

(3005a) Operating Report for Privately-Held Rate of Return Carriers			FCC Form 481				
Balance Sheet - Data Collection Form			OMB Control No. 3060-0986				
Page 1 of 3			July 2013				
<010>	Study Area Code		<010>		351115		
<015>	Study Area Name		<015>	Butler-Bremer Mutual Tel. Co.			
<020>	Program Year		<020>		2013		
<030>	Contact Name - Person USAC should contact regarding this data		<030>	Richard L. McBurney			
<035>	Contact Telephone Number - Number of person identified in data line <030>		<035>	(319) 276-4458			
<039>	Contact Telephone Email Address - Email Address of person identified in data line <030>		<039>	rich@butler-bremer.biz			
	<input type="checkbox"/> Files as reviewed single company			<input type="checkbox"/> Filed as audited single company			
	<input type="checkbox"/> Filed as reviewed consolidated company			<input checked="" type="checkbox"/> Filed as audited consolidated company			
	<input type="checkbox"/> Filed as subsidiary of reviewed consolidated company			<input type="checkbox"/> Filed as subsidiary of audited consolidated company			
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.							
	Richard L. McBurney, CEO		10/10/2013				
	Signature		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	2081303	1816295	25.	Accounts Payable	171024	219074
2.	Cash-RUS Construction Fund			26.	Notes Payable		
3.	Affiliates:			27.	Advance Billings and Payments		
	a. Telecom, Accounts Receivable			28.	Customer Deposits		
	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	176648	160711	32.	Income Taxes Accrued	142777	45444
	b. Other Accounts Receivable	1153	20900	33.	Other Taxes Accrued	77942	63765
	c. Notes Receivable			34.	Other Current Liabilities		
5.	Interest and Dividends Receivable	10034	9819	35.	Total Current Liabilities (25 thru 34)	391743	328283
6.	Material-Regulated	22003	22967	LONG-TERM DEBT			
7.	Material-Nonregulated	39834	27665	36.	Funded Debt-RUS Notes		
8.	Prepayments	73415	132367	37.	Funded Debt-RTB Notes		
9.	Other Current Assets	18874	11680	38.	Funded Debt-FFB Notes		
10.	Total Current Assets (1 Thru 9)	2423264	2202404	39.	Funded Debt-Other		
				40.	Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS				41.	Premium (Discount) on L/T Debt		
11.	Investment in Affiliated Companies			42.	Reacquired Debt		
	a. Rural Development	8356177	8583357	43.	Obligations Under Capital Lease		
	b. Nonrural Development			44.	Adv. From Affiliated Companies	1085369	1709772
12.	Other Investments			45.	Other Long-Term Debt		
	a. Rural Development			46.	Total Long-Term Debt (36 thru 45)	1085369	1709772
	b. Nonrural Development			OTHER LIAB. & DEF. CREDITS			
13.	Nonregulated Investments	2428661	2687381	47.	Other Long-Term Liabilities		
14.	Other Noncurrent Assets			48.	Other Deferred Credits	1545544	1492807
15.	Deferred Charges			49.	Other Jurisdictional Differences		
16.	Jurisdictional Differences			50.	Total Other Liabilities and Deferred Credits (47 thru 49)	1545544	1492807
17.	Total Noncurrent Assets (11 thru 16)	10784838	11270738	EQUITY			
				51.	Cap. Stock Outstanding & Subscribed	11150	10725
PLANT, PROPERTY, AND EQUIPMENT				52.	Additional Paid-in-Capital		
18.	Telecom, Plant-in-Service	11215796	11432361	53.	Treasury Stock		
19.	Property Held for Future Use			54.	Membership and Cap. Certificates		
20.	Plant Under Construction	37144	1627801	55.	Other Capital	6317	61225
21.	Plant Adj., Nonop. Plant & Goodwill	4892339	4868871	56.	Patronage Capital Credits		
22.	Less Accumulated Depreciation	-9536585	-10447017	57.	Retained Earnings or Margins	16776673	17352346
23.	Net Plant (18 thru 21 less 22)	6608694	7482016	58.	Total Equity (51 thru 57)	16794140	17424296
24.	TOTAL ASSETS (10+17+23)	19816796	20955158	59.	TOTAL LIABILITIES AND EQUITY (35+46+50+58)	19816796	20955158

(3005b) Operating Report for Privately-Held Rate of Return Carriers
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<020> 2013
<030> Richard L McBurney
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<039> rich@butler-bremer.biz

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	433520	416152
2. Network Access Services Revenues	1192572	1045001
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	164894	139359
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)	1790986	1600512
8. Plant Specific Operations Expense	582066	576749
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	91470	99890
10. Depreciation Expense	781455	725790
11. Amortization Expense		
12. Customer Operations Expense	276007	282713
13. Corporate Operations Expense	367773	399294
14. Total Operating Expenses (8 thru 13)	2098771	2084436
15. Operating Income or Margins (7 less 14)	-307785	-483924
16. Other Operating Income and Expenses	-39046	-52667
17. State and Local Taxes	15047	-10945
18. Federal Income Taxes	24614	-37611
19. Other Taxes	67352	50945
20. Total Operating Taxes (17+18+19)	107013	2389
21. Net Operating Income or Margins (15+16-20)	-453844	-538980
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	0	0
27. Nonoperating Net Income	875849	887260
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	334378	242918
31. Total Net Income or margins (21+27+28+29+30-26)	756383	591198
32. Total Taxes Based on Income	222284	155273
33. Retained Earnings or Margins Beginning-of-Year	16020290	16761148
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period [(31+33+34)-(35+36+37+38)]	16776673	17352346
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11)/7]	1	1
46. Operating Accrual Ratio [(14+20+26)/7]	1	1
47. TIER [(31+26)/26]	#DIV/0!	#DIV/0!
48. DSCR [(31+26+10+11)/44]	0	0

(3005c) Operating Report for Privately-Held Rate of Return Carriers

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PART C. STATEMENTS OF CASH FLOWS		
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	2081303
CASH FLOWS FROM OPERATING ACTIVITIES		
2.	Net Income	591198
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
3.	Add: Depreciation	1026345
4.	Add: Amortization	
5.	Other (Explain)	
Changes in Operating Assets and Liabilities		
6.	Decrease/(Increase) in Accounts Receivable	-3810
7.	Decrease/(Increase) in Materials and Inventory	11205
8.	Decrease/(Increase) in Prepayments and Deferred Charges	-58952
9.	Decrease/(Increase) in Other Current Assets	7409
10.	Increase/(Decrease) in Accounts Payable	48050
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	-111510
13.	Net Cash Provided/(Used) by Operations	1509935
CASH FLOWS FROM FINANCING ACTIVITIES		
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	-52737
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	-425
20.	Less: Payment of Dividends	-15015
21.	Less: Patronage Capital Credits Retired	
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	-68177
CASH FLOWS FROM INVESTING ACTIVITIES		
24.	Net Capital Expenditures (Property, Plant & Equipment)	-1899667
25.	Other Long-Term Investments	192901
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain)	
28.	Net Cash Provided/(Used) by Investing Activities	-1706766
29.	Net Increase/(Decrease) in Cash	-265008
30.	Ending Cash	1816295



To the Board of Directors
Butler-Bremer Mutual Telephone Company and Subsidiaries
Plainfield, Iowa

We have audited the consolidated financial statements of Butler-Bremer Mutual Telephone Company and subsidiaries, as of and for the year ended October 31, 2012, and have issued our report thereon dated November 20, 2012.

Professional standards require the auditor to communicate certain matters to those charged with governance. The following are comments regarding our responsibilities and results of our audit of the consolidated financial statements of Butler-Bremer Mutual Telephone Company and subsidiaries for the year ended October 31, 2012, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility as described by professional standards and stated in our engagement letter, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Butler-Bremer Mutual Telephone Company and subsidiaries. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We are also responsible for communicating matters required by law, regulation, agreement or other requirements applicable to the engagement to you.

Other Client Information Presented with the Consolidated Financial Statements

Our responsibility with respect to the supplementary information included with the consolidated financial statements is as described in our report thereon dated November 20, 2012.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies of the Company are described in footnotes to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended October 31, 2012.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The only sensitive accounting estimate subject to a substantial measure of uncertainty included in the consolidated financial statements for the year ended October 31, 2012, relates to the estimate of the service lives of property, plant and equipment, and the assessment of intangibles and goodwill for impairment. The service lives of property, plant and equipment represent the anticipated period of time the various classes of depreciable property are expected to be in service by the Company. Management gives consideration to the experience of other companies with similar property and to its own projected expansion and replacement plans in estimating these service lives.

Management's estimate of the estimated future cost of removal for wireless sites is based upon current and historical costs of removing these assets. We evaluated the key factors and assumptions used to develop the estimated future cost of removal in determining that it is reasonable in relation to the consolidated financial statements as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Our management letter and our report on internal control, and our separate letter to the board of directors all dated November 20, 2012, comment on other findings and recommendations.

To the Board of Directors
Butler-Bremer Mutual Telephone Company and Subsidiaries
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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit that individually or in the aggregate were of such significance that reference to the subject matter would have been made in our reports.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these communications occurred in the normal course of our professional relationship and to our knowledge our responses were not a condition to our retention.

This letter is intended solely for the information and use of the board of directors and management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

Kresting Associates LLP

West Des Moines, Iowa
November 20, 2012