

# RURAL TELEPHONE'S ANNUAL MEMBERSHIP MEETING



## BOARD OF DIRECTORS

### Ron Rahjes, President

Ron and his wife, Cindy, reside in Kensington. Ron is part owner in the family farm operation, Wesley Rahjes and Sons, and operates a sideline public tax accounting service with his wife, R&C Tax Service. Ron joined the Board in 2005.

**Exchanges:** Agra, Kensington, Athol, Lebanon, Esbon, Burr Oak, Ionia, Webber, Republic, and Courtland

### Jeannine Byers-Long, Vice President

Jeannine and her husband, G.J., reside in Russell. She owns and operates a real estate business, Advantage Realty. Jeannine joined the Board in 2014.

**Exchanges:** Russell

### Daniel Schultz, Secretary/Treasurer

Daniel and his wife, Joan, reside in the rural Grainfield area. They have a farm/ranch operation. Daniel joined the Board in 2019.

**Exchanges:** Grainfield, Gove, Quinter, Collyer, Rexford, Selden, and Jennings

### Kirk Johnston, Assistant Secretary

Kirk and his wife, Treva, reside in the rural WaKeeney area. They own and operate Shiloh Vineyards. Kirk joined the Board in 2019.

**Exchanges:** WaKeeney and Victoria

### Don Heiland

Don and his wife, Carol, reside in Downs. He owns and manages several rental properties. Don joined the Board in 2009.

**Exchanges:** Gaylord, Osborne, and Downs

### Glenn Lambert

Glenn Lambert and his wife, Jane, reside in the rural Palco area. They have a farm/ranch operation. Glenn joined the Board in 1995.

**Exchanges:** Palco, Zurich, Damar, Logan, Prairie View, Long Island, Woodruff, Woodston, Natoma, Alton, Galatia, and Olmitz

### Phyllis Weller

Phyllis and her husband, Randall, reside in Hill City. She is an Enrolled Agent and owns and operates a public tax and accounting business, Weller Tax and Accounting Service. Phyllis joined the Board in 2003.

**Exchanges:** Lenora, Edmond, Hill City, and Morland

I have truly been looking forward to drafting this year's Letter to the Membership of Rural Telephone Service Company, Inc. (RTSC), aka Nex-Tech! As we wrapped up 2023, our team achieved a truly significant milestone, by completing construction of our state-of-the-art fiber optic network across our entire rural cooperative footprint. When you consider our cooperative footprint is greater than 6,500 square miles and our subscriber density is less than 1.7, this is quite an accomplishment!

Since the mid-90's, RTSC/Nex-Tech has buried fiber each year to reach more and more of our cooperative members. We have leveraged RUS loans, and we have poured millions of dollars into building the network that now serves every home and business in the cooperative. I cannot tell you how excited I am to share this news! Although this was a total team effort, I really want to give special recognition to our construction crew. This Team works day in and day out, in all kinds of weather conditions, to ensure the fiber network we provide services on is done right! If you see them out in the field, please let them know you appreciate having dependable service, because it starts with them.

Beyond this major accomplishment, we had a solid year in all aspects, from great financial results to continued growth of our fiber network outside the cooperative. In every line of business, we continued to have excellent forward momentum. Our Carrier Services continues to grow nationally with a record-setting year of growth in our Network Operations Center (NOC) and steady growth in CALEA Trusted-Third Party services. Our IT/MSP (Managed Service Provider) line of business showed excellent stability and further growth as we expanded into south-central Nebraska, in addition to increasing our business customer base across Kansas. The Creative Team provides amazing media and marketing services and continues to be recognized as a top performer in our industry.

In our core services, we learned of a highly impactful development late last spring with the sunset of the encryption keys for our IPTV television service. You may be wondering what that means... Well, it means we have until October of 2024 to move our television subscribers from the IPTV service (that many of our customers had used and loved for years) or their video signal would go dark. The Nex-Tech Team rallied to put a plan together to try and mitigate this potentially horrible situation and rolled out a timeline to transition our video customers from IPTV to our TV Now service.

I have heard some less than pleasant feedback on "taking our customers' television service away," but please know our sole goal was to avoid your loss of television service because you, our customers and members, are our priority. The TV Now system is different, just like IPTV was different when we switched from analog service many years ago, but I hope you will give it a try and discover some of the benefits and features that come with this new service.

I am truly proud of the Nex-Tech Team, and I am very appreciative of your membership in our cooperative organization. Please know we are driven by the desire to perform with excellence and to provide outstanding customer service!

Thank you,

Jimmy Todd,  
CEO/General Manager

## MEETING AGENDA

10:00 a.m. – Business Meeting Call to Order.....	Ron Rahjes
Welcome .....	Ron Rahjes
Quorum/2023 Meeting Minutes.....	Ron Rahjes
Financial Report.....	Daniel Schultz
Nominating Committee Report.....	Daniel Schultz
Election of Directors.....	Ron Rahjes
CEO/General Manager Report.....	Jimmy Todd
Guest Speaker.....	Jon Lightle, President & CEO, Nex-Tech Wireless
Unfinished Business.....	Ron Rahjes
New Business.....	Ron Rahjes
Door Prizes.....	Jacque Beckman
Adjourn .....	Ron Rahjes



Jimmy Todd, CEO/General Manager

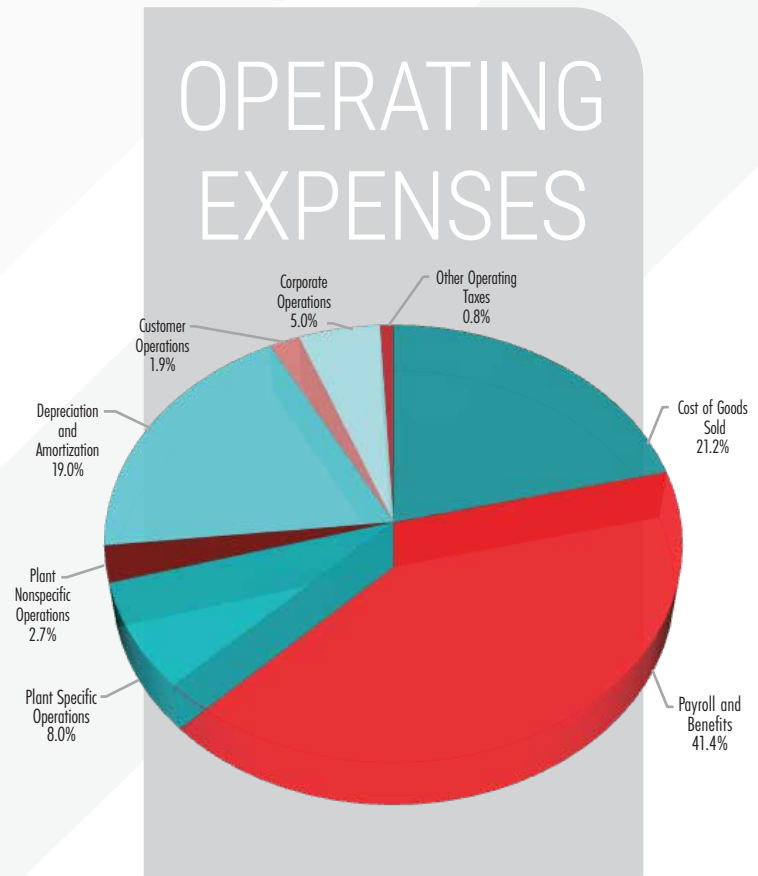
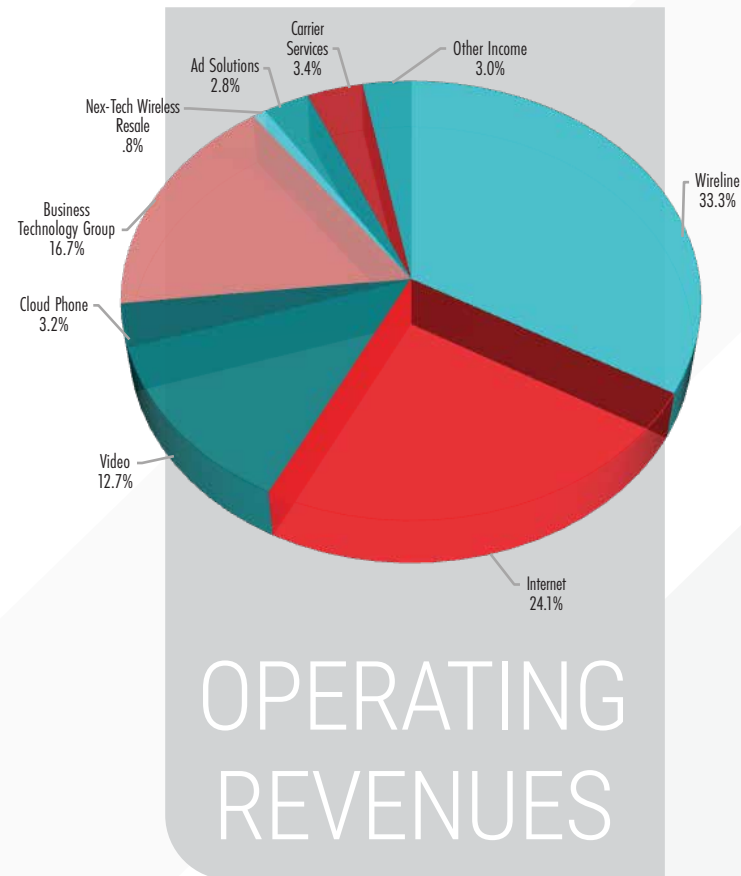
# COMBINED STATEMENT OF OPERATIONS DETAIL YEAR TO DATE AS OF DECEMBER 31, 2023

## 2023 Consolidated Financial Information for Rural Telephone and Subsidiaries

	Audited 2023	Audited 2022
<b>CONSOLIDATED BALANCE SHEET DATA:</b>		
Current Assets	\$24,118,854	\$24,982,255
Non-Current Assets	\$117,972,529	\$122,891,175
Net Property Plant & Equipment	\$107,179,231	\$78,829,002
<b>Total Assets</b>	<b>\$249,270,614</b>	<b>\$226,702,432</b>
Current Liabilities	\$37,988,820	\$33,951,313
Long Term Debt	\$27,830,000	\$16,639,288
Other Liabilities & Deferred Credits	\$24,114,516	\$21,774,071
Total Liabilities	\$89,933,336	\$72,364,672
Equity	\$159,337,278	\$154,337,760
<b>Total Liabilities &amp; Equity</b>	<b>\$249,270,614</b>	<b>\$226,702,432</b>

	Audited 2023	Audited 2022
<b>STATEMENT OF INCOME DATA:</b>		
Operating Revenues	\$85,538,265	\$81,977,773
Operating Expenses	\$82,754,306	\$78,318,756
Operating Income	\$2,783,959	\$3,659,017
Interest & Other Non-Operating Income, Net	\$2,961,264	-\$3,115,834
Interest Expense	-\$2,513,730	-\$1,046,681
<b>Net Income before Nex-Tech Wireless, LLC</b>	<b>\$3,231,493</b>	<b>-\$503,498</b>
Nex-Tech Wireless, LLC Income Allocation	\$3,093,384	\$562,452
<b>Consolidated Net Income</b>	<b>\$6,324,877</b>	<b>\$58,954</b>
<b>OTHER FINANCIAL DATA:</b>		
*EBITDA	\$25,589,307	\$18,181,654
Capital Expenditures	\$31,086,640	\$10,037,835

\*Earnings before Interest, Taxes, Depreciation and Amortization.



# 2023 ...was a busy year!



Nex-Tech finished the fiber construction in the rural exchanges recognizing the final cutover.



Nex-Tech employees participated in the Salina Big Brothers Big Sisters Bowling tournament.



Norton Nex-Tech employees taking a moment on a Friday to rally for a photo.



Recipients of the Technology Education Sponsorships at NCK Tech.



Nex-Tech grand opening and ribbon cutting of the Salina retail store.



## 2023 STATISTICS:

9,011	Fiber miles in network	\$711,566	Property taxes paid
395,400	People reached by social media posts	29,891	Internet connections
324	Full-time employees	14,657	Phone lines
12	Nex-Generation Interns hosted at Nex-Tech	7,019	TV subscribers
31,811	Total customers	\$1,062,987	Capital credits paid out
\$152,671	Community sponsorships and donations	11,300	Cooperative members