

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

Duo County Telephone Cooperative Corporation, Inc.
(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING

December, 2016

BORROWER DESIGNATION

KY0530

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

THOMAS PRESTON

3/31/2017

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	12,971,948	11,746,418	25. Accounts Payable	1,171,452	2,031,626
2. Cash-RUS Construction Fund	6,843	203	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	341,005	426,187	28. Customer Deposits	9,800	9,500
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable	699,001	656,396	33. Other Taxes Accrued	467,311	490,158
c. Notes Receivable			34. Other Current Liabilities	1,716,562	1,722,626
5. Interest and Dividends Receivable	60,412	49,707	35. Total Current Liabilities (25 thru 34)	3,365,125	4,253,910
6. Material-Regulated	1,374,223	1,401,429	LONG-TERM DEBT		
7. Material-Nonregulated	287,928	249,333	36. Funded Debt-RUS Notes	97,056	94,646
8. Prepayments	462,028	459,731	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	16,203,388	14,989,404	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development	78,444,940	84,827,987	42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	50,000	50,000	46. Total Long-Term Debt (36 thru 45)	97,056	94,646
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	1,976,579	4,789,244	47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	160,566	261,063
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	80,471,519	89,667,231	50. Total Other Liabilities and Deferred Credits (47 thru 49)	160,566	261,063
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	78,407,119	87,885,230	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	11,297,380	9,040,529	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	52,008	52,008	54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	53,317,893	57,611,455	55. Other Capital	77,386,422	83,263,333
23. Net Plant (18 thru 21 less 22)	36,438,614	39,366,312	56. Patronage Capital Credits	44,253,721	45,936,147
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	7,850,631	10,213,848
	133,113,521	144,022,947	58. Total Equity (51 thru 57)	129,490,774	139,413,328
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	133,113,521	144,022,947

Total Equity = 96.80% % of Total Assets

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BORROWER DESIGNATION

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

KY0530

PERIOD ENDING

December, 2016

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	2,652,971	2,637,299
2. Network Access Services Revenues	10,565,963	10,926,735
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	88,217	53,683
5. Miscellaneous Revenues	1,371,759	1,384,949
6. Uncollectible Revenues	16,291	15,135
7. Net Operating Revenues (1 thru 5 less 6)	14,662,619	14,987,531
8. Plant Specific Operations Expense	3,024,483	3,187,660
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	1,886,877	2,124,337
10. Depreciation Expense	4,779,109	4,871,623
11. Amortization Expense		
12. Customer Operations Expense	1,128,906	1,178,343
13. Corporate Operations Expense	1,745,563	1,696,147
14. Total Operating Expenses (8 thru 13)	12,564,938	13,058,110
15. Operating Income or Margins (7 less 14)	2,097,681	1,929,421
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	77,500	57,000
19. Other Taxes	910,183	928,612
20. Total Operating Taxes (17+18+19)	987,683	985,612
21. Net Operating Income or Margins (15+16-20)	1,109,998	943,809
22. Interest on Funded Debt	104,412	40,682
23. Interest Expense - Capital Leases		
24. Other Interest Expense	11	36
25. Allowance for Funds Used During Construction	83,747	40,682
26. Total Fixed Charges (22+23+24-25)	20,676	36
27. Nonoperating Net Income	5,854,732	8,775,970
28. Extraordinary Items	(1,645)	47,982
29. Jurisdictional Differences		
30. Nonregulated Net Income	908,222	446,123
31. Total Net Income or Margins (21+27+28+29+30-26)	7,850,631	10,213,848
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	6,760,235	7,850,631
34. Miscellaneous Credits Year-to-Date	6,314	7,445
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	4,265,784	5,384,388
38. Transfers to Patronage Capital	2,500,765	2,473,688
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	7,850,631	10,213,848
40. Patronage Capital Beginning-of-Year	42,544,237	44,253,721
41. Transfers to Patronage Capital	2,500,765	2,473,688
42. Patronage Capital Credits Retired	791,281	791,262
43. Patronage Capital End-of-Year (40+41-42)	44,253,721	45,936,147
44. Annual Debt Service Payments	1,983,558	1,294,051
45. Cash Ratio [(14+20-10-11) / 7]	0.5984	0.6120
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9257	0.9370
47. TIER [(31+26) / 26]	380.6978	283719.0000
48. DSCR [(31+26+10+11) / 44]	6.3776	11.6576