

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans 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.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____	
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	If the plan is a collectively-bargained plan, check here. ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)	

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>NORTH STATE COMMUNICATIONS RETIREMENT PLAN</u>	1b	Three-digit plan number (PN) ► <u>001</u>
		1c	Effective date of plan <u>02/10/1944</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS</u> <u>P.O. BOX 2326</u> <u>111 N. MAIN STREET</u> <u>HIGH POINT, NC 27261</u> <u>HIGH POINT, NC 27261</u>	2b	Employer Identification Number (EIN) <u>56-0341710</u>
		2c	Plan Sponsor's telephone number <u>336-886-3600</u>
		2d	Business code (see instructions) <u>517000</u>

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 accompanying schedules, statements and attachments, 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.	10/05/2017	LISA SNOWDEN
	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
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

3a Plan administrator's name and address ☐ Same as Plan Sponsor NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS P.O. BOX 2326 HIGH POINT, NC 27261	3b Administrator's EIN 56-0341710 3c Administrator's telephone number 336-886-3600
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
5 Total number of participants at the beginning of the plan year	5 702
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 250 6a(2) 221 6b 319 6c 53 6d 593 6e 27 6f 620 6g 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1I b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ 0 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2016</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016	
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 NORTH STATE COMMUNICATIONS RETIREMENT PLAN	B Three-digit plan number (PN) 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS	D Employer Identification Number (EIN) 56-0341710
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 01 Day 01 Year 2016			
2	Assets:			
a	Market value	2a	90107348	
b	Actuarial value	2b	97098505	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment	335	83237223	83237223
b	For terminated vested participants	117	4077283	4077283
c	For active participants	250	19444106	20258965
d	Total	702	106758612	107573471
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	6.00 %	
6	Target normal cost	6	452627	

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.

<div>SIGN HERE</div>	<div>08/18/2017</div> <div>Signature of actuary</div> <div>ROBERT A. GRIDER, EA, MAAA</div> <div>Type or print name of actuary</div> <div>STANLEY, HUNT, DUPREE & RHINE</div> <div>Firm name</div> <div>7701 AIRPORT CENTER DRIVE MAILCODE 527-99-02-20 GREENSBORO, NC 27409</div> <div>Address of the firm</div>	<div>08/18/2017</div> <div>Date</div> <div>17-07472</div> <div>Most recent enrollment number</div> <div>336-291-1160</div> <div>Telephone number (including area code)</div>
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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	4515000
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	4515000
10	Interest on line 9 using prior year's actual return of <u>-4.19%</u>	0	-189179
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		1975799
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.20%</u>		122500
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c	Total available at beginning of current plan year to add to prefunding balance		2098299
d	Portion of (c) to be added to prefunding balance		2098299
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	6424120

Part III Funding Percentages			
14	Funding target attainment percentage	14	84.29%
15	Adjusted funding target attainment percentage	15	84.29%
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	89.15%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

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
04/14/2016	500000	0			
07/14/2016	500000	0			
10/17/2016	500000	0			
01/11/2017	500000	0			
07/14/2017	500000	0			
			Totals ►	18(b)	2500000
				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	2382205
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 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

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost		
21 Discount rate:			
a Segment rates:		1st segment: 4.43%	2nd segment: 5.91%
		3rd segment: 6.65%	☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 63
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 subject to 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 452627
b Excess assets, if applicable, but not greater than line 31a			31b 0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		16899086	1565133
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 0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)			34 2017760
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)			36 2017760
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			37 2382205
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 364445
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 an election was made to use PRA 2010 funding relief for this plan:			
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 0
43 Excess installment acceleration amount to be carried over to future plan years			43 0

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.
For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan NORTH STATE COMMUNICATIONS RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS		D Employer Identification Number (EIN) 56-0341710

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LOOMIS SAYLES & COMPANY

04-3200030

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	105159	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BB&T INSURANCE SERVICES D/B/A SHDR

56-1623293

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	43925	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

CAPTRUST FINANCIAL ADVISORS

26-0058143

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	43567	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BB&T

56-1074313

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	37766	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BAUKNIGHT, PIETRAS & STORMER, PA

57-0940019

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	9941	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	STEVEN M. BULL	b EIN:	56-1623293
c Position:	ACTUARY		
d Address:	7701 AIRPORT CENTER DRIVE GREENSBORO, NC 27409	e Telephone:	336-291-1137

Explanation: SWITCHED ACTUARIES WITHIN FIRM FOR THIS CLIENT.

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>NORTH STATE COMMUNICATIONS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS</u>	D Employer Identification Number (EIN) <u>56-0341710</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	2000000	1000000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	404015	321751
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	4967827	3654895
(2) U.S. Government securities	1c(2)	5708150	8745606
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	27501804	22385507
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	45716982	48470319
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	3864569	5905848
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	90163347	90483926

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	90163347	90483926
---	-----------	----------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2500000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2500000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	14603	
(B) U.S. Government securities	2b(1)(B)	147745	
(C) Corporate debt instruments	2b(1)(C)	1095899	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1258247
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	475686	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1252657	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1728343
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	45368304	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	44382631	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		985673
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	2181760	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		2181760

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2769193
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		11423216

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	10466351	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		10466351
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	91632	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)	148726	
(4) Other	2i(4)	395928	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		636286
j Total expenses. Add all expense amounts in column (b) and enter total	2j		11102637

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		320579
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BAUKNIGHT PIETRAS & STORMER, PA

(2) EIN: 57-0940019

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

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? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b 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.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 3986590. (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>NORTH STATE COMMUNICATIONS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS</u>	D Employer Identification Number (EIN) <u>56-0341710</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>56-1368984</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>75</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 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 ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☒ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
----------------	---

18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
	a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%	
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____	

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

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Financial Statements
and Supplemental Schedule

North State Telephone Company
Retirement Plan

*Years Ended December 31, 2016 and 2015
with Report of Independent Auditors*

North State Telephone Company Retirement Plan
Financial Statements
and Supplemental Schedule
Years Ended December 31, 2016 and 2015

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Report of Independent Auditors

Advisory Committee of the
North State Telephone Company Retirement Plan

We have audited the accompanying financial statements of the North State Telephone Company Retirement Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for plan benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Branch Banking and Trust, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and the supplemental schedule. We have been informed by the plan administrator that the custodian holds certain of the Plan's investment assets and executes certain investment transactions. The plan administrator has obtained certifications from the custodian as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the custodian is complete and accurate.



Advisory Committee of the
North State Telephone Company Retirement Plan

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule, as listed in the accompanying table of contents, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Banknight Pietro + Starnes, P.A.

October 2, 2017

North State Telephone Company Retirement Plan
Statements of Net Assets Available for Plan Benefits

	December 31,	
	2016	2015
Assets		
Investments at fair value:		
Cash and cash equivalents	\$ 3,654,895	\$ 4,967,827
Mutual funds and exchange-traded funds	48,470,319	45,716,982
U.S. Government securities	8,745,606	5,708,150
Corporate, municipal and foreign bonds and notes	22,385,507	27,501,804
North State Telecommunications Corporation common and preferred stock	5,905,848	3,864,569
Total investments	89,162,175	87,759,332
Receivables:		
Interest and dividends	321,751	404,015
Employer contributions receivable	1,000,000	2,000,000
Total receivables	1,321,751	2,404,015
Total assets	90,483,926	90,163,347
Liabilities		
Total liabilities	--	--
Net assets available for plan benefits	\$ 90,483,926	\$ 90,163,347

See accompanying notes.

North State Telephone Company Retirement Plan
Statements of Changes in Net Assets Available for Plan Benefits

	Years Ended December 31,	
	2016	2015
Additions to net assets attributed to:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 5,936,626	\$ (7,859,465)
Interest and dividends	2,986,590	4,032,065
	<u>8,923,216</u>	<u>(3,827,400)</u>
Employer contributions	2,500,000	3,500,000
Total additions, net	<u>11,423,216</u>	<u>(327,400)</u>
Deductions from net assets attributed to:		
Benefits paid to participants	10,466,351	7,836,216
Administrative expenses	636,286	606,958
Total deductions	<u>11,102,637</u>	<u>8,443,174</u>
Net change	320,579	(8,770,574)
Net assets available for plan benefits, beginning	<u>90,163,347</u>	98,933,921
Net assets available for plan benefits, ending	<u><u>\$ 90,483,926</u></u>	<u><u>\$ 90,163,347</u></u>

See accompanying notes.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

1. Description of Plan

The following description of the North State Telephone Company Retirement Plan (the "Plan") provides only general information. Participants may refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a noncontributory, defined benefit plan covering employees of North State Telephone Company (the "Company") who meet certain eligibility requirements, utilizing the frozen initial liability method for valuations of pension benefits. Through April 4, 2012, employees became eligible to become participants following the later of the completion of a qualified year of service or the attainment of age twenty-one. In April 2012, the Company's Board of Directors voted to discontinue the Plan for employees hired or rehired after April 4, 2012. The Company serves as plan administrator. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Funding

Contributions to the Plan are made by the Company in amounts sufficient to fund the Plan's current service cost on a current basis and to fund the initial past service costs over a period from 10 to 40 years. Contribution requirements for 2016 were satisfied with a \$2.5 million employer contribution, of which \$1 million was included in employer contributions receivable at December 31, 2016. Contribution requirements for 2015 were satisfied with a \$3.5 million employer contribution, of which \$2 million was included in employer contributions receivable at December 31, 2015.

Pension Benefits

Participants are generally entitled to an annual retirement benefit beginning at age 65. The annual benefit payable is equal to (a) the sum of 1.3% of the annual average earnings for the previous 60 consecutive calendar months out of the last 120 months which produce the highest average, plus (b) 0.65% of excess earnings over a specified compensation multiplied by the number of years of credited service, not to exceed 35 years. Participants who met certain age and service requirements as of January 1, 2007, became grandfathered in their pension benefits and are eligible to retire early without actuarial reduction for early commencement upon satisfaction of: (a) attainment of age 60 and 20 years of vesting service; or (b) attainment of age 55 and 25 years of vesting service; or (c) 30 years of vesting service. Non-grandfathered participants electing to retire before age 65 are subject to reduced benefits in accordance with the plan document. Benefits are payable under various annuity options specified in the Plan or by lump-sum distribution for benefits of \$1,000 or less. Effective January 1, 2016, the Plan was amended to increase the lump-sum distribution threshold for benefits to \$50,000 or less.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

1. Description of Plan

Pension Benefits (continued)

Effective January 1, 2011, the Plan was amended to reduce future annual pension benefits from 1.3% to 1.0% of the annual average earnings used to calculate the benefit payable. Participants who, as of January 1, 2011, had (a) achieved at least 20 years of service or (b) the sum of their exact age and years of service equals or exceeds 65 were grandfathered into the existing pre-amendment formula. In addition, the amendment excluded overtime earnings from the definition of compensation used to determine benefit payments.

Effective December 31, 2013, the Plan was amended to freeze the Plan's benefit accruals. As a result, a participant's individual retirement benefit may not exceed the participant's frozen accrued benefit as of December 31, 2013. Credited service earned by an employee after this date is disregarded, and in no event may a participant's credited service exceed the participant's cumulative credited service as of this date. However, individuals over the normal retirement age of 65 who continue employment with the Company continue to receive an increase in accrued benefits until they are terminated or retire. Employees not already participating as of December 31, 2013 became formally excluded from future participation in the Plan.

Effective December 1, 2015, the Plan was amended to allow for a voluntary lump sum cash-out window provision to be offered between December 1, 2015 and February 29, 2016. The voluntary lump sum cash out was offered to any vested former participant (or the beneficiary of any deceased vested former participant) who terminated employment with the Company prior to October 1, 2015 and whose deferred benefit had a lump sum value, payable on April 1, 2016, of less than \$85,000. The participants could elect to receive the lump sum or to take monthly payments in the form of an annuity. Lump sums totaling approximately \$2.5 million were paid to participants during 2016.

Death and Disability Benefits

If a participant dies after being married for at least one year and after satisfying the vesting requirements, the surviving spouse will receive a survivor benefit. If the participant dies after satisfying the requirements for early retirement, the survivor benefit, commencing immediately, is equal to that which would have been paid had the employee retired on the first day of the month in which death occurred and had elected a joint and 100% survivor annuity option. If the participant dies prior to satisfying the requirements for early retirement, the survivor benefit, beginning when the participant would have reached earliest retirement age, is equal to that which would have been paid if the participant had terminated at the date of death, lived to the earliest retirement age, and then retired with a 50% joint and survivor benefit in effect. No disability benefits are payable under the Plan.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

1. Description of Plan (continued)

Vesting

Participants with less than five years of service have no vesting in their accrued benefits. Participants with five or more years of service are fully vested in their accrued benefits.

Plan Termination

Although the Company has not expressed any intent to discontinue its contributions, it is free to do so at any time. In the event of such termination of contributions, if the Plan's advisory committee deems it advisable to liquidate the funds and terminate the trust, the funds of the trust shall be allocated and applied to provide the accrued benefits under the Plan, among the participants based upon a priority allocation procedure. The amount to which each participant is entitled shall either be paid in cash, through the purchase of immediate (as regards retired or retirable participants) or deferred (as regards participants who are not then eligible for retirement) life annuities, or by periodic payments.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested, normal-age retirement benefits, and certain disability, and survivor's benefits. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a ceiling on the amount of an individual's monthly benefit.

Whether all participants receive the benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide these benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reported period. Actual results could differ from those estimates.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

2. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents consist of funds held in money market accounts.

Investment Valuation and Income Recognition

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values in marketable securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

3. Information Certified by BB&T

The following is a summary of unaudited information included in the Plan's financial statements and supplemental schedule as of December 31, 2016 and 2015 and for the years then ended. The plan administrator has obtained certifications from Branch Banking and Trust ("BB&T"), the custodian of the Plan, that such information is complete and accurate.

	2016	2015
Fair value of investments:		
Cash and cash equivalents	\$ 3,654,895	\$ 4,967,827
Mutual funds and exchange-traded funds	48,470,319	45,716,982
U.S. Government securities	8,745,606	5,708,150
Corporate, municipal and foreign bonds and notes	22,385,507	27,501,804

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

3. Information Certified by BB&T (continued)

	Years ended December 31,	
	2016	2015
Additions to net assets during the years ended:		
Net appreciation in fair value of investments	\$ 3,895,347	\$ (5,567,258)
Interest and dividends	2,510,904	3,556,376

4. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statements of net assets available for plan benefits.

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs to the valuation methodology are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The following tables present fair value measurement information for the Plan's investments:

	As of December 31, 2016		
	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Total - at Fair Value
Cash and cash equivalents	\$ 3,654,895	\$ --	\$ 3,654,895
Mutual funds	48,470,319	--	48,470,319
U.S. Government securities	8,745,606	--	8,745,606
Corporate, municipal and foreign bonds and notes	--	22,385,507	22,385,507
North State Telecommunications Corporation common and preferred stock	--	5,905,848	5,905,848
Total investments	\$ 60,870,820	\$ 28,291,355	\$ 89,162,175

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

4. Fair Value Measurements (continued)

	As of December 31, 2015		
	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Total - at Fair Value
Cash and cash equivalents	\$ 4,967,827	\$ --	\$ 4,967,827
Mutual funds	45,716,982	--	45,716,982
U.S. Government securities	5,708,150	--	5,708,150
Corporate, municipal and foreign bonds and notes	--	27,501,804	27,501,804
North State Telecommunications Corporation common and preferred stock	--	3,864,569	3,864,569
Total investments	\$ 56,392,959	\$ 31,366,373	\$ 87,759,332

Level 1 Fair Value Measurements- The fair values of mutual funds and U.S. Government securities are determined by BB&T using quoted market prices. Cash and cash equivalents are valued at cost which approximates fair value.

Level 2 Fair Value Measurements- The fair value of North State Telecommunications Corporation common and preferred stock is determined using the weighted average stock prices for transactions in the last 30 days of the year. The fair value of corporate, municipal, and foreign bonds and notes is derived from quoted market prices of similar assets.

The methods used to measure fair value of the Plan's investments may produce amounts that may not be indicative of net realizable values or may not be reflective of future fair values. Furthermore, although plan management believes the valuation methods used are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

5. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable to the Plan. Plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on the actuarial equivalent of the balance of the participant's account as of the end of the month before the participant's termination of service. Benefits payable under all circumstances (retirement, death, and termination of employment) are included in accumulated benefits, to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial value of accumulated plan benefits is determined by the Plan's actuary.

The actuarial present value of accumulated plan benefits as of January 1, 2016 and 2015 (the latest valuation dates available) are summarized as follows:

	2016	2015
Vested benefits:		
Participants currently receiving payments	\$ 86,415,781	\$ 81,677,123
Other participants	25,528,460	25,844,331
Nonvested benefits	<u>738,866</u>	<u>784,508</u>
Total	<u><u>\$ 112,683,107</u></u>	<u><u>\$ 108,305,962</u></u>

The changes in the actuarial present value of accumulated plan benefits as of January 1, 2016 and 2015 are attributed to the following:

	2016	2015
Beginning of year balance	\$ 108,305,962	\$ 96,356,807
Increase (decrease) during the year attributable to:		
Decrease in discount period at 6.00%	6,266,696	6,942,356
Benefits paid	(7,836,216)	(7,723,751)
Assumption changes	5,300,410	14,293,352
Benefits accrued and experience gain	<u>646,255</u>	<u>(1,562,802)</u>
Net increase	<u>4,377,145</u>	<u>11,949,155</u>
End of year balance	<u><u>\$ 112,683,107</u></u>	<u><u>\$ 108,305,962</u></u>

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

5. Actuarial Present Value of Accumulated Plan Benefits (continued)

Significant assumptions used by the enrolled actuary in the valuations as of January 1, 2016 and 2015 in determining the forgoing information include:

	<u>2016</u>	<u>2015</u>
Discount rate	6.00%	6.00%
Expected rate of return on assets	6.00%	6.00%
Mortality	2014 RP projected using 2015 MP	2015 FMT
Termination	Graduated rates	Graduated rates
Retirement	Graduated rates	Graduated rates

The Plan elected to amortize the 2010 shortfall amortization base over a 15-year period instead of the prior 7-year period as permitted by the Pension Relief Act of 2010. The change increased the actuarial present value of accumulated benefits by \$6,266,696 and \$6,942,356 at January 1, 2016 and 2015, respectively.

The discount rate was 6% for the 2016 and 2015 plan years. The expected rate of return on plan assets was 6% for the 2016 and 2015 plan years. The interest and mortality rates assumed are consistent with the rates prescribed by the U.S. Treasury Department. A non-prescribed change affecting the 2016 plan year included updating the mortality table to reflect the 2014 Retirement Plan ("RP") table with base year 2006 projected using the 2015 Mortality Projection ("MP") mortality improvement scale. For the 2015 plan year, the mortality table was based on the 2015 Funding Mortality Table ("FMT"). A non-prescribed change affecting the 2015 plan year included updating the mortality table from the 2014 FMT to the 2015 FMT. An additional non-prescribed change affecting the 2015 year included modifying the retirement rates to end at age 65 instead of age 70 since the Plan is frozen. The total impact of the above-listed changes increased the actuarial present value of accumulated benefits by \$5,300,410 and \$14,293,352 at January 1, 2016 and 2015, respectively.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2016 and 2015

6. Related Party Transactions

Plan investments include shares of North State Telecommunications Corporation common and preferred stock, as well as investments, managed by BB&T. Fees paid to BB&T totaled approximately \$82,000 and \$84,000 in 2016 and 2015, respectively.

Ownership of North State Telecommunications Corporation stock and fees paid to BB&T qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules of ERISA.

7. Administrative Expenses

The Plan paid approximately \$240,000 and \$269,000 for investment, actuarial, and accounting services during 2016 and 2015 respectively. The Plan also paid PBGC insurance premiums of approximately \$396,000 and \$338,000 for 2016 and 2015, respectively.

8. Income Tax Status

The Plan obtained its latest determination letter on June 4, 2013, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

U.S. GAAP requires the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain positions that more likely than not would not be sustained upon examination by the IRS. No such liabilities were identified as of December 31, 2016 and 2015. The Plan is subject to routine audits by tax authorities; however, there are currently no audits in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2013.

9. Subsequent Events

Management evaluated events and transactions after December 31, 2016 through October 2, 2017, the date the financial statements were available to be issued, for subsequent events. No subsequent events were noted.

SUPPLEMENTAL SCHEDULE

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Cash and cash equivalents:			
* Branch Banking and Trust	Money market	\$ 3,653,540	\$ 3,653,540
High Point Bank and Trust	Money market	1,355	1,355
		<u>3,654,895</u>	<u>3,654,895</u>
Mutual funds and exchange-traded funds:			
American Europacific Growth Fund CL R6 Fund	145,184 units	7,094,741	6,539,076
Blackstone Alt Multi-Strat-1	317,193 units	3,280,670	3,238,544
Credit Suisse Commodity Return Strategy Intl SHS FD	662,106 units	4,412,036	3,356,877
Eagle Small Cap Growth Fund	16,487 units	912,752	911,256
Goldman Sachs Strategic Mid Cap Value CL I Fund	70,761 units	2,956,723	2,623,835
Massmutual Select Mid Cap Growth Equity II Fund	135,984 units	2,405,103	2,496,665
Neuberger Berman High Income Bond Fund	598,994 units	5,610,901	5,211,250
Prudential Small Cap Value CL Z	49,876 units	1,021,784	1,077,319
Vanguard Inst Index-Inst	64,802 units	11,045,685	13,208,684
Vanguard Reit Index Fund CL ADM	27,044 units	2,723,079	3,160,633
Vanguard Tot Int ST IDX-ADM	269,840 units	7,423,045	6,646,180
		<u>48,886,519</u>	<u>48,470,319</u>
U.S. Government securities:			
Tenn Valley Authority	4.25% bond, due 09/15/2065, maturity value	100,000	97,314
US Treasury Note	0.75% note, due 08/31/2018, maturity value	350,000	349,604
US Treasury Bond	1.38% bond, due 05/31/2021, maturity value	550,000	553,014
US Treasury Note	1.13% note, due 07/31/2021, maturity value	175,000	174,802
US Treasury Note	1.13% note, due 09/30/2021, maturity value	355,000	353,128
US Treasury Bond	5.00% bond, due 05/15/2037, maturity value	745,000	989,611
US Treasury Note	2.50% note, due 05/15/2046, maturity value	325,000	326,588
US Treasury Bond	1.50% bond, due 08/15/2026, maturity value	5,090,000	5,048,632
US Treasury Note	1.25% note, due 03/31/2021, maturity value	325,000	326,313
US Treasury Note	0.75% note, due 07/31/2018, maturity value	690,000	690,243
		<u>8,909,249</u>	<u>8,475,794</u>
Municipal bonds:			
Ohio Univ Gen Recpts Athens Txbl	5.59% bond, due 12/01/2114, maturity value	170,000	170,000
Univ of California CA TXBL-Gen-Ser	4.77% bond, due 05/15/2115, maturity value	95,000	95,000
		<u>265,000</u>	<u>269,812</u>
Corporate bonds:			
Aflac, Inc	6.45% bond, due 08/15/2040, maturity value	27,000	33,605
AT&T, Inc	4.35% bond, due 06/15/2045, maturity value	70,000	61,403
AT&T, Inc	4.75% bond, due 05/15/2046, maturity value	10,000	10,569
AT&T, Inc	6.00% bond, due 08/15/2040, maturity value	85,000	87,147
Abbot Laboratories	4.90% bond, due 11/30/2046, maturity value	165,000	163,715
Abbvie, Inc	4.45% bond, due 05/14/2046, maturity value	165,000	163,891
Aetna, Inc	4.38% bond, due 12/15/2045, maturity value	70,000	69,930
Agilent Tech, Inc	6.50% bond, due 11/01/2017, maturity value	16,000	16,737
Alabama Power Co	3.85% bond, due 12/01/2042, maturity value	75,000	68,956
Albermarle Corp	4.15% bond, due 12/01/2024, maturity value	35,000	34,880
Allstate Corp	4.50% bond, due 06/15/2043, maturity value	100,000	104,469
Altria Group, Inc	4.25% bond, due 08/09/2042, maturity value	130,000	113,625
Amerigas Part/Fin Corp	5.50% bond, due 05/20/2025, maturity value	35,000	35,000
Anadarko Petroleum Corp	6.60% bond, due 03/15/2046, maturity value	25,000	24,981

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
Anheuser-Busch Inbev	4.70% bond, due 02/01/2036, maturity value	175,000	173,541
Anheuser-Busch Inbev	4.90% bond, due 02/01/2046, maturity value	50,000	49,883
Apache Corp	5.10% bond, due 09/01/2040, maturity value	50,000	47,793
Apple Inc	3.85% bond, due 05/04/2043, maturity value	330,000	308,075
Apple Inc	3.45% bond, due 02/09/2045, maturity value	40,000	33,496
Apple Inc	4.50% bond, due 02/23/2036, maturity value	140,000	139,342
Apple Inc	4.65% bond, due 02/23/2046, maturity value	95,000	94,452
Arrow Electronics, Inc	7.50% bond, due 01/15/2027, maturity value	115,000	136,185
Bank of America Corp	5.70% bond, due 01/24/2022, maturity value	210,000	233,163
Bank of America Corp	5.88% bond, due 02/07/2042, maturity value	200,000	288,745
Barrick NA Finance LLC	5.70% bond, due 05/30/2041, maturity value	40,000	33,197
Berkshire Hathaway Fin	4.40% bond, due 05/15/2042, maturity value	250,000	270,085
Berkshire Hathaway, Inc	3.00% bond, due 02/11/2023, maturity value	135,000	132,619
Burlington North Santa Fe	4.38% bond, due 09/01/2042, maturity value	175,000	182,696
CVS Health Corp	5.13% bond, due 07/20/2045, maturity value	85,000	84,690
Capital One Bank USA NA	3.38% bond, due 02/15/2023, maturity value	250,000	244,173
Caterpillar, Inc	5.20% bond, due 05/27/2041, maturity value	125,000	136,160
Chubb INA Holdings, Inc	2.70% bond, due 03/13/2023, maturity value	95,000	91,333
Chubb INA Holdings, Inc	4.35% bond, due 11/03/2045, maturity value	115,000	120,115
Cisco Systems, Inc	5.50% bond, due 01/15/2040, maturity value	105,000	116,410
Citigroup, Inc	4.50% bond, due 01/14/2022, maturity value	240,000	250,900
Citigroup, Inc	5.88% bond, due 01/30/2042, maturity value	60,000	69,270
Citigroup, Inc	4.45% bond, due 09/29/2027, maturity value	130,000	129,402
Cleveland Clinic Foundation	4.86% bond, due 01/01/2114, maturity value	80,000	80,000
Comcast Corp	5.65% bond, due 06/15/2035, maturity value	310,000	345,825
Comcast Corp	6.45% bond, due 03/15/2037, maturity value	70,000	86,501
Comcast Corp	3.15% bond, due 03/01/2026, maturity value	120,000	119,774
Conocophillips Company	1.05% bond, due 12/15/2017, maturity value	230,000	228,864
Conocophillips Company	5.95% bond, due 03/15/2046, maturity value	25,000	24,744
Consolidated Edison Co of NY	4.50% bond, due 12/01/2045, maturity value	160,000	159,840
Diamond Offshore Drill	4.88% bond, due 11/01/2043, maturity value	120,000	98,639
Dignity Health	5.27% bond, due 11/01/2064, maturity value	160,000	160,000
Walt Disney Company	4.13% bond, due 06/01/2044, maturity value	85,000	85,741
Dominion Resources, Inc	7.00% bond, due 06/15/2038, maturity value	75,000	95,312
Domtar Corporation	4.40% bond, due 04/01/2022, maturity value	50,000	50,660
Duke Energy Carolinas	4.25% bond, due 12/15/2041, maturity value	175,000	174,820
Eaton Corp	4.00% bond, due 11/02/2032, maturity value	70,000	66,690
Ebay, Inc	4.00% bond, due 07/15/2042, maturity value	90,000	78,295
EDS Corp	7.45% bond, due 10/15/2029, maturity value	110,000	124,774
Energy Transfer Partners	6.05% bond, due 06/01/2041, maturity value	75,000	78,758
Enlink Midstream Partners LP	5.05% bond, due 04/01/2045, maturity value	35,000	33,733
Enterprise Products Oper	5.95% bond, due 02/01/2041, maturity value	65,000	72,484
Exelon Generation Co, LLC	6.25% bond, due 10/01/2039, maturity value	85,000	90,104
Express Scripts Holding Co	4.80% bond, due 07/15/2046, maturity value	120,000	119,790
Exxon Mobil Corp	4.11% bond, due 03/01/2046, maturity value	70,000	70,000
Fedex Corp	4.55% bond, due 04/01/2046, maturity value	90,000	89,605
Florida Power & Light Co	4.05% bond, due 10/01/2044, maturity value	185,000	184,390
Ford Motor Company	6.63% bond, due 10/01/2028, maturity value	50,000	58,125
Ford Motor Company	4.75% bond, due 01/15/2043, maturity value	55,000	52,159
General Elec Cap Corp	5.88% bond, due 01/14/2038, maturity value	590,000	683,998
General Elec Cap Corp	3.10% bond, due 01/09/2023, maturity value	175,000	171,445
General Motors Co	6.25% bond, due 10/02/2043, maturity value	75,000	85,215

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
General Motors Co	4.30% bond, due 07/13/2025, maturity value	50,000	49,932
General Motors Co	4.00% bond, due 01/15/2025, maturity value	25,000	23,196
Georgia-Pacific LLC	8.88% bond, due 05/15/2031, maturity value	80,000	112,972
Gilead Sciences, Inc	4.50% bond, due 02/01/2045, maturity value	100,000	99,413
Gilead Sciences, Inc	4.60% bond, due 09/01/2035, maturity value	50,000	49,833
Glaxosmithkline Cap, Inc	6.38% bond, due 05/15/2038, maturity value	130,000	163,558
Goldman Sachs Group, Inc	5.95% bond, due 01/18/2018, maturity value	135,000	142,732
Goldman Sachs Group, Inc	6.25% bond, due 02/01/2041, maturity value	220,000	257,932
Goldman Sachs Group, Inc	3.63% bond, due 01/22/2023, maturity value	90,000	88,695
Health Care REIT, Inc	6.50% bond, due 03/15/2041, maturity value	75,000	91,561
Home Depot, Inc	2.70% bond, due 04/01/2023, maturity value	180,000	172,667
Hyatt Hotels Corp	4.85% bond, due 03/15/2026, maturity value	75,000	74,940
Indiana Michigan Power	4.55% bond, due 03/15/2046, maturity value	65,000	64,777
Intel Corp	4.80% bond, due 10/01/2041, maturity value	95,000	96,490
IBM Corp	4.00% bond, due 06/20/2042, maturity value	180,000	168,655
JPMorgan Chase & Co	3.38% bond, due 05/01/2023, maturity value	180,000	173,025
JPMorgan Chase & Co	1.63% bond, due 05/15/2018, maturity value	260,000	258,388
JPMorgan Chase & Co	4.85% bond, due 02/01/2044, maturity value	510,000	516,596
JPMorgan Chase & Co	4.25% bond, due 10/01/2027, maturity value	30,000	29,897
Jefferies Group, LLC	6.25% bond, due 01/15/2036, maturity value	190,000	191,286
Johnson & Johnson	3.70% bond, due 03/01/2046, maturity value	175,000	173,838
KLA-Tencor Corp	5.65% bond, due 11/01/2034, maturity value	45,000	44,872
Kellogg Co	4.50% bond, due 04/01/2046, maturity value	105,000	103,953
Kentucky Utilities Co	4.38% bond, due 10/01/2045, maturity value	75,000	74,938
Kroger Co	5.40% bond, due 07/15/2040, maturity value	55,000	57,634
Lockheed Martin Corp	4.50% bond, due 05/15/2036, maturity value	80,000	78,499
Louisville Gas & Elect	4.38% bond, due 10/01/2045, maturity value	75,000	74,938
Lowe's Companies, Inc	4.65% bond, due 04/15/2042, maturity value	85,000	84,548
Lowe's Companies, Inc	3.70% bond, due 04/15/2046, maturity value	165,000	164,083
Marathon Oil Corp	5.20% bond, due 06/01/2045, maturity value	20,000	19,988
Masco Corp	4.38% bond, due 04/01/2026, maturity value	70,000	69,667
Mattel, Inc	6.20% bond, due 10/01/2040, maturity value	95,000	107,748
McDonald's Corp	4.70% bond, due 12/09/2035, maturity value	55,000	54,823
McKesson Corp	2.70% bond, due 12/22/2022, maturity value	65,000	62,221
McKesson Corp	6.00% bond, due 03/01/2041, maturity value	55,000	63,226
Medtronic, Inc	5.55% bond, due 03/15/2040, maturity value	105,000	119,788
Merck & Co, Inc	2.80% bond, due 05/18/2023, maturity value	105,000	101,119
Metlife, Inc	5.70% bond, due 06/15/2035, maturity value	105,000	118,757
Metlife, Inc	4.05% bond, due 03/01/2045, maturity value	290,000	264,302
Microsoft Corp	2.70% bond, due 02/12/2025, maturity value	315,000	314,342
Microsoft Corp	4.45% bond, due 11/03/2045, maturity value	130,000	129,552
Berkshire Hathaway Energy Co	6.50% bond, due 09/15/2037, maturity value	100,000	122,126
Molson Coors Brewing Co	4.20% bond, due 07/15/2046, maturity value	45,000	44,711
Moody's Corporation	5.25% bond, due 07/15/2044, maturity value	45,000	45,743
Morgan Stanley	4.35% bond, due 09/08/2026, maturity value	105,000	104,815
Morgan Stanley	4.30% bond, due 01/27/2045, maturity value	190,000	188,575
Morgan Stanley	6.38% bond, due 07/24/2042, maturity value	70,000	84,503
NYU Hospitals Center	4.78% bond, due 07/01/2044, maturity value	130,000	130,000
NBCUniversal Media, LLC	4.38% bond, due 04/01/2021, maturity value	90,000	95,378
Nisource Finance Corp	6.25% bond, due 12/15/2040, maturity value	65,000	72,798

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
Noble Energy, Inc	6.00% bond, due 03/01/2041, maturity value	75,000	84,728
Novartis Capital Corp	2.40% bond, due 09/21/2022, maturity value	110,000	105,372
Novartis Capital Corp	4.00% bond, due 11/20/2045, maturity value	95,000	93,128
Old Republic International Corp	4.88% bond, due 10/01/2024, maturity value	49,000	48,754
Omnicom Group, Inc	3.65% bond, due 11/01/2024, maturity value	40,000	39,874
Oneok Partners LP	3.38% bond, due 10/01/2022, maturity value	60,000	58,366
Oracle Corp	3.63% bond, due 07/15/2023, maturity value	170,000	171,171
Oracle Corp	4.30% bond, due 07/08/2034, maturity value	70,000	74,608
Pacific Gas & Electric	5.40% bond, due 01/15/2040, maturity value	155,000	169,045
Pepsico, Inc	2.38% bond, due 10/06/2026, maturity value	140,000	139,975
Pepsico, Inc	4.25% bond, due 10/22/2044, maturity value	45,000	44,939
Pepsico, Inc	4.45% bond, due 04/14/2046, maturity value	175,000	185,049
Phillip Morris Intl, Inc	4.38% bond, due 11/15/2041, maturity value	110,000	103,677
Phillip Morris Intl, Inc	2.75% bond, due 02/25/2026, maturity value	85,000	84,316
Pres & Fellows of Harvard	3.15% bond, due 07/15/2046, maturity value	170,000	169,711
Republic Services, Inc	5.70% bond, due 05/15/2041, maturity value	95,000	108,016
Reynolds American, Inc	5.70% bond, due 06/12/2035, maturity value	120,000	121,560
Rock-Tenn Co	4.90% bond, due 03/01/2022, maturity value	60,000	63,336
San Diego Gas & Electric Company	5.35% bond, due 05/15/2040, maturity value	75,000	85,769
Southern Cal Edison	6.05% bond, due 03/15/2039, maturity value	135,000	165,636
Spirit Aerosystems Inc	3.85% bond, due 06/15/2026, maturity value	10,000	9,992
Tesoro Logistics LP/Corp	5.25% bond, due 01/15/2025, maturity value	35,000	35,000
The Travelers Companies, Inc	5.35% bond, due 11/01/2040, maturity value	130,000	171,456
21st Century Fox America	6.15% bond, due 03/01/2037, maturity value	75,000	85,285
Tyson Foods, Inc	5.15% bond, due 08/15/2044, maturity value	50,000	49,803
Unum Corp	6.75% bond, due 12/15/2028, maturity value	65,000	74,867
Union Electric Co	3.65% bond, due 04/15/2045, maturity value	80,000	79,811
Union Pacific Corp	4.38% bond, due 11/15/2065, maturity value	80,000	76,834
Union Pacific Corp	4.05% bond, due 03/01/2046, maturity value	90,000	88,814
United Tech Corp	1.80% bond, due 06/01/2017, maturity value	335,000	336,244
UnitedHealth Group Inc	4.75% bond, due 07/15/2045, maturity value	70,000	69,712
UnitedHealth Group Inc	3.10% bond, due 03/15/2026, maturity value	90,000	89,929
Valero Energy Corp	7.50% bond, due 04/15/2032, maturity value	60,000	74,578
Valero Energy Corp	3.40% bond, due 09/15/2026, maturity value	85,000	84,707
Visa Inc	4.15% bond, due 12/14/2035, maturity value	5,000	4,993
Visa Inc	4.30% bond, due 12/14/2045, maturity value	85,000	84,858
Wal-mart Stores, Inc	4.25% bond, due 04/15/2021, maturity value	155,000	165,109
Wal-mart Stores, Inc	4.00% bond, due 04/11/2043, maturity value	75,000	69,827
Wal-mart Stores, Inc	2.55% bond, due 04/11/2023, maturity value	180,000	171,875
Wal-mart Stores, Inc	1.95% bond, due 12/15/2018, maturity value	340,000	341,975
Waste Management	3.13% bond, due 03/01/2025, maturity value	190,000	189,191
Watson Pharmaceuticals, Inc	4.63% bond, due 10/01/2042, maturity value	35,000	33,098
Wellpoint, Inc (Anthem Inc)	4.35% bond, due 08/15/2020, maturity value	60,000	62,990
Wellpoint, Inc (Anthem Inc)	5.80% bond, due 08/15/2040, maturity value	45,000	49,650
Wells Fargo & Co	3.00% bond, due 04/22/2026, maturity value	160,000	159,451
Wells Fargo & Co	3.90% bond, due 05/01/2045, maturity value	825,000	822,518
Weyerhaeuser Co	7.38% bond, due 03/15/2032, maturity value	135,000	172,541
Whirlpool Corp	4.50% bond, due 06/01/2046, maturity value	100,000	99,201

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Foreign Bonds / Notes:			
Actavis Funding	4.75% bond, due 03/15/2045, maturity value	40,000	39,791
Agrium, Inc	4.90% bond, due 06/01/2043, maturity value	50,000	48,650
Canadian Pacific RR Co	5.95% bond, due 05/15/2037, maturity value	60,000	67,811
Cenovus Energy, Inc	6.75% bond, due 11/15/2039, maturity value	75,000	91,044
Delhaize Group	5.70% bond, due 10/01/2040, maturity value	80,000	79,910
Embraer Netherlands BV	5.05% bond, due 06/15/2025, maturity value	80,000	79,746
Fomento Economico Mexicano	2.88% bond, due 05/10/2023, maturity value	150,000	140,579
Goldcorp, Inc	5.45% bond, due 06/09/2044, maturity value	105,000	104,493
HSBC Holdings PLC	6.50% bond, due 09/15/2037, maturity value	100,000	117,364
Ingersoll-Rand Luc Finan	4.65% bond, due 11/01/2044, maturity value	45,000	44,733
Johnson Controls Intl	4.95% bond, due 07/02/2064, maturity value	75,000	74,923
LYB Intl Finance BV	5.25% bond, due 07/15/2043, maturity value	85,000	88,585
Petrobras Global Finance	5.63% bond, due 05/20/2043, maturity value	95,000	81,774
Petrobras Global Finance	8.75% bond, due 05/23/2026, maturity value	40,000	39,350
Royal Bank of Scotland GRP PLC	4.80% bond, due 04/05/2026, maturity value	200,000	199,638
Santander Issuances	5.18% bond, due 11/19/2025, maturity value	200,000	200,000
Shell International Fin	6.38% bond, due 12/15/2038, maturity value	20,000	25,217
Shell International Fin	4.38% bond, due 05/11/2045, maturity value	55,000	54,451
Shell International Fin	3.75% bond, due 09/12/2046, maturity value	165,000	164,234
Sumitomo Mitsui Finl Grp	3.78% bond, due 03/09/2026, maturity value	90,000	90,000
Teva Pharmaceuticals	3.15% bond, due 10/01/2026, maturity value	35,000	34,907
Teva Pharmaceuticals	4.10% bond, due 10/01/2046, maturity value	75,000	74,375
Trinity Acquisition PLC	6.13% bond, due 08/15/2043, maturity value	27,000	28,560
WPP Finance 2010	5.13% bond, due 09/07/2042, maturity value	50,000	49,037
		22,278,459	22,385,507
Employer securities:			
* North State Telecommunications Corporation	91,353 shares common stock	9,604,838	5,898,052
* North State Telecommunications Corporation	162 shares preferred stock	7,796	7,796
		9,612,634	5,905,848
		\$ 93,606,756	\$ 89,162,175

* Indicates a party-in-interest to the Plan.

Schedule of Active Participant Data²

Age Group	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	0		1		0		0		0		0	
25-29	0		7		4		0		0		0	
30-34	0		4		14		3		0		0	
35-39	0		7		10		8		0		0	
40-44	0		6		9		7		10		0	
45-49	0		8		4		8		4		2	
50-54	0		10		4		15		9		5	
55-59	0		5		10		9		7		1	
60-64	0		2		3		5		5		2	
65-69	0		1		0		0		0		0	
70+	0		0		0		0		0		0	

Age Group	Completed Years of Service											
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +					
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.				
0-24	0		0		0		0					
25-29	0		0		0		0					
30-34	0		0		0		0					
35-39	0		0		0		0					
40-44	0		0		0		0					
45-49	1		0		0		0					
50-54	6		4		0		0					
55-59	3		3		9		0					
60-64	0		2		6		3					
65-69	0		2		0		1					
70+	0		0		0		1					

² Average accrued benefits are shown instead of compensation since the plan's benefits are hard frozen and no participant is accruing additional benefits. Since this plan has less than 1,000 active participants, no average accrued benefits are required to be shown.

Statement of Actuarial Assumptions

Prescribed Interest Rates

Based on the applicable month of September.

Funding Target Interest Rates:

First Segment Rate (0 to 5 Years) 4.43%¹ (Prior year: 4.72%)

Second Segment Rate (5 to 20 Years) 5.91%¹ (Prior year: 6.11%)

Third Segment Rate (over 20 Years) 6.65%¹ (Prior year: 6.81%)

Effective Interest Rate: 6.00% (Prior year: 6.20%)

PBGC Variable Premium Rate (Alternative Basis) and Maximum

Deductible Contribution Limit:

First Segment Rate (for Liabilities Payable in 0 to 5 Years) 1.34% (Prior Year: 1.15%)

Second Segment Rate (for Liabilities Payable in 5 to 20 Years) 4.03% (Prior Year: 4.06%)

Third Segment Rate (for Liabilities Payable in 20 or More Years) 5.06% (Prior Year: 5.15%)

Expected Return on Assets

Equal to 6.0% limited to the third segment rate.

Salary Scale

The Plan is frozen as of December 31, 2013 so no assumed future salary increases.

Prescribed Mortality

Mortality is based on the Static IRS 2016 Funding Mortality Tables.

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	100%
58	9%		
59	11%		
60	15%		
61	20%		
50-54	5%		

¹ HATFA-14 segment rates

Statement of Actuarial Assumptions (continued)**Termination**

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Disability

None assumed.

Form of Payment

55% of vested decrementing actives are assumed to elect a life annuity

40% of vested decrementing actives are assumed to elect a 15 year certain and life annuity

5% of vested decrementing actives are assumed to elect a 75% joint and survivor annuity

Marriage

Male spouses are assumed to be 4 years older than their wives.

It is assumed that 75% of male and 75% of female participants are married.

Expenses paid by Trust

Assumed based on administrative expenses paid from the trust in the prior year.

Covered Compensation

The plan is frozen as of December 31, 2013 so no assumed future covered compensation increases.

IRS Limits

The IRS Maximum Benefit Limitation for the 2016 Plan Year is \$210,000.

The IRS Maximum Compensation Limitation for the 2016 Plan Year is \$265,000.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

Interest rates were updated to reflect HATFA-14 funding stabilization rates for the 2016 minimum required contribution.

The mortality table was updated to the Static IRS 2016 Funding Mortality Table.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts. An estimate of plan expenses in the upcoming year is included in the Target Normal Cost.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using the 1st and 2nd funding segment rates of the prescribed corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target. The plan sponsor elected funding relief which resulted in a 15-year amortization for the 2010 and 2011 years.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Funding stabilization percentages beginning with the January 1, 2016 report will follow the schedule as provided by the Bipartisan Budget Act of 2015.

**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

2016**This Form is Open to Public
Inspection**For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016▶ **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 NORTH STATE COMMUNICATIONS RETIREMENT PLAN		B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF North State Telephone Company D/B/A North State Communications		D Employer Identification Number (EIN) 56-0341710	
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>01</u> Day <u>01</u> Year <u>2016</u>			
2 Assets:			
a Market value.....	2a	90,107,348	
b Actuarial value.....	2b	97,098,505	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....	335	83,237,223	83,237,223
b For terminated vested participants.....	117	4,077,283	4,077,283
c For active participants.....	250	19,444,106	20,258,965
d Total.....	702	106,758,612	107,573,471
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	6.00%	
6 Target normal cost.....	6	452,627	

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	Robert A. Grider 	08/18/2017
Signature of actuary		Date
Robert A. Grider, EA, MAAA		1707472
Type or print name of actuary		Most recent enrollment number
STANLEY, HUNT, DUPREE & RHINE		336-291-1160
Firm name		Telephone number (including area code)
7701 Airport Center Drive		
Mailcode 527-99-02-20		
GREENSBORO NC 27409		
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, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

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	4,515,000
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	4,515,000
10 Interest on line 9 using prior year's actual return of <u>-4.19%</u>	0	-189,179
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		1,975,799
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.20%</u>		122,500
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return.....		0
c Total available at beginning of current plan year to add to prefunding balance.....		2,098,299
d Portion of (c) to be added to prefunding balance.....		2,098,299
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	6,424,120

Part III Funding Percentages

14 Funding target attainment percentage	14	84.29%
15 Adjusted funding target attainment percentage.....	15	84.29%
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	89.15%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

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
04/14/2016	500,000	0			
07/14/2016	500,000	0			
10/17/2016	500,000	0			
01/11/2017	500,000	0			
07/14/2017	500,000	0			
Totals ►			18(b)	2,500,000	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	2,382,205

20 Quarterly contributions and liquidity shortfalls:**a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No**b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No**c** If line 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

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.43 %	2nd segment: 5.91 %	3rd segment: 6.65 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
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 subject to 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	452,627	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
	16,899,086	1,565,133	
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	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	2,017,760	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	2,017,760	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	2,382,205	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	364,445	
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 an election was made to use PRA 2010 funding relief for this plan:			
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	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

Description of Weighted Average Retirement Age

The retirement assumption is graded by age, as follows:

<u>Age</u>	<u>Annual Retirement</u>	<u>Conditional Expected Retirement Age</u>	<u>First Eligible to Retire at Age</u>	<u>Conditional Expected Retirement Age</u>	<u>Number First Eligible to Retire at Age</u>
Under 50	0%	59.0	Under 50	59.0	-
50	5%	59.0	50	59.0	9
51	5%	59.5	51-54	60.1	4
52	5%	59.9	55	61.1	77
53	5%	60.4	56-59	61.9	15
54	5%	60.8	60	62.9	66
55	5%	61.1	61-64	64.4	13
56	5%	61.4	65	66.2	61
57	7%	61.7	66-69	68.1	3
58	9%	62.1	70	70.0	1
59	11%	62.5	71-74	72.5	1
60	15%	62.9	75	75.0	-
61	20%	63.4			
62	25%	64.0	Total		250
63	30%	64.7			
64	35%	65.4			
65	40%	66.2			
66	45%	67.0			
67	50%	67.7			
68	60%	68.5			
69	80%	69.2			
70	100%	70.0			

Weighted Average Retirement Age:

63

Statement of Actuarial Assumptions

Prescribed Interest Rates

Based on the applicable month of September.

Funding Target Interest Rates:

First Segment Rate (0 to 5 Years)	4.43% ¹	(Prior year: 4.72%)
Second Segment Rate (5 to 20 Years)	5.91% ¹	(Prior year: 6.11%)
Third Segment Rate (over 20 Years)	6.65% ¹	(Prior year: 6.81%)

Effective Interest Rate:

6.00% (Prior year: 6.20%)

PBGC Variable Premium Rate (Alternative Basis) and Maximum

Deductible Contribution Limit:

First Segment Rate (for Liabilities Payable in 0 to 5 Years)	1.34%	(Prior Year: 1.15%)
Second Segment Rate (for Liabilities Payable in 5 to 20 Years)	4.03%	(Prior Year: 4.06%)
Third Segment Rate (for Liabilities Payable in 20 or More Years)	5.06%	(Prior Year: 5.15%)

Expected Return on Assets

Equal to 6.0% limited to the third segment rate.

Salary Scale

The Plan is frozen as of December 31, 2013 so no assumed future salary increases.

Prescribed Mortality

Mortality is based on the Static IRS 2016 Funding Mortality Tables.

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	100%
58	9%		
59	11%		
60	15%		
61	20%		
50-54	5%		

¹ HATFA-14 segment rates

Statement of Actuarial Assumptions (continued)**Termination**

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Disability

None assumed.

Form of Payment

55% of vested decrementing actives are assumed to elect a life annuity
40% of vested decrementing actives are assumed to elect a 15 year certain and life annuity
5% of vested decrementing actives are assumed to elect a 75% joint and survivor annuity

Marriage

Male spouses are assumed to be 4 years older than their wives.
It is assumed that 75% of male and 75% of female participants are married.

Expenses paid by Trust

Assumed based on administrative expenses paid from the trust in the prior year.

Covered Compensation

The plan is frozen as of December 31, 2013 so no assumed future covered compensation increases.

IRS Limits

The IRS Maximum Benefit Limitation for the 2016 Plan Year is \$210,000.
The IRS Maximum Compensation Limitation for the 2016 Plan Year is \$265,000.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

Interest rates were updated to reflect HATFA-14 funding stabilization rates for the 2016 minimum required contribution.

The mortality table was updated to the Static IRS 2016 Funding Mortality Table.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts. An estimate of plan expenses in the upcoming year is included in the Target Normal Cost.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using the 1st and 2nd funding segment rates of the prescribed corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target. The plan sponsor elected funding relief which resulted in a 15-year amortization for the 2010 and 2011 years.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Funding stabilization percentages beginning with the January 1, 2016 report will follow the schedule as provided by the Bipartisan Budget Act of 2015.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2016
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2016
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service. Effective April 4, 2012, exclude employees hired or rehired after April 4, 2012 from participation in the plan. Effective, December 31, 2013, participation and future benefit accruals are frozen for all employees.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements. No further entry allowed after December 31, 2013.

Credited Service

Service prior to January 1, 1976: all completed years and months of continuous Service.
Service on or after January 1976: calendar years with at least 1,000 Hours of Service.
Service after December 31, 2013 shall be disregarded.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, overtime (effective January 1, 2011), taxable values of Employer paid group term life insurance, and Christmas Annual Bonuses (effective January 1, 2014).

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

Effective, December 31, 2013, benefit accrual ceased under the plan. In no event will participants normal retirement benefit be less than their frozen accrued benefit at December 31, 2013. The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated in the amount equal to the sum of (1) + (2) below:

(1) Grandfathered Group: (a) Participants who have completed at least 20 Years of Vesting Service or the sum of the Participant's exact age and completed Years of Vesting Service shall equal at least 65, as of January 1, 2011:

- 1.3% of Final Average Compensation (FAC), multiplied by the number of Years of Benefit Service,

Non-Grandfathered Group: (b) Participants who have not completed 20 Years of Vesting Service or the sum of the Participant's exact age and completed Years of Vesting Service is less than 65, as of January 1, 2011:

- 1.3% of Final Average Compensation(FAC), multiplied by the number of Years of Benefit Service earned as of January 1, 2011, plus
- 1.0% of Final Average Compensation(FAC), multiplied by the number of Years of Benefit Service earned after January 1, 2011,

(2) For all Participants

- 0.65% of Final Average Compensation(FAC) in excess of the applicable Covered Compensation, multiplied by the number of Years of Benefit Service, subject to a maximum of 35 years.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination. In no event shall a Participant's Frozen Benefit be less than his Frozen Accrued Benefit determined as of December 31, 2013, based on the Plan provisions in effect on that date.

Delayed Retirement

Eligibility is the first of the month next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Summary of Plan Provisions (continued)**Early Retirement****Eligibility**

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 Years of Vesting Service or whose age plus Years of Vesting Service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced. The reduction is 1/180 for each of the first 60 months and 1/360 for each of the next 60 months by which the benefit commences prior to Normal Retirement Date.

Death Benefit**Eligibility**

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$1,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$50,000.00 (effective January 1, 2016).

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Summary of Plan Provisions (continued)

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

Lump sum payment option of the Actuarial Equivalence of the Participant's retirement benefit limit was increased to \$50,000 effective January 1, 2016.

Schedule of Active Participant Data²

Age Group	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	0		1		0		0		0		0	
25-29	0		7		4		0		0		0	
30-34	0		4		14		3		0		0	
35-39	0		7		10		8		0		0	
40-44	0		6		9		7		10		0	
45-49	0		8		4		8		4		2	
50-54	0		10		4		15		9		5	
55-59	0		5		10		9		7		1	
60-64	0		2		3		5		5		2	
65-69	0		1		0		0		0		0	
70+	0		0		0		0		0		0	

Age Group	Completed Years of Service											
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +					
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	0		0		0		0					
25-29	0		0		0		0					
30-34	0		0		0		0					
35-39	0		0		0		0					
40-44	0		0		0		0					
45-49	1		0		0		0					
50-54	6		4		0		0					
55-59	3		3		9		0					
60-64	0		2		6		3					
65-69	0		2		0		1					
70+	0		0		0		1					

² Average accrued benefits are shown instead of compensation since the plan's benefits are hard frozen and no participant is accruing additional benefits. Since this plan has less than 1,000 active participants, no average accrued benefits are required to be shown.

Change in Method

Funding stabilization percentages beginning with the January 1, 2016 report will follow the schedule as provided by the Bipartisan Budget Act of 2015.

Schedule of Amortization Bases

Type	Date Established	Years Remaining	PV of Remaining Installments	Amortization Installment
1. Shortfall	01/01/2010	9	6,910,429	939,795
2. Shortfall	01/01/2011	10	8,550,401	1,075,581
3. Shortfall	01/01/2012	3	(4,550,128)	(1,582,908)
4. Shortfall	01/01/2013	4	929,515	247,699
5. Shortfall	01/01/2014	5	1,747,337	380,401
6. Shortfall	01/01/2015	6	(1,943,504)	(363,690)
7. Shortfall	01/01/2016	7	5,255,036	868,255
Total Amortizations			\$16,899,086	\$1,565,133

Description of Weighted Average Retirement Age

The retirement assumption is graded by age, as follows:

Age	Annual Retirement	Conditional Expected Retirement Age	First Eligible to Retire at Age	Conditional Expected Retirement Age	Number First Eligible to Retire at Age
Under 50	0%	59.0	Under 50	59.0	-
50	5%	59.0	50	59.0	9
51	5%	59.5	51-54	60.1	4
52	5%	59.9	55	61.1	77
53	5%	60.4	56-59	61.9	15
54	5%	60.8	60	62.9	66
55	5%	61.1	61-64	64.4	13
56	5%	61.4	65	66.2	61
57	7%	61.7	66-69	68.1	3
58	9%	62.1	70	70.0	1
59	11%	62.5	71-74	72.5	1
60	15%	62.9	75	75.0	-
61	20%	63.4			
62	25%	64.0	Total		250
63	30%	64.7			
64	35%	65.4			
65	40%	66.2			
66	45%	67.0			
67	50%	67.7			
68	60%	68.5			
69	80%	69.2			
70	100%	70.0			

Weighted Average Retirement Age:

63

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2016
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2016
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service. Effective April 4, 2012, exclude employees hired or rehired after April 4, 2012 from participation in the plan. Effective, December 31, 2013, participation and future benefit accruals are frozen for all employees.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements. No further entry allowed after December 31, 2013.

Credited Service

Service prior to January 1, 1976: all completed years and months of continuous Service.

Service on or after January 1976: calendar years with at least 1,000 Hours of Service.

Service after December 31, 2013 shall be disregarded.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, overtime (effective January 1, 2011), taxable values of Employer paid group term life insurance, and Christmas Annual Bonuses (effective January 1, 2014).

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

Effective, December 31, 2013, benefit accrual ceased under the plan. In no event will participants normal retirement benefit be less than their frozen accrued benefit at December 31, 2013. The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated in the amount equal to the sum of (1) + (2) below:

(1) Grandfathered Group: (a) Participants who have completed at least 20 Years of Vesting Service or the sum of the Participant's exact age and completed Years of Vesting Service shall equal at least 65, as of January 1, 2011:

- 1.3% of Final Average Compensation (FAC), multiplied by the number of Years of Benefit Service,

Non-Grandfathered Group: (b) Participants who have not completed 20 Years of Vesting Service or the sum of the Participant's exact age and completed Years of Vesting Service is less than 65, as of January 1, 2011:

- 1.3% of Final Average Compensation(FAC), multiplied by the number of Years of Benefit Service earned as of January 1, 2011, plus
- 1.0% of Final Average Compensation(FAC), multiplied by the number of Years of Benefit Service earned after January 1, 2011,

(2) For all Participants

- 0.65% of Final Average Compensation(FAC) in excess of the applicable Covered Compensation, multiplied by the number of Years of Benefit Service, subject to a maximum of 35 years.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination. In no event shall a Participant's Frozen Benefit be less than his Frozen Accrued Benefit determined as of December 31, 2013, based on the Plan provisions in effect on that date.

Delayed Retirement

Eligibility is the first of the month next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Summary of Plan Provisions (continued)

Early Retirement

Eligibility

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 Years of Vesting Service or whose age plus Years of Vesting Service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced. The reduction is 1/180 for each of the first 60 months and 1/360 for each of the next 60 months by which the benefit commences prior to Normal Retirement Date.

Death Benefit

Eligibility

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$1,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$50,000.00 (effective January 1, 2016).

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Summary of Plan Provisions (continued)

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

Lump sum payment option of the Actuarial Equivalence of the Participant's retirement benefit limit was increased to \$50,000 effective January 1, 2016.

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Cash and cash equivalents:			
* Branch Banking and Trust	Money market	\$ 3,653,540	\$ 3,653,540
High Point Bank and Trust	Money market	1,355	1,355
		<u>3,654,895</u>	<u>3,654,895</u>
Mutual funds and exchange-traded funds:			
American Europacific Growth Fund CL R6 Fund	145,184 units	7,094,741	6,539,076
Blackstone Alt Multi-Strat-1	317,193 units	3,280,670	3,238,544
Credit Suisse Commodity Return Strategy Intl SHS FD	662,106 units	4,412,036	3,356,877
Eagle Small Cap Growth Fund	16,487 units	912,752	911,256
Goldman Sachs Strategic Mid Cap Value CL I Fund	70,761 units	2,956,723	2,623,835
Massmutual Select Mid Cap Growth Equity II Fund	135,984 units	2,405,103	2,496,665
Neuberger Berman High Income Bond Fund	598,994 units	5,610,901	5,211,250
Prudential Small Cap Value CL Z	49,876 units	1,021,784	1,077,319
Vanguard Inst Index-Inst	64,802 units	11,045,685	13,208,684
Vanguard Reit Index Fund CL ADM	27,044 units	2,723,079	3,160,633
Vanguard Tot Int ST IDX-ADM	269,840 units	7,423,045	6,646,180
		<u>48,886,519</u>	<u>48,470,319</u>
U.S. Government securities:			
Tenn Valley Authority	4.25% bond, due 09/15/2065, maturity value	100,000	97,314
US Treasury Note	0.75% note, due 08/31/2018, maturity value	350,000	349,604
US Treasury Bond	1.38% bond, due 05/31/2021, maturity value	550,000	553,014
US Treasury Note	1.13% note, due 07/31/2021, maturity value	175,000	174,802
US Treasury Note	1.13% note, due 09/30/2021, maturity value	355,000	353,128
US Treasury Bond	5.00% bond, due 05/15/2037, maturity value	745,000	989,611
US Treasury Note	2.50% note, due 05/15/2046, maturity value	325,000	326,588
US Treasury Bond	1.50% bond, due 08/15/2026, maturity value	5,090,000	5,048,632
US Treasury Note	1.25% note, due 03/31/2021, maturity value	325,000	326,313
US Treasury Note	0.75% note, due 07/31/2018, maturity value	690,000	690,243
		<u>8,909,249</u>	<u>8,475,794</u>
Municipal bonds:			
Ohio Univ Gen Recpts Athens Txbl	5.59% bond, due 12/01/2114, maturity value	170,000	170,000
Univ of California CA TXBL-Gen-Ser	4.77% bond, due 05/15/2115, maturity value	95,000	95,000
		<u>265,000</u>	<u>269,812</u>
Corporate bonds:			
Aflac, Inc	6.45% bond, due 08/15/2040, maturity value	27,000	33,605
AT&T, Inc	4.35% bond, due 06/15/2045, maturity value	70,000	61,403
AT&T, Inc	4.75% bond, due 05/15/2046, maturity value	10,000	10,569
AT&T, Inc	6.00% bond, due 08/15/2040, maturity value	85,000	87,147
Abbot Laboratories	4.90% bond, due 11/30/2046, maturity value	165,000	163,715
Abbvie, Inc	4.45% bond, due 05/14/2046, maturity value	165,000	163,891
Aetna, Inc	4.38% bond, due 12/15/2045, maturity value	70,000	69,930
Agilent Tech, Inc	6.50% bond, due 11/01/2017, maturity value	16,000	16,737
Alabama Power Co	3.85% bond, due 12/01/2042, maturity value	75,000	68,956
Albermarle Corp	4.15% bond, due 12/01/2024, maturity value	35,000	34,880
Allstate Corp	4.50% bond, due 06/15/2043, maturity value	100,000	104,469
Altria Group, Inc	4.25% bond, due 08/09/2042, maturity value	130,000	113,625
Amerigas Part/Fin Corp	5.50% bond, due 05/20/2025, maturity value	35,000	35,000
Anadarko Petroleum Corp	6.60% bond, due 03/15/2046, maturity value	25,000	24,981

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
Anheuser-Busch Inbev	4.70% bond, due 02/01/2036, maturity value	175,000	173,541
Anheuser-Busch Inbev	4.90% bond, due 02/01/2046, maturity value	50,000	49,883
Apache Corp	5.10% bond, due 09/01/2040, maturity value	50,000	47,793
Apple Inc	3.85% bond, due 05/04/2043, maturity value	330,000	308,075
Apple Inc	3.45% bond, due 02/09/2045, maturity value	40,000	33,496
Apple Inc	4.50% bond, due 02/23/2036, maturity value	140,000	139,342
Apple Inc	4.65% bond, due 02/23/2046, maturity value	95,000	94,452
Arrow Electronics, Inc	7.50% bond, due 01/15/2027, maturity value	115,000	136,185
Bank of America Corp	5.70% bond, due 01/24/2022, maturity value	210,000	233,163
Bank of America Corp	5.88% bond, due 02/07/2042, maturity value	200,000	288,745
Barrick NA Finance LLC	5.70% bond, due 05/30/2041, maturity value	40,000	33,197
Berkshire Hathaway Fin	4.40% bond, due 05/15/2042, maturity value	250,000	270,085
Berkshire Hathaway, Inc	3.00% bond, due 02/11/2023, maturity value	135,000	132,619
Burlington North Santa Fe	4.38% bond, due 09/01/2042, maturity value	175,000	182,696
CVS Health Corp	5.13% bond, due 07/20/2045, maturity value	85,000	84,690
Capital One Bank USA NA	3.38% bond, due 02/15/2023, maturity value	250,000	244,173
Caterpillar, Inc	5.20% bond, due 05/27/2041, maturity value	125,000	136,160
Chubb INA Holdings, Inc	2.70% bond, due 03/13/2023, maturity value	95,000	91,333
Chubb INA Holdings, Inc	4.35% bond, due 11/03/2045, maturity value	115,000	120,115
Cisco Systems, Inc	5.50% bond, due 01/15/2040, maturity value	105,000	116,410
Citigroup, Inc	4.50% bond, due 01/14/2022, maturity value	240,000	250,900
Citigroup, Inc	5.88% bond, due 01/30/2042, maturity value	60,000	69,270
Citigroup, Inc	4.45% bond, due 09/29/2027, maturity value	130,000	129,402
Cleveland Clinic Foundation	4.86% bond, due 01/01/2114, maturity value	80,000	80,000
Comcast Corp	5.65% bond, due 06/15/2035, maturity value	310,000	345,825
Comcast Corp	6.45% bond, due 03/15/2037, maturity value	70,000	86,501
Comcast Corp	3.15% bond, due 03/01/2026, maturity value	120,000	119,774
Conocophillips Company	1.05% bond, due 12/15/2017, maturity value	230,000	228,864
Conocophillips Company	5.95% bond, due 03/15/2046, maturity value	25,000	24,744
Consolidated Edison Co of NY	4.50% bond, due 12/01/2045, maturity value	160,000	159,840
Diamond Offshore Drill	4.88% bond, due 11/01/2043, maturity value	120,000	98,639
Dignity Health	5.27% bond, due 11/01/2064, maturity value	160,000	160,000
Walt Disney Company	4.13% bond, due 06/01/2044, maturity value	85,000	85,741
Dominion Resources, Inc	7.00% bond, due 06/15/2038, maturity value	75,000	95,312
Domtar Corporation	4.40% bond, due 04/01/2022, maturity value	50,000	50,660
Duke Energy Carolinas	4.25% bond, due 12/15/2041, maturity value	175,000	174,820
Eaton Corp	4.00% bond, due 11/02/2032, maturity value	70,000	66,690
Ebay, Inc	4.00% bond, due 07/15/2042, maturity value	90,000	78,295
EDS Corp	7.45% bond, due 10/15/2029, maturity value	110,000	124,774
Energy Transfer Partners	6.05% bond, due 06/01/2041, maturity value	75,000	78,758
Enlink Midstream Partners LP	5.05% bond, due 04/01/2045, maturity value	35,000	33,733
Enterprise Products Oper	5.95% bond, due 02/01/2041, maturity value	65,000	72,484
Exelon Generation Co, LLC	6.25% bond, due 10/01/2039, maturity value	85,000	90,104
Express Scripts Holding Co	4.80% bond, due 07/15/2046, maturity value	120,000	119,790
Exxon Mobil Corp	4.11% bond, due 03/01/2046, maturity value	70,000	70,000
Fedex Corp	4.55% bond, due 04/01/2046, maturity value	90,000	89,605
Florida Power & Light Co	4.05% bond, due 10/01/2044, maturity value	185,000	184,390
Ford Motor Company	6.63% bond, due 10/01/2028, maturity value	50,000	58,125
Ford Motor Company	4.75% bond, due 01/15/2043, maturity value	55,000	52,159
General Elec Cap Corp	5.88% bond, due 01/14/2038, maturity value	590,000	683,998
General Elec Cap Corp	3.10% bond, due 01/09/2023, maturity value	175,000	171,445
General Motors Co	6.25% bond, due 10/02/2043, maturity value	75,000	85,215

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
General Motors Co	4.30% bond, due 07/13/2025, maturity value	50,000	49,932
General Motors Co	4.00% bond, due 01/15/2025, maturity value	25,000	23,196
Georgia-Pacific LLC	8.88% bond, due 05/15/2031, maturity value	80,000	112,972
Gilead Sciences, Inc	4.50% bond, due 02/01/2045, maturity value	100,000	99,413
Gilead Sciences, Inc	4.60% bond, due 09/01/2035, maturity value	50,000	49,833
Glaxosmithkline Cap, Inc	6.38% bond, due 05/15/2038, maturity value	130,000	163,558
Goldman Sachs Group, Inc	5.95% bond, due 01/18/2018, maturity value	135,000	142,732
Goldman Sachs Group, Inc	6.25% bond, due 02/01/2041, maturity value	220,000	257,932
Goldman Sachs Group, Inc	3.63% bond, due 01/22/2023, maturity value	90,000	88,695
Health Care REIT, Inc	6.50% bond, due 03/15/2041, maturity value	75,000	91,561
Home Depot, Inc	2.70% bond, due 04/01/2023, maturity value	180,000	172,667
Hyatt Hotels Corp	4.85% bond, due 03/15/2026, maturity value	75,000	74,940
Indiana Michigan Power	4.55% bond, due 03/15/2046, maturity value	65,000	64,777
Intel Corp	4.80% bond, due 10/01/2041, maturity value	95,000	96,490
IBM Corp	4.00% bond, due 06/20/2042, maturity value	180,000	168,655
JPMorgan Chase & Co	3.38% bond, due 05/01/2023, maturity value	180,000	173,025
JPMorgan Chase & Co	1.63% bond, due 05/15/2018, maturity value	260,000	258,388
JPMorgan Chase & Co	4.85% bond, due 02/01/2044, maturity value	510,000	516,596
JPMorgan Chase & Co	4.25% bond, due 10/01/2027, maturity value	30,000	29,897
Jefferies Group, LLC	6.25% bond, due 01/15/2036, maturity value	190,000	191,286
Johnson & Johnson	3.70% bond, due 03/01/2046, maturity value	175,000	173,838
KLA-Tencor Corp	5.65% bond, due 11/01/2034, maturity value	45,000	44,872
Kellogg Co	4.50% bond, due 04/01/2046, maturity value	105,000	103,953
Kentucky Utilities Co	4.38% bond, due 10/01/2045, maturity value	75,000	74,938
Kroger Co	5.40% bond, due 07/15/2040, maturity value	55,000	57,634
Lockheed Martin Corp	4.50% bond, due 05/15/2036, maturity value	80,000	78,499
Louisville Gas & Elect	4.38% bond, due 10/01/2045, maturity value	75,000	74,938
Lowe's Companies, Inc	4.65% bond, due 04/15/2042, maturity value	85,000	84,548
Lowe's Companies, Inc	3.70% bond, due 04/15/2046, maturity value	165,000	164,083
Marathon Oil Corp	5.20% bond, due 06/01/2045, maturity value	20,000	19,988
Masco Corp	4.38% bond, due 04/01/2026, maturity value	70,000	69,667
Mattel, Inc	6.20% bond, due 10/01/2040, maturity value	95,000	107,748
McDonald's Corp	4.70% bond, due 12/09/2035, maturity value	55,000	54,823
McKesson Corp	2.70% bond, due 12/22/2022, maturity value	65,000	62,221
McKesson Corp	6.00% bond, due 03/01/2041, maturity value	55,000	63,226
Medtronic, Inc	5.55% bond, due 03/15/2040, maturity value	105,000	119,788
Merck & Co, Inc	2.80% bond, due 05/18/2023, maturity value	105,000	101,119
Metlife, Inc	5.70% bond, due 06/15/2035, maturity value	105,000	118,757
Metlife, Inc	4.05% bond, due 03/01/2045, maturity value	290,000	264,302
Microsoft Corp	2.70% bond, due 02/12/2025, maturity value	315,000	314,342
Microsoft Corp	4.45% bond, due 11/03/2045, maturity value	130,000	129,552
Berkshire Hathaway Energy Co	6.50% bond, due 09/15/2037, maturity value	100,000	122,126
Molson Coors Brewing Co	4.20% bond, due 07/15/2046, maturity value	45,000	44,711
Moody's Corporation	5.25% bond, due 07/15/2044, maturity value	45,000	45,743
Morgan Stanley	4.35% bond, due 09/08/2026, maturity value	105,000	104,815
Morgan Stanley	4.30% bond, due 01/27/2045, maturity value	190,000	188,575
Morgan Stanley	6.38% bond, due 07/24/2042, maturity value	70,000	84,503
NYU Hospitals Center	4.78% bond, due 07/01/2044, maturity value	130,000	130,000
NBCUniversal Media, LLC	4.38% bond, due 04/01/2021, maturity value	90,000	95,378
Nisource Finance Corp	6.25% bond, due 12/15/2040, maturity value	65,000	72,798

North State Telephone Company Retirement Plan
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Schedule H, Line 4i- Schedule of Assets Held at End of Year (continued)
December 31, 2016

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Corporate bonds (continued):			
Noble Energy, Inc	6.00% bond, due 03/01/2041, maturity value 75,000	84,728	83,274
Novartis Capital Corp	2.40% bond, due 09/21/2022, maturity value 110,000	105,372	108,654
Novartis Capital Corp	4.00% bond, due 11/20/2045, maturity value 95,000	93,128	95,873
Old Republic International Corp	4.88% bond, due 10/01/2024, maturity value 49,000	48,754	51,054
Omnicom Group, Inc	3.65% bond, due 11/01/2024, maturity value 40,000	39,874	40,232
Oneok Partners LP	3.38% bond, due 10/01/2022, maturity value 60,000	58,366	60,250
Oracle Corp	3.63% bond, due 07/15/2023, maturity value 170,000	171,171	178,174
Oracle Corp	4.30% bond, due 07/08/2034, maturity value 70,000	74,608	72,379
Pacific Gas & Electric	5.40% bond, due 01/15/2040, maturity value 155,000	169,045	181,548
Pepsico, Inc	2.38% bond, due 10/06/2026, maturity value 140,000	139,975	132,534
Pepsico, Inc	4.25% bond, due 10/22/2044, maturity value 45,000	44,939	46,473
Pepsico, Inc	4.45% bond, due 04/14/2046, maturity value 175,000	185,049	186,389
Phillip Morris Intl, Inc	4.38% bond, due 11/15/2041, maturity value 110,000	103,677	110,902
Phillip Morris Intl, Inc	2.75% bond, due 02/25/2026, maturity value 85,000	84,316	81,711
Pres & Fellows of Harvard	3.15% bond, due 07/15/2046, maturity value 170,000	169,711	152,099
Republic Services, Inc	5.70% bond, due 05/15/2041, maturity value 95,000	108,016	113,605
Reynolds American, Inc	5.70% bond, due 06/12/2035, maturity value 120,000	121,560	137,837
Rock-Tenn Co	4.90% bond, due 03/01/2022, maturity value 60,000	63,336	65,132
San Diego Gas & Electric Company	5.35% bond, due 05/15/2040, maturity value 75,000	85,769	88,721
Southern Cal Edison	6.05% bond, due 03/15/2039, maturity value 135,000	165,636	172,970
Spirit Aerosystems Inc	3.85% bond, due 06/15/2026, maturity value 10,000	9,992	9,866
Tesoro Logistics LP/Corp	5.25% bond, due 01/15/2025, maturity value 35,000	35,000	35,744
The Travelers Companies, Inc	5.35% bond, due 11/01/2040, maturity value 130,000	171,456	153,134
21st Century Fox America	6.15% bond, due 03/01/2037, maturity value 75,000	85,285	87,770
Tyson Foods, Inc	5.15% bond, due 08/15/2044, maturity value 50,000	49,803	51,844
Unum Corp	6.75% bond, due 12/15/2028, maturity value 65,000	74,867	73,360
Union Electric Co	3.65% bond, due 04/15/2045, maturity value 80,000	79,811	75,639
Union Pacific Corp	4.38% bond, due 11/15/2065, maturity value 80,000	76,834	79,558
Union Pacific Corp	4.05% bond, due 03/01/2046, maturity value 90,000	88,814	90,257
United Tech Corp	1.80% bond, due 06/01/2017, maturity value 335,000	336,244	335,874
UnitedHealth Group Inc	4.75% bond, due 07/15/2045, maturity value 70,000	69,712	77,113
UnitedHealth Group Inc	3.10% bond, due 03/15/2026, maturity value 90,000	89,929	88,767
Valero Energy Corp	7.50% bond, due 04/15/2032, maturity value 60,000	74,578	73,682
Valero Energy Corp	3.40% bond, due 09/15/2026, maturity value 85,000	84,707	81,431
Visa Inc	4.15% bond, due 12/14/2035, maturity value 5,000	4,993	5,235
Visa Inc	4.30% bond, due 12/14/2045, maturity value 85,000	84,858	89,718
Wal-mart Stores, Inc	4.25% bond, due 04/15/2021, maturity value 155,000	165,109	167,628
Wal-mart Stores, Inc	4.00% bond, due 04/11/2043, maturity value 75,000	69,827	75,343
Wal-mart Stores, Inc	2.55% bond, due 04/11/2023, maturity value 180,000	171,875	178,641
Wal-mart Stores, Inc	1.95% bond, due 12/15/2018, maturity value 340,000	341,975	343,233
Waste Management	3.13% bond, due 03/01/2025, maturity value 190,000	189,191	190,245
Watson Pharmaceuticals, Inc	4.63% bond, due 10/01/2042, maturity value 35,000	33,098	33,892
Wellpoint, Inc (Anthem Inc)	4.35% bond, due 08/15/2020, maturity value 60,000	62,990	63,323
Wellpoint, Inc (Anthem Inc)	5.80% bond, due 08/15/2040, maturity value 45,000	49,650	50,962
Wells Fargo & Co	3.00% bond, due 04/22/2026, maturity value 160,000	159,451	152,677
Wells Fargo & Co	3.90% bond, due 05/01/2045, maturity value 825,000	822,518	782,521
Weyerhaeuser Co	7.38% bond, due 03/15/2032, maturity value 135,000	172,541	170,960
Whirlpool Corp	4.50% bond, due 06/01/2046, maturity value 100,000	99,201	97,506

North State Telephone Company Retirement Plan
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(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
Foreign Bonds / Notes:			
Actavis Funding	4.75% bond, due 03/15/2045, maturity value	40,000	39,269
Agrium, Inc	4.90% bond, due 06/01/2043, maturity value	50,000	48,650
Canadian Pacific RR Co	5.95% bond, due 05/15/2037, maturity value	60,000	67,811
Cenovus Energy, Inc	6.75% bond, due 11/15/2039, maturity value	75,000	91,044
Delhaize Group	5.70% bond, due 10/01/2040, maturity value	80,000	79,910
Embraer Netherlands BV	5.05% bond, due 06/15/2025, maturity value	80,000	79,746
Fomento Economico Mexicano	2.88% bond, due 05/10/2023, maturity value	150,000	140,579
Goldcorp, Inc	5.45% bond, due 06/09/2044, maturity value	105,000	104,493
HSBC Holdings PLC	6.50% bond, due 09/15/2037, maturity value	100,000	117,364
Ingersoll-Rand Luc Finan	4.65% bond, due 11/01/2044, maturity value	45,000	44,733
Johnson Controls Intl	4.95% bond, due 07/02/2064, maturity value	75,000	74,923
LYB Intl Finance BV	5.25% bond, due 07/15/2043, maturity value	85,000	88,585
Petrobras Global Finance	5.63% bond, due 05/20/2043, maturity value	95,000	81,774
Petrobras Global Finance	8.75% bond, due 05/23/2026, maturity value	40,000	39,350
Royal Bank of Scotland GRP PLC	4.80% bond, due 04/05/2026, maturity value	200,000	199,638
Santander Issuances	5.18% bond, due 11/19/2025, maturity value	200,000	200,000
Shell International Fin	6.38% bond, due 12/15/2038, maturity value	20,000	25,217
Shell International Fin	4.38% bond, due 05/11/2045, maturity value	55,000	54,451
Shell International Fin	3.75% bond, due 09/12/2046, maturity value	165,000	164,234
Sumitomo Mitsui Finl Grp	3.78% bond, due 03/09/2026, maturity value	90,000	90,000
Teva Pharmaceuticals	3.15% bond, due 10/01/2026, maturity value	35,000	34,907
Teva Pharmaceuticals	4.10% bond, due 10/01/2046, maturity value	75,000	74,375
Trinity Acquisition PLC	6.13% bond, due 08/15/2043, maturity value	27,000	28,560
WPP Finance 2010	5.13% bond, due 09/07/2042, maturity value	50,000	49,037
		22,278,459	22,385,507
Employer securities:			
* North State Telecommunications Corporation	91,353 shares common stock	9,604,838	5,898,052
* North State Telecommunications Corporation	162 shares preferred stock	7,796	7,796
		9,612,634	5,905,848
		\$ 93,606,756	\$ 89,162,175

* Indicates a party-in-interest to the Plan.

Schedule of Amortization Bases

Type	Date Established	Years Remaining	PV of Remaining Installments	Amortization Installment
1. Shortfall	01/01/2010	9	6,910,429	939,795
2. Shortfall	01/01/2011	10	8,550,401	1,075,581
3. Shortfall	01/01/2012	3	(4,550,128)	(1,582,908)
4. Shortfall	01/01/2013	4	929,515	247,699
5. Shortfall	01/01/2014	5	1,747,337	380,401
6. Shortfall	01/01/2015	6	(1,943,504)	(363,690)
7. Shortfall	01/01/2016	7	5,255,036	868,255
Total Amortizations			\$16,899,086	\$1,565,133

Change in Method

Funding stabilization percentages beginning with the January 1, 2016 report will follow the schedule as provided by the Bipartisan Budget Act of 2015.