



## NOTICE OF ANNUAL MEETING OF MEMBERS OF WEST RIVER COOPERATIVE TELEPHONE COMPANY

NOTICE IS HEREBY GIVEN that the Annual Meeting of the members of West River Cooperative Telephone Co. will be held at the West River Cooperative Telephone Company warehouse in Bison, Perkins County, South Dakota, on Monday, October 7, 2013, beginning at 6:00 p.m. for the following purposes:

1. Determination of Quorum
2. Reading of Notice of Meeting
3. Reading of Minutes of Last Annual Meeting
4. Election of Three (3) Directors
5. Bylaw Changes

**EXPLANATION OF PROPOSED BYLAW AMENDMENT #1**  
(Article IV, Section 3, Directors Qualifications)

The proposed Amendment provides additional qualifications for becoming and remaining a director.

6. New Business
7. Presentation and Consideration of Reports of Officers, Directors and Committees
8. Unfinished Business
9. Adjournment

Date the 9th day of August 2013.

\_\_\_\_\_  
/s/ Alice Holcomb  
Alice Holcomb, Secretary  
West River Cooperative Telephone Co.

### this issue

Notice of Nominations.....	2
Voting Delegate Form .....	2
Management Report .....	3 & 4
Statement of Rev & Exp .....	3
Balance Sheet .....	4
2012 Annual Mtg. Minutes....	5
Annual Meeting Agenda .....	6

### Retirement Open House for

*Helen Aaker*

You're invited to celebrate this special occasion to honor Helen for her 40 years of service to WRCTC and Grand Electric! Come enjoy a piece of cake before attending WRCTC's Annual Meeting!

**October 7, 2013 from 2 pm - 4 pm**  
**Grand Electric Social Room, Bison, SD**



# Notice of Nominations

## WEST RIVER COOPERATIVE TELEPHONE COMPANY 2013 ANNUAL MEETING

NOTICE IS HEREBY given by the Nominating Committee of West River Cooperative Telephone Company of Bison, South Dakota, that the meeting of said Nominating Committee was held on August 23, 2013 and that the following persons will be nominated for directorships at the Annual Meeting of West River Cooperative Telephone Company to be held at the West River Cooperative Telephone Warehouse, Bison, South Dakota on October 7, 2013:

Three year term for Directorship now held by Les Wolff, Lemmon, South Dakota  
Les Wolff, Lemmon, South Dakota  
Garrett Schweitzer, Lemmon, South Dakota

Three year term for Directorship now held by Greg Fried, Bison, South Dakota  
Greg Fried, Bison, South Dakota  
Lorena Derflinger, Faith, South Dakota

Three year term for Directorship now held by Joe Burke, Newell, South Dakota  
Joe Burke, Newell, South Dakota

## Corporation Voting Delegates

### 2013 Voting Delegate Certificate

This is to certify that \_\_\_\_\_  
(print name of delegate)

of \_\_\_\_\_, or \_\_\_\_\_  
(address) (print name of delegate)

of \_\_\_\_\_, is authorized to represent  
(address)

\_\_\_\_\_ at the Annual Meeting of  
West River Cooperative Telephone Company to be held Monday,  
October 7, 2013, in Bison, South Dakota.

\_\_\_\_\_ or \_\_\_\_\_  
(President) (Secretary)

Date \_\_\_\_\_

The West River Cooperative Telephone Company (WRCTC) Annual Meeting Voting Delegate Certificate for Corporations is printed to the left. We are asking you to please fill out this Certificate at your next regular meeting and either mail it to WRCTC or present it at the registration table prior to the meeting.

These Certificates are for all corporations, churches, townships, halls and schools who are members of WRCTC and want to be represented at WRCTC's Annual Meeting in Bison on October 7, 2013.

Please have an authorized officer of the corporation or organization sign the Certificate.

# Statement of Revenue and Expense

	2011	2012
<b>Where Our Revenue Comes From</b>		
Local Revenue	\$ 619,427	\$ 610,756
Access Service Revenue	7,841,743	7,911,018
Toll Revenue	710,290	761,769
Other Revenue	496,603	514,944
<b>Total Income</b>	<b>\$9,668,063</b>	<b>\$9,798,487</b>

## What it Costs to Operate Our System

Plant Specific Expense	\$1,451,815	\$1,412,024
Plant Non-Specific Expense	780,606	746,362
Customer Operations Expense	500,925	540,122
Corporate Operations Expense	1,049,350	1,145,279
Depreciation Expense	2,926,101	3,117,219
Taxes	407,217	389,393
Interest	1,277,967	1,253,704
<b>Total Expense</b>	<b>\$8,393,981</b>	<b>\$8,604,103</b>
Operating Margin	\$1,274,082	\$1,194,384
Non-operating and Non-regulated Margin	616,937	1,691,491
<b>Total Margin</b>	<b>\$1,891,019</b>	<b>\$2,885,875</b>

## Management Report

By General Manager, Jerry Reisenauer & Board President, DeJon Bakken

It is our pleasure to report on the 2012 operations of West River Cooperative Telephone Company and its subsidiaries: West River Cable Television, Inc., Stateline Construction, LLC and Northern Hills Transport, LLC, which is owned equally by West River Telephone, Golden West Telecommunications and SDN Communications. Northern Hills Transport has constructed and owns a fiber optic network that runs from Rapid City through the northern Black Hills to a point near Belle Fourche where it connects to the West River Telephone network. The system has continued to grow the number of companies it provides special access circuits to and will become another important revenue source for West River in the future.

In 2012 we saw some strengthening of the markets and economy. Much of the growth was the result of the continued investment by the federal government in the bond market. Eventually we will understand the total cost and ramifications of this program to our economy. Federal debt is now over \$16 trillion, and Congress will once again be debating the impact

and effect of raising the federal debt ceiling later this month. Many areas of the country continued to deal with a dismal economy in 2012. Fortunately for West River, the agriculture and energy sectors continued to grow. Farm incomes continue to be at record levels, but are showing signs of weakening in 2013 and beyond.

For West River, we will enter our 60th year since incorporation with record margins in 2012. We ended the year with a total margin of \$2,885,875, which eclipsed the previous high margin by over \$1 million. The total margin included non-operating income of \$1,341,901. Much of the non-operating income can be attributed to the sale of the two wireless licenses to a wireless carrier in 2012. West River's share of the proceeds of these sales was almost \$700,000. In 2004 West River, along with nine other independent and cooperative telephone companies, formed a limited liability company and purchased a significant amount of wireless spectrum in the federal auctions. Over the last few years we have seen the value of this spectrum

# Balance Sheet

## Assets

	2011	2012
Plant in Service	\$54,713,392	\$55,445,505
Plant under Construction	1,857,049	29,921
Plant Adjustment	1,059,359	1,059,359
Total Plant Investment	57,629,800	56,534,785
Less Depreciation	(28,087,480)	(29,628,901)
Depreciated Value of Our System	\$29,542,320	26,905,884
Cash and Investments for Current Operations	3,764,595	5,419,979
Investments in Other Organizations	5,770,409	7,418,368
Current Accounts Receivable	1,121,336	795,544
Material and Supplies	255,903	232,242
Prepayments	12,044	15,000
<b>Total Assets</b>	<b>\$40,466,607</b>	<b>\$40,787,017</b>

## Liabilities and Members' Equity

Balance of Loans	\$25,860,037	\$23,403,422
Current Accounts Payable	774,159	947,530
Accrued Taxes	478,210	446,518
Other Current Liabilities	36,158	34,878
Other Long Term Liabilities	2,044,000	2,225,000
Deferred Income Taxes	0	0
<b>Total Liabilities</b>	<b>\$29,192,564</b>	<b>\$27,057,348</b>
Patronage Capital	\$ 9,367,666	\$11,774,436
Other Equities	1,906,377	1,955,233
<b>Total Members' Equity</b>	<b>\$11,274,043</b>	<b>\$13,729,669</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$40,466,607</b>	<b>\$40,787,017</b>

increase dramatically and have been able to sell the spectrum for multiples of the purchase price. If the Board decides to sell additional spectrum, the profits from the sale of these licenses will provide revenue to support new programs in the future or repay debt if the Board so chooses. With the cash provided by the record margin in 2012, we were able to reduce our long-term debt by approximately \$2.5 million while increasing equity by \$2.5 million.

In 2003 we started an aggressive construction program, and over the past 10 years have replaced our copper-based plant with a new state-of-the-art fiber optic system that is capable of providing current and future generation services to our rural areas. Over this period of time, we borrowed a significant amount of money to finance the construction activities. Over the past three years, we have concentrated our efforts on paying off debt and building the equity in our system. In 2012 we increased the equity in our system by over 15% and currently have a very healthy equity ratio of about 60% when compared to long-term debt.

In 2012 we continued to deal with the impact of the Federal Communications Commission's (FCC) November 2011 Order. This order, unless overturned by the courts, will continue to push the costs for the operation and maintenance of our system to you-the members of our cooperative. We expect that the FCC will implement a new local service rate benchmark of about \$17/month which we will be forced to implement sometime in 2014. To offset that increase, the Board will look at the cost associated with expanding on our Extended Service Area (EAS) plan that will provide members an opportunity to call anyone in any of the exchanges we serve without incurring long distance charges. We will also continue to look at other programs that bring value to you, our member.

On behalf of the Board of Directors, Managers and Employees, we thank you for your support and look forward to serving you in 2013 and beyond.

# Unapproved Minutes of 2012 Annual Meeting

## WEST RIVER COOPERATIVE TELEPHONE COMPANY

October 1, 2012

The Annual Meeting of the members of West River Cooperative Telephone Company was held at the Cooperative warehouse in Bison, Perkins County, South Dakota on Monday, October 1, 2012.

The meeting was called to order by DeJon Bakken, President. Alice Holcomb, Secretary, kept the minutes of the meeting. It was determined there was a quorum with 205 members present. President DeJon Bakken announced the meeting would be conducted according to Robert's Rules of Order.

The invocation was given by Pastor Brad Burkhalter, Beckman Memorial Wesleyan Church, Prairie City, South Dakota.

Manager Reisenauer introduced the Board of Directors.

A motion was duly made, seconded and carried to dispense with the reading of the Notice of the Meeting.

A motion was duly made, seconded and carried to dispense with the reading of the last Annual Meeting minutes and to approve them as presented in the "Calling On You."

Keith Hanson reported for the Nominating Committee. The Nominating Committee Meeting was held on August 22, 2012, at 1:00 p.m. at the West River Cooperative Telephone Company headquarters building in Bison, South Dakota. The following members of the Nominating Committee were present: Nancy Turbiville, Buffalo; Charlotte Kvale, Lemmon; Marie Donohue, Newell; Paula Richter, Buffalo; Don Pearson, Lemmon; Lisa Donohue, Keldron; Keith Hanson, Reva; John Ovitz, Buffalo; Jerry Martin, Meadow and Dawn McKinstry, Bison. The Committee selected Keith Hanson to chair the meeting and Charlotte Kvale to act as secretary of the meeting.

John Johnson, Buffalo was nominated by the Committee for the directorship now held by John Johnson.

Sandi Helms, Reva and Jeff Jensen, Newell were nominated by the Committee for the directorship now held by Sandi Helms.

DeJon Bakken, Lemmon was nominated by the Committee for the directorship now held by DeJon Bakken.

Attorney Miller then called for nominations from the floor for all director positions. There being no nominations from the floor, a motion was made and seconded that nominations cease and a unanimous ballot be cast for John Johnson and DeJon Bakken. The motion carried. President Bakken introduced the candidates for directorships.

President Bakken announced the voting would be by ballot and appointed Debby Vetter, Carolyn Hendricks and Beth Hulm as tellers for the Director election.

Drawings for door prizes were held.

A motion was duly made, seconded and carried to dispense with the reading of the annual Treasurer's Report, and to approve the Treasurer's Report as presented in the Annual Report Book.

Manager Reisenauer gave a power point presentation on the financial condition and accomplishments of the Cooperative for the past year.

Directors and employees were recognized for their years of service as follows:

Employee: Kerry Holmes, 5 years.

New employee Curtis Wentz was introduced.

The following were declared elected for three-year terms as directors: John Johnson, Sandi Helms and DeJon Bakken.

The winner of the Grand Prize drawing for \$500 was not present. Five \$100 cash prizes were drawn and awarded to James & Julia Brixey, Prairie City; Edward & Phyllis Schmidt, Lemmon; Sylvia Gibbons, Lemmon; Kay Baier, Camp Crook and Charles & Peggy Clark, Keldron.

There being no further business to come before the members, the meeting was adjourned upon motion duly made, seconded and carried.

APPROVED:

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DeJon Bakken, President

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Alice Holcomb, Secretary

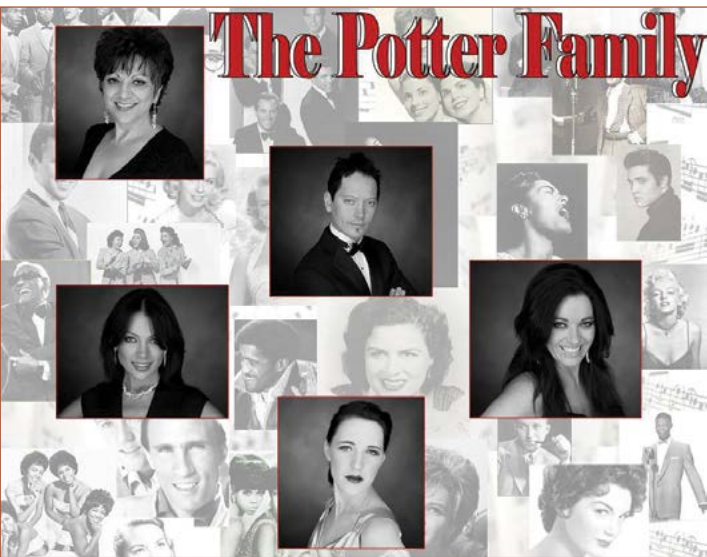


West River Cooperative Telephone Co.  
 PO Box 39  
 Bison, SD 57620

Mark your calendars to attend your Annual Meeting, October 7, 2013!

# It's Our 60th Anniversary!

## The Potter Family



Both together and on their own, the members of The Potter Family have been singing and performing since childhood. The Potter Family enjoys performing a variety of vintage, 50's and 60's music at various different venues, and they continue to maintain their roots in gospel music.

## Annual Meeting Agenda

October 7, 2013 • WRCTC Warehouse

- 2:00 pm Retirement Open House for Helen Aaker
- 4:30 pm Registration
- 5:00 pm FREE Pancake & Sausage Supper
- 6:00 pm Business Meeting
- 7:30 pm Entertainment - The Potter Family

**Capital Credits to be refunded!**

### Grand Prize-\$500

Drawn from entire membership. If that person is not present, we will draw for 5 - \$100 cash prizes!

