



ITS TELECOMMUNICATIONS SYSTEMS, INC.

15925 SW Warfield Blvd. • P. O. Box 277

Indiantown, Florida 34956

772-597-2111

REDACTED

REDACTED

June 24, 2015

CONFIDENTIAL DOCUMENTS ENCLOSED

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED FPSC
15 JUN 26 AM 9:20
COMMISSION
CLERK

RE: FPSC Docket No. 150153-TP
2016 State Certification §54.313 and §54.314 – Annual Reporting Requirements for
High-cost Recipients and Certification of Support for Eligible Telecommunication Carriers

Dear Ms. Stauffer:

Enclosed is a copy of the FCC Form 481 for ITS Telecommunications Systems, Inc. as filed with the required information pursuant to sections §54.313 and §54.422 of the FCC's rules. Also enclosed for filing in the above referenced docket is the signed Affidavit of Jeffrey S. Leslie on behalf of ITS Telecommunications certifying that all federal high cost support received by ITS Telecommunications in 2016 will only be used for the provisioning, maintenance, and upgrading of facilities and services for which such support is intended.

ITS Telecommunications Systems, Inc. has filed the financial information with the FCC under a claim of confidentiality and pursuant to the Section 364.183(1) of the Florida Statutes, and Rule 25-22-006(5)(a) of the Florida Administrative Code, we are filing this with the FPSC under the same claim of confidentiality. One highlighted copy is sealed in an envelope marked "CONFIDENTIAL" with the confidential information highlighted in yellow and one redacted copies that are available for public inspection are enclosed.

Please contact Donna Marreel at 772-597-3161 if you have any questions regarding this filing.

Sincerely,

Jeffrey S. Leslie
President/CEO

Enclosure

FPSC Docket No. 150153-TP
2016 State Certification §54.313 and §54.314 – Annual Reporting Requirements for
High-cost Recipients and Certification of Support for Eligible Telecommunication Carriers

AFFIDAVIT

STATE OF FLORIDA
COUNTY OF MARTIN

BEFORE ME, the undersigned authority, personally appeared Jeffrey S. Leslie, known to me to be a credible person and of lawful age, who deposed and said:

My name is Jeffrey S. Leslie. I am employed by ITS Telecommunications Systems, Inc. (ITS or the "Company") as President/CEO. I possess substantial knowledge of the Company's operations and am an officer authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the certification of the Florida Public Service Commission ("Commission") as contemplated in 47 C.F.R. §54.314.

ITS hereby certifies that all federal high-cost support was used in the preceding calendar year and will utilize it during 2016 only for the provision, maintenance and upgrading of facilities and services for which the support is intended, consistent with 47 U.S.C. §254(e) of the Telecommunications Act of 1996.

1. In lieu of providing progress reports on a five-year service quality improvement plan, ITS submits that certain requirements, procedures and processes to which the Company adheres, and which are further explained in the following paragraphs, constitute the Company's progress report with respect to the receipt and utilization of federal universal service support. Under the existing rules and processes discussed the federal support funds received by the Company and other rural incumbent local exchange carriers ("ILECs") are, in fact, an integral part of the rural ILEC's recovery of expenditures incurred in the provision, maintenance and upgrading of its provision of universal service. Essentially, the Company receives federal universal service support ("USF") through various programs which are administered through the Universal Service Administrative Company ("USAC"). USAC has contracted with the National Exchange Carrier Association, Inc. ("NECA") to assist in data collection necessary for the remittance of USF. The company submits, not less frequently than annually, detailed information requested by NECA in the USF data collection process. USF data used in the USF calculations by NECA must also be filed with the FCC by November 1st of each year.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC's cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information. This process ensures that the Company will not be deprived of the USF funding upon which the Company depends to provide rural telephone customers with affordable and quality telecommunications services.

The Federal USF received by the Company and other rural ILECs is divided into four categories: High Cost Loop Support ("HCLS"); Local Switching Support ("LSS"); Interstate Common Line Support ("ICLS"); and Safety Net Additive Support ("SNAS"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

HCLS for rural ILECs is based upon each company's embedded, unseparated loop cost. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and a FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred. This amount is used to offset the rural ILECs interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

ICLS is a universal service mechanism, which is based upon each company's embedded, interstate loop cost and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the Company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and a FCC

established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred. This amount is used to offset the rural ILECs interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the Company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

SNAS is support above the HCLS cap for carriers that make significant investment in rural infrastructure in years in which HCLS is capped. To receive this support, a rural ILEC must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Carriers seeking to qualify for SNAS must provide written notice to USAC that a study area meets the 14 percent TRIS trigger.

2. ITS hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2014 and March 1, 2015, ITS did not have any Federal FCC or Florida Public Service Commission reportable outages.
3. ITS hereby certifies that it did fulfill all requests for service from potential customers.
4. ITS hereby certifies that it received zero (0) FCC complaints during the period of March 1, 2014 through March 1, 2015. ITS received zero (0) complaints filed with the FPSC during the period March 1, 2014 to March 1, 2015.
5. ITS hereby certifies that it complies with the applicable state PSC quality of service standards and state consumer protection rules in accordance with Florida Statutes and the Florida Administrative Code.
6. ITS hereby certifies that it is able to function in emergency situations.
7. ITS hereby certifies that it offers a tariffed local usage plan.
8. ITS hereby certifies that it provides equal access to long distance carriers.

FURTHER AFFIANT SAYETH NOT.



Jeffrey S. Leslie
President/CEO
ITS Telecommunications Systems, Inc.

STATE OF FLORIDA
COUNTY OF MARTIN

Acknowledged before me this 24 day of June, 2015 by Jeffrey S. Leslie, as President of ITS Telecommunications Systems, Inc., who is personally known to me and did not take an oath.



Donna J. Marreel
Notary Public

Personally known X
Produced Identification _____
Type of Identification Produced _____

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Donna Marreel
<035> Contact Telephone Number: Number of the person identified in data line <030>	7725973161 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	donnam@itstelecom.net

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion	Completion
	Required	Required

<100> Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<i>(attach descriptive document)</i>		
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<i>(attach descriptive document)</i>		
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">210331-f1-510.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">210331-f1-610.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	<i>(if yes, complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> <div style="border: 1px solid black; padding: 2px;">210331-f1-1010.pdf</div>	<i>(attach descriptive document)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/>	<i>(if not, check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

<2000> Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers	<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

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

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstatelecom.net
<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.

210331-f1-112.pdf, 210331-f1-113.pdf

Name of Attached Document

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

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

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

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

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

Select Yes or No or Not Applicable

(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	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

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

**Certification - Reporting Carrier
Data Collection Form**

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

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Donna Marree1
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	ITS TELECOMM. SYS.
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/24/2015
Printed name of Authorized Officer:	Jeffrey Leslie
Title or position of Authorized Officer:	President/CBO
Telephone number of Authorized Officer:	7725972104 ext.
Study Area Code of Reporting Carrier:	210331 Filing Due Date for this form: 07/01/2015
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.	

Attachments

Five-Year Service Quality Improvement Plan’s Annual Progress Report

One of ITS Telecommunications Systems, Inc.’s (“ITS Telecom’s”) goals is to raise the level of services for both telephony and internet for our outlying customers. Our plans are to place fiber optic lines and associated electronics which will allow internet service levels as high as 1 Gb down and 1 Gb up as well as reduce trouble reports for telephony. We have planned several projects to help accomplish this goal. The primary objective of this report is to provide an updated status of the first project, which has an expected completion date of May, 2016. The second objective of this report is to update the territory focus of the other projects, moving the focus to a higher concentration of serviceable homes, increasing the potential of 1Gb down and 1Gb up services to a greater amount of individuals. Included is a color-coded map of the serving area which details the progress of the first project and updates the focus of the second, third, and fourth projects for the period up through 2019.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Attached are two tables in Appendix B with the first table specifying the projected Capital Expenditures in Appendix A, by Part 32 account, along with the respective year in which the operating expenses are expected to occur. The second table of Appendix B has the projected operating expenses that include the depreciation expense for both embedded plant investment and for Capital Expenditures, which begins when the expenditures are projected to be placed into service.

In summary, ITS Telecom is currently on target to complete the first of four projects on time and with the changes in the priority of projects will allow a higher level of service to a larger amount of subscribers.

APPENDIX B
TABLE 2 - DEPRECIATION EXPENSE
OPERATIONS EXPENSES FOR YEAR 2015 THROUGH 2019

PROJECT/LOCATION	2015	2016	2017	2018	2019
Plant Specific Operations					
Plant Non-Specific Operations					
Depreciation and Amortization					
Customer Operations					
Corporate Operations					
Property Taxes					
Total Capital Expenditures					

Service Quality Standards and Consumer Protection Rules Compliance

ITS Telecommunications Systems, Inc., DBA, ITS Telecom certifies that our company complies with the applicable state and FCC Service Quality Standards and the Consumer Protection Rules.

With regards to the FCC 47 C.F.R. §64.2001-64.2011 rules for CPNI (Customer Proprietary Network Information), ITS Telecom has a policy manual that details and enforces the requirements of the federal rules. Our managers review the policies of CPNI on a yearly basis with their employees or as needed when a new hire is involved with our customer information. The company certifies its compliance annually with the FCC.

ITS Telecom trains their employees on the Red Flag regulations to help identify theft and through our NOC, the company has procedures to mitigate the potential damage of identity theft. Our NOC has established numerous measures in which to insure the integrity of our network and customer data.

ITS Telecom discloses their rates to our customers on our website, provides protection to our customers with Anti-Slamming Procedures as adopted with the Florida Administrative Code and the Florida Statutes, and follows all other applicable federal and state requirements governing the protection of our customers' privacy.

Functionality in Emergency Situations

ITS Telecommunications Systems, Inc. certifies that our company is compliant in emergency situations as set forth in the Code of Federal Regulations. We have had a Disaster and Hurricane Preparedness Plan in place for many years and currently are revising our plan to incorporate use of the new technology that came about with the opening of our NOC (Network Operations Center). We have established a Steering Committee that meets quarterly to review our Emergency Preparedness Policies.

ITS Telecommunications' central office is designed to withstand power failures through the use of batteries and backup generators. We also have backup generators for our remotes which will keep running until power is restored as long as fuel is available. The NOC and OSP (Outside Plant) perform scheduled routine maintenance of our batteries and generators. Our NOC monitors our network 24/7 which ensures timely responses when a problem arises. Our serving area has network redundancy that provides an alternate route when needed.

Voice Services Rate Comparability Certification

ITS Telecommunications Systems, Inc. hereby certifies that the price of our fixed voice service of \$16.00 is below the two standard deviations above the national average urban rate of \$47.48 as required in 47 C.F.R. § 54.313(a)(10).

Milestone Certification

ITS Telecommunications Systems, Inc. hereby certifies that throughout 2014 we have been able to provide speeds of at least 4Mbps down/1Mbps up for every reasonable request for broadband service. While we are making progress with our 5 year plan, ITS Telecommunications currently endeavors to provide broadband speeds of 10Mbps down/1Mbps up for all reasonable requests within our serving area.

List of Community Anchor Institutions (47 C.F.R. §54.313(f)(1)(ii))

<u>Account Number</u>	<u>Account Name</u>	<u>Full Service Address</u>
2794	YMCA Treasure Coast	16451 SW Farm Rd., Indiantown, FL 34956
99860001726	Indiantown Medical Center	15516 SW Osceola St., Indiantown, FL 34956
11873	Correct Care, LLC (Prison)	96 SW Allapattah Rd., Indiantown, FL 34956

According to the Paperwork Reduction Act of 1995, no 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 xxx. The time required to complete this information collection is estimated to average x hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
	BORROWER NAME ITS Telecommunications Systems, Inc.	
	ADDRESS Indiantown, Florida	
INSTRUCTIONS- Submit report to RUS within 15 days after close of the period.	PERIOD ENDING December, 2014	BORROWER DESIGNATION FL1103

CERTIFICATION	
We hereby certify that: 1. the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief; and 2. we have fulfilled our obligations under the Loan Documents throughout the year in all material respects	
ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.	
<input type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.	<input checked="" type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the notes section of this report.
Jeffrey Leslie	06/04/2015 DATE

PART A. BALANCE SHEET			
ASSETS	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE END OF PERIOD
CURRENT ASSETS		CURRENT LIABILITIES	
1. Cash and Equivalents		Accounts Payable	
2. Cash-RUS Construction Fund		17. Notes Payable	
3. Accounts Receivable		8. Current Mat. L/T Debt - RLIS	
4. Notes Receivable		19. Current Mat. UT Debt-Other	
5. Materials and Inventory		9. Current Mat.-Capital Leases	
6. Other Current Assets		21. Other Current Liabilities	
Total Current		Total Current	
7. Assets (1 thru 6)		2. Liabilities (16 thru 21)	
NONCURRENT ASSETS		LONG-TERM DEBT	
8. Investment in Affiliated Companies		23. Funded Debt-RUS Notes	
9. Other Noncurrent Assets		4. Funded Debt-RTB Notes	
PLANT, PROPERTY, AND EQUIPMENT		25. Funded Debt-FFB Notes	
10. Telecom. Plant-in-Service		26. Funded Debt-Other	
		Total Long-Term	
11. Plant Under Construction		27. Debt (23 thru 26)	
12. Plant Adj., Nonop. Plant, & Goodwill		OTHER LIAB. & DEF. CREDITS	
13. Less Accumulated Depreciation		28. Other Long-Term Liabilities	
Net Plant		EQUITY	
14. (10 thru 12 less 13)		29. Cap. Stock Outstand. & Subscribed	
		7. Additional Paid-in-Capital	
		31. Membership and Cap. Certificates	
		32. Patronage Capital Credits	
		33. Retained Earnings or Margins	
		34. Total Equity (29 thru 34)	
TOTAL ASSETS		TOTAL LIABILITIES AND EQUITY (22+27+28+34)	
15. (7+8+9+14)		5. EQUITY (22+27+28+34)	

Total Equity = % of Total Assets

USDA-RUS					BORROWER DESIGNATION	
FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS					FL1103	
					PERIOD ENDING	
					December, 2014	
PART C. SERVICES						
		1. RATES		2. SUBSCRIBERS		
		Residential	Business	Residential	Business	Total
No.	SERVICE OFFERINGS	(a)	(b)	(a)	(b)	(c)
	Broadband Data Packages					
1	6.1M					
2	768K					
3	6M					
4	10M					
5	SYMMETRIC GIGABIT					
6	30M					
7	SYMMETRIC 500/500					
8	40M					
9	1M					
10	16M					
11	SYMMETRIC 200/200					
12	256K					
13	25M					
14	SYMMETRIC 50/50					
15	60M					
16	20M					
17	15M					
18	50M					
19	SYMMETRIC 10/10					
20	12M					
21	100M					
22	3M					

USDA-RUS				BORROWER DESIGNATION	
FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS				FL1103	
				PERIOD ENDING December, 2014	
PART C. COMMUNITIES					
No.	Community	County	State	No. Broadband Data Customers	Broadband Application
1	Indiantown CDP	Martin	FL		X

REDACTED

<i>USDA-RUS</i> FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS		BORROWER DESIGNATION FL1103 PERIOD ENDING December, 2014
PART D. STATEMENT OF CASH FLOWS		
1.	Beginning Cash	
CASH FLOWS FROM OPERATING ACTIVITIES:		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain) Cash Salvage		
<i>Changes in Operating Assets and Liabilities:</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Other Current Assets		
9. Increase/(Decrease) in Accounts Payable		
10. Increase/(Decrease) in Other Current Liabilities		
11. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES:		
12. Decrease/(Increase) in Notes Receivable		
13. Increase/(Decrease) in Notes Payable		
14. Plus/(Less) Net Increase/(Decrease) in Long Term Debt (including current maturities)		
15. Plus: Increase/(Less: Decrease) in Capital Stock, Paid-in Capital or Membership and Capital Certificates		
16. Less: Payment of Dividends		
17. Other (Explain) Other Financing Activities represents Net change in other long term asset and liability accounts not included or reported above.		
18. Net Cash Provided/ (Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
19. Net Capital Expenditures		
20. Long-Term Investments		
21. Other (Explain)		
22. Net Cash Provided (Used) by Investing Activities		
23. Net Increase/ (Decrease) in Cash		
24. Ending Cash		

REDACTED

<p style="text-align: center;"><i>USDA-RUS</i></p> <p style="text-align: center;">FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS</p>	<p>BORROWER DESIGNATION FL1103</p>
<p>PERIOD ENDING December, 2014</p>	
<p style="text-align: center;">Notes to Operating Report - Broadband</p>	
<p>The company continues to experience slight revenue declines attributable to line loss and regulatory mandates. However, at the same time, the company continues to make strides in cost controls. We feel that with continued cost control efforts and expansion of the non-POTS services (Data) the company will show improvements in TIER over time. We continue to generate sufficient cash flows to meet all current and long term obligations.</p>	