

Life, BY THE GIGABYTE



2016 COMMUNITY REPORT

DO MORE?
GET MORE.

4 MEG

- Online news
- E-mail
- Shopping
- Social media

12 MEG

Everything at 4 MEG, plus:

- TV, movie streaming
- Music downloads
- Online gaming

HOME ENTERTAINMENT

A game changer



TWO CLEAR ADVANTAGES to Duo County's wide range of Internet options are incredibly fast movie downloads and rich online games. And with speeds above 50 MEG, everyone can get in on the fun with high-definition quality streaming on multiple devices in their home. Video conference in the office while the kids are streaming their favorite shows in the living room, or playing online games — with no interruptions or buffering. Duo County's investment in broadband and fiber optic technology makes home entertainment that much more entertaining.

How fast is FAST?

Duo County's broadband and Lightspeed G technology bring entertainment into homes faster than ever before.

MEDIA	50 MEG	1 GIG
Photos	1.6 seconds	0.04 seconds
Music	22.4 seconds	0.56 seconds
TV shows	56 seconds	1.4 seconds
Movies	3.7 minutes	5.6 seconds

50 MEG

Everything at 4 & 12, plus:

- Streaming on multiple devices
- Video chat

100 MEG

Everything at 4, 12 & 50, plus:

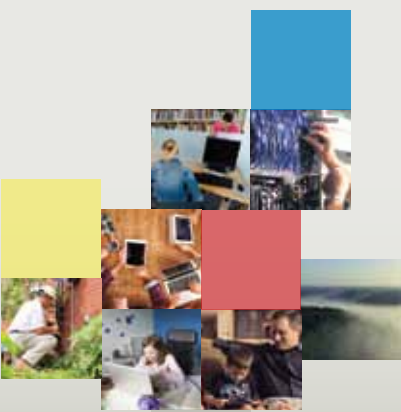
- Large file uploads
- Rich gaming and streaming

CUSTOMER SERVICE

May we help you?



WITH LIGHTSPEED G, Duo County is able to help companies in Russell and Adair counties stay on the cutting edge of technology and provide premium customer service. Businesses like Wilson & Sons Hardware that use cloud-based inventory and sales systems need extremely fast speeds to download and transmit large data files. Wilson & Sons experiences immediate results with Lightspeed G — the scanning system is able to connect and update data with exceptional speed for the sales staff at both locations. Lightspeed G is available now in the Russell County and French Valley business parks. It's our way of providing the best customer service to businesses who strive to provide the best in customer service.



1 GIG

- Delivers up to 5 simultaneous HD signals into the home/business
- Improves Digital TV and phone services
- Immediate results for businesses using cloud resources for data transmission

Lightspeed
Gigabit Internet



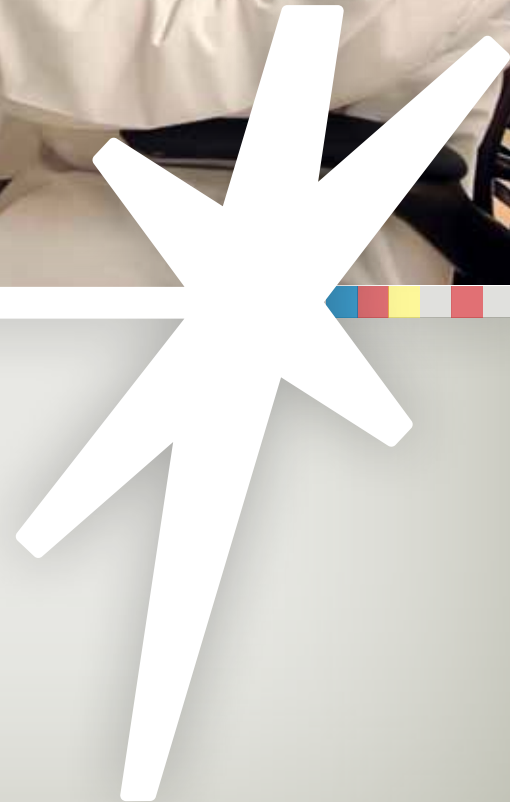
TECHNOLOGY

Science of speed



**Lightspeed G
is 100 times faster
than the average
Internet speed
in Kentucky.**

LIGHTSPEED G, DUO COUNTY'S 1 gigabit per second fiber Internet service, is the first of its kind in the Lake Cumberland region and the result of years of planning. Our crews have installed more than 500 miles of fiber optic cable underground and 300 miles of aerial fiber. Hundreds of pure glass fiber optic strands, each the diameter of a human hair, are bundled together to form a cable that carries digital information into homes and businesses.





FROM THE CEO

Going with the flow

WHEN I LOOK at this aerial photo of downtown Jamestown's square, I see traffic flowing through the roundabout and can't help but think of the information superhighway. Traffic flows much like information does around the square, delivering people to their destinations, providing an essential function to the community.

When the roundabout was designed, I am certain engineers wanted to provide a more fluid transportation experience for drivers while making it a focal point for this central hub of activity. Likewise, when we first began planning a fiber optic ring for our service area, this is exactly what we had in mind: to provide the smoothest and fastest delivery of information to our customers, a quality experience that will enhance home entertainment and business transactions and put our service area at the top of the list in Kentucky and the nation for Internet speed and access.

I'm happy to acknowledge in this report

we've done just that. We introduced gigabit Internet speeds in Russell Springs, Jamestown and Columbia in 2015 — speeds currently available to only a handful of communities across the United States. We're providing seamless delivery of entertainment, data, telephone and high-definition digital TV to our customers at a time when demand for speed continues to climb.

I am thankful Duo County has a long history of thinking outside the box, of planning for demand well beyond its time. Because without the foresight five years ago that speed would be so important now, we wouldn't be delivering speeds 100 times faster than the average in Kentucky. And traffic would be jammed in our information superhighway.

We continue to go with the flow. It's our promise to deliver the best in Internet speeds and communication technology. We're planning for tomorrow, today.

We're glad you're along for the ride.



Thomas E. Preston
Chief Executive Officer



ANNUAL FINANCIAL STATEMENT



Duo County Telecom
Consolidated **BALANCE SHEET**
December 31, 2015

ASSETS

Current Assets:	
Cash & Temporary Cash Investments	\$14,004,861
Accounts Receivable, Less Allowance for Doubtful Accounts	1,145,410
Materials and Supplies	2,421,615
Accrued Interest Receivable	262,213
Prepaid Expenses	<u>623,776</u>

Total Current Assets \$18,457,875

Other Assets:	
Long-Term Investments	\$34,713,267
Nonregulated Investments	287,928
Investment in Affiliated Companies:	47,482,613
Deferred Charges	<u>13,984</u>

Total Other Assets \$82,497,792

Telecommunications Plant:	
Telecommunications Plant in Service	\$99,038,856
Telecommunications Plant Under Construction	11,918,850
Non-Operating Plant	<u>52,008</u>

Total Telecommunications Plant \$111,009,714

Less Accumulated Depreciation Telecommunications Plant Net	(65,743,318) <u>45,266,396</u>
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TOTAL ASSETS \$146,222,063

LIABILITIES & MEMBERS' EQUITIES

Current Liabilities:	
Current Portion of Long-Term Debt	\$97,055
Accounts Payable	2,054,362
Customer Deposits	9,800
Accrued Expenses	<u>2,599,895</u>

Total Current Liabilities \$4,761,112

Deferred Income Taxes-Noncurrent \$11,214,643

Total Long-Term Liabilities \$11,214,643

Other Liabilities and Deferred Credits \$160,566

Members' Equities:	
Patronage Capital	\$52,104,353
Other Equities	77,886,654
Acc. Other Comprehensive Income/Loss	(1,370,307)
Other Member Capital	<u>1,465,042</u>

Total Members' Equities \$130,085,742

TOTAL LIABILITIES/MEMBERS' EQUITIES \$146,222,063

Duo County Telecom
Consolidated **STATEMENT OF INCOME**
For Year Ended December 31, 2015

Operating Revenues:	
Local Network Services	\$9,398,457
Network Access Services	10,565,963
Carrier Billing and Collection	88,217
Miscellaneous Operating Revenue	1,829,421
Uncollectible Revenue	<u>(122,662)</u>

Total Operating Revenues \$21,759,396

Operating Expenses:	
Plant Specific Operations	\$8,928,793
Plant Nonspecific Operations	1,886,877
Depreciation and Amortization	6,526,732
Customer Operations	1,276,521
Corporate Operations	<u>2,595,533</u>

Total Operating Expenses \$21,214,456

Nonregulated Income \$908,222

Operating Income \$1,453,162

Non-Operating Income	\$9,966,480
Provision for Income Taxes	<u>(3,548,345)</u>
Non-Operating Income Net of Taxes	6,418,135

Income Before Interest \$7,871,297

Interest on Long-Term Debt to RUS	(20,666)
Net of Interest Capitalized \$83,747	

NET INCOME \$7,850,631



CONTACT US:

(270) 343-3131 *Russell*

(270) 378-4141 *Adair*

(270) 433-2121 *Cumberland*

duotel@duo-county.com

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Thomas E. Preston
Chief Executive Officer

Locations in Columbia
and Jamestown

