5,327)	(5,162)	(2,810)	(3,357)	(2,744)	(4,140)	(4,617)	(3,939)	(2,991)	(3,433)	(2,476)	(6,540)	(47,541)
Poles Expense	(1,044)	(3,439)	(180)	(3,715)	(1,616)	(215)	(286)	(100)	(932)	(62,776)	(2,527)	(2,237)	(79,073)
Aerial Cable Expense	(900)	(1,852)	(151)	(1,088)	(536)	(1,181)	(1,078)	(1,430)	(714)	(1,737)	(1,007)	(2,578)	(14,258)
Buried Cable Expense	(13,422)	(13,930)	(19,710)	(30,119)	(35,476)	4,509	(49,557)	(29,343)	(27,668)	(25,438)	(12,536)	(26,525)	(279,219)
PLANT SPECIFIC EXPENSES	(94,284)	(93,603)	(90,128)	(103,588)	(105,547)	(49,950)	(108,249)	(99,117)	(86,199)	(161,357)	(75,623)	(110,627)	(1,178,279)

CITIZENS TELEPHONE COOPERATIVE

Income Statement

January 2008 -December 2008

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Power Expense	(5,518)	(5,546)	(5,148)	(5,334)	(6,637)	(6,759)	(5,376)	(6,701)	(5,401)	(6,263)	(5,275)	(6,997)	(70,961)
Testing Expense	(1,036)	(1,071)	(909)	(1,024)	(644)	(825)	(1,030)	(1,830)	(1,087)	(1,043)	(1,027)	(1,106)	(12,637)
Plant Oper Administration	(14,569)	(13,149)	(11,418)	(10,398)	(12,804)	(7,043)	(9,404)	(11,225)	(5,377)	(11,578)	(7,270)	(9,318)	(123,558)
Engineering Expense	(17,904)	(17,647)	(22,027)	(18,986)	(23,573)	(48,879)	(22,196)	(20,880)	(21,430)	(13,840)	(17,856)	(26,429)	(271,651)
PLANT NON SPECIFIC EXPENSES	(39,029)	(37,415)	(39,503)	(35,743)	(43,660)	(63,507)	(38,006)	(40,638)	(33,296)	(32,726)	(31,429)	(43,851)	(478,808)
Depreciation Expense	(100,858)	(99,075)	(104,577)	(115,928)	(115,665)	(260,178)	(134,766)	(134,766)	(134,766)	(134,766)	(134,766)	(66,601)	(1,536,716)
CUSTOMER OPERATIONS:													
Customer Services Expense	(41,665)	(41,903)	(41,566)	(39,006)	(34,274)	(34,766)	(32,925)	(33,008)	(28,111)	(30,722)	(27,930)	(40,539)	(426,419)
Product Advertising	(6,049)	(5,648)	(6,817)	(8,471)	(11,497)	(4,610)	(8,974)	(3,443)	(11,739)	(8,650)	(14,169)	(8,415)	(98,488)
Number Services (Directory Exp)	(13,033)	(12,547)	(12,159)	(12,144)	(12,144)	(12,144)	(12,475)	(18,430)	(12,144)	(14,164)	(12,485)	(13,103)	(156,976)
Customer Services-Rev Account	(15,902)	(15,502)	(15,324)	(18,165)	(17,167)	(13,801)	(15,818)	(12,994)	(13,411)	(21,398)	(11,792)	(20,301)	(191,581)
Contract Oper Service Expense	(261)	(726)	(1,067)	(698)	(582)	(640)	(564)	(719)	(855)	(810)	(667)	(772)	(8,364)
TOTAL CUST OPERATION EXP	(76,913)	(76,328)	(76,934)	(78,486)	(75,665)	(65,962)	(70,758)	(68,596)	(66,261)	(75,745)	(67,045)	(83,133)	(881,831)
CORPORATE EXPENSES:													
Executive & Planning Exp	(38,756)	(38,793)	(35,721)	(36,517)	(30,224)	(34,825)	(34,721)	(33,100)	(33,169)	(34,835)	(20,252)	(23,607)	(394,526)
Planning Expense													
Accounting & Finance Exp	(26,324)	(24,508)	(23,371)	(25,695)	(23,430)	(27,039)	(26,636)	(34,046)	(23,476)	(24,851)	(23,589)	(31,856)	(314,826)
External Rel- Advertising	(7,840)	(11,019)	(8,754)	(11,722)	(9,194)	(12,827)	(8,308)	(9,459)	(10,561)	(11,390)	(5,195)	(8,060)	(114,336)
Human Resources Exp	(14,229)	(7,593)	(8,075)	(11,130)	(8,506)	(5,392)	(8,163)	(5,861)	(6,822)	(7,182)	(6,111)	(7,875)	(96,945)
Information Management	(12,736)	(12,768)	(11,367)	(11,217)	(11,900)	(10,849)	(11,829)	(10,059)	(10,537)	(10,706)	(10,726)	(10,057)	(134,756)
Legal Expense	(2,181)	(4,712)	(4,242)	(2,859)	(3,268)	(4,330)	(2,181)	(2,181)	(4,562)	(7,348)	(24,438)	(17,858)	(80,165)
Other Gen & Admin Expense	(30,842)	(8,386)	(34,714)	(33,730)	(33,474)	(33,090)	(26,301)	(17,483)	(7,171)	(25,476)	(16,421)	(16,549)	(283,643)
TOTAL CORP OPERATIONS EXP	(132,910)	(107,781)	(126,248)	(132,873)	(120,000)	(128,355)	(118,142)	(112,191)	(96,301)	(121,792)	(106,735)	(115,865)	(1,419,199)
Operating Taxes- State & Local	(10,112)	(10,112)	(10,112)	(10,112)	(15,077)	(546)	(10,112)	(10,112)	(10,112)	(10,112)	391	(4,068)	(100,197)
TOTAL OPERATING EXPENSES	(454,108)	(424,317)	(447,504)	(476,732)	(475,616)	(568,500)	(480,035)	(465,422)	(426,937)	(536,500)	(415,208)	(424,148)	(5,595,033)
NET OPERATING INCOME	52,870	66,042	53,255	26,298	(16,815)	(151,846)	27,335	18,818	127,447	(77,201)	51,930	31,703	209,839
Interest on Funded Debt-Rea	(67,334)	(67,093)	(62,752)	(62,869)	(79,502)	(54,936)	(53,398)	(44,712)	(44,372)	(43,512)	(54,460)	(50,781)	(685,727)
REGULATED INCOME(LOSS)	(14,463)	(1,050)	(9,497)	(36,571)	(96,317)	(206,783)	(26,063)	(25,894)	83,075	(120,714)	(2,530)	(19,077)	(475,888)
ELECTRONIC STORE													
Electronic Store Sales	0	0	0	0	0	0	0	0	0	0	428	2,673	3,102
Electronic Store Expense	0	0	0	0	0	0	0	0	0	0	(900)	(1,767)	(2,668)
Electronic Store Contribution Margin	0	(471)	905	434									
INTERNET													
Internet Revenue	127,382	128,376	143,970	138,947	134,292	194,197	139,354	139,863	153,337	150,821	149,808	153,127	1,753,478
Internet Expense	(144,044)	(119,914)	(135,580)	(137,574)	(119,272)	(176,133)	(109,946)	(103,438)	(109,623)	(106,279)	(82,691)	(114,514)	(1,459,014)
Internet Contribution Margin	(16,662)	8,461	8,390	1,373	15,019	18,063	29,408	36,425	43,714	44,542	67,116	38,612	294,463

CITIZENS TELEPHONE COOPERATIVE
Income Statement
January 2008 -December 2008

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
VIDEO													
Video Revenue	11,738	12,489	12,588	12,616	14,063	14,463	14,661	15,046	15,877	15,846	16,215	16,489	172,096
Video Expense	(15,901)	(19,354)	(16,462)	(22,931)	(23,425)	(22,423)	(25,818)	(21,020)	(26,741)	(19,703)	(24,232)	(31,517)	(269,534)
Video Contribution Margin	(4,163)	(6,865)	(3,873)	(10,315)	(9,362)	(7,959)	(11,156)	(5,973)	(10,864)	(3,857)	(8,016)	(15,027)	(97,437)
CITIZENS LONG DISTANCE													
CLD Revenues	45,278	42,729	42,194	41,565	41,778	44,333	43,187	37,342	42,579	46,450	45,900	47,615	520,954
CLD Expenses	(28,504)	(25,370)	(24,234)	(28,793)	(24,436)	(30,748)	(24,960)	(39,031)	(33,285)	(37,198)	(38,036)	(43,020)	(377,620)
CLD Contribution Margin	16,774	17,358	17,960	12,771	17,341	13,584	18,227	(1,689)	9,293	9,252	7,864	4,594	143,333
CALLING CARDS													
Calling Card Revenues	430	480	1,184	488	909	362	975	812	465	844	721	294	7,969
Calling Card Expense	(137)	(781)	(445)	(363)	(285)	(468)	(289)	(513)	(182)	(320)	(194)	(365)	(4,346)
Calling Card Contribution Margin	293	(300)	738	124	624	(105)	685	299	283	524	526	(71)	3,623
CLEC													
CLEC Revenues	0	0	0	0	0	0	1,101	0	1,021	1,021	971	1,007	5,124
CLEC Expenses	0	0	0	0	0	0	(926)	3	(929)	(1,189)	(1,040)	(922)	(5,005)
CLEC Contribution Margin	0	0	0	0	0	0	174	3	92	(167)	(69)	85	118
CELLULAR													
Cellular Revenues	19,371	17,265	19,468	21,687	21,855	27,124	23,251	24,625	26,536	25,584	22,290	24,549	273,610
Cellular Expenses	(14,621)	(21,291)	(18,027)	(22,124)	(22,708)	(42,819)	(24,058)	(22,436)	(23,790)	(18,044)	(22,101)	(27,790)	(279,814)
Cellular Contribution Margin	4,750	(4,026)	1,441	(436)	(853)	(15,695)	(806)	2,188	2,746	7,539	188	(3,241)	(6,204)
Other Non Regulated Income	377	273	580	444	188	1,397,102	416	757	545	348	845	(13,555)	1,388,324
Gain on Investments	0	0	0	330	0	4,310	0	0	0	0	0	0	4,640
Interest & Dividend Income	179	179	22,300	102	105	121	185	186	178	173	242	350	24,305
TOTAL NON REGULATED INCOME(LOSS)	556	453	22,880	876	294	1,401,534	601	943	723	521	1,088	(13,205)	1,417,270
NET INCOME	(12,915.00)	14,030.00	38,040.00	(32,176.00)	(73,253.00)	1,202,639.00	11,069.00	6,302.00	129,064.00	(62,358.00)	65,696.00	(6,425.00)	1,279,713.00

Citizens Telephone Cooperative
Statement of Cash Flows
For the Twelve Months Ending December 31, 2008

Net Income	1,279,713.00
<i>Adjustments To Reconcile Net Income</i>	
Add Depreciation	1,542,522.36
Cash Basis Net Income	<u>2,822,235.36</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Assets and Liability Items

(Increase)/Decrease In:

Receivables	(756,916.85)
Material and Supplies	35,734.68
Prepaid Items	(14,350.35)

Increase/(Decrease)In:

Accounts Payable	766,858.35
Accrued Taxes	(1,551.59)
Other Current Liabilities	(317,014.34)

Net Cash Provided By Operating Activity	<u>(287,240.10)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Sales/(Acquisitions) of Equipment	(2,587,990.64)
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Net Cash Used in Investing Activities	<u>(2,587,990.64)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Loans	(315,007.00)
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Net Cash Used in Financing Activities	<u>(315,007.00)</u>
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Net Increase in Cash Equivalents	<u><u>(368,002.38)</u></u>
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Citizens Telephone Cooperative
Notes on Financial Statements
For the 12 months ending December 31, 2008

NOTE 1 – VIRGINIA TOBACCO GRANT

On the Income Statement, "Other Non Regulated Income" includes Grant Revenue in the amount of \$1,387,722. This income represents money received from the Virginia Tobacco Commission to fund the "Tobacco Region Access Connection" project.



Comprehensive Community Infrastructure **Budget Narrative Template**

Applicant Name: Citizens' Telephone Co-operative

EasyGrants Number: 6848

Organization Type: Cooperative

Proposed Period of Performance: 3 Years

Total Project Costs: \$ 13,134,843.00

Total Federal Grant Request: \$ 10,507,874.00

Total Matching Funds (Cash): \$ 2,101,969.00

Total Matching Funds (In-Kind): \$ 525,000.00

Total Matching Funds (Cash + In-Kind): \$ 2,626,969.00

Total Matching Funds (Cash + In-Kind) as Percentage of Total Project Costs: % 20

1. Administrative and legal expenses - \$xxx

- Provide a breakout of position(s), time commitment(s) such as hours or level-of-effort, and salary information/rates with a detailed explanation, and additional information as needed.

Helpful Tip: Describe the line-items in a manner in which someone that is not familiar with your application would understand how each line-item was calculated. Provide as much detail as possible for each line-item and each line-item should tie back to a budget category as labeled in Column I of the Detailed Project Costs worksheet in the Detailed Budget upload, etc. throughout the remainder of the Budget Narrative. See example at end of this template.

- Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.

Cash Source 1...

Cash Source 2... etc. throughout the remainder of the Budget Narrative.

- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.



In-Kind Source 1..., etc. throughout the remainder of the Budget Narrative.

In-Kind Source 2..., etc. throughout all budget categories.

2. Land, structure, rights-of-way, appraisals, etc. - \$160,000.00

- Estimated costs are based on historical data from similar fiber builds.

Cash match of 20% of the project applied to each cost section.

3. Relocation expenses and payment - \$xxx

- Provide explanation for the relocation, description of the person involved in the relocation, method used to calculate costs, and additional information as needed.

- Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.

- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.

4. Architectural and engineering fees - \$xxx

- Provide description of estimated fees, rates, explanation of proposed services, and additional information as needed.

- Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.

- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.

5. Other architectural and engineering fees - \$xxx



- **Provide description of estimated fees, rates, explanation of proposed services, and additional information as needed.**
- **Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.**
- **Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.**

6. Project inspection fees - \$xxx

- **Provide description of estimated fees, rates, explanation of proposed services, and additional information as needed.**
- **Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.**
- **Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.**

7. Site work - \$xxx

- **Provide description of estimated fees, rates, explanation of proposed services, and additional information as needed.**
- **Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.**
- **Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.**

8. Demolition and removal - \$xxx



- Provide description of estimated fees, rates explanation of proposed services, and additional information as needed.
- Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.
- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.

9. Construction - \$11,543,203.00

- Estimated costs are based on historical data from similar fiber builds.

Cash match and In-Kind Service Match of 20% of the project applied to the Construction Phase of the Project.

10. Equipment - \$1,431,640.00

- Estimated costs are based on historical data from similar fiber builds.

Cash match of 20% of the project applied to each cost section.

11. Miscellaneous - \$xxx

- Provide additional information as needed.
- Provide detailed description, calculation, and basis of evaluation for each Cash Matching Funds source.
- Provide detailed description, calculation, and basis of evaluation for each In-Kind Matching Funds source.

13. Contingencies - \$0

- Contingencies are an unallowable expenditures under BTOP.

15. Project (program) income - \$0



- The value for this line-item on the SF-424C is \$0. Please do not provide an estimated Project (program income) on the SF-424C.

Addendum

- Very few indirect costs are allowable through BTOP. If any allowable indirect costs and/or fringe benefits are included in the budget, please provide a copy of your existing Negotiated Indirect Cost Recovery Agreement (NICRA), if available. If the NICRA is applied accordingly in the budget, there is no need to justify the costs. If a NICRA is not available or is not consistent with the rates/calculations in the budget, please provide an explanation of how the amounts were calculated. Please clearly list the manner in which indirect costs are calculated in the budget.

Note: Verify that indirects are calculated correctly and are eligible BTOP costs. To clarify, reasonable indirect costs under BTOP are only allowable for Full Time Employees (FTEs) associated with the construction, deployment, or installation of facilities or equipment used to provide broadband service.

#. Example Budget Narrative - \$724,134 (Confirm to SF-424C)



\$100,000 of this category is estimated for legal expenses for contract reviews based on the average legal cost of (\$4) per mile for 25,000 miles.

\$134 of this category is estimated for legal court filings.

\$624,000 of this category is estimated for Project Engineering Staff which consists of a project manager and two (2) network engineers.

Staff	Hours	Years	Rate	Total Cost
Project Manager	2080	3	\$20/hr	\$124,800
Project Engineer	2080	3	\$30/hr	\$187,200
Civil Engineer	2080	3	\$50/hr	\$312,000
TOTAL:				\$624,000

BUDGET INFORMATION - Construction Programs

OMB Approval No. 4040-0008
Expiration Date 07/30/2010

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
2. Land, structures, rights-of-way, appraisals, etc.	\$ <input type="text" value="160,000.00"/>	\$ <input type="text"/>	\$ <input type="text" value="160,000.00"/>
3. Relocation expenses and payments	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
4. Architectural and engineering fees	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
5. Other architectural and engineering fees	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
6. Project inspection fees	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
7. Site work	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
8. Demolition and removal	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
9. Construction	\$ <input type="text" value="11,543,203.00"/>	\$ <input type="text"/>	\$ <input type="text" value="11,543,203.00"/>
10. Equipment	\$ <input type="text" value="1,431,640.00"/>	\$ <input type="text"/>	\$ <input type="text" value="1,431,640.00"/>
11. Miscellaneous	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
12. SUBTOTAL (sum of lines 1- 11)	\$ <input type="text" value="13,134,843.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="13,134,843.00"/>
13. Contingencies	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
14. SUBTOTAL	\$ <input type="text" value="13,134,843.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="13,134,843.00"/>
15. Project (program) income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text" value="0.00"/>
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ <input type="text" value="13,134,843.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="13,134,843.00"/>
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter eligible costs from line 16c Multiply X <input type="text" value="80"/> % Enter the resulting Federal share.			\$ <input type="text" value="10,507,874.00"/>

INSTRUCTIONS FOR THE SF-424C

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0041), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET.
SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

This sheet is to be used for the following types of applications: (1) "New" (means a new [previously unfunded] assistance award); (2) "Continuation" (means funding in a succeeding budget period which stemmed from a prior agreement to fund); and (3) "Revised" (means any changes in the Federal Government's financial obligations or contingent liability from an existing obligation). If there is no change in the award amount, there is no need to complete this form. Certain Federal agencies may require only an explanatory letter to effect minor (no cost) changes. If you have questions, please contact the Federal agency.

Column a. - If this is an application for a "New" project, enter the total estimated cost of each of the items listed on lines 1 through 16 (as applicable) under "COST CLASSIFICATION."

If this application entails a change to an existing award, enter the eligible amounts *approved under the previous award* for the items under "COST CLASSIFICATION."

Column b. - If this is an application for a "New" project, enter that portion of the cost of each item in Column a. which is *not* allowable for Federal assistance. Contact the Federal agency for assistance in determining the allowability of specific costs.

If this application entails a change to an existing award, enter the adjustment [+ or (-)] to the previously approved costs (from column a.) reflected in this application.

Column. - This is the net of lines 1 through 16 in columns "a." and "b."

Line 1 - Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government. Allowable legal costs are generally only those associated with the purchases of land which is allowable for Federal participation and certain services in support of construction of the project.

Line 2 - Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).

Line 3 - Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.

Line 4 - Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).

Line 5 - Enter estimated engineering costs, such as surveys, tests, soil borings, etc.

Line 6 - Enter estimated engineering inspection costs.

Line 7 - Enter estimated costs of site preparation and restoration which are not included in the basic construction contract.

Line 9 - Enter estimated cost of the construction contract.

Line 10 - Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility, if such costs are not included in the construction contract.

Line 11 - Enter estimated miscellaneous costs.

Line 12 - Total of items 1 through 11.

Line 13 - Enter estimated contingency costs. (Consult the Federal agency for the percentage of the estimated construction cost to use.)

Line 14 - Enter the total of lines 12 and 13.

Line 15 - Enter estimated program income to be earned during the grant period, e.g., salvaged materials, etc.

Line 16 - Subtract line 15 from line 14.

Line 17 - This block is for the computation of the Federal share. Multiply the total allowable project costs from line 16, column "c." by the Federal percentage share (this may be up to 100 percent; consult Federal agency for Federal percentage share) and enter the product on line 17.

ASSURANCES - CONSTRUCTION PROGRAMS

OMB Approval No. 4040-0009

Expiration Date 07/30/2010

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-1 33, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

*SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	*TITLE COO & Assistant General Manager
*APPLICANT ORGANIZATION Citizens Telephone Co-operative	*DATE SUBMITTED 3/26/2010 0.00

BTOP Comprehensive Community Infrastructure Service Offerings and Competitor Data Template

Please complete the complete the following worksheets--either of the Last Mile or Middle Mile Service Offerings worksheets may be omitted if the applicant is not proposing to provide that type.

For both the Last Mile and Middle Mile Service Offerings worksheets, the service offerings should include all relevant tiers and markets (*e.g.* residential, business, wholesale). Applicants should ensure to include details on any services that would be offered at discounted rates to specific classes of customers (*e.g.* community anchor institutions or third party service providers).

In the Last Mile Service Offerings worksheet, applicants are required to provide estimated end user speeds. Average speeds should be the average sustained actual, non-burst end user speed that would be received during a peak hour. For purposes of calculating these speeds, applicants should utilize their subscriber projections for year eight of the project, and develop utilization projections that are consistent with any additional services the applicant proposes. For wireless broadband services, this speed should be an average of the speeds available across the entire cell. Beyond these general guidelines, due to the multiplicity of technical solutions that may be proposed, the applicants may use discretion to determine the most reasonable method to estimate actual speeds on their network. Applicants should explain the underlying methodology used to calculate the average speeds in the space provided.

In the Competitor Data worksheet, applicants are required to provide data on both last mile and middle mile service providers, regardless of whether the applicant proposes to offer last mile and middle mile services. In the column titled Service Areas Where Service Offered, applicants should list all of the Last Mile and Middle Mile Service Areas within their Proposed Project Area in which the listed services are available. Please ensure that the Service Areas are consistent with those provided within the application and the Service Areas upload. If the availability of the listed services is limited (*e.g.* the service is only available within a portion of a Last Mile or Middle Mile Service Area), note this in the Other Comments column.

In contrast to several other upload templates in this application, the data provided in these worksheets will NOT be subject to automated processing. These template worksheets are provided to demonstrate the level of data required and to provide a suggested format. Applicants may modify the template layouts in order to provide the most effective presentation of their specific project. Applicants should, however, ensure that they provide at least as much data as these templates require. To the extent that you modify these templates please ensure that the print layouts are adjusted so that rows do not break across pages in a manner that is difficult to understand. A PDF of this file will be automatically generated upon upload to Easy Print and the print settings will be used to format the PDF file.

Middle Mile
provide services of

offerings should
providers should be
particular
(riders).

estimated average
fast speeds that an
providers, applicants
subscriber
plans to offer.
available across an
solutions that may
manner in which
making assumptions

last mile and
for both last mile
providers, applicants
Funded Service
names are
. If the actual
part of the Last

via this template
provided to
providers are free to
use the data for
as much detail
ensure that the
will be difficult to
grants, and the

Proposed Last Mile Service Offerings

Name of Service Tier	Advertised Speeds		Estimated Average Speeds		Average Latency	Pricing Plan (\$ per month)	Other Comments/Description/Features or Limitations
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps	@ End User CPE milliseconds		
Wholesale FTTP 5Mbps	5	1	5	1	2	\$13.00	transport only; carriers/service providers
Wholesale FTTP 25Mbps	25	5	25	5	2	\$18.00	transport only; carriers/service providers
Wholesale FTTP 50Mbps	50	20	50	20	2	\$28.00	transport only; carriers/service providers
Wholesale FTTP 100Mbps	100	40	100	40	2	\$48.00	transport only; carriers/service providers
Residential FTTP 5Mbps	5	1	5	1	2	\$39.99	Residential - internet included; term required
Residential FTTP 25Mbps	25	5	25	5	2	\$79.99	Residential - internet included; term required
Residential FTTP 50Mbps	50	20	50	20	2	\$119.99	Residential - internet included; term required
Residential FTTP 100Mbps	100	40	100	40	2	\$199.99	Residential - internet included; term required
Business Ethernet 10Mbps	10	10	10	10	2	\$1,000.00	\$800 install, 5yr term price, internet included
Business Ethernet 20Mbps	20	20	20	20	2	\$1,600.00	\$800 install, 5yr term price, internet included
Business Ethernet 40Mbps	50	50	50	50	2	\$3,600.00	\$800 install, 5yr term price, internet included
Business Ethernet 100Mbps	100	100	100	100	2	\$6,800.00	\$800 install, 5yr term price, internet included

Explanation of Average Speed Calculations: When configuring circuits we set the bandwidth limits to include overhead; therefore the customer is obtaining the advertised speed.

The average latency is from the ONT (optical network terminator) to Citizens' edge router to Tier 1 upstream providers.

Business Ethernet Customers have guaranteed internet speeds from their location to a Tier 1 upstream providers network, are given restoration priority and assigned a dedicated account representative.

Discounts for Anchor Institutions:

1) Schools, higher education institutions, and emergency services will be given a \$500 per month rate per campus/location for 1Gbps VLAN connections. These connections will be made for a one time install fee of \$3000 per campus, since metro ethernet equipment will have to be installed at each campus. This is part of Citizens Telephone Cooperative's corporate citizenship to the communities it serves.

Proposed Middle Mile Service Offerings

Name of Service Offering	Distance Band or Point to Point	Minimum Peak Load Network Bandwidth Capacity (Mbps)	Monthly/Yearly Pricing (\$)	Other Comments/Description/Features or Limitations
Transport 10Mbps	Point to Point	10Mbps symmetrical	\$600 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 50Mbps	Point to Point	50Mbps symmetrical	\$1,200 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 100Mbps	Point to Point	100Mbps symmetrical	\$2,000 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 200Mbps	Point to Point	200Mbps symmetrical	\$3,000 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 400Mbps	Point to Point	400Mbps symmetrical	\$4,000 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 1Gbps	Point to Point	1Gbps symmetrical	\$5,000 Monthly, 2yr term	ISP/Carrier Pricing; \$800 NRC
Transport 2.5Gbps	Point to Point	2.5Gbps symmetrical	\$8,000 Monthly, 2yr term	ISP/Carrier Pricing; \$1,250 NRC
Transport 10Gbps	Point to Point	10Gbps symmetrical	\$13,000 Monthly, 2yr term	ISP/Carrier Pricing; \$1,250 NRC

Competitor Data

Competitor Data - Last Mile Service Providers

Service Provider	Service Areas Where Service Available	Technology Platform	Service Tiers	Downstream Speed	Monthly Pricing	Other Comments/Description/Features or Limitations
Century Link	Wytheville	DSL		1.5Mbps	49.95	Stand alone
				3Mbps	54.95	Stand alone
				5Mbps	64.95	Stand alone
Verizon	Pulaski, Dublin, Fairlawn, Blacksburg, Christiansburg, Roanoke	DSL		1Mbps	29.99	Stand alone
				3Mbps	39.99	Stand alone
				7.1Mbps	49.99	Stand alone
JetBroadband	Wytheville, Radford, Christiansburg, Fairlawn	Cable Modem		1.5Mbps	29.95	49.95 install; \$5 modem rental
				8Mbps	39.95	49.95 install; \$5 modem rental
				12Mbps	59.95	49.95 install; \$5 modem rental

Competitor Data - Middle Mile Service Providers

Service Provider	Service Areas Where Service Available	Technology Platform	Service Tiers	Distance Band or Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments/Description/Features or Limitations
Verizon	Roanoke to Blacksburg	Fiber	10Mbps	Distance		\$2,998	5yr term
			100Mbps	Distance		\$5,460	5yr term
			1Gbps	Distance		\$19,582	5yr term
Verizon	Blacksburg to Newport	Fiber	10Mbps	Distance		\$10,725	5yr term
			100Mbps	Distance		\$18,880	5yr term
			1Gbps	Distance		\$83,077	5yr term
Verizon	Christiansburg to Wytheville	Fiber	10Mbps	Distance		\$22,646	5yr term
			100Mbps	Distance		\$39,610	5yr term
			1Gbps	Distance		\$162,324	5yr term

U.S. Department of Commerce
Broadband Technology Opportunities Program
Authentication and Certifications

1. I certify that I am the duly Authorized Organization Representative (AOR) of the applicant organization, and that I have been authorized to submit the attached application on its behalf.
2. I certify that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.
3. I certify that the entity(ies) I represent have and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
4. I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements ("DOC Pre-Award Notification"), published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); the Department of Commerce American Recovery and Reinvestment Act Award Terms (Apr. 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award.
5. I certify that any funds awarded to the entity(ies) I represent as a result of this application will not result in any unjust enrichment of such entity(ies) or duplicate any funds such entity(ies) receive under federal universal service support programs administered by the Universal Service Administrative Corporation (USAC).
6. I certify that the entity(ies) I represent has secured access to pay the 20% of total project cost or has petitioned the Assistant Secretary of NTIA for a waiver of the matching requirement.

3/25/2010
Date


Authorized Organization Representative Signature

Chris J Bond
Print Name

Finance Manager
Title