

Form 5500-SF Department of the Treasury Internal Revenue Service	Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation		

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>10/01/2011</u> and ending <u>08/15/2012</u>	
A This return/report is for:	☒ a single-employer plan ☐ a multiple-employer plan (not multiemployer) ☐ a one-participant plan
B This return/report is:	☐ the first return/report ☒ the final return/report ☐ an amended return/report ☒ a short plan year return/report (less than 12 months)
C Check box if filing under:	☐ Form 5558 ☐ automatic extension ☐ DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>VERNON TELEPHONE COOPERATIVE DEFINED BENEFIT PENSION PLAN</u>	1b Three-digit plan number (PN) ▶ <u>002</u>
	1c Effective date of plan <u>01/01/1987</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>VERNON TELEPHONE COOPERATIVE</u> <u>P.O. BOX A</u> <u>WESTBY, WI 54667</u>	2b Employer Identification Number (EIN) <u>39-0838123</u> 2c Sponsor's telephone number <u>608-634-3136</u> 2d Business code (see instructions) <u>561420</u>
3a Plan administrator's name and address (if same as plan sponsor, enter "Same") <u>VERNON TELEPHONE COOPERATIVE</u> <u>P.O. BOX A</u> <u>WESTBY, WI 54667</u>	3b Administrator's EIN <u>39-0838123</u> 3c Administrator's telephone number <u>608-634-3136</u>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report. a Sponsor's name	4b EIN 4c PN
5a Total number of participants at the beginning of the plan year	5a <u>50</u>
b Total number of participants at the end of the plan year.....	5b <u>0</u>
c Number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item).....	5c
6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)	☒ Yes ☐ No
b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.).....	☒ Yes ☐ No
If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.	

Part III	Financial Information
7 Plan Assets and Liabilities	
a Total plan assets	7a <u>4674129</u>
b Total plan liabilities	7b
c Net plan assets (subtract line 7b from line 7a).....	7c <u>4674129</u>
8 Income, Expenses, and Transfers for this Plan Year	
a Contributions received or receivable from:	(a) Amount
(1) Employers	8a(1) <u>600000</u>
(2) Participants	8a(2)
(3) Others (including rollovers).....	8a(3)
b Other income (loss).....	8b <u>679325</u>
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c <u>1279325</u>
d Benefits paid (including direct rollovers and insurance premiums to provide benefits).....	8d <u>267573</u>
e Certain deemed and/or corrective distributions (see instructions)....	8e
f Administrative service providers (salaries, fees, commissions)	8f <u>3857</u>
g Other expenses.....	8g
h Total expenses (add lines 8d, 8e, 8f, and 8g).....	8h <u>271430</u>
i Net income (loss) (subtract line 8h from line 8c).....	8i <u>1007895</u>
j Transfers to (from) the plan (see instructions)	8j <u>-5682024</u>

Part IV Plan Characteristics**9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1G 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**Part V Compliance Questions**

	Yes	No	Amount
10 During the plan year:			
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)		X	
c Was the plan covered by a fidelity bond?	X		500000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)		X	
f Has the plan failed to provide any benefit when due under the plan?		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3			

Part VI Pension Funding Compliance

11 Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500)). ☒ Yes ☐ No

12 Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? .. ☐ Yes ☒ No
(If "Yes," complete 12a or 12b, 12c, 12d, and 12e below, as applicable.)

a If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b Enter the minimum required contribution for this plan year	12b	
c Enter the amount contributed by the employer to the plan for this plan year	12c	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d	

e Will the minimum funding amount reported on line 12d be met by the funding deadline? ☐ Yes ☐ No ☐ N/A

Part VII Plan Terminations and Transfers of Assets

13a Has a resolution to terminate the plan been adopted in any plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year **13a**

b Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? ☒ Yes ☐ No

c If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)
RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS	52-0741336	333

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	03/18/2013	RODNEY D. OLSON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 08/15/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>VERNON TELEPHONE COOPERATIVE DEFINED BENEFIT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>VERNON TELEPHONE COOPERATIVE</u>	D Employer Identification Number (EIN) <u>39-0838123</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>10</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>4674129</u>
b	Actuarial value 2b <u>4970104</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>9</u> <u>3513014</u>
b	For terminated vested participants 3b <u>9</u> <u>527389</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>1055477</u>
(2)	Vested benefits 3c(2) <u>2630176</u>
(3)	Total active 3c(3) <u>32</u> <u>3685653</u>
d	Total 3d <u>50</u> <u>7726056</u>
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>5.66 %</u>
6	Target normal cost 6 <u>60</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>03/14/2013</u>
Signature of actuary	Date
<u>STEPHEN N. EISENSTEIN</u>	<u>11-04557</u>
Type or print name of actuary	Most recent enrollment number
<u>NEWPORT RETIREMENT SERVICES, INC.</u>	<u>608-784-1885</u>
Firm name	Telephone number (including area code)
<u>500 SECOND STREET SOUTH, SUITE 100</u> <u>LA CROSSE, WI 54601</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>-7.20</u> %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		18187
b	Interest on (a) using prior year's effective rate of <u>6.28</u> % except as otherwise provided (see instructions)		1142
c	Total available at beginning of current plan year to add to prefunding balance		19329
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages			
14	Funding target attainment percentage	14	64.32 %
15	Adjusted funding target attainment percentage	15	64.32 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	68.26 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	64.32 %

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/10/2012	150000	0			
04/04/2012	150000	0			
06/12/2012	150000	0			
06/28/2012	150000	0			
Totals ►			18(b)	600000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	581963
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd
0	0	0
		(4) 4th 0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 2.03%	2nd segment: 5.20%	3rd segment: 6.30 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 60
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	60	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	2755952	450408	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	450468	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	450468	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	581963	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	131495	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

ATTACHMENT TO 2011 SCHEDULE SB (FORM 5500)

VERNON TELEPHONE COOPERATIVE DEFINED BENEFIT PENSION PLAN

EIN: 39-0838123

PN: 002

Line 8c - Schedule of Active Participant Data

Attained Age	YEARS OF CREDITED SERVICE																Total			
	Under 1	1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up		
		No.	Avg	No.	Comp	Avg	Comp	No.	Avg	No.	Comp	Avg	Comp	No.	Avg	No.		Comp	Avg	Comp
Under 25	0		0		0		0		0		0		0		0		0		0	
25 to 29	0		1		0		0		0		0		0		0		0		1	
30 to 34	0		1		3		0		0		0		0		0		0		4	
35 to 39	0		2		3		1		0		0		0		0		0		6	
40 to 44	0		0		0		3		0		2		0		0		0		5	
45 to 49	0		1		1		1		0		1		0		1		0		5	
50 to 54	0		0		0		2		0		1		0		1		0		4	
55 to 59	0		1		0		2		0		1		0		0		0		4	
60 to 64	0		1		0		1		0		0		0		0		0		2	
65 to 69	0		1		0		0		0		0		0		0		0		1	
70 & up	0		0		0		0		0		0		0		0		0		0	
Total	0		8		7		10		0		5		0		2		0		32	

Attachment to 2011 Form 5500, Schedule SB, Part V

EIN: 38-1607585 PN: 002

**VERNON TELEPHONE COOPERATIVE
DEFINED BENEFIT PENSION PLAN**

Actuarial Methods and Assumptions

October 1, 2011

ACTUARIAL METHOD

Funding Target and Target Normal Cost	Unit Credit per PPA funding rules
Asset Method	Market Value

ACTUARIAL ASSUMPTIONS

Interest Rates

First Segment Interest Rate	2.03%
Second Segment Interest Rate	5.20%
Third Segment Interest Rate	6.30%
Lookback Month	Month of Valuation Date

Mortality of Employees	Combined Static Mortality table projected to valuation date
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Non-Investment Expenses	\$60
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Salary Increases	0.00%
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Termination Rates	<table><tr><th>Age</th><th>Rate</th></tr><tr><td>25</td><td>0.00%</td></tr><tr><td>40</td><td>0.00%</td></tr><tr><td>55</td><td>0.00%</td></tr></table>	Age	Rate	25	0.00%	40	0.00%	55	0.00%
Age	Rate								
25	0.00%								
40	0.00%								
55	0.00%								

Disablement Rates	None assumed.
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Assumed Retirement Age	60
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The Plan was frozen 09/30/2011.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2011**This Form is Open to Public
Inspection**For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 08/15/2012

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan VERNON TELEPHONE COOPERATIVE DEFINED BENEFIT PENSION PLAN		B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF VERNON TELEPHONE COOPERATIVE		D Employer Identification Number (EIN) 39-0838123
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>10</u> Day <u>01</u> Year <u>2011</u>			
2 Assets:			
a Market value	2a	4674129	
b Actuarial value	2b	4970104	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	9	3513014
b For terminated vested participants	3b	9	527389
c For active participants:			
(1) Non-vested benefits	3c(1)		1055477
(2) Vested benefits	3c(2)		2630176
(3) Total active	3c(3)	32	3685653
d Total	3d	50	7726056
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	5.66%	
6 Target normal cost	6	60	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Stephen N. Eisenstein <i>SNE</i>	<i>3/14/2013</i>
STEPHEN N. EISENSTEIN		Date 1104557
Type or print name of actuary NEWPORT RETIREMENT SERVICES, INC.		Most recent enrollment number 608-784-1885
Firm name 500 SECOND STREET SOUTH, SUITE 100 LA CROSSE WI 54601		Telephone number (including area code)
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>-7.20%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		18187
b Interest on (a) using prior year's effective rate of <u>6.28%</u> except as otherwise provided (see instructions)		1142
c Total available at beginning of current plan year to add to prefunding balance		19329
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	64.32%
15 Adjusted funding target attainment percentage	15	64.32%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	68.26%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	64.32%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/10/2012	150000	0			
04/04/2012	150000	0			
06/12/2012	150000	0			
06/28/2012	150000	0			
Totals ▶			18(b)	600000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	581963

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year				
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th	
0	0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 2.03%	2nd segment: 5.20%	3rd segment: 6.30%
			☐ N/A, full yield curve used
b Applicable month (enter code)	21b		0
22 Weighted average retirement age	22		60
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	60	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	2755952		450408
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	450468	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)	36	450468	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	581963	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	131495	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Attachment to 2011 Form 5500, Schedule SB, Line 22

EIN: 38-1607585 PN: 002

VERNON TELEPHONE COOPERATIVE

DEFINED BENEFIT PENSION PLAN

Actuarial Methods and Assumptions

October 1, 2011

ACTUARIAL ASSUMPTIONS

Assumed Retirement Age	60
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Attachment to 2011 Form 5500, Schedule SB, Part V

EIN: 38-1607585 PN: 002

**VERNON TELEPHONE COOPERATIVE
DEFINED BENEFIT PENSION PLAN**

Summary of Plan Provisions

October 1, 2011

Plan Effective Date: January 1, 1987

Eligibility Requirements - Plan Participation

Minimum Age:	21
Months of Service:	12
Hours Required:	1000

Entry Date: First day of Plan Year nearest to
completion of Eligibility Requirements

The plan was frozen as of 09/30/2011

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Eligibility Requirements - Normal Retirement

Normal Retirement Age:	Age 65
Minimum Years of Participation:	5

In accordance with Federal Regulations, participants are fully vested upon reaching their Normal Retirement Date.

Eligibility Requirements - Early Retirement

Early Retirement	Age 55 and 3 years of Service
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The Early Retirement Benefit will be the present value of Accrued Benefits. If the Rule of 80 applies, the Early Retirement Benefit will be unreduced Accrued Benefit if payable in the form of an annuity.

Death and Disability Benefits

The plan pays death and disability benefits equal to the present value of the accrued benefit.

Method of Payment of Normal Retirement Pension Benefit

The Monthly Normal Retirement Pension is payable in the following form:

Life Annuity with 10 years certain

Attachment to 2011 Form 5500, Schedule SB, Part V

EIN: 38-1607585 PN: 002

**VERNON TELEPHONE COOPERATIVE
DEFINED BENEFIT PENSION PLAN**

Summary of Plan Provisions

October 1, 2011

Amount of Monthly Normal Retirement Pension

The Monthly Pension payable to a retired Participant shall be as follows:

2.7% of the Participant's Average Monthly Compensation per year of service

Monthly Compensation shall mean the Participant's Highest Average 5 Year's earnings during his 10 years prior to Retirement or Termination.

The Plan was Frozen as of 09/30/2011.

Benefits on Termination of Employment - Vesting

Employees are Vested in their Accrued Monthly Pension Benefit in accordance with the following Schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
0-2	0%
3	100%

Years of service for vesting purposes are defined as all years of employment with the employer.

TEFRA Minimum Benefits

If the plan becomes Top Heavy in a plan year, the benefits and vesting described below will apply.

Retirement Benefits: An employee will earn a minimum of 2.0% of Monthly Compensation for each year of Top Heavy Service. Monthly Compensation shall mean the average of the high five years' compensation.

Normal Form: Life annuity

Minimum Vesting: The following schedule will replace the vesting schedule listed above.

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Funding of Plan Benefits

The Plan requires that the Plan Sponsor fund the full cost of all benefits.

Attachment to 2011 Form 5500, Schedule SB, Line 32**EIN: 39-0838123 PN: 002****VERNON TELEPHONE COOPERATIVE
DEFINED BENEFIT PENSION PLAN****October 1, 2011****Development of Shortfall Amortization Charge**

1.	1st segment rate	2.03%
	2nd segment rate	5.20%
2.	Funding target	7,726,056
3.	Adjusted plan assets	
(a)	Actuarial assets	4,970,104
(b)	Funding Standard Carryover Balance	0
(c)	Prefunding Balance (PFB)	0
(d)	Adjusted assets: (a)-(b)-(c), min 0	4,970,104
4.	Funding shortfall: (2)-(3)(d), min 0	2,755,952
5.	Current shortfall amortization installments	
(a)	Annual installments	
(i)	6 years remaining	150,211
(ii)	5 years remaining	78,973
(iii)	4 years remaining	109,289
(iv)	3 years remaining	0
(v)	2 years remaining	0
(vi)	1 year remaining	0
(b)	Total annual installments	338,473
(c)	Present value of annual installments	
(i)	6 years remaining	838,339
(ii)	5 years remaining	379,462
(iii)	4 years remaining	424,282
(iv)	3 years remaining	0
(v)	2 years remaining	0
(vi)	1 year remaining	0
(d)	Total present value of annual installments	1,642,082
6.	Exemption from new shortfall amortization base	
(a)	Target liability percentage	100%
(b)	Shortfall funding target: (2)x(a)	7,726,056
(c)	Prefunding Balance if used to reduce the Minimum Required Contribution, else 0	0
(d)	Exempt?: [(3)(a)-(c)]>=(b)	No
7.	Shortfall amortization base	
(a)	Adjusted funding shortfall: (6)(b)-(3)(d), min 0	2,755,952
(b)	New current year base: (a)-(5)(d), or 0 if exempt	1,113,870
(c)	New 7-year installment amount	176,278
8.	Shortfall amortization charge: (5)(b)+(7)(c)	\$514,752
9.	Shortfall amortization charge prorated for short plan year: (8) x 10.5/12	\$450,408