BRANDENBURG TELEPHONE COMPANY

FINANCIAL REPORT

DECEMBER 31, 2016

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brandenburg Telephone Company
Brandenburg, Kentucky

Report on the Financial Statements

We have audited the accompanying balance sheets of Brandenburg Telephone Company as of December 31, 2016, and the related statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Brandenburg Telephone Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting policies made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brandenburg Telephone Company as of December 31, 2016, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Brandenburg Telephone Company as of December 31, 2015, were audited by other auditors whose report dated March 22, 2016, expressed an unmodified opinion on those statements.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
March 24, 2017

BRANDENBURG TELEPHONE COMPANY

BALANCE SHEETS
December 31, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	$ 9,606,373	$ 9,603,480
Accounts receivable	1,390,187	1,286,127
Income tax receivable	1,124,310	725,975
Due from affiliate	15,731,018	15,150,713
Materials and supplies, at average cost - based on the lower of cost or market	1,998,561	1,444,153
Prepaid insurance	24,875	29,967
Total Current Assets	29,875,324	28,240,415
NON-CURRENT ASSETS		
Portfolio investments, available for sale	2,591,701	2,559,165
Investment in nonregulated	5,133,127	4,012,288
Deferred income taxes (Note J)	2,738,387	3,373,968
Total Non-Current Assets	10,463,215	9,945,421
Telephone Plant, at original cost (Note A):		
Telephone plant under construction	101,878	179,842
Telecommunications plant (Note I)	59,213,942	78,521,823
	59,315,820	78,701,665
Less: Accumulated Depreciation	53,696,929	75,410,782
Total Telephone Plant	5,618,891	3,290,883
	$ 45,957,430	$ 41,476,719

The Notes to Financial Statements are an intregral part of these statements

BRANDENBURG TELEPHONE COMPANY

BALANCE SHEETS (CONTINUED)

	2016	2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 320,780	$ 289,074
Customer deposits	19,470	14,917
Other current and accrued liabilities	2,405,321	2,735,754
Total Current Liabilities	2,745,571	3,039,745
STOCKHOLDERS' EQUITY		
Common stock, $50 par value; authorized shares, 100,000; issued and outstanding shares, 100,000.	5,000,000	5,000,000
Retained Earnings	37,625,491	33,086,426
Accumulated other comprehensive income (loss):		
Unrealized gains (losses) on securities	(25,102)	(1,191)
Change in Pension Accural	611,470	351,739
Total stockholders' equity	43,211,859	38,436,974
	$ 45,957,430	$ 41,476,719

The Notes to Financial Statements are an integral part of these statements

BRANDENBURG TELEPHONE COMPANY

STATEMENTS OF INCOME
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues:		
Local network service	$ 2,967,608	$ 3,047,105
Network access service	9,875,212	9,723,313
Long distance network service	503,202	519,139
Miscellaneous revenue	1,526,004	1,554,563
Total Operating Revenues	14,872,026	14,844,120
Operating Expenses:		
Plant specific operations expense	3,406,666	3,250,056
Plant non-specific operations	1,586,560	1,537,090
Depreciation	976,120	801,264
Customer operation expense	1,809,773	1,845,440
Corporate operation expense	2,113,096	2,443,101
Other taxes	426,551	399,160
Total Operating Expenses	10,318,766	10,276,111
Operating Income	4,553,260	4,568,009
Other Income (Expense)		
Interest income	84,732	47,262
Interest expense	- -	- -
Other income	391,991	122,051
Total Other Income (Expenses)	476,723	169,313
Income Before Nonregulated Income	5,029,983	4,737,322
Nonregulated Income	1,467,682	1,298,697
Net Income Before Income Taxes	6,497,665	6,036,019
Income Taxes	1,958,600	2,731,872
Net Income	$ 4,539,065	$ 3,304,147

The Notes to Financial Statements are an integral part of these statements

BRANDENBURG TELEPHONE COMPANY

STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2016 and 2015

	2016	2015
Net income	$ 4,539,065	$ 3,304,147
Other comprehensive income		
Defined benefit plan	260,922	(224,060)
Unrealized gains on marketable securities	(25,102)	(1,191)
Total other comprehensive income	235,820	(225,251)
Total	$ 4,774,885	$ 3,078,896

The Notes to Financial Statements are an intergral part of these statements

BRANDENBURG TELEPHONE COMPANY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2016 and 2015

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	$ 5,000,000	$ 29,782,279	$ 575,799	$ 35,358,078
Comprehensive Income				
Net income for the year ended December 31, 2014	- -	3,304,147	- -	3,304,147
Change in unrealized gains on marketable securities net of tax expense of $180	- -	- -	(1,191)	(1,191)
Change in Pension Accrual net of tax expense of $889,879	- -	- -	(224,060)	(224,060)
Comprehensive Income	- -	3,304,147	(225,251)	3,078,896
Balance, December 31, 2015	5,000,000	33,086,426	350,548	38,436,974
Comprehensive Income				
Net income for the year ended December 31, 2015	- -	4,539,065	- -	4,539,065
Change in unrealized gains on marketable securities net of tax expense of $17,444	- -	- -	(25,102)	(25,102)
Change in Pension Accrual net of tax benefit of $181,318	- -	- -	260,922	260,922
Comprehensive Income	- -	4,539,065	235,820	4,774,885
Balance, December 31, 2016	$ 5,000,000	$ 37,625,491	$ 586,368	$ 43,211,859

The Notes to Financial Statements are an integral part of these statements

BRANDENBURG TELEPHONE COMPANY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,539,065	$ 3,304,147
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	976,120	801,264
Deferred tax provisions	635,581	879,926
Accounts receivable	(104,060)	115,129
Income tax receivable	(398,335)	(218,809)
Due from affiliate	(580,305)	(1,129,213)
Materials inventory	(554,408)	(500,734)
Prepaid insurance	5,092	(498)
Accounts payable	31,706	(195,282)
Accrued liabilities	(1,022,571)	(964,555)
Net Cash Provided By Operating Activities	$ 3,527,885	$ 2,091,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	15,975	- -
Purchase of fixed assets	(3,892,363)	(2,337,966)
Nonregulated activities	346,843	375,471
Net Cash (Used) Provided By Investing Activities	(3,529,545)	(1,962,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in customer deposits	4,553	1,220
Net Cash Provided By Financing Activities	4,553	1,220
(Decrease) Increase in Cash	2,893	130,100
Cash and Cash Equivalents Beginning of Year	9,603,480	9,473,380
Cash and Cash Equivalents End of Year	$ 9,606,373	$ 9,603,480

The Notes to Financial Statements are an integral part of these statements

Note 1. Summary of Significant Accounting Policies

The Company maintains its records in accordance with practices prescribed or permitted by the Kentucky Public Service Commission and the Rural Utilities Service (RUS) which conforms to accounting principles generally accepted in the United States in all material respects. Accordingly, the Company follows these practices:

Nature of Operations

The Brandenburg Telephone Company is a telephone company that offers business and residential telephone service to customers located in Meade, Hardin and Breckinridge counties in Kentucky.

Telephone Plant

Telephone plant in service is stated at original cost, which is the cost when first dedicated to public service. Such cost includes applicable supervisory and overhead cost.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of removal, net of any salvage value, is charged to accumulated depreciation. Gain or loss on the sale of assets is recognized as income in the year in which the assets are sold.

Depreciation

Provision has been made for depreciation for financial statement purposes on the basis of estimated useful lives of assets (as prescribed by the Public Service Commission of Kentucky) using the straight-line method.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Accounts Receivable

The Company considers its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. The Company's policy is not to accrue interest on accounts receivable. Accounts are written off as uncollectible at the time management determines the collection is unlikely.

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent Event Policy

Brandenburg Telephone Company has evaluated subsequent events through March 24, 2017, the date which the financial statements were available to be issued.

Income taxes

The Company's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management believes the Company has no uncertain tax positions resulting in an accrual of tax expense or benefit.

The Bank recognizes interest accrued related to uncertain tax positions in interest expense and penalties in operating expenses. The Company did not recognize any interest or penalties during the years ended December 31, 2016 and 2015.

The Bank's income tax returns are subject to examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those tax returns. In general, the tax returns have a three year statute of limitations.

Note 2. Parent Subsidiary

As of December 31, 2016, the Brandenburg Telephone Company is a wholly owned subsidiary of Brandenburg Communications Corporation.

Note 3. Pension Plan

The Company sponsors a defined benefit pension plan that covers substantially all employees. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Company and compensation rates near retirement.

The following illustrates the pension plan for the year ended December 31, 2016 and 2015:

Note 3. Pension Plan (Continued)

The following illustrates the pension plan for the year ended December 31, 2016 and 2015:

Changes in benefit obligation	2016	2015
Benefit obligation at beginning of year	$ 31,698,816	$ 31,144,787
Service cost	836,469	867,950
Interest cost	1,400,934	1,252,868
Benefits paid	(1,101,063)	(1,066,256)
Acturial (gain) loss	86,185	(500,533)
Benefit obligation at end of year	$ 32,921,341	$ 31,698,816

Change in plan assets		
Fair value of plan assets at beginning of year	$ 29,612,772	$ 29,678,233
Actual return on plan assets	2,709,809	753,103
Employer contributions	- -	247,692
Benefits paid	(1,101,063)	(1,066,256)
Fair value of plan assets at end of year	$ 31,221,518	$ 29,612,772

Reconciliation of funded status		
Funded status	$ (1,699,823)	$ (2,086,044)
Unrecognized acturial (gain) loss	- -	- -
Unrecognized transition (asset) obligation	- -	- -
Unrecognized prior service cost	- -	- -
Net amount recognized at year end	$ (1,699,823)	$ (2,086,044)

Amounts recognized in the statement of financial position consists of:		
Noncurrent assets	$ - -	$ - -
Noncurrent liabilities	(1,699,823)	(2,086,044)
Net amount recognized at year end	$ (1,699,823)	$ (2,086,044)

Note 3. Pension Plan (Continued)

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income	2016	2015
Transition (obligation) asset	$ - -	$ - -
Prior service credit (cost)	(20,174)	(26,508)
Accumulated gain (loss)	812,962	222,545
Accumulated other comprehensive income	$ 792,788	196,037
Cummulative employer contributions in excess of net periodic benefit cost	(2,492,611)	(2,282,081)
Net amount recognized in statement of financial position	$ (1,699,823)	$ (2,086,044)

Additional year end information for plans with benefit obligations in excess of plan assets:

Benefit obligation	$ 32,921,341	$ 31,698,816
Fair value of plan assets	31,221,518	29,612,772

Components of net periodic benefit cost

Service cost	$ 836,469	$ 867,950
Interest cost	1,400,934	1,252,868
Expected return on plan assets	(2,033,207)	(2,046,497)
Amortization of prior service cost	6,334	6,334
Amortization of transitional obligation	- -	- -
Recognized acturial (gain) loss	- -	- -
Net periodic benefit cost	$ 210,530	$ 80,655

Weighted-average assumptions as of December 31:

Discount rate	4.50%	4.10%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	6.00%	6.00%

The following is an analysis of plan assets by category at measurement dates December 31:

	2016	2015
Cash	2%	1%
Debt securities	23%	24%
Equity securities	75%	75%
	100%	100%

Note 3. Pension Plan (Continued)

Benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are:

Fiscal year	
2017	$ 1,122,253
2018	1,186,561
2019	1,241,040
2020	1,298,563
2021	1,513,433
2022-2026	9,082,097

To develop the expected long-term rate of return on assets assumption, the company considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of the 7.00% long-term rate of return on assets assumption.

The Plan's investments are reported at fair value.

		Fair value measurements using;	
December 31, 2016	Fair value	Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Common stocks	$ 23,655,865	$ 23,655,865	$ - -
Corporate bonds	3,877,420	- -	3,877,420
U.S. government securities	937,054	- -	937,054
Foreign obligations	1,716,514	- -	1,716,514
State & municipal	661,841	- -	661,841
Total	30,848,693		
Cash accounts	372,825	23,655,865	7,192,829
Total	$ 31,221,518		

Note 3. Pension Plan (Continued)

December 31, 2015	Fair value	Fair value measurements using; Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Common stocks	$ 23,794,920	$ 23,794,920	$ --
Corporate bonds	3,647,572	--	3,647,572
U.S. government securities	1,317,901	--	1,317,901
State & municipal	665,368	--	665,368
Total	29,425,761	23,794,920	5,630,841
Cash accounts	187,011		
Total	$ 29,612,772		

FASB ASC Topic 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 consists of observable inputs other than quoted market prices for identical assets, and Level 3 inputs have the lowest priority. The Plan uses appropriation 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.

Level 1 Fair Value Measurements

The fair values of common stock are based on quoted market prices.

Level 2 Fair Value Measurements

The fair value of corporate bonds and U.S. Government securities for which quoted market prices are not available are valued on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount.

Note 4. Cash Flow Information

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Cash paid for interest and income taxes for 2016 and 2015 was as follows:

	2016	2015
Interest paid	$ --	$ --
Income taxes	$ 1,914,312	$ 2,376,258

Note 5. Concentrations of Credit Risk

The Company maintains cash and cash equivalents at several banks. The total cash balances at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. A summary of total insured and uninsured amounts held at these financial institutions at December 31, 2016 are as follows:

	2016	2015
Total cash and cash equivalents	$ 9,606,373	$ 9,605,499
Less: balance insured by FDIC	1,000,000	1,000,000
Uninsured and uncollateralized	$ 8,606,373	$ 8,605,499

Note 6. Portfolio Investments

In accordance with FASB ASC Topic 320, Investments – Debt and Equity Securities, the company has classified all the Other Investments as available-for-sale. Available-for-sale investments are stated at fair value with unrealized gains and losses included in stockholder's equities. The cost of investments sold is based on the specific identification method.

The cost and fair market values of marketable securities available for sale at December 31, 2016 and 2015 were:

	2016	2015
U.S. government securities:		
Amortized cost	$ 2,634,247	$ 2,559,165
Gross unrealized gain	(42,546)	(2,019)
Fair value	$ 2,591,701	$ 2,557,146

Note 6. Portfolio Investments (Continued)

At December 31, 2016, maturities of investments classified as available-for-sale were as follows:

	Amoritized cost	Fair value
Less than one year	$ 2,591,701	$ 2,559,165
One through five years	- -	- -
After five years	- -	- -
	$ 2,591,701	$ 2,559,165

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit.

		Fair value measurements using;	
December 31, 2016	Fair value	Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Municipal bonds	$ 2,589,874	$ - -	$ 2,589,874
Total	2,589,874	$ - -	$ 2,589,874
Cash accounts	1,827		
Total	$ 2,591,701		

		Fair value measurements using;	
December 31, 2015	Fair value	Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Municipal bonds	$ 2,557,146	$ - -	$ 2,557,146
Total	2,557,146	$ - -	$ 2,557,146
Cash accounts	2,019		
Total	$ 2,559,165		

Note 6. Portfolio Investments (Continued)

FASB ASC Topic 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 consists of observable inputs other than quoted market prices for identical assets, and Level 3 inputs have the lowest priority. The Plan uses appropriation 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.

Level 2 Fair Value Measurements

The fair value of municipal bonds and agency securities for which quoted market prices are not available are valued on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount.

Note 7. Comprehensive Income

Comprehensive income is the total of (1) net income plus (2) all other changes in net assets arising from non-owner sources, which are referred to as other comprehensive income. The company has presented a statement of income that includes other comprehensive income. An analysis of changes in components of accumulated other comprehensive income is presented in the statement of changes in equity.

Note 8. Nonregulated Investments

Investments in nonregulated activities consist of the following:

	2016	2015
Due from affiliate	4,390,122	$ 3,197,256
Inventory	229,195	192,321
Land and land improvements	330,989	330,989
Other equipment	128,633	128,633
Other receivables	- -	9,563
Fiber optic, mobile telephone and internet equipment	2,914,059	2,789,999
Total nonregulated investments	7,992,998	6,648,761
Less:		
Accumulated depreciation	2,548,015	2,398,912
Accounts payable	59,147	58,493
Accrued expenses	252,709	179,068
	$ 5,133,127	$ 4,012,288

Note 8. Nonregulated Investments (Continued)

Following is a summary of net income from nonregulated investments for the year ending December 31, 2016 and 2015:

	2016	2015
Income	$ 4,007,017	$ 3,709,010
Expenses	2,539,335	2,410,313
	$ 1,467,682	$ 1,298,697

Income tax expense related to these activities totaled $453,069 in 2016 and $378,488 in 2015.

Note 9. Telecommunications Plant

	2016	2015
Land	$ 1,037,121	$ 1,037,122
Buildings	9,329,952	9,187,634
Digital electronic equipment	2,874,371	24,875,222
Toll and subscriber carriers	4,138,903	3,434,164
Poles, cable and wire	33,393,119	31,732,395
Furniture and office equipment	4,236,472	4,205,614
Embedded accounts	300,712	300,712
Vehicles and other work equipment	3,903,292	3,748,960
Telephone plant in service	$ 59,213,942	$ 78,521,823

The Company provides depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life. Such provision as a percentage of the average balance of the telephone plant in service was 6.9% in both 2016 and 2015. Individual plant depreciation rates are as follows:

	Percent
Buildings	2.7
Digital electronic equipment	7.5
Toll and subscriber equipment	11.9
Poles	5.6
Aerial cable – metallic	6.6
Aerial cable – fiber	5.1
Buried cable	5.5
Furniture	8.7
Computer equipment	15.8
Conduit Systems	2.2
Vehicles	12.1

Note 10. Income Taxes and Deferred Income Taxes

The Company and its parent file a consolidated federal income tax return. Income tax expense in the Company's income statement has been allocated an amount equal to the income tax that would have been applicable on a separate return basis.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of the Company's assets and liabilities for financial reporting basis and the amounts used for income tax purposes.

Deferred federal and state tax assets and liabilities in the accompanying balance sheet include the following:

	2016	2015
Deferred tax assets:		
Federal	$ 2,280,741	$ 2,816,906
State	457,646	557,062
Total deferred tax assets	$ 2,738,387	$ 3,373,968
Net deferred benefit (liability)	$ 2,738,387	$ 3,373,968
Current portion	- -	- -
Long-term portion	2,738,387	3,373,968
Net deferrred tax benefit (liability)	$ 2,738,387	$ 3,373,968

Income taxes reflected in the Statement of Income include:

	2016	2015
Federal income taxes:		
Current tax expense	$ 1,211,810	$ 1,370,144
Deferred tax expense (benefit)	387,457	932,718
State income taxes:		
Current tax expense	285,794	263,408
Deferred tax expense (benefit)	73,539	165,602
Total income tax expense	$ 1,958,600	$ 2,731,872

The principal sources of temporary differences are different depreciation methods used for financial accounting and tax purposes, as well as pension expense.

Note 12. Related Party Transactions

Brandenburg Telephone Company has certificates of deposit at Meade County Bank and West Point Bank, as follows:

Bank	Date	Maturity date	Certificate number	Interest rate	Amount
Meade County	2/11/16	10/13/16	5547	0.20%	1,008,981
West Point	1/27/06	10/16/16	58	0.10%	921,038

In addition, the Company has money market and operating accounts in the following banks:

Bank	Amount
Operating accounts:	
Meade County Bank	$ 542,364
First State Bank	2,001,280
West Point Bank	2,416,487
Total operating accounts	$ 4,960,131
Money market accounts:	
First State Bank	$ 995,013
River City Bank	1,717,410
Total money market accounts	$ 2,712,423

Meade County Bank, West Point Bank, River City Bank, First State Bank and Brandenburg Telephone Company are related by common ownership.

During 2001, Brandenburg Telecom, LLC (the Corporation), a wholly-owned subsidiary of Brandenburg Communications Corporation was formed. The Corporation will provide telecommunication services in Elizabethtown, Kentucky and other areas outside the franchise territory of Brandenburg Telephone Company. Brandenburg Telephone Company provided the Corporation with funding to assist the Corporation's organizational expenditures. As of December 31, 2016, the amount due to Brandenburg Telephone Company was $15,731,018.