

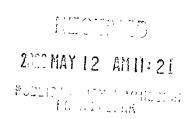
Control Number: 35588



Item Number: 385

Addendum StartPage: 0





May 7, 2020

Public Utility Commission of Texas 1701 North Congress Avenue P. O. Box 13326 Austin, TX 78711-3326

RE: Project No. 35588 – Annual Operating Report

Dear Sir or Madam:

Pursuant to Substantive Rule 26.73, please find enclosed one original and three copies of RUS Form 479 Annual Operating Report for Telecommunications Borrowers for Southwest Arkansas Telephone Cooperative, Inc. for the period ending December 31, 2019.

Should you have any questions or need additional information, please call me at (870)653-8222.

Sincerely,

Tina Moore Accountant

/TM Enclosure According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response including the time for reviewing instructions, searching existing data squeries additioning and maintaining the data needed, and completing and reviewing instruction of information.

searching existing data sources, gathering and maintaining the			ormation collection is estimated to average 4 hours per response including the collection of information	, the time for reviewing ins	nuctions,	
USDA-RUS		· · ·	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq.			
l		and subject to federal laws and regulations regarding confidential information will be treated as confidential				
		BORROWER NAME				
OPERATING REP		s	Southwest Arkansas Telephone Cooper	ative, Inc.		
			(Prepared with Audited Data)			
INSTRUCTIONS-Submit report to RUS within 30 day	vs after close of the pe	eriod	PERIOD ENDING BO	RROWER DESIGNATIO	N	
For detailed instructions, see RUS Bulletin 1744-2 R	teport in whole dollar.	s only	December 2019 A	R0514		
to the best of our knowledge and belief ALL INSURANCE REQUIRED BY 7 RENEWALS HAVE BEEN OBTAINE	CFR PART 1788, ED FOR ALL POI	dance with the according to the control of the cont	ERTIFICATION ounts and other records of the system and reflect the status I, RUS, WAS IN FORCE DURING THE REPORTING PURSUANT TO PART 1788 OF 7CFR CHAPTER XV	PERIOD AND		
		(Check one	e of the following)		I	
X All of the obligations under the RUS loan doc have been fulfilled in all material respects	:uments		There has been a default in the fulfillment of the obligative under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	ons		
William Hegmann	_	4/28/2020	_			
		DATE				
		PART A	A. BALANCE SHEET			
	BALANCE	BALANCE		BALANCE	BALANCE	
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR	END OF PERIOD	
CURRENT ASSETS			CURRENT LIABILITIES			
1 Cash and Equivalents	9,630,572	8,923,144	25 Accounts Payable	554,827	797,440	
2 Cash-RUS Construction Fund	917,501	917,501	26 Notes Payable			
3 Affiliates			27 Advance Billings and Payments			
a Telecom, Accounts Receivable			28 Customer Deposits			
b Other Accounts Receivable			29 Current Mat L/T Debt	2,196,616	2,335,495	
c Notes Receivable			30 Current Mat L/T Debt-Rur Dev			
4 Non-Affiliates			31 Current Mat -Capital Leases			
a Telecom, Accounts Receivable	530,594	516,027	32 Income Taxes Accrued			
b Other Accounts Receivable	1,061,184	1,390,572	33 Other Taxes Accrued	515,049	330,621	
c Notes Receivable			34 Other Current Liabilities	1,048,322	1,037,321	
5 Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	4,314,814	4,500,877	
6 Material-Regulated	1,539,048	1,452,838	LONG-TERM DEBT			
7 Material-Nonregulated	28,833	23,559	36 Funded Debt-RUS Notes	23,956,807	21,750,703	
8 Prepayments	3,964,222	6,935,949	37 Funded Debt-RTB Notes			
9 Other Current Assets	120	120	38 Funded Debt-FFB Notes			
10. Total Current Assets (1 Thru 9)	17,672,074	20,159,710	39 Funded Debt-Other			
NONCURRENT ASSETS			40 Funded Debt-Rural Develop Loan			
11 Investment in Affiliated Companies			41 Premium (Discount) on L/T Debt			
a Rural Development	4,136,610	4,456,960	42 Reacquired Debt			
b Nonrural Development			43 Obligations Under Capital Lease			
12 Other Investments			44 Adv From Affiliated Companies			
a Rural Development			45 Other Long-Term Debt			
b Nonrural Development	9,854,180	10,080,903	46. Total Long-Term Debt (36 thru 45)	23,956,807	21,750,703	
13 Nonregulated Investments	1,674,027	2,421,783	OTHER LIAB. & DEF. CREDITS		,	
14 Other Noncurrent Assets			47 Other Long-Term Liabilities	(89,925)	(145,116)	
15 Deferred Charges	859,839	872,294	48 Other Deferred Credits			
16 Junsdictional Differences			49 Other Junsdictional Differences			
17 Total Noncurrent Assets (11 thru 16)	16,524,656	17,831,940	50 Total Other Liabilities and Deferred Credits (47 thru 49)	(89,925)	(145,116)	
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		ĺ	
18 Telecom, Plant-in-Service	84,644,524	77,588,643	51 Cap Stock Outstand & Subscribed	0		
19 Property Held for Future Use			52 Additional Paid-in-Capital			
20 Plant Under Construction	1,212,649	3,115,904	53 Treasury Stock	0		
21 Plant Adı Nonop Plant & Goodwill			54 Membership and Cap Certificates			

30,491,279 56 Patronage Capital Credits

57 Retained Earnings or Margins

59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)

58. Total Equity (51 thru 57)

50, 213, 268 55 Other Capital

56,137,005

29,720,168

63,916,898 68,482,929

22 Less Accumulated Depreciation

23. Net Plant (18 thru 21 less 22)

24. TOTAL ASSETS (10+17+23)

30,318,097

8,557,307 12,058,368

35,735,202 42,376,465

63,916,898 68,482,929

27,177,895

BORROWER DESIGNATION

AR0514

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

PERIOD ENDING

INSTRUCTIONS- See RUS Bull etin 1744-2

December 2019

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1 Local Network Services Revenues	1,052,298	926,956
2 Network Access Services Revenues	11,051,931	11,190,586
3 Long Distance Network Services Revenues	3,921,149	3,908,653
4 Carrier Billing and Collection Revenues		
5 Miscellaneous Revenues	75,193	83,691
6 Uncollectible Revenues	(2,960)	(4,434)
7. Net Operating Revenues (1 thru 5 less 6)	16,103,531	16,114,320
8 Plant Specific Operations Expense	4,339,787	3,607,836
9 Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	1,621,364	1,128,039
10 Depreciation Expense	4,727,642	4,135,290
11 Amortization Expense	2,669	4,398
12 Customer Operations Expense	680,023	549,046
13 Corporate Operations Expense	1,757,447	1,720,074
14. Total Operating Expenses (8 thru 13)	13,128,932	11,144,683
15 Operating Income or Margins (7 less 14)	2,974,599	4,969,637
16 Other Operating Income and Expenses		
17 State and Local Taxes		
18 Federal Income Taxes		
19 Other Taxes	300,617	315,348
20. Total Operating Taxes (17+18+19)	300,617	315,348
21 Net Operating Income or Margins (15+16-20)	2,673,982	4,654,289
22 Interest on Funded Debt	1,091,898	1,039,651
23 Interest Expense - Capital Leases		
24 Other Interest Expense	16,282	6,474
25 Allowance for Funds Used During Construction	56,237	93,205
26. Total Fixed Charges (22+23+24-25)	1,051,943	952,920
27 Nonoperating Net I ncome	210,075	614,375
28 Extraordinary Items		
29 Jurisdictional Differences		
30 Nonregulated Net I ncome	1,244,969	1,020,148
31. Total Net Income or Margins (21+27+28+29+30-26)	3,077,083	5,335,892
32 Total Taxes Based on Income		
33 Retained Earnings or Margins Beginning-of-Year	5,952,065	8,557,307
34 Miscellaneous Credits Year-to-Date	1,052,746	1,594,422
35 Dividends Declared (Common)		
36 Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	117,880	289,051
38 Transfers to Patronage Capital	1,406,707	3,140,202
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	8,557,307	12,058,368
40 Patronage Capital Beginning-of-Year	25,771,188	27,177,895
41 Transfers to Patronage Capital	1,406,707	3,140,202
42 Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	27,177,895	30,318,097
44 Annual Debt Servic e Payments	3,103,319	3,156,710
45 Cash Ratio [(14+20-10-11) / 7]	0.5402	0.4543
46 Operating Accrual Ratio [(14+20+26) / 7]	0.8993	0.7703
47 TIER [(31+26) / 26]	3.9251	6.5995
48 DSCR [(31+26+10+11) / 44]	2.8548	3.3036

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

AR0514

PERIOD ENDED December 2019

1,744 00

1,419 00

3,451

INSTRUCTIONS - See RUS Bulletin 1744-2

Total

No Exchanges

	Part C. S	UBSCRIBER (AC	CESS LINE), ROUTE	MILE, & HIGH SPEE	D DATA INFORM	IATION	
	1. RATES		2. SUBS	CRIBERS (ACCESS LIN	3. ROUTE MILES		
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
ROUTE MILEAGE OUTSIDE EXCHANGE AREA						200 00	200 00
EMERSON	18 65	17 00	45	364	409	192 00	191 00
TRIGG	26 15	17 00	19	169	188	99 00	98 00
DODDRIDGE	26 15	17 00	14	359	373	224 00	221 00
FULTON	18 65	17 00	24	141	165	75 00	75 00
GARLAND	26 15	17 00	23	52	75	53 00	37 00
WASHINGTON	18 65	17 00	71	313	384	182 00	182 00
BLOOMBURG	33 15	17 65	27	255	282	101 00	100 00
FOUKE	26 15	17 00	91	1,484	1,575	618 00	315 00
MobileWireless	_				0		
Route Mileage Outside Exchange Area						0 00	0 00

3,137

314

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

PERIOD ENDED
December 2019

INSTRUCTIONS - See RUS Bulletin 1744-2

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

		```	4 B	ROADBAND SER	VICE				
			Details on Least Expensive Broadband Service						
EXCHANGE	No Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month	Standalone/Pckg	Type Of Technology (g)	
ROUTE MILEAGE OUTSIDE EXCHANGE AREA									
EMERSON	409	357	357	>6,000	>6,000	64 95	Package	Fiber to the Home	
TRIGG	188	188	188	>6,000	>6,000	64 95	Package	Fiber to the Home	
DODDRIDGE	373	361	361	>6,000	>6,000	64 95	Package	Fiber to the Home	
FULTON	165	138	138	>6,000	>6,000	64 95	Package	Fiber to the Home	
GARLAND	75	47	47	>6,000	768	49.95	Package	DSL	
WASHINGTON	384	255	255	>6,000	>6,000	64.95	Package	Fiber to the Home	
BLOOMBURG	282	279	279	>6,000	>6,000	64 95	Package	Fiber to the Home	
FOUKE	1,575	1,765	1,765	>6,000	768	49 95	Package	DSL	
Total	3,451	3,390							

USDA-RUS	•		BORROWER DES	SIGNATION		
OPERATING REPORT FO	R		AR0514			
TELECOMMUNICATIONS BORR	OWERS	WERS		PERIOD ENDING December 2019		
INSTRUCTIONS- See RUS Bulletin 1744-2						
	PART D. SYSTEM	I DATA				
1 No Plant Employees 2 No Other Employees 12	3 Square Miles Served	951	4 Access Lines per Square	e Mile 3.63	5 Subscribers per Route Mile 1.98	
	PART E. TOLL	DATA				
Study Area ID Code(s)     Z Types of Toll S	Settlements (Check on	3)				
a <u>401724</u>	(	Interstate	Average Schedule	è	X Cost Basis	
c		Intrastate.	Average Schedule	•	X Cost Basis	
d						
e						
9						
h						
·						
PART F. F	UNDS INVESTED IN F	PLANT DURING YEA	AR			
1 RUS, RTB, & FFB Loan Funds Expended						
2 Other Long-Term Loan Funds Expended						
3 Funds Expended Under RUS Interim Approval						
4 Other Short-Term Loan Funds Expended						
5 General Funds Expended (Other than Intenm)			,		5,275,843	
6 Salvaged Materials						
7 Contribution in Aid to Construction						
8 Gross Additions to Telecom Plant (1 thru 7)					5,275,843	
PART G. IN	IVESTMENTS IN AFF	ILIATED COMPANII	ES			
	CURRENT	EAR DATA		CUMULATIVE DA	ATA .	
			Cumulative	Cumulative		
INVESTMENTS	Investment	Income/Loss	Investment	Income/Loss	Current	
	This Year	This Year	To Date	To Date	Balance	
(a)	(6)	(c)	(d)	(e)	(f)	
Investment in Affiliated Companies - Rural Development	0	320,350	491,166	3,965,794	4,456,960	
2. Investment in Affiliated Companies. Nonciret Development	1				i	

BORROWER DESIGNATION	
AR0514	
PERIOD ENDING	

### **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS** December 2019 PART H. CURRENT DEPRECIATION RATES Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) YES Х NO **EQUIPMENT CATEGORY DEPRECIATION RATE** 21.25% Land and support assets - Motor Vehicles Land and support assets - Aircraft Land and support assets - Special purpose vehicles 6.90% Land and support assets - Garage and other work equipment 2.789 Land and support assets - Buildings 8.94% Land and support assets - Furniture and Office equipment Land and support assets - General purpose computers 13.19% 14.29% Central Office Switching - Digital Central Office Switching - Analog & Electro-mechanical 10. Central Office Switching - Operator Systems Central Office Transmission - Radio Systems 11. 12. Central Office Transmission - Circuit equipment 14.29% 13. Information origination/termination - Station apparatus 14. Information origination/termination - Customer premises wiring 15. Information origination/termination - Large private branch exchanges 16. Information origination/termination - Public telephone terminal equipment 11.65% Information origination/termination - Other terminal equipment 18. Cable and wire facilities - Poles 6.86% 19. Cable and wire facilities - Aerial cable - Metal 20 Cable and wire facilities - Aerial cable - Fiber Cable and wire facilities - Underground cable - Metal 22. Cable and wire facilities - Underground cable - Fiber 23. Cable and wire facilities - Buried cable - Metal 6.34% 24 Cable and wire facilities - Buried cable - Fiber 6.678 25 Cable and wire facilities - Conduit systems 26 Cable and wire facilities - Other

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

AR0514

PERIOD ENDED

INIST	RUCTIONS - See help in the online application.	December 2019
INOT	PART I – STATEMENT OF CA	SH ELOWS
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	······································
<u>''</u>	CASH FLOWS FROM OPERATING ACTIVITIE	10,548,
2.	Net Income	5,335,
<u></u> -	Adjustments to Reconcile Net Income to Net Cash Provided by C	
3.	Add. Depreciation	4,135
4.	Add: Amortization	4,133
5.	Other (Explain) Retirements	(10,063,4
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	(314,8
7.	Decrease/(increase) in Materials and Inventory	91,
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(2,984,1
9.	Decrease/(Increase) in Other Current Assets	
10	Increase/(Decrease) in Accounts Payable	242,
11.	Increase/(Decrease) in Advance Billings & Payments	
12	Increase/(Decrease) in Other Current Liabilities	(195,4
13.	Net Cash Provided/(Used) by Operations	(3,748,1
	CASH FLOWS FROM FINANCING ACTIVITIE	
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(2,067,2
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(55,1
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certific	ates & Other Capital
20.	Less Payment of Dividends	
21	Less Patronage Capital Credits Retired	
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	(2,122,4
	CASH FLOWS FROM INVESTING ACTIVITIE	S
24.	Net Capital Expenditures (Property, Plant & Equipment)	5,152,
25	Other Long-Term Investments	(1,294,8
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain) Prior Period Adjustments	1,305,
28.	Net Cash Provided/(Used) by Investing Activities	5,163,
29.	Net Increase/(Decrease) in Cash	(707,4
30.	Ending Cash	9,840,

USDA-RUS	BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	AR0514	
NSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December 2019	
NOTES TO THE OPERATING REPO	RT FOR TELECOMMUNICATIONS BORROWERS	

USDA-RUS	BORROWER DESIGNATION		
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	AR0514		
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December 2019		
CERTIFICATION LOAN DEFAULT NOTES TO THE C	OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		