

ASSET PURCHASE AGREEMENT

by and between

TELECOMMUNICATIONS MANAGEMENT, LLC

and

THE CITY OF POPLAR BLUFF, MISSOURI

Dated as of March 31, 2014

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “*Agreement*”) is dated as of March 31, 2014, and entered into by and between Telecommunications Management, LLC, a Missouri limited liability company (the “*Purchaser*”), the City of Poplar Bluff, Missouri, a Missouri municipal corporation (“*Seller*” and together with the Purchaser, each a “*Party*” and collectively, the “*Parties*”).

RECITALS:

WHEREAS, the Seller owns and operates a cable television system (a “*System*”) servicing, directly or indirectly through a State Franchise, the communities identified on Annex I (the “*Service Areas*”) that provide, as applicable, cable television, and high speed data, and other services, to customers in the Service Areas (collectively, the “*Business*”);

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to acquire from the Seller, the Purchased Assets primarily related to the Business, excepting only the Excluded Assets, and Purchaser desires to assume only the Assumed Liabilities, all subject to the terms and conditions hereinafter set forth; and

WHEREAS, for the convenience of the parties, the definitions of certain terms used in this Agreement are set forth in Section 9.14.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises, the representations, warranties, covenants and agreements contained herein, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I PURCHASE AND SALE OF ASSETS

1.1 Purchased Assets.

Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, the Seller shall sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser shall purchase and accept from the Seller, free and clear of all Encumbrances (other than Permitted Encumbrances and Encumbrances arising from the Series Bonds), all right, title and interest of the Seller in, to and under, all of their assets and properties, real, personal or mixed, tangible or intangible, wherever situated, held, owned or leased that are primarily used in, allocated to, necessary to, required for the conduct of, or generated from the operation of, the Business or any or all of the System, except the Excluded Assets, including the following assets of the Seller (collectively, the “*Purchased Assets*”):

(a) all Intellectual Property owned by the Seller, including the Intellectual Property listed on Schedule 1.1(a) of the Disclosure Schedules, in all cases together with (i) all income, royalties, damages and payments due or payable at the Closing or thereafter (including

damages and payments for past or future infringements or misappropriations thereof), (ii) the right to sue and recover for past infringements or misappropriations thereof, (iii) any and all corresponding rights that, now or hereafter, that may be secured throughout the world and (iv) all copies and tangible embodiments of any such Intellectual Property;

(b) the Contracts of the Seller listed on Schedule 1.1(b) of the Disclosure Schedules (collectively, the “**Transferred Contracts**”);

(c) all Tangible Personal Property used primarily in the Business;

(d) copies of books of account, general, financial and accounting records, files, invoices, customers and suppliers lists, other distribution lists, billing records, engineering records, drawings, blueprints, schematics, copyright, regulatory records associated with any Governmental Authority (including the FCC), manuals, tax and customer and supplier correspondence, owned by the Seller primarily relating to the Business and the System (“**Books and Records**”), and specifically not including (A) the Books and Records constituting Excluded Assets pursuant to Section 1.2(f) and 1.2(g) and (B) and any records that are required to be kept confidential by Laws or privacy policies;

(e) deposits, advance payments, Accounts Receivable, Current Assets, prepaid items and expenses, deferred charges, and rights of offset for the account of Seller primarily attributable to the Business and the System;

(f) Claims against third parties primarily relating to the Business or the System and all rights to insurance proceeds relating to any damage, destruction or impairment of the Purchased Assets; but excluding Claims of Seller (i) against Purchaser with respect to the transactions contemplated hereby or (ii) solely relating to, or included in, the Excluded Assets;

(g) Permits and Environmental Permits issued to or held by the Seller primarily necessary or incidental to the conduct of the Business and the System (to the extent the same are transferable) (including all State Franchises), including those that are listed on Schedule 1.1(g) of the Disclosure Schedules;

(h) fee, leasehold and other title interests in, to or under the real property owned and leased by the Seller described on Schedule 1.1(h) of the Disclosure Schedules (the “**Real Property**”) and Easements, together with all improvements, buildings and fixtures located thereon or therein and all construction in progress;

(i) an amount in cash equal to the amount of all advance payments to, or funds of third parties on deposit with, the Seller as of the Closing Date and primarily relating to the Business, including advance payments and deposits by Subscribers served by the Business for converters, encoders, cable television service and related sales and services (“**Restricted Cash**”); and

(j) goodwill associated with the Purchased Assets in particular and the Business and the System in general.

1.2 Excluded Assets.

Notwithstanding the provisions of Section 1.1 above or anything herein to the contrary, from and after the Closing, the Seller shall retain all of their existing right, title and interest in and to, and the Purchased Assets do not include, and the Seller does not hereby transfer to the Purchaser any of the following assets (hereinafter the “*Excluded Assets*”):

(a) the consideration delivered to the Seller by the Purchaser pursuant to this Agreement and all rights of the Seller under this Agreement or any of the Ancillary Agreements, including the Purchase Price;

(b) all cash, cash equivalents and marketable securities derived from or otherwise related to the Business through the Closing, other than Restricted Cash;

(c) any Contract of Seller that is not a Transferred Contract;

(d) subject to Section 6.15, all insurance policies and rights and claims thereunder, other than those identified in Section 1.1(f);

(e) the sponsorship of and any assets maintained pursuant to or in connection with any Employee Benefit Plan;

(f) all corporate minute books, stock transfer ledgers, the corporate seal of the Seller and the Seller’s other Books and Records that pertain only to the organization, existence, or equity capitalization of the Seller;

(g) the Seller’s income and franchise Tax Returns and tax records; provided, that the Purchaser shall be entitled to inspect and make copies of such portions of said returns related to the System and Business upon reasonable request;

(h) all Tax assets (including duty and tax refunds and prepayments and any deposit or reserve with respect to Taxes) and net operating losses of the Seller;

(i) any bank accounts of the Seller, including any lock box or deposit accounts;

(j) any bonds or letters of credit set forth on Schedule 3.27 of the Disclosure Schedules;

(k) any books or records related solely and exclusively to the Excluded Assets; and

(l) the assets, if any, set forth on Schedule 1.2(l) of the Disclosure Schedules.

1.3 Assumed Liabilities.

Upon the terms and subject to the conditions set forth herein, at the Closing the Purchaser shall assume the following liabilities and obligations of the Seller (the “*Assumed Liabilities*”):

(a) any Liabilities of the Seller arising and incurred after the Closing under the Transferred Contracts or the Permits, to the extent related to Purchaser's performance under such Contracts or Permits during the period after the Closing, except where the Liabilities: (A) arise from or relate to any breach by Seller of any provision of any of such Transferred Contract prior to the Closing Date; (B) arise from or relate to any event, circumstance or condition occurring or existing on or prior to the Closing Date that, with notice or lapse of time, would constitute or result in a breach of any of such Transferred Contract or Permits; or (C) would constitute a breach of this Agreement or any Ancillary Agreement for which the Purchaser would be entitled to receive indemnification pursuant to Article VII; provided, however, that, if any Transferred Contract or Permit requires the consent of a third party in order to be assigned, such Transferred Contract or Permit shall not be deemed assigned and it shall not constitute an Assumed Liability unless and until such time as such third party consents in writing to the assignment.

1.4 Excluded Liabilities.

Except for the Assumed Liabilities, the Purchaser, by its execution, delivery and performance of the Agreement, any Ancillary Agreement or otherwise, shall not assume or otherwise be responsible for any Liability of any nature of the Seller or otherwise relating to the condition or operation of the Business or the Purchased Assets on or prior to the Closing Date, or Claims of such Liability, and all of such Liabilities are referred to herein as the "***Excluded Liabilities***" including:

(a) any Liability for Taxes (whether federal, state, local or foreign) arising from or with respect to the Purchased Assets or the operation of the Business that are incurred in or attributable to any period or portion of a period ending on or prior to the Closing Date including without limitation Taxes incurred in respect of or measured by (i) the sales of goods or services by Seller, (ii) the wages or other compensation paid by Seller to its employees, (iii) the value of the Seller's property (personal as well as Real Property), (iv) the income of Seller earned on or recognized prior to the Closing, and (v) any gain and income from the sale of the Purchased Assets and other transactions contemplated by this Agreement. For these purposes, the determination of Taxes attributable to the portion ending on the Closing Date of a period that includes, but does not end on, the Closing Date shall be based on an interim closing of the books immediately after the Closing Date;

(b) any liability of Seller for Taxes;

(c) all Liabilities at any time arising under or pursuant to or related to any Employee Benefit Plan or any other compensation or benefit plan, policy, program, agreement, contract or arrangement at any time maintained, sponsored, contributed or required to be contributed to by Seller or with respect to which Seller or any Affiliate of Seller has any Liability;

(d) any Liability accruing under the Contracts or otherwise out of the conduct or operation of the Business or ownership or use of the Purchased Assets prior to the Closing Date unless and solely to the extent such Liability is assumed under Section 1.3;

- (e) any Indebtedness of the Seller;
- (f) all Current Liabilities and any other accounts payable;
- (g) any Liability relating to an Excluded Asset;
- (h) any Liability related to the service or employment with or termination of service or employment from Seller or any of its Affiliates of any Person;
- (i) any Liabilities for accrued vacation, sick leave or paid time off, of or to any Business Employee;
- (j) any Liability related to Seller, the Business or the Purchased Assets arising under Environmental Laws or related to Hazardous Substances arising out of or relating to any fact, activity, event, circumstance or condition first existing, or first occurring on or prior to the Closing Date; and
- (k) all other Liabilities of Seller or of the Business not specifically assumed by the Purchaser hereunder.

1.5 Purchase Price Payments.

The consideration for the Purchased Assets will be effective at the Closing and consist of (x) the assumption by the Purchaser at the Closing of the Assumed Liabilities and (y) the agreement by Purchaser at Closing to deliver the amounts set forth below, at the times and subject to the terms and conditions set forth below (which may be after the Closing as set forth below):

(a) At or after the Closing and prior to April 30, 2014, upon the establishment of an escrow account (the “**Defeasance Escrow**”) with a reputable third party escrow agent financial institution, if the trustees of the Series 2005 Bonds and Series 2012 Bonds have agreed (i) to the amount required to repay the Series 2005 Bonds and Series 2012 Bonds in full (such amount, the “**Defeasance Amount**”), (ii) to forms of Release Letters for the Series 2005 Bonds and Series 2012 Bonds that will become effective upon release of the Defeasance Amount from the Defeasance Escrow to the trustee, and (iii) that the funds from the Defeasance Escrow may only be released (x) to satisfy the Defeasance Amount, (y) to reimburse Purchaser for Indemnifiable Losses relating to the Series 2005 Bonds and Series 2012 Bonds or (z) if the amounts set forth in clauses (x) and (y) are satisfied in full and the forms in clause (ii) are effective, to be returned to the Purchaser to be held as part of the Holdback Payment, then, provided that the Defeasance Amount is less than \$9,500,000, Purchaser shall deposit the Defeasance Amount into the Defeasance Escrow (the “**Defeasance Payment**”). Purchaser shall have the right to waive any of the conditions set forth in this Section 1.5(a) (including in clauses (i), (ii) or (iii)) in its sole discretion.

(b) After the Closing, upon the effectiveness of Release Letters for all of Seller’s Indebtedness, including the Series Bonds (such that Purchaser is reasonably satisfied that no Indebtedness of the Seller is secured by an Encumbrance on any of the Purchased Assets) (such condition, the “**Bond Release**” and such date, the “**Holdback Payment Date**”), Purchaser

shall (i) pay to the Seller an aggregate amount equal to \$17,500,000 (the “**Purchase Price**”), less the Defeasance Payment, less \$750,000 (the “**Escrow Amount**”), less \$1,000 for the Seller’s portion of the Escrow Agent fees (the “**Seller Escrow Fees**”), less any payments made or expenses incurred by Purchaser pursuant to Section 6.26, and less the value of all Indemnifiable Losses (whether pending or final, as included in any claims, Direct Claims or Third Party Claims) for which the Seller is obligated to indemnify a Purchaser Indemnified Party under Article VII, (the “**Holdback Payment**”) and (ii) deliver to the Escrow Agent, the Escrow Amount and the Seller Escrow Fees pursuant to the Escrow Agreement. For the avoidance of doubt, (x) Section 1.5(a) shall terminate and Purchaser shall have no further obligations thereunder after delivery of the Holdback Payment and (y) to the extent the Holdback Payment would be negative, such amount shall be deducted from the Escrow Amount.

1.6 Holdback Payment Date Payments.

As set forth in Section 1.5(b), at the Holdback Payment Date, the Purchaser shall (i) pay or cause to be paid the Holdback Payment by wire transfer of immediately available funds to the account designated by the Seller by notice to the Purchaser at least three (3) Business Days prior to the Closing Date and (ii) pay to the Escrow Agent an amount equal to the Escrow Amount pursuant to the terms of the Escrow Agreement, by wire transfer of immediately available funds to the account designated by the Escrow Agent. The Escrow Amount plus any interest or earnings thereon (the “**Escrow Funds**”) shall be held and disbursed in accordance with the terms and conditions of the Escrow Agreement and this Agreement. The Seller, the Purchaser and the Escrow Agent shall execute and deliver the Escrow Agreement on the Holdback Payment Date.

1.7 Allocation of Consideration.

The Purchaser and the Seller agree that the Purchase Price (and other items required to be treated as purchase price by the Internal Revenue Code of 1986, as amended (the “**Code**”)) shall be allocated for federal income tax purposes in accordance with the fair market value of the Purchased Assets pursuant to the principles set forth in Section 1060 of the Code.

ARTICLE II CLOSING

2.1 Closing.

The closing of the transactions contemplated hereby (the “**Closing**”) shall take place at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654, commencing at 9:00 a.m. Central time on the last Business Day of the calendar month in which all conditions to the obligations of the parties set forth in Article V (other than such conditions as may, by their terms, be satisfied only at the Closing or on the Closing Date), have been satisfied or to the extent permitted by applicable Law waived, in each case, at least three Business Days prior to such last Business Day, or at such other time, place and date as are mutually agreed to by the Purchaser and the Seller. Notwithstanding the foregoing, upon the mutual agreement of the Purchaser and the Seller, the Closing may be consummated via the delivery of executed documents via nationally recognized overnight delivery service or via the transmission of executed signature

pages by facsimile or electronic mail in portable document format (.pdf). The date of the Closing is referred to in this Agreement as the “**Closing Date.**” The parties agree that the date hereof is the Closing Date. For purposes hereof (including determination of Assumed Liabilities and Purchased Assets), the Closing shall be deemed effective at 11:59 p.m. Central time on the Closing Date.

2.2 Actions at the Closing.

At the Closing:

(a) the Purchaser shall deliver to the Seller the various certificates, instruments and documents referred to in Section 5.2 below; and

(b) the Seller shall deliver to the Purchaser the various certificates, instruments and documents referred to in Section 5.1 below.

2.3 Simultaneous Deliveries.

The delivery of the documents required to be delivered at the Closing pursuant to this Agreement shall be deemed to occur simultaneously. No delivery shall be effective until each party has received or waived receipt of all the documents that this Agreement entitles such party to receive.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller, jointly and severally, represents and warrants to the Purchaser, as of the date of this Agreement and as of the Closing Date, the following:

3.1 Organization and Qualification.

(a) Seller is a municipality organized and validly existing under the Laws of its state of organization and has all requisite power and authority to own, operate and lease its properties (including the Purchased Assets) and to carry on its business (including the Business) as now being conducted. Seller is qualified and licensed to do business and is in good standing in each jurisdiction in which the ownership, use, licensing or leasing of its assets and properties, or the conduct or nature of its business (including the Business), makes such qualification, licensing or admission necessary, except for failures to be so qualified or in good standing, as the case may be, that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Schedule 3.1(b) of the Disclosure Schedules sets forth the jurisdiction of incorporation of Seller and each jurisdiction where Seller is qualified or licensed (or is required to be qualified or licensed) to do business.

3.2 Authority; Enforceability.

Seller has all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform each of its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. All actions required on the part of Seller for such execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party have been duly and validly taken. Assuming due execution and delivery hereof and thereof by the Purchaser, this Agreement and each of the Ancillary Agreements to which Seller is a party constitute the legal, valid and binding obligations of Seller, enforceable against such party in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other similar Laws affecting creditors' rights generally and by general equitable principles.

3.3 No Conflicts.

Except as set forth on Schedule 3.3 of the Disclosure Schedules, the execution and delivery by Seller of this Agreement and each of the Ancillary Agreements to which it is a party do not, and the performance and consummation by Seller of the transactions contemplated hereby or thereby will not, (i) conflict with the Organizational Documents of Seller; (ii) conflict with or result in a breach or violation of, or constitute a default under, or give rise to any right of acceleration or termination of, any of the terms, conditions or provisions of any Contract to which Seller is a party or by which Seller's assets or properties are bound; (iii) result in the creation of any Encumbrance (other than Permitted Encumbrances) on any of the Purchased Assets; or (iv) violate or result in a breach of, or constitute a default under, any Law applicable to Seller or any of the Purchased Assets.

3.4 No Defaults.

Seller is not (i) in violation of any provision of its Organizational Documents or (ii) in default or violation of any term, condition or provision of any Order applicable to it, any Contract to which it is a party, or Permit held by it.

3.5 Consents and Approvals.

Schedule 3.5 of the Disclosure Schedules sets forth all Required Consents, and except as set forth therein, no material approval, consent, waiver or authorization of, or registration, declaration or filing with, exemption by, or any notice to, any Person (including any Governmental Authority) is required to be made, obtained or given by Seller: (a) for or in connection with the valid execution and delivery by Seller of this Agreement or the Ancillary Agreements to which it is a party or the consummation by it of the transactions contemplated hereby and thereby; or (b) as a condition to the legality, validity or enforceability as against it of this Agreement or the Ancillary Agreements to which it is a party.

3.6 Capitalization; Subsidiaries.

Schedule 3.6 of the Disclosure Schedules states that Seller is a Missouri municipal corporation and does not have shareholders.

3.7 Financial Statements.

(a) Attached to Schedule 3.7(a) of the Disclosure Schedules are true and correct copies of the following (clauses (i) and (ii) below collectively, the “**Financial Statements**”): (i) the audited consolidated balance sheet of the Seller for the Business as of December 31 for the calendar years 2011 and 2012, and consolidated statements of income, equity, and cash flow for the fiscal year then ended, together with the notes thereto and the reports thereon of the Seller’s independent certified public accountants; (ii) the unaudited consolidated balance sheet of the Seller for the Business as of December 31, 2013 (the “**Latest Balance Sheet**”) and the related unaudited consolidated statements of income and cash flows of the Seller for the quarter then ended; and (iii) Seller’s monthly reports showing Subscribers (categorized by Subscriber type) for the Business and for the System as of the end of each month from January 1, 2012 through December 31, 2013 (the “**System Reports**”).

(b) The Financial Statements have been prepared based on the Books and Records; (ii) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated and (iii) fairly present, in all material respects, the consolidated results of operations and cash flows of the Business as at the date thereof and for the respective periods indicated therein, except as otherwise noted therein and, with respect to the Unaudited Financial Statements, subject to normal and recurring year-end adjustments (which are consistent with the audited Financial Statements) and the absence of notes.

(c) The Accounts Receivable of the Seller as of the Closing primarily relating to the Business and the System represent or will represent valid obligations arising from sales actually made or service actually performed in the Ordinary Course of Business.

(d) Schedule 3.7(d) of the Disclosure Schedules contains a complete and accurate list of all Indebtedness of the Seller secured by an Encumbrance on any of the Purchased Assets. The amount of such Indebtedness does not exceed \$15,000,000.

3.8 Absence Undisclosed Liabilities.

Seller does not have any debts, obligations or liabilities (whether accrued, absolute, contingent, direct, indirect, perfected, inchoate, unliquidated or otherwise, whether or not known, whether due or to become due and regardless of when asserted) relating to the Business or the System arising out of transactions entered into at or prior to the Closing, or any transaction or series of transactions, action or inaction at or prior to the Closing or any state of facts existing at or prior to the Closing regardless of when any such liability or obligation is asserted, except (i) obligations under executory contracts or commitments disclosed on Schedule 3.13 attached hereto or under executory contracts and commitments which are not required to be disclosed thereon (but none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of law or arose out of any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand), (ii) liabilities which have arisen after the date of the Latest Balance Sheet in the Ordinary Course of Business or otherwise in accordance with the terms and conditions of this Agreement to the extent specifically reflected and reserved against on the liabilities side of the Latest Balance Sheet, and (iii) liabilities which have arisen after the date of the Latest Balance Sheet in the Ordinary Course of Business or otherwise in accordance with the terms and conditions of this Agreement (none of which is a liability for breach of

contract, breach of warranty, tort or infringement or a claim or lawsuit or an environmental liability).

3.9 Absence of Changes.

Since December 31, 2013, there has not been any occurrence or event which, individually or in the aggregate, has had or could be reasonably expected to have a Material Adverse Effect. Since December 31, 2013, the Seller has operated its business in the Ordinary Course of Business. In addition, without limiting the generality of the foregoing, since December 31, 2013 (except as set forth on Schedule 3.9 of the Disclosure Schedules), Seller has not:

(a) sold, leased, transferred or assigned any of its assets or properties used in, useful in, allocated to, necessary to, required for the conduct of, or generated for the operation of, or related to the Business or any or all of the System, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

(b) sold, assigned, licensed, transferred or otherwise disposed of any Intellectual Property used in or relating to the Business or the System (including any disposition as a result of any failure to pay maintenance fees or any abandonment, expiration or lapse of any Intellectual Property);

(c) disclosed any trade secrets or other confidential information (other than pursuant to a written confidentiality agreement entered into in the ordinary course of business consistent with past practice with reasonable protections of, and preserving all rights of the Seller in, such trade secrets and other confidential information) or knowingly received any trade secrets or other confidential information relating to the Business or the System of any Person in violation of any obligation of confidentiality;

(d) made or agreed to waive or make any payment, discharge or satisfaction of any Claim, Liability, or breach (whether absolute, accrued, asserted or unasserted, contingent or otherwise) under any Transferred Contract or otherwise relating to a Purchased Asset, other than in the Ordinary Course of Business (none of which is a Claim, Liability or breach for breach of contract, tort, infringement, claim, lawsuit or breach of warranty, a violation of Law or environmental liability);

(e) subjected any of the Purchased Assets to an Encumbrance other than Permitted Encumbrances and Encumbrances arising from the Series Bonds;

(f) delayed or postponed the payment of accounts payable or other Liabilities relating to the Business or the System outside the Ordinary Course of Business;

(g) failed to incur necessary expenditures for and to undertake and complete the projects, work and investments contemplated by the 2014 CapEx Budget in accordance with the schedule set forth therein;

(h) increased the salary or compensation payable or to become payable to any employee of Seller engaged in the Business other than in the Ordinary Course of Business;

(i) experienced any material damage, destruction or loss (whether or not covered by insurance) to any of the Purchased Assets;

(j) made any significant change in accounting policies, principles, methods, practices or procedures (including for bad debts, contingent Liabilities or otherwise, respecting capitalization or expense of research and development expenditures, depreciation or amortization rates or timing of recognition of income and expense) relating to the Business, any of the Purchased Assets or any of the Assumed Liabilities;

(k) entered into any Contract in connection with any transaction involving any proposal or offer by a third party to acquire all or any significant part of the Business or the System, whether by merger, purchase of assets or otherwise;

(l) materially changed its offers, promotions or marketing activities to Subscribers or potential Subscribers;

(m) failed to renew any insurance policy or existing bonds that provide coverage for or against the Business, the System, the Purchased Assets or any Assumed Liabilities as otherwise required by the terms of any Transferred Contract or State Franchises; no such insurance policy or bond has been cancelled or materially amended, and all notices and all Claims (if any) under all such policies or bonds have been given or presented in a timely fashion; or

(n) entered into or approved any Contract, arrangement or understanding or acquiesced in respect of any arrangement or understanding, to do, engage in or cause or having the effect of any of the foregoing.

3.10 Real Property.

(a) Schedule 1.1(h) of the Disclosure Schedules lists all Owned Real Property. Except as set forth on Schedule 3.10(a) of the Disclosure Schedules, Seller has good and indefeasible, fee simple title to its Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances and Encumbrances arising from the Series Bonds. There are no outstanding leases or options or rights of first refusal to purchase or lease any parcel of the Owned Real Property other than the rights of the Purchaser under this Agreement and the Ancillary Agreements. Each parcel of Owned Real Property is (i) in compliance with all Laws, including and any building, fire, land use, occupancy, safety, set back or zoning Laws; (ii) not burdened by any covenant, easement, encroachment, restrictive covenant, right-of-way or servitude, other than those specifically referenced in Title Commitments pursuant to Section 6.10, and (iii) not subject to any condemnation, eminent domain or similar action or proceeding. All facilities, buildings and other improvements on the Owned Real Property are (i) in good condition and repair, reasonable wear and tear excepted and giving due account to the age and length of use of same, (ii) sufficient for the current operation of the Business or the System to the extent conducted thereon, (iii) supplied with utilities and other services necessary for the operation thereof in the Ordinary Course of Business, including gas, electricity, water and telephone, all of which utilities are adequate for the operation of the Business or the System to the extent conducted thereon.

(b) Set forth on Schedule 3.10(b) of the Disclosure Schedules is a list of each real property lease (each a “*Lease*”) to which Seller is a party. A true, accurate and complete copy of each Lease (and any amendments or supplements thereto), or a description of the material terms of any oral Lease, has been delivered to the Purchaser.

(c) With respect to each Lease: (i) no party to any such Lease has repudiated any provision thereof; (ii) except as set forth on Schedule 3.10(c)(ii) of the Disclosure Schedules, Seller is not a party to any oral agreements or forbearance programs in effect as to any Lease Seller is a party to; and (iii) all real property subject to such Lease (the “*Leased Property*”) has received all approvals of Governmental Authorities required to be obtained in connection with the operation thereof and have been operated and maintained in all material respects in accordance with applicable Laws.

(d) Schedule 3.10(d) of the Disclosure Schedules lists all other material Real Property (other than Owned Real Property or Leased Property) used in connection with the conduct of the Business and operation of the System. Except as set forth on Schedule 3.10(d) of the Disclosure Schedules, Seller has the valid and enforceable right to use all such other Real Property pursuant to the easements, rights-of-way or other rights necessary to conduct the Business (collectively, the “*Easements*”), in each case subject only to Permitted Encumbrances and Encumbrances arising from the Series Bonds. Seller has not received any written notice of termination, breach or impairment of any of the Easements. Except as disclosed on Schedule 3.10(d) of the Disclosure Schedules, the documents made available by Seller to Purchaser as evidence of each Easement constitute the entire agreement setting forth all terms between the applicable Seller and the grantor.

3.11 Assets.

(a) Seller has good and marketable title to, or valid leasehold interests in or license to or right of use for, the Purchased Assets, free and clear of all Encumbrances, except for Permitted Encumbrances and Encumbrances arising from the Series Bonds. Subject to obtaining all Required Consents, upon the consummation of the transactions contemplated in this Agreement and the Ancillary Agreements, the Purchaser will acquire good and marketable title in or to, or valid leasehold interests in, or license to or right of use for, all of the Purchased Assets, free and clear of any Encumbrance, except for Permitted Encumbrances and Encumbrances arising from the Series Bonds.

(b) All of the Tangible Personal Property included in the Purchased Assets are in good operating condition and repair, subject to normal wear and tear, have been reasonably maintained consistent with standards generally followed in the cable television industry and are suitable for their present uses, and Seller has not received any notice that any of the Tangible Personal Property is in violation of any existing Law. The Purchased Assets are sufficient in nature, quality and quantity to conduct the Business and the System as they are currently conducted and proposed to be conducted by the Seller. Except for the Purchased Assets in which the Seller has a valid leasehold interest or license to or right of use for, no Person other than the Seller owns any Equipment or other Tangible Personal Property situated on the Real Property or necessary to the operation of the Business or the System.

3.12 Taxes.

(a) Seller has timely filed all Tax Returns and reports required to be filed by it, all such Tax Returns were prepared in compliance with applicable Law and are complete and accurate in all respects, and Seller has timely paid all Taxes required to be paid by it. Seller has given the Purchaser true and correct copies of all of the Seller's Tax Returns and reports for 2009-2012, and any interim returns or reports for 2014. Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, or other third party, and all Forms W-2 and 1099 (or corresponding state, local or foreign forms) required with respect thereto have been properly completed and timely filed. There is no material unresolved dispute or claim concerning any Tax liability of Seller or of the Business that has been claimed or raised by any taxing authority, and there are no actual or proposed deficiencies, assessments or adjustments with respect to Seller, the Business or the Purchased Assets. There are no Liens for Taxes on any of the Purchased Assets.

(b) Seller is not a party to any tax sharing agreement or any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local or foreign Tax law). Each agreement, contract, plan, or other arrangement that is a "nonqualified deferred compensation plan" subject to Code Section 409A to which any of Seller is a party (collectively, a "**Plan**") complies with and has been maintained in accordance with the requirements of Section 409A(a)(2), (3), and (4) of the Code and any U.S. Department of Treasury or Internal Revenue Service guidance issued thereunder and no amounts under any such Plan is or has been subject to the interest and additional tax set forth under Code Section 409A(a)(1)(B). Seller has not, and no Plan could give rise to, any actual or potential obligation to reimburse or otherwise "gross-up" any Person for the interest or additional tax set forth under Code Sections 409A(a)(1)(B) or 4999.

3.13 Contracts.

Schedule 3.13 of the Disclosure Schedules sets forth a list of each of the Material Contracts to which Seller is a party relating to or used in the Business or the System. Except as disclosed on Schedule 3.13, Seller has made available to the Purchaser true, correct and complete copies of all Material Contracts or provided descriptions of the material terms of each oral contract that is a Material Contract. Each Material Contract is in full force and effect (subject to expiration at the end of its current term) and is valid, binding and enforceable upon the Seller thereto and the other parties thereto in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other similar Laws affecting creditors' rights generally and by general equitable principles. Except as disclosed on Schedule 3.13, the Seller is in compliance in all material respects with, and not in material default under, the terms of each Material Contract, and each other party to each Material Contract is in compliance in all material respects with, and not in material default under, the terms of such Material Contract. The form of each subscription agreement utilized by Seller for the delivery of any service to Subscribers in the conduct of the Business in each geographic area is attached to Schedule 3.13. For the purposes hereof, "**Material Contract**" means any Contract: (i) that provides for annual obligations on the part of Seller in excess of \$25,000 individually, or,

together with any other Contracts relating to the System or the Business and not identified on Schedule 3.13 of the Disclosure Schedules, provides for annual obligations on the part of Seller of more than \$50,000 in the aggregate; (ii) that contains noncompetition covenants limiting Seller's right to engage in any line of material business in any material geographic area or to compete with any Person; (iii) that is an employment, consulting (or other personal services by an independent contractor), sales, commissions, or severance Contract providing for annual compensation in excess of \$25,000, including Contracts to employ executive officers and other Contracts with officers or directors of such Person; (iv) that relates to, or is evidence of, or is a guarantee of, or provides security for, Indebtedness or the deferred purchase price of property (whether incurred, assumed, guaranteed or secured by any asset of Seller); (v) that is a letter of credit, bond or similar arrangement running to the account of, or for the benefit of, Seller; (vi) that is a Real Property Lease; (vii) that is a lease or agreement under which Seller is a lessor of any Real Property or permits any other Person to hold or operate any Real Property or material Personal Property, in either case, owned or controlled by Seller; (viii) (a) pursuant to which Seller is granted any license to any Intellectual Property, (b) pursuant to which Seller grants to any Person any license to any Intellectual Property or (c) affecting Seller's ability to use, disclose, license or enforce, or grant an exclusive right to use, any Intellectual Property (including joint development, concurrent use, settlement, indemnification, tolling and consent to use Contracts), of (a)-(c) in each case other than Off-the-Shelf Software Licenses; (ix) that is a collective bargaining agreement to which Seller is a party; (x) that is a partnership agreement or a limited liability company operating agreement to which Seller is a party with a non-Affiliate third party; (xi) that is a pension, profit sharing, option, employee stock purchase, stock appreciation right, phantom stock option or other plan of Seller providing for deferred or other compensation to employees or any other employee benefit plan, or any contract with any labor union; (xii) that is a Contract under which Seller has advanced or loaned, or agreed to advance or loan, to any other Person an amount exceeding \$25,000; (xiii) that is a Contract relating to the use of any public utility facilities, including all pole line, joint pole or master contracts for pole attachment rights and the use of conduits; (xiv) that is a Contract relating to the use of any microwave or satellite transmission facilities; or (xv) that is a written agreement with multiple dwelling units or commercial establishments that account for 50 or more units.

3.14 Insurance.

Schedule 3.14 of the Disclosure Schedules lists all insurance policies of Seller relating to the Business or the System, covering any Purchased Assets, Business Employees or Assumed Liabilities. All of such policies (or renewals thereof) are in full force and effect. As of the date hereof, Seller has not received notice of cancellation of any such policies.

3.15 Employee Benefits.

(a) Schedule 3.15(a) of the Disclosure Schedules sets forth a true and complete list of each Employee Benefit Plan. With respect to each Employee Benefit Plan, Seller has delivered to Purchaser true, correct and complete copies of: (i) the plan documents and summary plan descriptions, (ii) the most recent determination letter received from the Internal Revenue Service, (iii) the three most recent Form 5500 annual reports as filed, including all schedules and attachments thereto, and (iv) all related trust agreements, insurance contracts, and other funding arrangements.

(b) Each Employee Benefit Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in compliance with the terms of such plan and the requirements of ERISA, the Code, and other applicable Laws. Each Employee Benefit Plan that is intended to meet the requirements of a “qualified plan” under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and no fact or event has occurred that could adversely affect the qualification of any such Employee Benefit Plan. With respect to each Employee Benefit Plan, all contributions and premium payments that are due have been made and all contributions and premium payments for any period ending on or before the Closing Date that are not yet due have been made or properly accrued.

(c) Seller does not maintain, sponsor, contribute to or has any Liability under or with respect to any employee pension benefit plan (as defined in Section 3(2) of ERISA) that is or was subject to Title IV of ERISA or Section 412 of the Code, or any “multiemployer plan” (as defined in Section 3(37) of ERISA).

(d) There has been no “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary duty (as determined under ERISA) with respect to any Employee Benefit Plan. There is no pending or, to the Knowledge of Seller, threatened claim, action, arbitration, litigation, audit, investigation or proceeding (other than routine claims for benefits) with respect to or in connection with any Employee Benefit Plan.

(e) Except as set forth in Schedule 3.15(e), the execution and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not (either alone or in conjunction with any other event) result in any payment becoming due, increase any benefits or compensation, or result in any acceleration of the vesting or timing of payment or funding of any benefits or compensation under any Employee Benefit Plan.

(f) Each Employee Benefit Plan that is a “nonqualified deferred compensation plan” (as defined under Section 409A(d)(1) of the Code) (i) has been operated and administered in good faith compliance with Section 409A of the Code prior to January 1, 2009 and (ii) has been operated and administered in documentary compliance with Section 409A of the Code and the Treasury Regulations and other official guidance promulgated thereunder on or after January 1, 2009. Except as set forth in Schedule 3.15(f), no amount paid or payable (whether in cash, in property, or in the form of benefits) in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) could be an “excess parachute payment” within the meaning of Section 280G of the Code, or would constitute an “excess parachute payment” if such amounts were subject to the provisions of Section 280G of the Code. No Employee Benefit Plan provides for an indemnity obligation for any Taxes imposed under Section 4999 or 409A of the Code.

(g) Seller has no Liability with respect to the provision of post-retirement or post-termination medical, health or life insurance or other welfare-type benefits to any Person except as required under COBRA and for which the beneficiary pays the full cost. Seller has complied and is in compliance with the requirements of COBRA.

3.16 Environmental Compliance.

(a) With respect to the Business and the Purchased Assets, Seller has at all times complied with and is in compliance with all Environmental Laws, which compliance has included obtaining and complying at all times with all Permits required pursuant to Environmental Laws for the occupation of the Real Property and the operation of the Business.

(b) Seller has not received any written or oral notice, report, order, Claim, directive, or other information regarding any actual or alleged material violation of, or any material Liability, including without limitation any material investigatory, remedial or corrective obligation, under Environmental Laws with respect to the Business or the Real Property.

(c) With respect to the Business, the Purchased Assets, and the Real Property, Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, released, or exposed any Person to, any substance, including without limitation any Hazardous Substance, or owned or operated any property or facility (including the Real Property) which is or has been contaminated by any substance, so as to give rise to any Liabilities pursuant to Environmental Laws.

(d) With respect to the Business or the Purchased Assets, Seller has not become subject to, assumed, undertaken, or provided an indemnity with respect to any material Liability, including without limitation any material investigative, corrective or remedial obligation, of any other Person relating to Environmental Laws.

(e) Seller has furnished to Purchaser all environmental audits, assessments and reports and all other documents materially bearing on environmental, health or safety Liabilities, with respect to the Business, the Purchased Assets, and the Real Property, in each case that are in its possession or under its reasonable control.

3.17 Litigation.

(a) Other than (i) routine Claims for benefits in the Ordinary Course of Business, (ii) Subscriber billing disputes or (iii) rule making proceedings by Governmental Authorities that affect the cable television or telecommunications industry generally, all Litigation pending, or, to the Knowledge of the Seller, threatened, planned or reasonably probable affecting the Business, the System, the Purchased Assets or any of the Assumed Liabilities, is set forth on Schedule 3.17(a) to the Disclosure Schedules. There are no Claims pending or, to the Knowledge of Seller, threatened that seek to delay or prevent the consummation of the transactions contemplated by this Agreement or which would reasonably be expected to materially impair the ability of any of Seller to perform its obligations under this Agreement or any of the Ancillary Agreements to which it is a party. No event has occurred or circumstance exists that would be reasonably likely to give rise to or serve as the basis for the commencement of any Litigation.

(b) Other than Orders affecting the cable television or telecommunications industry generally, there is no Order of any kind with respect to the Business, the System or the Purchased Assets, or to which the Business, the System or the Purchased Assets are subject or by which they are bound or affected or which would affect the legality, validity or enforceability of

this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby.

3.18 Legal Compliance.

(a) Seller is in material compliance with, and for the last three (3) years has been in material compliance with, all Laws applicable to such Seller, the Business and the System, and neither Seller nor any officer of such Seller has received any notice of any material violation of any applicable Law or received any inquiry from any Governmental Authority regarding such Seller's operations.

(b) Schedule 3.18(b) of the Disclosure Schedules sets forth a list of all Franchises and Licenses, together with the expiration date of each. Except as set forth in Schedule 3.18(b)(i) of the Disclosure Schedules, all permits, Licenses, Franchises, approvals, certificates, consents, waivers, concessions, exemptions, Orders, registrations, notices or other authorizations of any Governmental Authority necessary for Seller to operate the Business, to own the System, and to operate and provide cable television and related services in the Service Areas (collectively, the "**Permits**"), are in full force and effect and constitute the valid, legal, binding and enforceable obligation of the Seller that is a party thereto. True and correct copies of all written Franchises and Licenses have been made available to the Purchaser. Except as set forth in Schedule 3.18(b) of the Disclosure Schedules, the operation of the System are in compliance in all material respects with the Permits and all other material applicable requirements of Governmental Authorities relating to such Permits and no suspension, request for stay of the grant thereof (or any appeal thereof), modification, termination or cancellation of any of the Permits is pending or, to the Knowledge of the Seller, threatened.

(c) Seller possesses valid and unexpired State Franchises that grant authority to offer video service to subscribers in all of the Service Areas.

3.19 Intellectual Property.

(a) Schedule 3.19(a) of the Disclosure Schedules sets forth a list of all of the following owned by or filed in the name of Seller: (i) patented or registered Intellectual Property; (ii) patent applications or other applications for the registration of Intellectual Property; and (iii) any other material Intellectual Property (but in the case of trade secrets, only a non-confidential description thereof), in each case, including a designation of all current owners and status thereof, all jurisdictions in which such Intellectual Property has been or is registered or filed, and the applicable registration application or serial numbers or similar identifier. All Intellectual Property referenced in clauses (i) or (ii) is subsisting and, to the Knowledge of Seller, valid and enforceable and has not expired or been cancelled or abandoned.

(b) Seller (i) exclusively owns and possesses all right, title and interest in and to the Intellectual Property set forth on Schedule 3.19(a) of the Disclosure Schedules, and (ii) exclusively own and possess all right, title and interest in and to, or has the right to use pursuant to a valid and enforceable Contract identified on Schedule 3.13 of the Disclosure Schedules, all other Intellectual Property that is used or proposed to be used with respect to, necessary for, or otherwise embodied by the operation, products, processes, methods, materials,

or services of, the Business (including the System), in each case free and clear of all Encumbrances (other than Permitted Encumbrances and Encumbrances arising from the Series Bonds) (the Intellectual Property referenced in each of clauses (i) and (ii), collectively, the “***Business Intellectual Property***”). Neither the Seller, nor the current operation, the proposed operation of the Business (including the marketing, distribution, importation, offer for sale, sale, use or exploitation of any products or services in connection therewith), or the System, are infringing, misappropriating, or otherwise violating, or have infringed, misappropriated, or otherwise violated, any Intellectual Property of any Person. To the Knowledge of the Seller, no Person is infringing, misappropriating, or otherwise violating, any Business Intellectual Property. No Affiliate of the Seller owns any right, title or interest in, to or under any Business Intellectual Property.

(c) No Claim has been made, is pending or, to the Knowledge of Seller, is threatened, (i) with respect to any infringement, misappropriation or other violation, by the Seller of any Intellectual Property of any Person (including any offers or demands to license or cease and desist letters) or (ii) challenging the enforceability, use, ownership, scope, or validity, of any Business Intellectual Property (other than office actions issued in the ordinary course of prosecuting any pending patent or trademark application). No Claim with respect to any Business Intellectual Property is pending, or has been made or threatened, against any Person by Seller. None of the Business Intellectual Property is subject to any outstanding Order restricting or otherwise limiting the use, validity, enforceability, disposition or exploitation thereof or any right, title or interest of Seller with respect thereto.

(d) Seller has taken all reasonably necessary steps to protect the Business Intellectual Property, including maintaining the confidentiality of all trade secrets and other confidential information of the Seller. The transactions contemplated by this Agreement shall not impair any right, title or interest of Seller in or to any Business Intellectual Property or Seller System, and immediately subsequent to the Closing, the Business Intellectual Property and Seller System will be owned by, licensed to, or available for use by, the Purchaser on terms and conditions identical to those under which the Seller owned, licensed or used, the Business Intellectual Property and Seller System immediately prior to the Closing, without the payment of any additional amounts or consideration other than ongoing fees, royalties or payments that the Seller would otherwise be required to pay. The Seller System is adequate for the operation of the Business as currently conducted, and are sufficient in all material respects for the current and anticipated future needs of the Business. The Seller has taken all reasonable precautions to (i) protect the confidentiality, integrity and security of the Seller System and all information stored or contained therein or transmitted thereby from any unauthorized intrusion, breach, use, access, interruption or modification by any Person and (ii) ensure that all Seller System (x) is free from any material defect, bug, virus or programming, design or documentation error or corruption, and (y) is fully functional and operates and runs in a reasonable and efficient business manner.

(e) All Persons (including current and former employees, contractors and consultants of the Seller) who have participated in the creation, invention, modification, improvement or development of any of the Business Intellectual Property for, or under the direction or supervision of, Seller (including the Intellectual Property set forth on Schedule 3.19(a) of the Disclosure Schedules) have executed and delivered to such Seller, a valid and enforceable Contract (i) providing for the non-disclosure by such Person of any trade secrets

or other confidential information of Seller, and (ii) providing for the assignment (by way of a present grant of assignment) by such Person to Seller of any Intellectual Property arising out of such Person's employment by, engagement by or contract with Seller.

(f) The Seller is subject to laws pertaining to municipalities and (i) maintains policies with respect to data security and data privacy (including the collection of personally identifiable information and the privacy of all customers and any of their personally identifiable information) and (ii) complies with all (and is not aware of any violation of any) (A) such policies, (B) applicable Laws relating to any such collection, data security, data privacy, deceptive trade practices, and consumer marketing and research, and (C) rules, regulations, standards, policies, manuals, and procedures of any applicable credit or debit card networks or associations (including, with respect to the processing of credit card information, the Payment Card Industry Data Security Standards (PCI-DSS)) governing the collection or use of personal information and payment card information ("Card Association Rules"). No Claim has been made or is pending, or, to the Knowledge of Seller, is threatened, with respect to any failure to so maintain or comply. There are not, and have not been, any facts or circumstances that would require Seller to give notice to any customer, supplier or other Person of any actual or perceived data security breaches pursuant to any Law or Card Association Rules. There have been no actual or alleged unauthorized use, access, intrusions, or breaches of security, of the (x) Seller System or any other information technology used, provided, sold, or licensed, by Seller or (y) any personal information, payment card information, confidential or proprietary data or any other such information collected, maintained or stored by or on behalf of Seller (or any loss, destruction, compromise or unauthorized disclosure thereof). Seller has not had any of its employees' or customers' personally identifiable information stolen or fraudulently acquired.

3.20 Books and Records.

The Books and Records and other similar records of Seller have been provided or made available to the Purchaser prior to the execution of this Agreement and have been prepared and maintained in accordance with sound business practices. The minutes contain an accurate record, in all material respects, of all actions taken at all meetings and by all written consents in lieu of meetings of the City Council of Seller from its respective date of organization through the date hereof.

3.21 Employees; Labor Relations.

(a) Schedule 3.21(a) of the Disclosure Schedules contains a complete and accurate list of the following information for each employee of Seller who provides services in any way related to the Business or the operation of the System (the "***Business Employees***"), including each employee on leave of absence or layoff status: name; employer; and job title. The Seller has previously provided the Purchaser with a schedule setting forth the compensation for each Business Employee, including any sick and vacation leave that is accrued but unused.

(b) Except as set forth in Schedule 3.21(b) of the Disclosure Schedules, each Business Employee is an employee-at-will, and no such Business Employee is party to any individual contract, written or oral, express or implied, for employment or the provision of severance or change of control benefits.

(c) Except for the Seller's collective bargaining agreement with the International Union of Operating Engineers, Local 148, effective as of January 1, 2013 (the "***Collective Bargaining Agreement***"), Seller is not party to any labor and collective bargaining agreement. With respect to the transactions contemplated by this Agreement, the Seller has or prior to the Closing Date will have provided any notice required under the Collective Bargaining Agreement and satisfied all applicable bargaining obligations.

(d) There has been no unfair labor practice charge, grievance or complaint pending or, to the Knowledge of Seller, threatened against Seller before the National Labor Relations Board or any similar state or foreign Governmental Authority.

(e) There have been no strikes, work stoppages or lockouts pending or, to the Knowledge of the Seller, threatened against or involving Seller.

(f) Seller is not involved in or, to the Knowledge of Seller, threatened with any labor dispute, Litigation or administrative proceeding relating to labor matters involving the Business Employees (including occupational safety and health standards).

(g) No Person (including any Governmental Authority) has given written notice to Seller of or, to the Knowledge of Seller, threatened to file any Claim against Seller under or arising out of any Laws relating to employer-employee relationships, employee entitlements, discrimination in employment or employment practices, immigration or facility closings.

(h) To the Knowledge of Seller, no key employee and no group of employees or independent contractors of Seller has any plans to terminate his, her or its employment or relationship as an independent contractor with Seller.

(i) There have not been any facility closings, mass layoffs or other terminations at Seller that would create any obligations upon or liabilities for Seller under the Worker Adjustment and Retraining Notification Act or similar Laws.

(j) All employees have been timely paid all compensation earned, or otherwise required, for any work performed for Seller through the last pay period, including regular wages, overtime, bonuses and commissions. All individuals characterized and treated by Seller as independent contractors are properly treated as independent contractors under all applicable Laws.

3.22 Solvency.

Seller is not currently insolvent, nor will Seller be rendered insolvent by any of the transactions contemplated hereunder.

3.23 Relationships with Related Persons.

Except as set forth on Schedule 3.23 of the Disclosure Schedules, and except for the ownership of any Seller by Related Persons as set forth on Schedule 3.6, no current or former Related Person of any Seller, or any of their Related Persons, has any direct or indirect interest in

any of the Purchased Assets, the Business, or the Systems, and does not own, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that (i) has had business dealings or a material financial interest in any transaction with any Seller, the Business or the Systems, or (ii) has engaged or is engaged in competition with any Seller, the Business or the Systems. Except as set forth on Schedule 3.23 of the Disclosure Schedules, no current or former Related Person of any Seller, nor any of their Related Persons, is a party to any Contract with or involving, or has any Claim or right against or involving, any Seller, any of the Purchased Assets, the Business or the Systems.

3.24 No Brokers or Finders.

Except as set forth in Schedule 3.24 of the Disclosure Schedules, Seller has not incurred or will incur, directly or indirectly, as a result of any action taken or permitted to be taken by or on behalf of Seller, any Liability for brokerage or finders' fees or agents' commissions or similar charges in connection with the execution and performance of the transactions contemplated by this Agreement. Seller expressly acknowledges and agrees that each and every Liability set forth, or required to be set forth, on Schedule 3.24 of the Disclosure Schedules is the obligation of the Seller and the Purchaser shall not be liable in any manner whatsoever for the payment or satisfaction of any such Liabilities set forth thereon.

3.25 Retransmission Consent and Must-Carry; Rate Regulation; Copyright Compliance.

(a) Schedule 3.25(a) of the Disclosure Schedules lists the television stations within the System's television market (as defined by FCC regulation) that have elected "must-carry" or retransmission consent status pursuant to the Cable Act. Except as described on Schedule 3.25(a) of the Disclosure Schedules, each television station carried by the System is carried in all material respects pursuant to a valid retransmission consent agreement, "must-carry" election or other programming agreement between the Seller and each broadcaster. Other than with respect to those must-carry election notices identified on Schedule 3.25(a) of the Disclosure Schedules and routine blackout requests submitted pursuant to FCC regulations, no written notices or demands have been received from the FCC, from any television station or from any other Person or Governmental Authority (i) challenging the right of any System to carry any television broadcast station or deliver the same or (ii) claiming that any System failed to carry a television broadcast station required to be carried pursuant to the Communications Act or has failed to carry a television broadcast station on a channel designated by such station consistent with the requirements of the Communications Act (x) within the last twenty-four (24) months or (y) which the Person making such notice or demand has not acknowledged in writing to have been resolved.

(b) The Seller is permitted under the Communications Act and all applicable Laws to receive and retransmit the video programming or other information made available to Subscribers of the System presently being carried to the Subscribers of and by the System and to utilize all carrier frequencies generated by the operations of the System, and are licensed to operate all the facilities required by Law to be licensed, including any business radio and any cable television relay service stations, being operated or authorized to be operated as part of or in conjunction with any of the System. Except as provided in Schedule 3.25(b) of the Disclosure

Schedules, the operation of the System and of any FCC licensed or registered facility used in conjunction with the operation of the System, is in material compliance with the Communications Act and all applicable Laws, and all required reports, fees, filings, applications and other submissions of Seller to any Governmental Authority, including the FCC, with respect to the System or the Business are true and correct in all material respects and have been filed and no Seller has received any written notice that the Business or the System are not or have not been in compliance in all material respects with the Communications Act or other Laws. The Seller has provided all notices to Subscribers of the Business and the System required under the Communications Act or other Laws. No deficiencies have been asserted by the FCC or any other Governmental Authority or any third party with respect to the Business or the System that have not been timely cured.

(c) Schedule 3.25(c) of the Disclosure Schedules sets forth: (i) all regulations imposed by Seller on cable systems within its jurisdictions, including any rate regulation; (ii) a list of all communities for which Seller has obtained an FCC order of effective competition; and (iii) a list of all communities for which a petition for effective competition is pending before the FCC. The Seller and the Business are in compliance in all material respects with the provisions of the Cable Act and any other relevant Laws relating to the rates and other fees charged to Subscribers of the System. The Seller has established rates charged to Subscribers of the System that are allowable under the Cable Act and any authoritative interpretation thereof, to the extent such rates are subject to regulation by any Governmental Authority, including but not limited to the FCC.

(d) The System is in compliance in all material respects with the specifications set forth in the Communications Act; Section 111 of the Copyright Act of 1976 and the rules and regulations of the Copyright Office, the Register of Copyrights and the Cable Act. The Seller has filed with the Copyright Office all required statements of account and other documents and instruments with respect to the Business that were required to have been filed in accordance with the Copyright Act of 1976 and regulations promulgated pursuant thereto, and the Seller has paid all royalties, supplemental royalties, fees and other sums to the Copyright Office under the Copyright Act with respect to the System. The Seller has made available to the Purchaser copies of all statements of account referred to in this Section 3.25(d). The Seller has not been notified or otherwise advised of any inquiry, Claim, action or demand pending before the Copyright Office or from any other Person that questions the copyright filings or payments made by the Seller with respect to the System. The Seller has made all requisite filings and payments with the Register of Copyrights and is otherwise in compliance in all material respects with all applicable rules and regulations of the Copyright Office with respect to the System. The Seller has not been notified or otherwise advised of any inquiry, Claim, action or demand regarding the failure of the System or the Purchased Assets to comply with the Communications Act or the Cable Act.

3.26 System Information.

(a) Schedule 3.26(a) of the Disclosure Schedules sets forth, in all material respects and as of the dates set forth in such Schedule, a true and complete statement of the following information with respect to the System: (i) the total approximate number of Subscribers (including Basic Subscribers and EBUs other than HSI EBUs), HSI Subscribers,

subscribers to Pay TV, subscribers to Digital Services, and subscribers to high definition television (HDTV) served, in each case, showing by subscriber type whether a subscriber is residential or commercial; (ii) the bandwidth capacity specified in MHz and in channels, for each plant mile and headend; (iii) the channel line-up and rate card; (iv) the approximate number of Homes Passed and Two-Way Homes Passed; (v) the approximate fully completed and operational plant miles and two-way plant miles, designated by aerial or underground; and (vi) the total number of telephone lines.

(b) As of December 31, 2013, the aggregate number of RGUs, the aggregate number of HSI Subscribers, and the aggregate number of Subscribers (including Basic Subscribers and EBUs other than HSI EBUs), in each case, was no less than (and was approximately equal to) the amounts set forth in Schedule 3.26(b).

(c) The number of plant miles of the System is not greater than the amount set forth in Schedule 3.26(c), and the number of Homes Passed and Two-Way Homes Passed is not less than the amounts set forth in Schedule 3.26(c).

(d) Schedule 3.26(d) of the Disclosure Schedules sets forth a true and accurate description of the following information relating to the System: (i) a rate card describing the services available from the System, and the standard rates charged by the Seller therefore, including all rates, tariffs and other charges for cable television or other services provided by such System; and (ii) a channel lineup which includes the stations and signals carried by each System and the channel position of each such signal and station.

(e) Except as set forth on Schedule 3.26(e) of the Disclosure Schedules, to the Seller's Knowledge, (i) no Person, other than the Seller, is providing cable television service within the regions in which the System operate; (ii) no Person, other than the Seller, has commenced construction of a cable television distribution network or similar wireline multichannel video programming distribution system within the regions in which the System operate; (iii) no Person, other than the Seller, has received a cable television franchise in any of the Service Areas; or (iv) no Governmental Authority within the regions in which the System operate has voted or otherwise approved an initiative to offer competing cable services, and no such Governmental Authority or its citizens have authorized the issuance of bonds or approved any other measure to finance the building of competing cable services.

(f) The Seller does not provide any services to any areas or communities other than the Service Areas identified on Annex I.

3.27 Bonds; Letters of Credit.

Schedule 3.27 of the Disclosure Schedules sets forth a list of all franchise, construction, fidelity, performance and other bonds, guaranties in lieu of bonds and letters of credit posted by Seller, and all certificates of insurance of Seller, in connection with the Seller's operation of the System.

3.28 Suppliers.

Schedule 3.28 lists the top ten suppliers (other than programming suppliers) of the Seller for the twelve-month period ending December 31, 2013 by gross sales or purchases attributable to such supplier during such period, and sets forth opposite the name of each such supplier such gross sales or purchases. To the Seller's Knowledge, no such supplier listed on Schedule 3.28 has indicated that (i) as of the date hereof, the consummation of the transactions contemplated by this Agreement will have any material adverse effect on the business relationship with such Person or (ii) such Person intends to (x) terminate or fail to renew its relationship with Seller, (y) stop, or materially decrease the rate of, supplying materials, products or services to Seller or (z) change the prices of such materials, products or services (other than ordinary course increases or increases made pursuant to the applicable Contract with such supplier). Seller is not involved in any material claim, dispute or controversy with any such supplier. There are no suppliers to Seller of materials, products, Intellectual Property or services that are material to the Business with respect to which practical alternative sources of supply are not generally available on comparable terms and conditions in the marketplace.

3.29 No Other Representations or Warranties.

Except for the representations and warranties contained in this Article III, the Ancillary Agreements, or in any of the instruments of assumption or transfer or other instruments delivered by Seller or the Seller in connection with the transactions contemplated hereby or thereby, Seller does not make, and no other Person makes any other express or implied representation or warranty on behalf of the Seller.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Seller, as of the date of this Agreement and as of the Closing Date, as follows:

4.1 Organization.

The Purchaser is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Missouri and has all requisite power to own, operate and lease its properties and to carry on its business as now being conducted.

4.2 Authority; Enforceability.

The Purchaser has all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. All actions required on the part of the Purchaser for such execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party have been duly and validly taken. Assuming due execution and delivery hereof and thereof by the Seller, this Agreement and each of the Ancillary Agreements to which the Purchaser is a party constitute the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other similar Laws affecting creditors' rights generally and by general equitable principles.

4.3 No Defaults.

The execution, delivery and performance by Purchaser of this Agreement and the Ancillary Agreements to which it is a party do not, and the performance and consummation by the Purchaser of the transactions contemplated hereby or thereby, will not: (i) conflict with the Organizational Documents of the Purchaser; (ii) conflict with or result in a breach or violation of, or constitute a default under or give rise to any right of acceleration or termination of, any Contract to which Purchaser is a party or by which the Purchaser's assets or properties are bound; or (iii) violate or result in a breach of, or constitute a default under, any Law applicable to the Purchaser, in each case except for such defaults, breaches or violations as would not impair or delay the Purchaser's ability to perform its obligations under this Agreement or any Ancillary Agreement to which the Purchaser is a Party.

4.4 No Brokers or Finders.

Except with respect to the agreement with Royal Bank of Canada, the Purchaser has not incurred and will not incur, directly or indirectly, as a result of any action taken or permitted to be taken by or on behalf of the Purchaser, any Liability for brokerage or finders' fees or agents' commissions or similar charges in connection with the execution and the performance of the transactions contemplated by this Agreement. The Purchaser expressly acknowledges and agrees that any Liability owed to Royal Bank of Canada, is the obligation of the Purchaser and the Seller shall not be liable in any manner whatsoever for the payment or satisfaction of any such Liabilities.

4.5 Litigation.

There are no Claims pending or, to the Knowledge of the Purchaser, threatened against the Purchaser, that seek to delay or prevent the consummation of the transactions contemplated by this Agreement or which could reasonably be expected to materially impair the ability of the Purchaser to perform its obligations under this Agreement or any of the Ancillary Agreements to which it is a party.

4.6 No Other Representations.

Purchaser acknowledges that the Seller does not make any representation or warranty whatsoever, express or implied, with respect to (i) any projections, estimates or budgets delivered to or made available to Purchaser of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Business or System or (ii) any other information or documents made available to Purchaser or its counsel, accountants or advisors with respect to the Business, the Purchased Assets or the Assumed Liabilities (whether written or oral, made available to Purchaser or its counsel, accountants or advisors in any data room, confidential information memorandum, presentation by management, due diligence discussion or otherwise), in each case, except as expressly set forth in this Agreement, the Ancillary Agreements, or in any of the instruments of assumption or transfer or other instruments delivered by the Seller in connection with the transactions contemplated hereby or thereby.

ARTICLE V
CONDITIONS TO CLOSING

5.1 Conditions to Obligations of the Purchaser.

The obligations of the Purchaser to effect the transactions contemplated hereby are subject to the satisfaction at or prior to the Closing of the following conditions:

(a) Representations and Warranties of the Seller. The representations and warranties of the Seller shall be true and correct in all material respects (except for those representations and warranties containing a materiality or Material Adverse Effect qualifier, which shall be true and correct in all respects) on the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(b) Agreements and Covenants. Each of the agreements, covenants and obligations of the Seller to be performed on or prior to the Closing shall have been so performed in all material respects.

(c) Officer's Certificates. Seller shall have delivered to the Purchaser a certificate, dated the Closing Date and executed by an officer of Seller, certifying as to the fulfillment of the conditions specified in Sections 5.1(a), 5.1(b), 5.1(r) and 5.1(u).

(d) City Manager's Certificate. The City Manager of Seller shall have delivered to the Purchaser at the Closing a certificate stating that all approvals necessary to consummate the transactions contemplated by this Agreement have been obtained, attaching thereto a copy of such approval by the City Council of the Seller dated no earlier than five (5) Business Days before the Closing Date.

(e) Third-Party Consents. All Required Consents shall have been obtained.

(f) Government Approvals. All Permits or declarations or filings with, or expiration of waiting periods imposed by, any Governmental Authority necessary for the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements shall have been filed, occurred or obtained. To the extent any such governmental approvals must be issued to satisfy this condition, such approvals shall be by Final Order of the applicable Governmental Authority.

(g) Release of Liens. Each Person holding, granted or secured by an Encumbrance (other than a Permitted Encumbrance and Encumbrances arising from the Series Bonds) on any Purchased Asset shall have delivered to the Purchaser a release of that Encumbrance, or authorization to file a release of that Encumbrance on behalf of such Person, each in form and substance acceptable to the Purchaser.

(h) No Actions or Proceedings. No Litigation shall be pending or threatened before any Governmental Authority that presents a risk of restraining, enjoining, preventing, delaying or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement.

(i) No Orders. There shall not be in effect any Order restraining, enjoining, preventing, delaying or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement.

(j) Bills of Sale. Seller shall have executed and delivered a General Assignment and Bill of Sale, and an Intellectual Property Assignment, in the forms attached hereto as Exhibits B-1 and B-2, and such other good and sufficient instrument of conveyance, assignment and transfer as the Purchaser shall reasonably request in order to vest good title to each of the Purchased Assets in the Purchaser (collectively, the “*Bills of Sale*”).

(k) Assumption Agreement. Seller shall have executed and delivered the Assumption Agreement, in the form attached hereto as Exhibit C, assigning the Assumed Liabilities to the Purchaser (the “*Assumption Agreement*”).

(l) Grant Deeds. The Seller shall have executed and delivered a grant deed in a form reasonably acceptable to the Purchaser and its financing sources and such other good and sufficient instruments of conveyance, assignment and transfer as the Purchaser shall reasonably request in order to vest good title to each Owned Real Property in the Purchaser (the “*Deeds*”).

(m) [Intentionally Omitted].

(n) [Intentionally Omitted].

(o) Real Property. There shall be no Title Defects to which the Purchaser has timely notified the Seller in accordance with Section 6.10, which the Title Company has not deleted from the Title Commitment or committed to insure over by endorsement.

(p) Title Insurance. The Seller shall have delivered the Title Commitments described in Section 6.10.

(q) Monthly Financial Statements. The Seller shall have delivered to the Purchaser the Monthly Financial Statements required to be delivered pursuant to Section 6.13.

(r) Material Adverse Effect. As of the Closing, there shall not have occurred, and no fact or circumstance shall exist which would reasonably be expected to have, a Material Adverse Effect.

(s) Risk of Loss. The repair or replacement of any Purchased Assets affected by a casualty or condemnation event shall have been completed as and to the extent required by Section 6.15.

(t) FIRPTA Certificates. Seller shall have provided the Purchaser with properly executed certificates, in the form attached as Exhibit D, certifying under penalties of perjury as to the non-foreign status of the Seller for purposes of Section 897 and 1445 of the Code.

(u) [Intentionally Omitted].

(v) Transition Services Agreement. The Seller shall have executed and delivered the Transition Services Agreement (the “*Transition Services Agreement*”) in the form attached hereto as Exhibit E.

(w) Pole Use Agreement. The Seller shall have executed and delivered the Pole Use Agreement (the “*Pole Use Agreement*”) in the form attached hereto as Exhibit F.

(x) Other Documents. The Seller shall have delivered to the Purchaser all such other agreements, certificates and instruments, in form reasonably acceptable to the Purchaser, as shall be reasonably necessary in order to effectuate the transactions described herein.

5.2 Conditions to Obligations of the Seller.

The obligations of the Seller to effect the transactions contemplated hereby are subject to the satisfaction at or prior to the Closing of the following conditions:

(a) Representations, Warranties and Agreements of the Purchaser. The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects (except for those representations and warranties qualified by materiality, which shall be true and correct in all respects) on the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which need to be true and correct only as of the specified date).

(b) Agreements and Covenants. Each of the agreements, covenants and obligations of Purchaser to be performed on or prior to the Closing shall have been so performed in all material respects.

(c) Officer’s Certificates. The Purchaser shall have delivered to the Seller a certificate, dated the Closing Date and executed by an officer or manager of the Purchaser, certifying as to the fulfillment of the conditions specified in Sections 5.2(a) and 5.2(b).

(d) No Actions or Proceedings. No Litigation shall be pending or threatened before any Governmental Authority that presents a risk of restraining, enjoining, preventing, delaying or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement.

(e) No Orders. There shall not be in effect any Order restraining, enjoining, preventing, delaying or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement.

(f) Government Approvals. All Permits or declarations or filings with, or expiration of waiting periods imposed by, any Governmental Authority necessary for the consummation of the transactions contemplated by this Agreement or the Ancillary Agreement shall have been filed, occurred or obtained. To the extent any such governmental approvals must be issued to satisfy this condition, such approvals shall be by Final Order of the applicable Governmental Authority.

(g) Bills of Sale. The Purchaser shall have executed and delivered each Bill of Sale.

(h) Assumption Agreement. The Purchaser shall have executed and delivered an Assumption Agreement.

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) Transition Services Agreement. The Purchaser shall have executed and delivered the Transition Services Agreement, in the form attached hereto as Exhibit E.

(l) Pole Use Agreement. The Purchaser shall have executed and delivered the Pole Use Agreement, in the form attached hereto as Exhibit F.

ARTICLE VI COVENANTS

6.1 General.

Subject to each party's rights under Section 8.1, each party hereto shall use its commercially reasonable efforts to take all actions and to do all things reasonably necessary in order to satisfy the conditions to the obligations of the other party under Article V hereto.

6.2 Operation of Business.

Prior to the Closing, the Seller shall conduct the Business and operate the System only in the Ordinary Course of Business and shall not engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business, without the Purchaser's prior written consent. Without limiting the generality of the foregoing, without the Purchaser's prior written consent, Seller shall not:

(a) engage in any practice, take any action or enter into any transaction of the sort described in Section 3.9 above;

(b) enter into any new Contract that would be a Transferred Contract or terminate, suspend or abrogate any existing Transferred Contract other than in the Ordinary Course of Business;

(c) modify, or renew any Transferred Contract that is a Material Contract that existed before such renewal or modification;

(d) modify, terminate, renew, suspend, or abrogate any Permit other than in the Ordinary Course of Business;

(e) fail to disconnect and discontinue service to Subscribers whose accounts are delinquent, in accordance with Seller's then current practice;

(f) increase or reduce in any material amount the number of Business Employees or fail to promptly advise the Purchaser of any union organizing activities with respect to any of the Business Employees of which Seller has Knowledge;

(g) enter into, adopt, amend (except as may be required by Law), increase the benefits under or terminate any Employee Benefit Plan or any agreement, arrangement, plan or policy between Seller and one or more of the Business Employees;

(h) incur any Liability that would constitute an Assumed Liability if incurred prior to the date of this Agreement other than in the Ordinary Course of Business and in an aggregate amount not to exceed \$25,000;

(i) implement any material increase or decrease in the rates charged to subscribers of the System except to reflect any changes in rates in programming agreements that are consistent with industry practice and Seller's past practices, make any material changes in programming or give any notices to subscribers or local authorities concerning any material changes in rates or programming, engage in any marketing other than in the ordinary course of business, engage in any promotions or discounts other than in the ordinary course of business (which activities shall be consistent with the past practices of such Seller and the promotions and discounts set forth on Schedule 6.2(i) or make any commitment regarding changes in or continuation of rates or programming, except as obligated by FCC rules, regulations or orders pursuant to applicable Law or Material Contracts;

(j) disclose any trade secrets or other confidential information other than pursuant to a written confidentiality agreement entered into in the ordinary course of business with reasonable protections of, and preserving all rights of such Seller in, such trade secrets and confidential information, or knowingly receive any trade secrets or other confidential information of any third party in violation of any obligation of confidentiality; or

(k) abandon or permit the expiration or lapse of any registered Intellectual Property owned by such Seller (other than patents expiring at the end of their statutory terms (and not as a result of any act or omission by the Seller, including a failure by Seller to pay any required registration or maintenance fees)).

6.3 Preservation of Business.

The Seller shall use its commercially reasonable efforts to maintain the Seller's Business, System, and properties, including its present operations, physical facilities, working conditions, insurance policies, and relationships with Governmental Authorities, lessors, licensors, suppliers, customers and employees. Without limiting the generality of the foregoing, Seller covenants to:

(a) file all required FCC reports and statements of account under Section 111 of the Copyright Act of 1976, as amended, and promptly provide Purchaser with copies thereof;

(b) maintain spare inventory, including installation material, subscriber devices, passives and plant electronics, and Headend equipment consistent with past practices;

(c) maintain services at all office locations currently operated by Seller in any Service Area;

(d) incur necessary expenditures for and to undertake and complete the projects, work and investments contemplated by the 2014 Capex Budget in accordance with the schedule set forth therein.

(e) comply in all material respects with all Laws applicable to the Business, the System and the Purchased Assets;

(f) pay Taxes and Current Liabilities in compliance with applicable Laws and Contracts and in a manner consistent with past practices, and such Seller shall not permit any Liens for Taxes to arise on or with respect to any of the Purchased Assets;

(g) report and write off Accounts Receivable consistent with past practices;

(h) continue to engage in all marketing or promotional activities in accordance with such Seller's then-current nationwide or regional practice;

(i) deliver to the Purchaser correct and complete copies of monthly System Reports and monthly Subscriber reports promptly after such statements become available to the Seller; and

(j) maintain the material Tangible Personal Property in sufficient repair, order and condition consistent with current needs of the Business, replace in accordance with prudent practices its inoperable, worn out or obsolete assets with assets of sufficient quality consistent with prudent practices and current needs of the Business, and in the event of a casualty, loss or damage to any of such Tangible Personal Property prior to the Closing Date, either repair or replace such damaged property in accordance with past practices and current needs of the Business.

6.4 Notice of Certain Events; Supplementation and Amendment of Disclosure Schedules.

(a) Prior to the Closing Date, the Seller shall promptly notify the Purchaser in writing of:

(i) any changes or events which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(ii) any written notice from any Person (including any Governmental Authority) alleging that the consent of such Person is or may be required in connection with the consummation of the transactions contemplated by this Agreement;

(iii) any written notice from any Governmental Authority which seeks to restrain, enjoin, delay or otherwise prohibit the consummation of the transactions contemplated hereby;

(iv) any notice or other communication from any other party to any Transferred Contract that relates to the consummation of the transactions contemplated by this Agreement;

(v) any Litigation commenced or, to the Knowledge of the Seller, threatened against Seller or its Affiliates; or

(vi) the occurrence or failure to occur of any event which occurrence or failure to occur would be likely to result in the failure to satisfy any of the conditions specified in Article V.

(b) In addition, from time to time prior to the Closing, the Seller shall promptly supplement or amend the Disclosure Schedules to correct any inaccuracy therein and to reflect any matter hereafter arising or discovered after the date of this Agreement; provided, that no such supplement or amendment shall (i) cure any breach or inaccuracy of any representation or warranty made herein, (ii) have any effect on the satisfaction of the conditions to closing set forth in Article V or (iii) have any effect on any right or Claim of Purchaser or any other Purchaser Indemnified Parties pursuant to the terms of this Agreement or Ancillary Agreements.

6.5 Full Access.

The Seller will permit representatives of the Purchaser (including any of its financing sources) to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Seller, to all premises, properties, personnel, books, records, Contracts, and documents of or pertaining to the Seller to the extent related to the Business, including using commercially reasonable efforts to provide the Purchaser with access to Business Employees, customers, suppliers and other third party service providers of the Seller.

6.6 Financing.

The Seller shall provide to the Purchaser, and shall cause the Seller's respective officers, employees and representatives, including legal and accounting, to provide, all cooperation reasonably requested by the Purchaser and all cooperation that is customary, necessary or advisable in connection with arranging and obtaining financing (through loans from financial institutions, issuances of equity or otherwise) in connection with the transactions contemplated hereby.

6.7 Exclusivity.

During the period from the date of this Agreement until the earlier of the termination of this Agreement or the Closing, the Seller shall not, and shall cause their Affiliates, managers, employees, advisors, representatives, and agents not to, directly or indirectly, initiate, solicit, negotiate, facilitate, accept or discuss any proposal or offer by a third party (an "**Acquisition Proposal**") to acquire all or any significant part of the Business or the System, whether by merger, purchase of equity interests, purchase of assets, tender offer or otherwise (a "**Third Party Acquisition**"), or provide any nonpublic information to any third party in connection with an Acquisition Proposal or a Third Party Acquisition, or enter into any agreement, arrangement or understanding requiring Seller to abandon, terminate or fail to consummate the transactions

contemplated hereby. The Seller shall take the necessary steps to inform each of their representatives, officers, advisers, agents, trustees, and Affiliates (all such Persons, the “*Seller Group*”) of the obligations undertaken in this Section 6.7 and will cause each member of the Seller Group to promptly notify (but in any event within 24 hours), orally and in writing, the Purchaser (through the Seller) if they receive any indication of interest, request for information or offer with respect to any Acquisition Proposal or Third Party Acquisition, which notice shall include the identity of the parties, price and other material terms thereof and copies of any proposals, expressions of interest or other related documentation. The Seller represents that no member of the Seller Group is party to or bound by any agreement with respect to an Acquisition Proposal or a Third Party Acquisition other than under this Agreement and the Seller is not pursuing any discussions with third parties (other than the Purchaser) regarding Acquisition Proposals or Third Party Acquisitions. To the extent Seller has provided confidential information with respect to the Business to any potential acquirer in the last twelve (12) months, such Seller shall request such potential acquirer(s) to promptly return all such confidential information to such Seller.

6.8 Taxes and Tax Returns.

Prior to the Closing Date, except as expressly contemplated by this Agreement, without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld, Seller, as it may pertain to a municipal corporation, shall not make or change any election, change an annual accounting period, adopt or change any accounting method, practice or policy, file any amended Tax Return, enter into any closing agreement, settle any Tax Claim or assessment relating to such Seller, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax Claim or assessment relating to Seller, or take any other similar action, or omit to take any action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action or omission would reasonably be likely to have the effect of increasing the present or future Tax Liability or decreasing any present or future Tax asset of the Purchaser or any Person holding a direct or indirect interest in Purchaser.

6.9 Benefit Plans.

During the period from the date of this Agreement and continuing until the Closing Date, the Seller will not, without the prior written consent of the Purchaser, enter into, adopt, amend (except as may be required by Law), increase the benefits under or terminate any Employee Benefit Plan or any agreement, arrangement, plan or policy between Seller and one or more of the Business Employees. The Seller shall be solely responsible for compliance with the requirements of COBRA with respect to all “M&A qualified beneficiaries” (within the meaning of Treasury Regulation Section 54.4980B-9) with respect to the transactions contemplated by this Agreement.

6.10 Title Insurance, Surveys, and Environmental Diligence.

(a) The Seller shall provide to the Purchaser within twenty-one (21) days after the date of this Agreement, (a) a commitment or commitments of title insurance issued by a title company chosen by the Seller and reasonably acceptable to the Purchaser and its financing

sources (the “**Title Company**”), together with legible photocopies of all recorded items described as exceptions therein, committing to insure Purchaser in an amount reasonably determined by the Purchaser (individually and collectively, together with the required copies, the “**Title Commitment**”), for (i) the fee interest in the parcels of Owned Real Property (the “**Fee Property**”), (ii) to the extent required by any party providing financing to the Purchaser, any and all easement interests in the Real Property (the “**Easement Property**”), and (iii) to the extent required by any party providing financing to the Purchaser, any and all Leased Property, and (b) within ten (10) days after the delivery of the Title Commitment, an ALTA-ASCM survey of those parcels of Fee Property listed on Schedule 6.10 of the Disclosure Schedules (and to the extent required by any party providing financing to the Purchaser, Surveys of any additional Fee Property, Easement Property, or Leased Property), certified to the applicable Seller, the Purchaser and the Title Company and the Purchaser’s financing sources, if applicable (individually and collectively, the “**Survey**”). Notwithstanding the foregoing, if any party providing financing to the Purchaser requires a Title Commitment or Survey for any property other than the Fee Property, the Seller shall have an additional twenty (20) days from the date of such request to provide such Title Commitments or Survey. If the Purchaser shall notify the Seller within fifteen (15) days (the “**Objection Notice**”) of its receipt of the Title Commitment, legible copies of all exception documents, the Survey, any Encumbrance or other matter affecting fee, easement or leasehold title to the Real Property which, in the reasonable determination of the Purchaser, will interfere with the use of, or diminish the value of, the Real Property, or is otherwise objectionable to the Purchaser (each, a “**Title Defect**”), then the Seller may, but without obligation, attempt to cure any such Title Defects or, with the consent of the Purchaser, but at the Seller’s sole cost and expense, cause the Title Company to commit to insure over by endorsement, each Title Defect prior to Closing. All matters not objected to within the above described time period shall be permitted exceptions for purposes of the Title Commitments. The Purchaser and the Seller shall each be responsible for one-half of all costs and expenses related to the Title Commitment, the title policy or title policies and the Survey, unless the Seller’s breach of this Agreement results in the failure of a condition precedent to Purchaser’s obligation to close, or if a Title Defect is not, or cannot, be removed, in which case the Seller shall be responsible for all costs and expenses related to the Title Commitment, the title policy or title policies and the Survey.

(b) The Seller acknowledge and agree that, within 30 days of the date of this Agreement, the Purchaser may commission, at the Purchaser’s sole cost and expense, a non-invasive Phase I environmental site assessment (as such term is described in the American Society of Testing and Materials Standard E1527-05) of the material Real Property (a “**Phase I Assessment**”). The Seller will use commercially reasonable efforts to comply with any reasonable request for information made by the Purchaser or its representatives in connection with any such investigation, but in no event will the Seller be required under this Section 6.10(b) to disclose any materials constituting attorney-client privileged communications. Upon reasonable request by the Purchaser, Seller will afford the Purchaser and its representatives access to such Real Property at reasonable times and in a reasonable manner in connection with any such investigation (subject, in the case of any Leased Real Property, to the consent rights of the applicable landlord); provided, however, that the Purchaser shall not unreasonably interfere with the Seller’s use and operation of the Real Property. Should the Purchaser commission such an investigation, such investigation will have no effect upon the representations and warranties made by Seller to the Purchaser under this Agreement, except that if any Phase I Assessment

documents an environmental condition that would reasonably be construed to be a breach of the Seller's representations or warranties herein and such breach is capable of being cured, the Purchaser shall promptly so notify the Seller and the applicable Seller will be deemed not to have breached such representation or warranty if such Seller cures or commences to cure such breach prior to the Closing. The Purchaser shall promptly reimburse Seller for reasonable expenses it incurs in complying with this Section 6.10(b). Any access to the Real Property shall be at the risk of the Purchaser and its Representatives, and in connection therewith, the Purchaser hereby agrees to indemnify and hold harmless the Seller Indemnified Parties with respect to any Indemnifiable Losses resulting from or arising out of the Purchaser's access to the Real Property as authorized by this Section 6.10(b). The Purchaser must obtain the Seller's prior written consent to conduct any other environmental investigation, sampling, testing or assessment of any kind at any Real Property, which consent may be withheld or conditioned at the Seller's sole discretion.

6.11 Certain Tax Matters.

(a) Except as otherwise provided in Section 6.17, all sales, use, transfer, stamp, conveyance, value added or other similar Taxes, duties or excises imposed by any Governmental Authority, domestic or foreign, and all recording or filing fees, notarial fees and other similar costs of Closing with respect to the transactions contemplated hereby will be borne by the Seller. The parties hereto shall cooperate in good faith in the preparation and filing of any Tax Returns related to any such Taxes.

(b) Following the Closing, each party hereto shall afford the other parties, upon reasonable advance notice, reasonable access that does not unreasonably interfere with the affording party's operation of its business, to the books and records relating to the Purchased Assets and Assumed Liabilities in the affording party's possession and the right to make copies and extracts therefrom, to the extent that such access or copies may be reasonably required by the requesting party in connection with the preparation of its Tax Returns. If, in order to properly prepare such Tax Returns, it is necessary that a requesting party be furnished with additional information, documents or records relating to the Purchased Assets or Assumed Liabilities not referred to in the foregoing sentence, then the affording party shall use commercially reasonable efforts to furnish or make available, on a timely basis, such information, documents or records (or copies thereof) at the requesting party's cost and expense. Notwithstanding anything to the contrary in this Agreement (including, for the avoidance of doubt, Section 6.4), each party will, at its own expense, control any audit or examination by any Governmental Authority, and have the exclusive right to initiate any Claim for refund or amended return, and contest, resolve and defend against any assessment, notice of deficiency or other adjustment or proposed adjustment of Taxes ("***Tax Proceedings***") for any taxable period for which that party is charged with payment responsibility under this Agreement. In the case of any Tax Proceedings relating to the Business and/or the Purchased Assets for a period that begins before the Closing Date and ends after the Closing Date, Purchaser will control such Tax Proceedings and will consult in good faith with the Seller as to the conduct of such Tax Proceedings; provided, that in no event will the Purchaser settle any such Tax Proceeding relating to any period that begins and ends on or before the Closing Date in a manner that would cause the Seller to have an obligation to indemnify the Purchaser for Taxes hereunder, without

the prior written consent of the Seller, which consent may not be unreasonably withheld, conditioned or delayed.

(c) The Purchaser and the Seller agree to use the “alternative method” specified in Revenue Procedure 2004-53 with respect to income Tax withholding and reporting for Transferred Employees for any period including but not ending on the Closing Date.

(d) The Purchaser shall be entitled to deduct and withhold from amounts otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld and paid over to the appropriate taxing authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

(e) Seller acknowledges that the transactions contemplated by this Agreement are of substantial public benefit to Seller and agrees, to the maximum extent permitted by law, that it shall, and shall cause all of its subdivisions, legal organs, authorities or bodies (“***Seller Divisions***”), to reduce the amount of any property taxes, fees, assessments or similar charges imposed or assessed by Seller or a Seller Division on or with respect to any real property (including any interests therein) acquired by Purchaser pursuant to this Agreement to zero (\$0) for the year of transfer and the five full succeeding years.

6.12 Consent to Employment.

The Seller shall be solely responsible for compliance with the requirements of COBRA with respect to all “M&A qualified beneficiaries” (within the meaning of Treasury Regulation Section 54.4980B-9) with respect to the transactions contemplated by this Agreement. The Purchaser may offer employment to any Business Employee(s) it determines, in its sole discretion, prior to the Closing (which would be contingent on the Closing) or after the Closing, on terms and conditions of employment as determined by the Purchaser in its sole discretion.

6.13 Monthly Financial Statements.

From the date of this Agreement until the Closing Date, as soon as available, and in any event within twenty-one (21) days after the end of each calendar month, the Seller shall provide to the Purchaser a copy of an unaudited detailed statement of operations of the Business as of the end of such calendar month and for the portion of the fiscal year then ended, containing statements of income (the “***Monthly Financial Statements***”) and the System Reports, in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year and in a manner consistent with past practices.

6.14 Public Announcements.

Upon consummation of the transactions contemplated hereby, except as required by applicable Law which includes but is not limited to what are generally referred to as “Sunshine Laws” which require Seller to comply with openness regulations as a municipal corporation (and except to advisors and financing sources who have a need to know or who are otherwise subject to a confidentiality restriction), no press release or similar public announcement or

communication shall be made or caused to be made relating to this Agreement unless specifically approved in advance, in writing, by the Purchaser and the Seller.

6.15 Risk of Loss.

The Seller shall bear all risk of loss of or damage (other than ordinary wear and tear) to any Purchased Asset at all times prior to the Closing Date. If any such loss or damage precludes or prevents resumption of normal operations of any material Purchased Asset or the replacement or restoration of the lost or damaged property within 20 days or, if earlier, prior to the Closing Date, the Seller will promptly notify the Purchaser in writing of that fact and the Seller will, at its option, either (i) repair, replace and restore the lost or damaged property to its former condition as soon as practicable at the applicable Seller's sole expense, including applying any insurance proceeds to restore such assets to their prior condition, or (ii) pay over and assign to Purchaser all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage (to the extent not used to restore or replace the Purchased Assets prior to the Closing) and all deductibles related to such insured loss or damage and, to the extent that such insurance proceeds and deductibles are not sufficient to restore or replace such Purchase Asset, the Seller shall pay to Purchaser the difference between such amount and the fair market value of the Purchased Asset on the date of loss.

6.16 Nonassignability of Certain Assets.

To the extent that any Contract, Permit or other right included in the Purchased Assets is not capable of being assigned or transferred without the consent or waiver of the other party thereto, or any third person (including a Governmental Authority), or if such assignment or transfer or attempted assignment or transfer would constitute a breach thereof or a violation of any Law or is otherwise not practicable, neither this Agreement nor any Ancillary Agreement shall constitute an assignment, transfer or sublease thereof, or an attempted assignment, transfer or sublease thereof prior to the time that the appropriate consent or waiver is obtained. From and after the Closing, to the extent that any Contract, Permit or other right included in the Purchased Assets is not assigned hereunder (the "*Non-Assigned Assets*"), pending such consent or waiver, the Seller shall preserve and provide to the Purchaser the benefit (including the economic benefit thereof) of the Non-Assigned Assets.

6.17 Consents and Filings; Further Assurances.

(a) The Seller shall use its commercially reasonable efforts, at its own expense, and the Purchaser shall cooperate in good faith with the Seller, at the Seller's expense, to (i) obtain the Required Consents, (ii) give required notices to each applicable Person, (iii) take any actions reasonably required by any Person, in each case in connection with the matters contemplated by this Agreement and (iv) promptly make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement required under applicable Law.

(b) Section 6.17(a) notwithstanding, the Purchaser shall prepare and file, or cause to be prepared and filed, promptly after the date hereof, at its own expense, all applications required to be filed with the FCC to effect the assignment of the FCC Licenses from the Seller to

the Purchaser. Seller shall provide to the Purchaser all information deemed reasonably necessary by the Purchaser for the completion of any applications necessary for assignment of an FCC License; and agrees to cooperate reasonably, diligently and in good faith with the Purchaser in the preparation of such applications to permit the filing of such applications as promptly as practicable after request of the Purchaser. The Purchaser shall afford the Seller the reasonable opportunity to review, revise and approve (which approval shall not be unreasonably withheld) any complete draft application for assignment of an FCC License or for assignment of any other Permit, as contemplated under this Section 6.17(b). The Purchaser shall exercise commercially reasonable efforts to incorporate the Seller's revisions prior to the delivery thereof to the applicable Governmental Authority. The Seller will use its commercially reasonable efforts to cooperate with the Purchaser to obtain all Required Consents. Following the execution hereof until the Closing, the Seller shall timely send or cause to be sent all required renewal letters pursuant to Section 626(a) of the Cable Act to the proper Governmental Authority with respect to all Franchises of the System that are due to expire within 33 months after any date between the date of this Agreement and the Closing Date. Each Party shall be responsible for paying half of all filing fees, including filing fees for applications for assignment of FCC Licenses or other Permits. The Parties shall cooperate with each other in promptly taking any remedial or corrective actions in connection with obtaining any Required Consent.

(c) The Purchaser agrees that, if in connection with the process of obtaining any Required Consent, a Governmental Authority or other Person purports to require any condition or any change to a Permit or Contract to which such Required Consent relates that would be applicable to either the Purchaser or the Seller as a requirement for granting such Required Consent, which condition or change involves a monetary payment or monetary commitment to such Governmental Authority or other Person, such costs will be borne by Seller.

(d) Subject to the terms of Section 6.17(c), Seller shall not agree, without the Purchaser's prior written consent to any material change to the terms of any Permit or Contract as a condition to obtaining any Required Consent to the transfer or assignment of such Permit or Contract to the Purchaser. If in connection with obtaining any Required Consent, a Governmental Authority or other third party seeks to impose any condition or adverse change to any Permit or Contract to which such Required Consent relates that would be applicable to the Purchaser as a requirement for granting such Required Consent, the Seller will promptly notify the Purchaser of such fact and Seller shall not agree to such condition or adverse change unless the Purchaser shall, in its reasonably exercised discretion, consent to such condition or change in writing. The Seller is not required to consent to any change to any Permit or Contract that would impose any condition on Seller following the Closing.

(e) The Purchaser shall promptly, but in no event more than 10 days after receipt of such request, furnish to any Governmental Authority or other Person from which a Required Consent is requested such accurate and complete information regarding the Purchaser.

(f) Notwithstanding the provisions of this Section 6.17, Seller shall not have any further obligation to obtain Required Consents (i) with respect to any pole attachment agreement where the licensing party shall not, after the Seller's exercise of commercially reasonable efforts, consent to an assignment of such pole attachment agreement but requires that the Purchaser enter into a new pole attachment agreement with such licensing party on terms no

less favorable than others in the industry are generally receiving, in which case the Purchaser shall use its commercially reasonable efforts to enter into such agreement prior to the Closing (assuming such agreement is contingent on and effective upon the Closing) or as soon as practicable thereafter and the Seller shall reasonably cooperate with and assist the Purchaser in obtaining such agreement; (ii) for any FCC License that the Seller reasonably expects can be obtained within 120 days after the Closing Date and so long as a temporary authorization is available to the Purchaser under FCC rules with respect thereto; and (iii) with respect to Leased Property, if the Seller obtains and makes operational prior to the Closing substitute Leased Property that is reasonably satisfactory to the Purchaser.

(g) Following the Closing, each of the parties shall execute and deliver such additional documents, instruments, conveyances and assurances and exercise commercially reasonable efforts to carry out the provisions of this Agreement and give effect to the transactions contemplated by this Agreement and the other Ancillary Agreements.

(h) For purposes of this Section 6.17, “commercially reasonable efforts” will not be deemed to require a party to waive any condition to Closing in its favor or to undertake extraordinary measures, including the initiation or prosecution of legal proceedings, the payment of amounts in excess of normal and usual filing fees and processing fees, if any, or agreeing to any capital expenditure requirement (or other similar financial obligation) or requested modification to any Contract or Permit.

6.18 Refunds and Remittances.

After the Closing: (i) if Seller receives any refund or other amount that is a Purchased Asset or is otherwise properly due and owing to the Purchaser in accordance with the terms of this Agreement, then the Seller promptly shall remit, or shall cause to be remitted, without setoff, such amount to the Purchaser, and (ii) if the Purchaser or any of its Affiliates receive any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to Seller in accordance with the terms of this Agreement, then the Purchaser promptly shall remit, or shall cause to be remitted, without setoff, such amount to the Seller.

6.19 Agreement Not to Compete.

(a) Seller covenants and agrees that, for a five (5) year period following the Closing Date, the Seller shall not directly or indirectly, and shall cause their respective Affiliates not to, (i) engage in any Competitive Activity (as defined below) within the Prohibited Territory (as defined below); and/or (ii) as an employee, agent, partner, equity holder, member, investor, lender, consultant or otherwise, assist others to engage in Competitive Activity within the Prohibited Territory.

(b) For purposes of this Section 6.19, “*Competitive Activity*” means engaging in any business conducted by the Seller on the Closing Date and/or engaging in any aspect of the Business or the System, including owning or operating cable television systems or the delivery of video, voice or data services provided over the internet or cable, satellite or telephone networks, whether fixed or wireless. Notwithstanding the preceding, beneficially owning the stock or options to acquire stock totaling less than 2% of the outstanding shares in any public

company engaged in the Business shall not constitute by itself “Competitive Activity.” “*Prohibited Territory*” means the City of Poplar Bluff and Butler County, Missouri. The Seller acknowledges and agrees that the definition of the Prohibited Territory is necessary and reasonable for this agreement not to compete.

6.20 Agreement Not to Interfere with the Business.

(a) Seller covenants and agrees that, for a five (5) year period following the Closing Date, the Seller shall not, and shall cause its respective Affiliates not to, (i) solicit, encourage, cause or attempt to cause any current or past customer of the Seller not to do business with or to reduce any part of its business with the Purchaser; and/or (ii) solicit, encourage, cause or attempt to cause any current or past supplier of goods or services to the Seller not to do business with or to reduce any part of its business with the Purchaser.

6.21 Non-Solicitation; Non-Hire.

Seller agrees that, for a five (5) year period following the Closing Date, the Seller, and their respective Affiliates, shall not, whether on behalf of any other Person or on the Seller’s or Affiliate’s own behalf: (a) hire or engage or attempt to hire or engage for employment or as an independent contractor any individual who is employed by the Purchaser or any of its Affiliates; and/or (b) solicit or encourage any individual to terminate his or her employment or independent contractor relationship with the Purchaser or any of its Affiliates. Notwithstanding the foregoing, a general solicitation for resumes or employees published in a newspaper, on the internet or in any other public medium or in a similar manner will not be deemed to be a violation of this Section 6.21.

6.22 Confidentiality Agreement.

(a) Seller shall, and shall cause its respective Affiliates to, hold, and shall use its reasonable best efforts to cause its council members, officers, employees, agents and other representatives to (i) treat and hold as confidential and (ii) refrain from using any and all information, whether written or oral, concerning the Business and the System, except to the extent that such Seller can show that such information (a) is generally available to and known by the public through no fault of the Seller, any of its Affiliates or its respective officers, employees, agents and other representatives; or (b) is lawfully acquired by the Seller or any of their Affiliates or their respective officers, employees, agents and other representatives after the Closing Date from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If the Seller or any of its Affiliates, or any of its respective council members, officers, employees, agents and other representatives, are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify the Purchaser in writing and shall disclose only that portion of such information which Seller is advised by its counsel is legally required to be disclosed, *provided that* Seller shall use commercially reasonable efforts to cooperate with the Purchaser, at the sole cost of the Purchaser, to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

6.23 Reasonableness of Restrictions.

(a) The Seller has carefully read and considered Sections 6.19 through 6.22 and, having done so, agree that the restrictions set forth therein are fair and reasonable given the terms and conditions of this Agreement, the nature of the Business, the System, the area in which the Business markets its products and services and the consideration that the Seller is receiving pursuant to this Agreement. In addition, Seller specifically agrees that the length of the covenant not to compete and other restrictions set forth in Sections 6.19 through 6.22 are reasonable and that the definitions of “Competitive Activity”, “Prohibited Territory”, “Business” and “System” are fair and reasonable. Seller further agrees that the restrictions set forth in Sections 6.19 through 6.22 are reasonably required for the protection of the legitimate business interests of the Purchaser, the Business and the System. Thus, Seller agrees not to contest the validity or enforceability of Sections 6.19 through 6.22 before any court, arbitration panel or other Governmental Authority.

6.24 Certain Consequences of Breach.

Seller acknowledges and agrees that the Seller’s breach of any of the covenants in Sections 6.19 through 6.22 shall result in irreparable damage and continuing injury to the Purchaser, the Business and the System. Therefore, in the event of any breach or threatened breach of such covenants, Seller agrees that the Purchaser shall be entitled to an injunction from any court of competent jurisdiction enjoining them from committing any violation or threatened violation of those covenants, and Seller hereby consents to the issuance of such injunction. Seller further agrees that the Purchaser shall not be required to post any bond to obtain any such injunction. All remedies available to the Purchaser by reason of a breach of the provisions of this Agreement are cumulative, none is exclusive, and all remedies may be exercised concurrently or consecutively at the option of the Purchaser.

6.25 Vehicles.

Notwithstanding Article II, for all of the vehicles included in the Purchased Assets (the “*Service Vehicles*”), the Seller shall not transfer the Service Vehicles to Purchaser on the Closing Date. Instead, pursuant to the Transition Services Agreement, the Seller shall make such Service Vehicles available to Purchaser, and unless Purchaser elects otherwise, on the date 90 days after the Closing Date (or earlier if elected by Purchaser), Seller shall assign and transfer the Service Vehicles to Purchaser at no cost and make the representations and warranties set forth in Article III regarding the Service Vehicles as Purchased Assets on such date. Prior to such assignment and transfer, Seller shall treat the Service Vehicles as though they were Purchased Assets prior to the Closing under Section 6.2 and 6.3.

6.26 Release of Encumbrances.

The Seller shall obtain effective Release Letters for any Encumbrances on Purchased Assets related to Seller Indebtedness and otherwise cause all of the conditions set forth in Section 1.5 (including the conditions set forth in clauses (i) through (iii) of Section 1.5(a) and the Bond Release) to be satisfied, as soon as possible after the Closing and no later than April 30, 2014. Additionally, the Seller shall obtain effective Release Letters of the transferred Real Property from any Encumbrance or obligation related to the lease between the Seller and Poplar Bluff, Missouri, Building Corporation and the site lease between the Poplar Bluff, Missouri,

Building Corporation as soon as possible after the Closing and no later than April, 30, 2014. In the event that any such conditions are not satisfied by April 30, 2014 (including if any Encumbrances on any Purchased Assets (including Real Property) remain outstanding after such date, other than Permitted Encumbrances not related to Seller Indebtedness and not related to the Series Bonds), then after April 30, 2014, such covenant of the Seller to obtain Release Letters and the Bond Release shall continue until satisfied, and Purchaser, in its sole discretion, may use the Holdback Payment or any other funds to repay any Seller Indebtedness on behalf of Seller to secure the release of Encumbrances on Purchased Assets, including by paying any such amounts into an escrow account on terms and conditions similar to those set forth in Section 1.5(a) with respect to the Defeasance Escrow. Purchaser may, in its sole discretion, also make any such payments prior to April 30, 2014, at the direction of Seller or in cooperation with Seller. To the extent Purchaser makes any payments or incurs any expenses under this Section 6.26, Purchaser shall deduct such amounts from the Holdback Payment, or to the extent the Holdback Payment is insufficient or already released, Seller shall promptly reimburse Purchaser for any such amounts. Seller shall cooperate with any Purchaser payments made under this Section 6.26, including by continuing to seek the release of Encumbrances in connection with such payments and authorizing such payments to be made on behalf of Seller. Prior to the Bond Release, Seller shall not agree to any amendment or take any other action (including allowing the substitution of securities) in connection with the Seller Indebtedness (including under the Defeasance Escrow or any similar escrow account) without consent of the Purchaser, except to the extent required by federal Law.

ARTICLE VII INDEMNIFICATION

7.1 Survival or Representations, Warranties and Covenants; Other Indemnification Matters.

(a) Except as to (i) (A) the representations and warranties of the Seller set forth in Sections 3.1 (Organization and Qualification); 3.2 (Authority; Enforceability), 3.11(a) (Assets), and 3.24 (No Brokers or Finders) and (B) the representations and warranties of the Purchaser set forth in Sections 4.1 (Organization), 4.2 (Authority; Enforceability), and 4.4 (No Brokers or Finders) all of which shall survive the Closing and remain in effect indefinitely; (ii) the Compliance Representations, which shall remain in effect until thirty (30) days after the expiration of the applicable statute of limitations (the representations and warranties described in the foregoing clauses (i) and (ii) being, the “***Fundamental Representations***”); and (iii) fraud or willful misrepresentation by Seller or the Purchaser, which shall survive the closing indefinitely, the representations and warranties of the Seller and the Purchaser contained in this Agreement, any Ancillary Agreement or any other certificate or other document delivered in connection herewith or therewith shall survive the Closing until the date that is 24 months after the Closing Date. Notwithstanding any implication to the contrary contained in this Agreement, so long as the Purchaser delivers written notice of a claim to the Seller no later than the applicable survival date, the Seller shall be required to indemnify the Purchaser Indemnified Parties for all Indemnifiable Losses (subject to the Deductible and the Cap Amount) which the Purchaser Indemnified Parties may incur in respect of the matters which are the subject of such claim, regardless of when incurred.

(b) Unless a specified period is set forth in this Agreement (in which event such specified period will control), the covenants in this Agreement will survive the Closing and remain in effect until sixty (60) days past any statute of limitations applicable to such Claim (as it may be extended).

(c) Each of the representations and warranties that contains any “**Material Adverse Effect**,” “in all material respects,” or other materiality (or correlative meaning) qualifications shall be deemed to have been given as though there were no “**Material Adverse Effect**,” “in all material respects,” or other materiality (or correlative meaning) qualifications for purposes of determining both (i) the amount of Indemnifiable Losses under this Article VII and (ii) the accuracy of any representation or warranty; provided, however, that uses of such qualifications shall be fully effective as set forth in Section 3.7(a), the first sentence of Section 3.9 and Section 3.13.

(d) For purposes of this Agreement, (i) “**Indemnity Payment**” means any amount of Indemnifiable Losses required to be paid pursuant to this Agreement, (ii) “**Indemnitee**” means any Person entitled to indemnification under this Agreement, (iii) “**Indemnifying Party**” means any Person required to provide indemnification under this Agreement, (iv) “**Indemnifiable Losses**” means any and all damages, diminutions in value, losses, Liabilities, costs and expenses, and any and all Claims (by any Person, including any Governmental Authority), including the costs and expenses of any and all Claims, judgments, settlements and compromises relating thereto and including reasonable attorneys’ fees and expenses in connection therewith, and (v) “**Third Party Claim**” means any Claim made or brought by any Person who or which is not a party to this Agreement or an Affiliate of a party to this Agreement.

(e) Notwithstanding anything to the contrary in this Article VII, no party will be liable or otherwise responsible to the other party for, and the term “**Indemnifiable Losses**” will exclude, punitive damages, except for punitive damages that arise from or relate to a Third Party Claim.

(f) After the Closing, for all purposes of this Agreement, Indemnifiable Losses shall be reduced by any insurance or other recoveries actually received by the Indemnitee or its Affiliates in connection with the facts giving rise to the right of indemnification (reduced by any costs of recovery reasonably incurred, retroactive premium increase and further reduced by the net present value of any other premium increase resulting therefrom, in each instance solely to the extent attributable to the event(s) giving rise to such Indemnifiable Losses) by such Indemnitee solely to the extent such costs are not already incorporated in such Indemnitee’s Indemnifiable Losses. After the Closing, the Purchase shall use commercially reasonable efforts consistent with the ordinary course of business to seek full recovery under all insurance policies covering any Loss to the same extent as it would if such Loss were not subject to indemnification hereunder.

7.2 Limitations on Indemnification.

(a) The parties will, to the extent permitted by Law, treat any indemnification payment under this Article VII as an adjustment to the Purchase Price on all Tax Returns.

(b) Subject to Section 7.2(d), neither the Seller nor the Purchaser shall have Liability under or in connection with this Agreement for Indemnifiable Losses pursuant to Section 7.3(a)(i) or Section 7.3(b)(i) in excess of an aggregate amount equal to \$1,750,000 (the “*Cap Amount*”).

(c) No Indemnitee will be entitled to recover Indemnifiable Losses from an Indemnifying Party in respect of any breach of a representation or warranty under Section 7.3(a)(i) or Section 7.3(b)(i) unless and until the aggregate amount of Indemnifiable Losses in respect of breaches of representations and warranties asserted for Indemnifiable Losses under Section 7.3(a)(i) or Section 7.3(b)(i), as applicable, exceeds \$100,000 (the “*Deductible*”), in which event the Indemnitee will be entitled to recover Indemnifiable Losses in respect of breaches of representations and warranties asserted for Indemnifiable Losses under Section 7.3(a)(i) or Section 7.3(b)(i), as applicable, from an Indemnifying Party for all Indemnifiable Losses under Section 7.3(a)(i) or Section 7.3(b)(i), as applicable, in excess of the Deductible.

(d) Anything to the contrary herein notwithstanding, the limitations set forth in Section 7.2(b) and Section 7.2(c) shall not apply to Indemnifiable Losses related to indemnification Claims under Section 7.3(a)(i), Section 7.3(a)(ii) or Section 7.3(b)(i) arising out of, relating to or incurred as a result of fraud, intentional misrepresentation or willful misconduct.

7.3 Indemnification.

(a) Subject to Sections 7.1 and 7.2, from and after the Closing the Seller agrees to indemnify, defend and hold harmless the Purchaser and its Affiliates and their respective directors, managers, officers, members, stockholders, employees, agents and representatives (each a “*Purchaser Indemnified Party*”) from and against any and all Indemnifiable Losses relating to, resulting from or arising out of:

(i) any breach of any representation or warranty, other than the Fundamental Representations, of Seller in Article III of this Agreement, under any Ancillary Agreement or under any certificate or other document delivered pursuant hereto;

(ii) any breach of any Fundamental Representation of Seller in Article III of this Agreement or under any certificate or other document delivered pursuant hereto;

(iii) any breach or nonfulfillment of any agreement or covenant of Seller under the terms of this Agreement or any Ancillary Agreement;

(iv) any Indebtedness of the Seller (including the Series Bonds) or any Encumbrances related thereto;

(v) the Defeasance Escrow or any similar escrow account;

(vi) any of the Excluded Liabilities or Excluded Assets; and

(vii) any matter described on Schedule 7.3(a) hereto.

(b) Subject to Sections 7.1 and 7.2, from and after the Closing the Purchaser agrees to indemnify, defend and hold harmless the Seller, and its officers, employees, agents or representatives from and against any and all Indemnifiable Losses relating to, resulting from or arising out of:

(i) any breach of representation or warranty of the Purchaser under Article IV this Agreement, under any Ancillary Agreement or under any certificate or other document delivered pursuant hereto;

(ii) any breach or nonfulfillment of any agreement or covenant of the Purchaser under the terms of this Agreement or any Ancillary Agreement; and

(iii) the failure to pay, perform, discharge or satisfy the Assumed Liabilities.

(c) Following a final determination of any applicable amount that the Seller shall be obligated to indemnify pursuant to Section 7.3(a), if Purchaser has not already deducted such amount from the Holdback Payment (which Purchaser is permitted to do, in its sole discretion, under Section 1.5(b)) the Seller and the Purchaser shall promptly execute joint written instructions to the Escrow Agent directing the Escrow Agent to make payment to the applicable Indemnatee such amount in satisfaction of such obligations until the Escrow Amount has been depleted or released. Thereafter, to the extent such obligation to indemnify shall exceed the Escrow Amount, the Seller shall promptly pay to the applicable Indemnatee any remainder of such amount not satisfied by distributions from the Escrow Amount.

7.4 Defense of Claims.

(a) If any Indemnatee receives notice of assertion or commencement of any Third Party Claim against such Indemnatee with respect to which an Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnatee will give such Indemnifying Party reasonably prompt written notice thereof. Such notice will describe the Third Party Claim and will indicate the estimated amount, if reasonably practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnatee. The Indemnifying Party, by giving written notice to the Indemnatee, will have the right to assume the defense of any Third Party Claim at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel; provided that, as a condition precedent to the Indemnifying Party's right to assume control of such defense, it must first agree in writing to be fully responsible for all Indemnifiable Losses relating to such claims and to provide full indemnification to the Indemnatee for all Indemnifiable Losses relating to such claim (after application of the limitations set forth in Section 7.2); and provided further that the Indemnifying Party shall not have the right to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnatee, if the claim which the Indemnifying Party seeks to assume control (A) involves a claim which the Indemnatee reasonably believes would be detrimental to or injure the Indemnatee's reputation, customer or supplier relations or future business prospects, (B) seeks non-monetary relief (except where non-monetary relief is merely incidental to a primary

claim or claims for monetary damages), (C) involves criminal allegations, (D) involves a claim which, upon petition by the Indemnitee, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend, (E) involves a matter for which, taking into account the limitations set forth in Section 7.2, the Indemnitee will be responsible for more than half the amount of such claim (assuming the third party is successful) or (F) involves a matter listed in the Schedules hereto (collectively, the “*Defense Conditions*”). The Indemnifying Party shall from time to time apprise the Indemnitee of the status of the Third Party Claim and shall furnish the Indemnitee with such documents and information filed or delivered in connection with such Claim, Liability or expense as the Indemnitee may reasonably request.

(b) If, within ten (10) calendar days after giving notice of a Third Party Claim to an Indemnifying Party pursuant to Section 7.4(a), an Indemnitee receives written notice from the Indemnifying Party that the Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in the second to last sentence of Section 7.4(a) and the Defense Conditions are satisfied, then the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) calendar days after receiving written notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps, if the Indemnifying Party has not undertaken fully to indemnify the Indemnitee in respect of all Indemnifiable Losses relating to the matter or if clause (ii) of the Defense Conditions ceases to be satisfied for any reason, then the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses paid or incurred in connection therewith, and the Indemnitee shall have the right to compromise or settle such Third Party Claim with the consent of the Indemnifying Party (which consent shall not be unreasonably withheld). Notwithstanding anything herein stated, the Indemnitee shall at all times have the right to fully participate in such defense at its own expense directly or through counsel reasonably acceptable to Indemnifying Party; provided, however, that the fees and expenses of such separate counsel shall be borne by the Indemnifying Party if (i) the Indemnifying Party has failed to assume the defense within the period provided herein, (ii) there exists a legal conflict between the interests of the Indemnifying Party and the Indemnitee, (iii) a defense exists for the Indemnitee that is not available to the Indemnifying Party, or (iv) the employment of such counsel at the expense of the Indemnifying Party has been specifically authorized by the Indemnifying Party in writing.

(c) A failure to give timely notice or to include any specified information in any notice as provided in Sections 7.4(a) or 7.4(b) will not affect the rights or obligations of any party hereunder except, and only to the extent that, as a result of such failure, any party that was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially damaged as a result of such failure.

(d) The Indemnifying Party will have a period of fifteen (15) calendar days within which to respond in writing to any written notice of a Claim by an Indemnitee on account of an Indemnifiable Loss that does not result from a Third Party Claim (a “*Direct Claim*”). Notice of a Direct Claim will describe the Claim and will indicate the estimated amount, if reasonably practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. If the Indemnifying Party does not so respond within such fifteen (15) calendar day

period, then the Indemnifying Party will be deemed to have accepted such Claim, in which event the Indemnitee will be free to pursue such remedies as may be available to the Indemnitee on the terms and subject to the provisions of this Article VII.

7.5 Exclusive Remedy.

(a) From and after the Closing Date, except as otherwise expressly provided in this Agreement, as between the Seller and the Purchaser, the parties agree that except for Claims for criminal conduct, fraud or willful misconduct and subject to the rights of the parties to seek specific performance of covenants or an injunction to prevent a violation thereof (including as contemplated by Sections 6.24 and 9.13), the rights and remedies of the parties under this Article VII shall be the sole and exclusive rights and remedies of the parties, as between the Seller and the Purchaser, with respect to any matters arising out of or relating to this Agreement resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement.

ARTICLE VIII TERMINATION

8.1 Termination.

Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of the Seller and the Purchaser hereto;
- (b) by either the Seller or the Purchaser if there shall have been entered a final, non-appealable Order of any Governmental Authority restraining, enjoining, delaying or otherwise prohibiting the consummation of the transactions contemplated hereby or any material part thereof; provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to a party if such Order was primarily due to the failure of such party to perform any of its obligations under this Agreement;
- (c) by the Purchaser if, prior to the Closing Date, Seller is in material breach of any of its respective representations, warranties, covenants or agreements herein and such breach shall not be cured within thirty (30) days of the date of notice of breach served by the Purchaser;
- (d) by the Seller, if prior to the Closing Date, the Purchaser is in material breach of any of its respective representations, warranties, covenants or agreements herein and such breach shall not be cured within thirty (30) days of the date of notice of breach served by the Seller;
- (e) by either the Purchaser or the Seller, if the Closing shall not have occurred on or before June 30, 2014 (the “*Designated Date*”); provided, that the right to terminate this Agreement under this Section 8.1(e) shall not be available until 30 days following the Designated Date to any party whose failure to fulfill any material obligation under this

Agreement has been the primary cause of or resulted in the failure of the Closing to occur on or prior to the Designated Date; or

(f) by the Purchaser at any time prior to the Closing in the event that the Seller provides a notice or update to the Disclosure Schedules pursuant to Section 6.4(b) that contains information that (i) would have the effect of causing the conditions in Section 5.1(a) or (b) not to be satisfied, and such condition is not curable or, if curable, is not cured within thirty (30) days of the date of notice of such condition is given by the Purchaser to the Seller, or (ii) shall have occurred or shall exist any events or circumstances which have had, or which would reasonably be expected to have, a Material Adverse Effect.

8.2 Procedure upon Termination.

In the event of a termination by the Purchaser or the Seller, or both, pursuant to Section 8.1, written notice thereof shall be given to the other party or parties.

8.3 Effect of Termination.

If this Agreement is validly terminated pursuant to this Article VIII then this Agreement will forthwith become null and void, except that the provisions of Article IX and this Section 8.3 (and any associated definitions) will continue to apply following any such termination. Notwithstanding the foregoing, subject to any limitations on liability provided for in this Agreement, in no event shall termination of this Agreement relieve any party of any liability for breaches of this Agreement prior to the date of termination or limit the rights of the terminating party to pursue all legal remedies.

ARTICLE IX GENERAL PROVISIONS

9.1 Expenses.

Except as otherwise expressly provided herein or therein, all costs and expenses incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses.

9.2 Amendment.

This Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the Seller and the Purchaser.

9.3 Choice of Law; Venue.

This Agreement shall be governed by and construed in accordance with the Laws of the State of Missouri, without regard to any choice of laws principles. Any dispute arising from or relating to the Agreement shall be resolved exclusively by any state or federal court of competent jurisdiction located in St. Louis, Missouri (the "***Chosen Court***"). The parties hereby irrevocably consent to venue and personal jurisdiction in any such court. The parties agree that no action arising from or relating to this Agreement shall be filed in or transferred to any court that is not

the Chosen Court and each party (i) irrevocably submits to the exclusive jurisdiction of the Chosen Court, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Court, (iii) waives any objection that the Chosen Court is an inconvenient forum or do not have jurisdiction over any party, and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 9.5.

9.4 Waiver.

Any term or provision of this Agreement may be waived in writing at any time by the Seller or the Purchaser as such waiver relates to a benefit under this Agreement. Any waiver effected pursuant to this Section 9.4 shall be binding. No failure to exercise and no delay in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude the exercise of any other right, power or privilege. No waiver of any breach of any covenant or agreement hereunder shall be deemed a waiver of a preceding or subsequent breach of the same or any other covenant or agreement.

9.5 Notices.

All notices, requests and other communications hereunder will be deemed to have been duly given only if delivered personally or by an established express delivery company such as UPS or Federal Express or mailed (U.S. certified mail postage prepaid) to the parties at the following addresses or facsimile numbers:

If to the Purchaser:

c/o Telecommunications Management, LLC
8500 W. 110th Street, Suite 600
Overland Park, Kansas 66210
Attention: Phillip Spencer
Fax: (913) 563-5454

and with a copy to (which shall not constitute notice):

GTCR Management LLC
300 North LaSalle Street
Chicago, Illinois 60654
Attention: Philip Canfield
Mark Anderson
Stephen Jeschke
Fax: (312) 382-2201

and

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60654
Attention: Stephen L. Ritchie, P.C.
Mark A. Fennell, P.C.

Fax: (312) 862-2200

If to the Seller:

City of Poplar Bluff
101 Oak Street
Poplar Bluff, Missouri 63901
Attn: Doug Bagby, City Manager

and with a copy to (which shall not constitute notice):

Duncan & Pierce
1900 Northwood Drive
Poplar Bluff, Missouri 63901
Attn: Wallace J. Duncan, City Attorney
Fax: (573) 758-6510

All such notices, requests and other communications will (i) if delivered personally or by express delivery to the address as provided in this Section 9.5, be deemed given upon delivery and (ii) if delivered by mail in the manner described above to the address as provided in this Section 9.5, be deemed given upon actual receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section 9.5). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

9.6 Counterparts.

This Agreement may be executed and delivered by facsimile or email transmission of a portable document format (.pdf) copy and any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

9.7 Entire Agreement.

The terms of this Agreement (including the Exhibits and Schedules hereto) and other documents and instruments referenced herein are intended by the parties as a final expression of their agreement with respect to the subject matter hereof and thereof and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding, if any, involving this Agreement.

9.8 No Third-Party Rights.

Except for Persons entitled to indemnification under Article VII, the parties do not intend to confer any benefit hereunder to any employee or Transferred Employee (whether pursuant to Section 6.12 or otherwise) or any other Person other than the parties signatory hereto.

9.9 Titles and Headings.

Titles and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

9.10 Assignment.

This Agreement and the rights, duties and obligations hereunder may not be assigned by any of the parties without the prior written consent of the other parties, and any attempted assignment without consent shall be void. Notwithstanding the foregoing, upon notice to the Seller, the Purchaser may assign any or all of its rights and obligations under this Agreement (i) to any Affiliate of the Purchaser, (ii) any buyer of all or substantially all of the business and assets of the Purchaser (whether by merger, asset purchase, equity purchase or otherwise) or (iii) any lender to or other financing source for the Purchaser as security for indebtedness to any such Person.

9.11 Successors and Assigns.

Subject to Section 9.12, this Agreement and the provisions hereof shall be binding upon each of the parties, their permitted successors and assigns.

9.12 Invalid Provisions.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, then (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance here from and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.13 Specific Performance and Other Remedies.

Each party agrees that irreparable damage would occur to the other party in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the non-breaching party shall be entitled, without posting a bond or similar indemnity, to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of competent jurisdiction, this being in addition to any other remedy to which it is entitled at law or in equity. Each party agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when available pursuant to the terms of this Agreement on the basis that the non-breaching party has an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or equity. In the event of any conflict between the provisions of this Section 9.13 and Sections 6.24, the provisions of Sections 6.24 shall prevail.

9.14 Certain Interpretive Matters and Definitions.

(a) Unless the context otherwise requires, (i) all references to Sections, Articles or Schedules are to Sections, Articles or Schedules of or to this Agreement, (ii) each term defined in this Agreement has the meaning assigned to it, (iii) “or” is disjunctive but not necessarily exclusive, (iv) words in the singular include the plural and vice versa, (v) words of any gender include each other gender; the terms “*hereof*,” “*herein*,” “*hereby*” and derivative or similar words refer to this entire Agreement, (vi) all references to “\$” or dollar amounts will be to lawful currency of the United States of America (vii) “including” is used to introduce illustrations, not restrictions, and (viii) the phrases “made available to the Purchaser,” “delivered to the Purchaser” or “furnished to the Purchaser” or similar phrases as used in this Agreement will mean that copies of the subject documents were (i) either actually delivered to the Purchaser or its representatives, or (ii) posted to the data room at **Login URL: <https://projectblackriver.securevdr.com/>** prior to, and remain accessible to the Purchaser and its applicable representatives on, the date that is two days prior to the date of this Agreement.

(b) As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

“**2014 CapEx Budget**” means Capital Expenditures budgeted by the Seller for the System in the Seller’s 2014 capital budget, a copy of which is attached hereto as Schedule 3.9(g).

“**Accounts Receivable**” means all accounts or notes receivable held by the Seller, and any security, claim, remedy or other right related thereto.

“**Acquisition Proposal**” has the meaning set forth in Section 6.7.

“**Active Customer**” means a unique individual or business subscriber who is currently receiving and paying for the applicable service from the System, but excluding (i) any subscriber who is more than 60 days past due in the payment of any amount in excess of \$10 payable to the System, (ii) any subscriber who has not paid at least one full month’s payment for such applicable service (after application of promotions or discounts set forth on Schedule 6.2(i) or that have substantially the same economic impact as the promotions and discounts set forth on Schedule 6.2(i) or as otherwise approved in writing by the Purchaser) and (iii) any subscriber, with respect to a service, which service is pending disconnection for any reason; provided, that the number of customers who would be excluded from the calculation of Active Customers solely on account of having a disconnect from the applicable service pending shall be reduced by the number of pending connections to such applicable service the subscribers of which will pay, following such pending connection, one full month’s payment for such applicable service (after application of promotions or discounts set forth on Schedule 6.2(i) or that have substantially the same economic impact as the promotions and discounts set forth on Schedule 6.2(i) or as otherwise approved in writing by the Purchaser).

“**Affiliate**” of a Person shall mean any Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. When used in connection with any Person who is an individual, “Affiliate” shall include any member of such Person’s family, whether by birth or marriage, within two generations.

“**Agreement**” has the meaning set forth in the preamble hereto.

“**Ancillary Agreements**” shall mean, collectively, the Bills of Sale, the Assumption Agreement, the Escrow Agreement, the Deeds, the Transition Services Agreement and the other agreements, instruments and documents required to be delivered at the Closing.

“**Assumed Liabilities**” has the meaning set forth in Section 1.3.

“**Assumption Agreement**” has the meaning set forth in Section 5.1(k).

“**Basic Services**” means the lowest tier of cable television programming sold to Subscribers of the System as a package (i.e. the tier to which all Subscribers are required to subscribe), including broadcast and satellite service programming for which a Subscriber pays a fixed monthly fee, but not including Pay TV, Expanded Basic Services, premium services, any new product tier, or High Speed Internet Services.

“**Basic Subscribers**” means, as of any date and for each System, without duplication, all Active Customers of Basic Services of such System who are individually billed for Basic Services.

“**Bills of Sale**” has the meaning set forth in Section 5.1(j).

“**Books and Records**” has the meaning set forth in Section 1.1(d).

“**Business**” has the meaning set forth in the recitals hereto.

“**Business Day**” means any day other than Saturday and Sunday and each other day on which banks located in Chicago, Illinois are not required or authorized by Law to remain closed.

“**Business Intellectual Property**” has the meaning set forth in Section 3.19(b).

“**Business Employee**” has the meaning set forth in Section 3.21(a).

“**Cable Act**” means Title VI of the Communications Act, the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992 and the provisions of the Telecommunications Act of 1996 amending Title VI of the Communications Act, in each case as amended and in effect from time to time.

“**Cable Subscribers**” means, without duplication, all Basic Subscribers and EBUs other than HSI EBUs.

“**Cap Amount**” has the meaning set forth in Section 7.2(b).

“**Capital Expenditures**” means any capital expenditures of the Seller, including for fiber interconnects, System upgrade projects currently in process or planned by the Seller, customer premise equipment and Equipment but excluding any expenditures for repair or replacement of property or Equipment damaged or destroyed by casualty, theft or loss.

“**Card Association Rules**” has the meaning set forth in Section 3.19.

“**Chosen Court**” has the meaning set forth in Section 9.3.

“**Claim**” and “**Claims**” shall mean all demands, claims, suits, arbitrations, investigations, actions or causes of action, assessments, complaints, directives, citations, information requests issued by any Government Authority, proceedings, orders, notices of potential responsibility, losses, damages, liabilities, sanctions, costs and expenses, including interest, penalties and attorneys’ and experts’ fees and disbursements.

“**Closing**” has the meaning set forth in Section 2.1.

“**Closing Date**” has the meaning set forth in Section 2.1.

“**COBRA**” means Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and any applicable similar state Laws.

“**Code**” has the meaning set forth in Section 1.7.

“**Collective Bargaining Agreement**” has the meaning set forth in Section 3.21(c).

“**Communications Act**” means the Communications Act of 1934, as amended, 47 U.S.C. 151 et seq., including amendments by the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, and as may be further amended, and the rules and regulations and published decisions and policies of the FCC thereunder, as in effect from time to time.

“**Competitive Activity**” has the meaning set forth in Section 6.19(b).

“**Compliance Representations**” means the representations and warranties in Section 3.12 (Taxes), 3.15 (Employee Benefits), and 3.16 (Environmental Compliance).

“**Contract(s)**” shall mean all contracts, agreements, indentures, licenses, Permits, leases, commitments, instruments, arrangements, sales orders and purchase orders of every kind, whether written or oral, including any amendments or modifications thereto, including any personal property leases, real property leases, vehicle leases, subscription agreements and multiple dwelling, bulk billing or commercial services agreements relating to the System, maintenance agreements, programming agreements, retransmission consent agreements, pole attachment agreements, conduit agreements, crossing agreements and advertising sales contracts.

“**Current Assets**” shall mean the following current assets with respect to the Business: (A) Accounts Receivable, (B) all prepaid expenses and credits (including prepaid real and personal property Taxes), copyright fees, FCC regulatory fees, and Franchise or License fees or charges of the Business, (C) all deposits relating to the Business and operations of the System that are held by third parties as of the Closing for the account of the Seller and that relate to the System or as security for Seller’s performance of its obligations, including deposits on leases and deposits for utilities, and (D) any other current asset that is primarily used in, allocated to, or generated from the operation of, the Business or any or all of the System, in each case, as determined in accordance with GAAP or otherwise.

“Current Liabilities” shall mean the following current liabilities with respect to the Business: (A) all advance payments to, or funds of third parties on deposit with, the Seller as of the Closing and relating to the Business, including advance payments and deposits (including any accrued interest on such deposits) by Subscribers served by the Business for converters, encoders, decoders, cable television service and related sales, (B) pole rent and property taxes related to the Business, if applicable, (C) all accrued and unused vacation leave, sick leave and and paid time off for Business Employees, (D) any liabilities of the Seller arising under the Transferred Contracts or the Permits for time periods prior to Closing, including all deferred revenue related to the Business prior to the Closing Date for services to be rendered by the Purchaser or the System to third parties after the Closing Date (including payments for advertising), and (E) all other current liabilities related to the Business, in each case, as determined in accordance with GAAP or otherwise.

“Deductible” has the meaning set forth in Section 7.2(c).

“Deeds” has the meaning set forth in Section 5.1(l).

“Defense Conditions” has the meaning set forth in Section 7.4(a).

“Designated Date” has the meaning set forth in Section 8.1(e).

“Digital Services” means an optional tier of digital video services offered by the System to its customers.

“Direct Claim” has the meaning set forth in Section 7.4(d).

“Disclosure Schedules” means all of the schedules referenced in this Agreement as “Disclosure Schedules,” including all schedules contemplated in Article III.

“Easement Property” has the meaning set forth in Section 6.10.

“Easements” has the meaning set forth in Section 3.10(d).

“EBUs” (or Equivalent Basic Units) means, as of any date and for the System, without duplication, the sum of (a) the number derived by dividing (i) the total monthly billings for sales of Basic Services by the System during the most recent month ended prior to the date of calculation to commercial bulk billed Active Customers of the System that do not take Expanded Basic Services and other such Active Customer accounts not billed by individual units, whether on a discounted or undiscounted basis (but excluding billings in excess of a single month’s charges for any account), by (ii) the standard monthly rate (without discount of any kind) charged by the System to single family households for Basic Services sold by the System then in effect; plus (b) the number derived by dividing (i) the total monthly billings for sales of Basic Services plus Expanded Basic Services by the System during the most recent month ended prior to the date of calculation to commercial bulk billed Active Customers that take Expanded Basic Services and other such Active Customer accounts not billed by individual units, whether on a discounted or undiscounted basis (but excluding billings in excess of a single month’s charges for any account), by (ii) the standard monthly rate (without discount of any kind) charged by the System to single family households for Basic Services plus Expanded Basic Services sold by the

System then in effect; plus (c) the number derived by dividing (i) the total monthly billings for sales of High Speed Internet Services by the System during the most recent month ended prior to the date of calculation to commercial bulk billed Active Customers of the System and other such Active Customer accounts not billed by individual units, whether on a discounted or undiscounted basis (but excluding billings in excess of a single month's charges for any account), by (ii) the HSI Standard Monthly Rate (such number as calculated in this clause (c), the "**HSI EBUs**"). For purposes of the foregoing, excluded are that portion of the billings to each bulk billed account representing an installation or other non-recurring charge, a charge for equipment or for any additional outlet, a charge for any tiered service (whether or not included within Pay TV), Digital Services, or a pass-through charge for sales Taxes, line-itemized franchise fees and similar charges.

"Employee Benefit Plan" means any "employee benefit plan" (as defined in Section 3(3) of ERISA), stock option, equity or equity-based, incentive, stock purchase, change in control, retention, deferred compensation, bonus, vacation, paid time off, group insurance, fringe benefit, employment, separation, severance, and each other benefit or compensation plan, program, policy, contract, agreement or arrangement maintained, sponsored, contributed to (or required to be contributed to) by Seller, or with respect to which Seller has any Liability.

"Encumbrance" shall mean any security interest, lien, mortgage, charge, pledge, equitable interest, escrow, right of first refusal, sublease, option, license or encumbrance of any nature and in the case of securities any put, call or similar right of a third party with respect to such asset.

"Environmental Laws" shall mean any Laws, Permits, Orders or Contracts relating to public health and safety, worker health and safety, or pollution or protection of the environment (including the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Mine Safety and Health Act, counterpart Laws adopted by any State or local government, and any amendments thereto).

"Equipment" means electronic devices, trunk and distribution coaxial and optical fiber cable, amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, Subscriber devices (including converters, encoders, transformers behind television sets and fittings), Headend hardware (including origination, earth stations, transmission and distribution systems), test equipment, towers, tower equipment and microwave equipment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" shall mean Wilmington Trust, National Association.

"Escrow Agreement" shall mean the escrow agreement substantially in the form attached hereto as Exhibit A.

"Escrow Amount" has the meaning set forth in Section 1.6.

“Escrow Funds” has the meaning set forth in Section 1.6.

“Excluded Assets” has the meaning set forth in Section 1.2.

“Excluded Liabilities” has the meaning set forth in Section 1.4.

“Expanded Basic Services” means an optional tier of video services offered by the System to its customers other than Basic Services, but not including a la carte tiers, premium services, Pay TV, and High Speed Internet Services.

“FCC” means the Federal Communications Commission.

“Fee Property” has the meaning set forth in Section 6.10.

“Final Order” means an action or decision of a Governmental Authority as to which (a) no request for a stay or similar request is pending, no stay is in effect, the action or decision has not been vacated, reversed, set aside, annulled or suspended and any deadline for filing such request that may be designated by statute or regulation has passed, (b) no petition for rehearing or reconsideration or application for review is pending and the time for the filing of any such petition or application has passed, (c) the Governmental Authority does not have the action or decision under reconsideration on its own motion and the time within which it may effect such reconsideration has passed, and (d) no appeal is pending including other administrative or judicial review, or in effect and any deadline for filing any such appeal that may be designated by statute or rule has passed.

“Financial Statements” has the meaning set forth in Section 3.7(a).

“Franchise” means each franchise (as such term is defined in the Communications Act), and any renewal thereof, including the franchise agreements, operating permits and similar governing agreements, instruments, approvals, authorizations, acknowledgements and similar rights, granted by a Governmental Authority authorizing the construction, installation, upgrade, maintenance and operation of any part of the System.

“Fundamental Representations” has the meaning set forth in Section 7.1(a).

“GAAP” shall mean United States generally accepted accounting principles, consistently applied.

“Governmental Authority” shall mean any agency, public or regulatory authority, instrumentality, department, commission, court, ministry, tribunal or board of any government, whether foreign or domestic and whether national, federal, provincial, state, regional, local or municipal.

“Hazardous Substances” shall mean any substance, waste, or material which is regulated by or may give rise to standards of conduct or liability pursuant to Environmental Laws, including petroleum.

“Headend” means the facility that originates, transmits and facilitates two way cable communications and internet-enabled services to Subscribers, including any computer systems, networks, Equipment, antennae, cables, wireless communications, satellite communications, etc.

“High Speed Internet Services” means Internet access and backbone connectivity services offered by the System to their customers through a cable modem and cable modem termination system, including residential and commercial high speed internet, fiber and WAN services.

“Holdback Payment” has the meaning set forth in Section 1.5.

“Homes Passed” shall mean each home or dwelling unit, including each single-family home, individual dwelling unit within a multi-family complex or commercial establishment, that can be connected to a System without the need of further extending the distribution plant.

“HSI Subscribers” means, as of any date and for the System, without duplication, all Active Customers of High Speed Internet Services of the System who are individually billed for High Speed Internet Services plus the HSI EBUs.

“HSI Standard Monthly Rate” means the standard monthly rate (without discount of any kind) charged by the System to single family households for High Speed Internet Services sold by the System.

“Indebtedness” shall mean, with respect to Seller, (i) the principal of and, accreted value and accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of, consent fees, breakage costs or other costs incurred in connection with the repayment or assumption of, (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of assets or property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade account payables and other accrued current liabilities); (iii) bonds or letters of credit that have been drawn upon but have not yet been repaid, (iv) any capital lease obligations and (v) all obligations of the type referred to in clauses (i) through (iv) of any Persons the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (iv) of other Persons secured by any Encumbrance on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Indemnifiable Losses” has the meaning set forth in Section 7.1(d).

“Indemnifying Party” has the meaning set forth in Section 7.1(d).

“Indemnitee” has the meaning set forth in Section 7.1(d).

“Indemnity Payment” has the meaning set forth in Section 7.1(d).

“Intellectual Property” means any or all of the following throughout the world: (a) any computer program, operating system, applications system, firmware or software of any nature (including object code and source code); (b) names, corporate names, Internet domain names, fictitious names, trademarks, service marks, trade names, brand names, product names, trade dress, business names, designs, logos, slogans, and all other designations of origin and rights therein, including all translations, adaptations, derivations and combinations thereof and together with all registrations, applications for registration and renewals in connection therewith and all goodwill associated with any of the foregoing; (c) inventions (whether or not patentable or reduced to practice), invention disclosures, improvements, trade secrets, confidential or proprietary information, know-how, product rights, technology, technical data and product specifications, models, algorithms, tools, processes, methodologies, methods, and confidential information (including customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), and all documentation relating to any of the foregoing; (d) patents and patent applications, and all reissues, divisions, renewals, extensions, provisionals, continuations, continuations-in-part and reexaminations thereof; (e) works of authorship (whether or not copyrightable), and copyrights, and all registrations, applications and renewals in connection therewith, and all other rights corresponding thereto; (f) websites, and all designs related thereto; (g) data, databases and data collections and all rights therein; (h) moral and economic rights, however denominated, and rights of privacy and publicity, including rights to the use of names, likenesses, images, voices, signatures and biographical information of real persons; (i) all other intellectual property and any similar, corresponding or equivalent rights; and (j) all applications, registrations, issuances, certificates, and associated proprietary rights, with respect to any of the foregoing (a) through (i).

“Knowledge” means (a) with respect to the “Knowledge” of the Seller, the actual knowledge of Allen Davis, Bill Bach and Dave Presely, after reasonable inquiry and investigation and (b) with respect to the “Knowledge” of the Purchaser, the actual knowledge of Rod Siemers, Phil Spencer and Ken Johnson after reasonable inquiry and investigation.

“Latest Balance Sheet” has the meaning set forth in Section 3.7(a).

“Laws” shall mean statutes, common laws, rules, ordinances, regulations, codes, licensing requirements, Orders, judgments, injunctions, decrees, licenses, Permits and bylaws of a Governmental Authority, including any Environmental Laws and any laws under the Communications Act.

“Lease” has the meaning set forth in Section 3.10(b).

“Leased Property” has the meaning set forth in Section 3.10(c).

“Liabilities” shall mean debts, liabilities, commitments, obligations, duties and responsibilities of any kind and description, whether absolute or contingent, monetary or non-monetary, direct or indirect, known or unknown or matured or unmatured, or of any other nature.

“License” means any license, permit or other authorization (other than a Franchise) issued by any Governmental Authority, including the FCC, used in the operation of the Business

and the System, including TV translator station licenses and microwave licenses, cable television relay services and television receive only earth station registrations, including all amendments thereto and renewals or modifications thereof.

“Litigation” shall mean any litigation, legal action, arbitration, proceeding, demand or Claim against, affecting or brought by or against Seller, any present or former officers, employees or independent contractors of Seller, that relates to the Business, System, operations, assets or liabilities of Seller, or that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the transactions contemplated by this Agreement and/or the Ancillary Agreements.

“Material Adverse Effect” shall mean any change, development or occurrence that has had or would reasonably be expected to have a material and adverse effect upon (A) the operations, Purchased Assets, Assumed Liabilities, condition (financial or otherwise) or results of operations of the Business and the System, taken as a whole, or (B) the ability of Seller to timely consummate the transactions contemplated hereby; provided, however, that no change, event, development or occurrence arising out of, or in connection with, or resulting from, any of the following shall be deemed by it or by themselves, either alone or in combination, a Material Adverse Effect: (i) general economic conditions or changes therein, except to the extent such conditions disproportionately affect the Business (relative to other participants in the cable television industry); (ii) financial market conditions or fluctuations, except to the extent such conditions or fluctuations disproportionately affect the Business (relative to other participants in the cable television industry); (iii) conditions affecting the cable television industry in general, including a material worsening of current conditions affecting the cable television industry generally caused by acts of terrorism or war (whether or not declared) occurring on or after the date hereof, except to the extent such conditions disproportionately affect the Business (relative to other participants in the cable television industry); (iv) changes in GAAP or other applicable accounting standards or the interpretations thereof; or (v) acts of God or other calamities, national or international political or social conditions in any of the countries in which the Business operates, including the engagement by any such country in hostilities, whether commenced before or after the date hereof, except to the extent such conditions or fluctuations disproportionately affect the Business (relative to other participants in the cable television industry).

“Material Contract” has the meaning set forth in Section 3.13.

“Monthly Financial Statements” has the meaning set forth in Section 6.13.

“Non-Assigned Assets” has the meaning set forth in Section 6.16.

“Objection Notice” has the meaning set forth in Section 6.10.

“Off-the-Shelf Software Licenses” means licenses in respect of commercially available, unmodified, “off-the-shelf” software used by Seller solely for its own internal use, for an aggregate fee, royalty or other consideration for any such software or group of related software licenses of no more than \$25,000.

“**Order**” shall mean any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“**Ordinary Course of Business**” shall mean the ordinary course of business of the Seller consistent with its past custom or practice, including with respect to quantity or frequency.

“**Organizational Documents**” shall mean the certificate or articles of incorporation or formation, bylaws, limited liability company agreement, partnership agreement, or relevant trust or constituent documents, or any other agreement or filing governing the rights and obligations of the holders of equity in, or beneficiaries of, such Person.

“**Owned Real Property**” means all Real Property, together with all buildings, structures, improvements and fixtures located thereon, owned by Seller and used primarily in the operation of the Business and the System.

“**Parties**” has the meaning set forth in the preamble hereto.

“**Pay TV**” means, for each System, premium programming services selected by and sold to Subscribers on an a la carte basis for monthly fees in addition to the fee for Basic Services or Expanded Basic Services.

“**Permits**” has the meaning set forth in Section 3.18(b).

“**Permitted Encumbrance**” shall mean (a) Encumbrances for Taxes not yet due and payable or that either (i) are not delinquent or (ii) are being contested in good faith and by appropriate proceedings, and for which adequate reserves (as determined in accordance with GAAP consistently applied) have been established on the Seller’s books with respect thereto, (b) Encumbrances imposed by Law, such as carriers’, warehousemen’s, materialmen’s and mechanics’ liens and other similar Encumbrances arising in the Ordinary Course of Business consistent with past practice for amounts not yet due or payable or that are being contested in good faith by appropriate proceedings and that are not material (as determined by the Purchaser in its sole and absolute discretion) to the value of any such Purchased Assets, (c) zoning, entitlement, building and other land use regulations imposed by Governmental Authorities having jurisdiction over Real Property included in the Purchased Assets which are not violated by the current use and operation thereof, (d) covenants, conditions, restrictions, easements and other matters affecting Real Property included in the Purchased Assets which do not impair the occupancy or use, value or marketability of such Real Property which they encumber, and (e) any and all matters and encumbrances (including fee mortgages and ground leases) affecting any Leased Property under a Lease included in the Purchased Assets, provided such matter or encumbrance is not created or granted by the Seller. For purposes of this definition, Seller acting in its capacity as the seller of the Purchased Assets shall not be deemed a Governmental Authority.

“**Person**” shall mean any natural person, corporation, trust, joint venture, association, company, firm, partnership or other entity or Governmental Authority.

“**Phase I Assessment**” has the meaning set forth in Section 6.10(b).

“**Plan**” has the meaning set forth in Section 3.12(b).

“**Prohibited Territory**” has the meaning set forth in Section 6.19(b).

“**Purchase Price**” has the meaning set forth in Section 1.5.

“**Purchased Assets**” has the meaning set forth in Section 1.1.

“**Purchaser**” has the meaning set forth in the preamble hereto.

“**Purchaser Indemnified Party**” has the meaning set forth in Section 7.3(a).

“**Real Property**” has the meaning set forth in Section 1.1(h).

“**Related Person**” means (A) each Person that serves as a council member, board member, manager, officer, executor or trustee of such specified Person (or in a similar capacity) or (B) any Person in which such specified Person holds a Material Interest;

For purposes of this definition, “**Material Interest**” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least 5% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 5% of the outstanding equity securities or equity interests in a Person.

“**Release Letters**” means, with respect to any Seller Indebtedness, all documentation necessary to obtain releases of all Encumbrances on Purchased Assets related to such Indebtedness, including appropriate Uniform Commercial Code termination statements and documents acceptable for recordation in the United States Patent and Trademark Office, the United States Copyright Office and any other similar domestic or foreign office, department or agency with respect to the release of all Encumbrances relating to any Intellectual Property that is part of the Purchased Assets, in each case for the benefit of and in form and substance reasonably satisfactory to the Purchaser and that authorize the Purchaser to make any related filings on behalf of the Seller or the holders of such Indebtedness. With respect to the Series 2005 Bonds, Series 2012 Bonds and Series 2009 Bonds, such Release Letters shall be substantially similar to the forms attached hereto as Exhibit G, with such modifications as are reasonably satisfactory to Purchaser.

“**Required Consents**” means any authorization, approval or consent of any Governmental Authority or other Person under any License, Contract or other instrument that by Law or by its terms requires a third party’s consent as a condition for Seller to transfer or assign such License, Contract or other instrument to the Purchaser or otherwise consummate the transactions contemplated by this Agreement and the Ancillary Agreements.

“**Restricted Cash**” has the meaning set forth in Section 1.1(i).

“**RGUs**” means the sum of the Cable Subscribers and HSI Subscribers for the System.

“**Seller**” has the meaning set forth in the preamble hereto.

“**Seller Divisions**” has the meaning set forth in Section 6.11(e).

“**Seller Group**” has the meaning set forth in Section 6.7.

“**Seller System**” means the computer systems (including the computer software, firmware and hardware), telecommunications, networks, peripherals, platforms, computer systems and other similar or related items of automated, computerized and/or software systems that, in each case, that are primarily used in, useful in, allocated to, necessary to, required for the conduct of the Business by the Seller “**Service Area**” has the meaning set forth in the Recitals hereto.

“**Series Bonds**” means, collectively, the Series 2005 Bonds, the Series 2009 Bonds and the Series 2012 Bonds.

“**Series 2005 Bonds**” means the Seller Indebtedness defined as “**Series 2005 Bonds**” on Schedule 3.7(d).

“**Series 2009 Bonds**” means the Seller Indebtedness defined as “**Series 2009 Bonds**” on Schedule 3.7(d).

“**Series 2012 Bonds**” means the Seller Indebtedness defined as “**Series 2012 Bonds**” on Schedule 3.7(d).

“**Service Areas**” has the meaning set forth in the recitals hereto.

“**Service Vehicles**” has the meaning set forth in Section 6.25.

“**State Franchise**” means a valid Franchise granted to Seller by the Missouri Public Service Commission granting the right to offer video service to subscribers in a political subdivision of Missouri.

“**Subscribers**” means any subscriber of the System billed for Basic Services, Expanded Basic Services, premium services, any new product tier, High Speed Internet Services or Pay TV.

“**Survey**” has the meaning set forth in Section 6.10.

“**System**” has the meaning set forth in the recitals hereto.

“**System Reports**” has the meaning set forth in Section 3.7(a).

“**Tangible Personal Property**” means machinery, Equipment, furniture, computers, furnishings, inventory, parts, spare parts, vehicles and other tangible personal property owned by Seller that are owned, leased, used or held for use in the operation of the Business or System, including all office equipment or supplies located at any of the Real Property.

“**Tax Proceedings**” has the meaning set forth in Section 6.11(b).

“Tax Return” shall mean all returns, declarations, reports, forms, estimates, information returns, statements or other documents (including any schedule, attachment and related or supporting information) filed or required to be filed with or supplied to any Governmental Authority in connection with any Taxes, and including any amendments thereof.

“Taxes” shall mean all federal, state, local, foreign and other taxes, charges, fees, duties, levies, penalties or other assessments, including income, gross receipts, excise, profits, value added, real and personal property, sales, use, transfer, severance, stamp, occupation, disability, license, payroll, withholding, social security, franchise, gains, built in gains, unemployment insurance, workers’ compensation, employer health tax or other taxes, including amounts payable in connection with applicable escheat laws, imposed by any Governmental Authority from time to time and shall include any interest, penalties or additions to tax attributable to any of the foregoing, whether disputed or not, including any Liability for Taxes as a transferee or successor, by contract or otherwise.

“Third Party Acquisition” has the meaning set forth in Section 6.7.

“Third Party Claim” has the meaning set forth in Section 7.1(d).

“Title Commitment” has the meaning set forth in Section 6.10.

“Title Company” has the meaning set forth in Section 6.10.

“Title Defect” has the meaning set forth in Section 6.10.

“Transferred Contracts” has the meaning set forth in Section 1.1(b).

“Transferred Employee” shall mean any Business Employee who receives an offer of employment from and actually commences employment with the Purchaser or any Affiliate of the Purchaser.

“Transition Services Agreement” has the meaning set forth in Section 5.1(v).

“Two-Way Homes Passed” shall mean each Home Passed that is capable of receiving the installation of a two-way addressable set-top converter and/or cable modem that allows for the provision of interactive video programming and Internet access services.

“Unaudited Financial Statements” has the meaning set forth in Section 3.7(a).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first set forth above.

“PURCHASER”

**TELECOMMUNICATIONS MANAGEMENT,
LLC, a Missouri limited liability company**

By: _____

Name: Rod Siemers

Title: Chief Financial Officer and Secretary

“SELLER”

**THE CITY OF POPLAR BLUFF, MISSOURI,
a Missouri municipal corporation**

By: _____

Name: Ed DeGaris

Title: Mayor

ATTEST:

By: _____

Name: Pamela S. Kearbey

Title: City Clerk

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed and delivered as of the date first set forth above.

“PURCHASER”

**TELECOMMUNICATIONS MANAGEMENT,
LLC, a Missouri limited liability company**

By: _____
Name: _____
Title: _____

“SELLER”

**THE CITY OF POPLAR BLUFF, MISSOURI,
a Missouri municipal corporation**

By: *Ed DeGaris*
Name: Ed DeGaris
Title: Mayor

ATTEST:

By: *Pamela S. Kearbey*
Name: Pamela S. Kearbey
Title: City Clerk

Annex I

Service Areas

City of Poplar Bluff, MO and adjacent areas of approximately 5,000 Homes Passed in Butler County, MO

DISCLOSURE SCHEDULES
TO
ASSET PURCHASE AGREEMENT
by and between
TELECOMMUNICATIONS MANAGEMENT, LLC
and
THE CITY OF POPLAR BLUFF, MISSOURI

Dated as of March 31, 2014

INTRODUCTION

Reference is hereby made to that certain Asset Purchase Agreement (the "Agreement") dated as of March 31, 2014 by and among Telecommunications Management, LLC, a Missouri limited liability company (the "Purchaser"), and the City of Poplar Bluff, Missouri, a Missouri municipal corporation ("Seller"). Each capitalized term used and not otherwise defined herein shall have the meaning ascribed to such term in the Agreement.

The disclosure schedules that follow (the "Disclosure Schedules") are provided by Seller to Purchaser pursuant to, and are made a part of, the Agreement.

Disclosure of any fact or item in any Schedule referenced by a particular Section in the Agreement shall be deemed to have been disclosed in other applicable Schedules to this Agreement but only to the extent that it is reasonably apparent on the face of such disclosure that such disclosure is applicable with respect to such other Schedule.

The headings contained in the Disclosure Schedules are solely for convenience of reference and shall not affect the meaning or interpretation of the Disclosure Schedules, the Agreement or of any item, term or provision hereof or thereof.

Schedules

Schedule 1.1(a)	Intellectual Property
Schedule 1.1(b)	Transferred Contracts
Schedule 1.1(g)	Licenses, Permits, Consents and Certificates
Schedule 1.1(h)	Real Property
Schedule 1.2(l)	Certain Excluded Assets
Schedule 3.1(b)	Jurisdictions
Schedule 3.3	No Conflicts
Schedule 3.5	Consents and Approvals
Schedule 3.6	Capitalization; Subsidiaries
Schedule 3.7(a)	Financial Statements
Schedule 3.7(d)	Indebtedness
Schedule 3.9	Absence of Changes
Schedule 3.9(g)	Capital Expenditures
Schedule 3.10(a)	Real Property Encumbrances
Schedule 3.10(b)	Leases
Schedule 3.10(c)(ii)	Certain Matters Regarding Leases
Schedule 3.10(d)	Other Material Real Property
Schedule 3.12(b)	Taxes
Schedule 3.13	Contracts
Schedule 3.14	Insurance
Schedule 3.15(a)	Employee Benefit Plans
Schedule 3.15(e)	Employee Benefit Plans (Acceleration)
Schedule 3.15(f)	409A Plans
Schedule 3.16(c)	Environmental Permits
Schedule 3.17(a)	Litigation
Schedule 3.18(b)	Legal Compliance
Schedule 3.18(b)(i)	Franchises & Licenses (Exceptions)
Schedule 3.19(a)	Intellectual Property
Schedule 3.21(a)	Employees
Schedule 3.21(b)	Employment Contracts, Severance, Change of Control Benefits
Schedule 3.23	Relationships with Related Persons
Schedule 3.24	Brokers or Finders
Schedule 3.25(a)	Must Carry Retransmission Agreements
Schedule 3.25(b)	FCC Compliance
Schedule 3.25(c)	FCC Information
Schedule 3.26(a)	System Information
Schedule 3.26(b)	Subscriber Information
Schedule 3.26(c)	Plant Miles, Homes Passed, and Two Way Homes Passed Information
Schedule 3.26(d)	Rates Schedule and Channel Lineup
Schedule 3.26(e)	Competitors
Schedule 3.27	Bonds; Letters of Credit
Schedule 3.28	Suppliers
Schedule 6.2(i)	Discounts
Schedule 6.10	Surveyed Property
Schedule 7.3(a)	Indemnification

Schedule 1.1(a)
Intellectual Property

The Domain Name: mycitycable.com

[AUTH1.AMERICA.NET](#) | 69.60.160.34

[AUTH2.AMERICA.NET](#) | 69.60.160.35

Schedule 1.1(b)
Transferred Contracts

1. A licensing agreement for pole attachments, dated as of June 24, 2002, between the Seller and Ozark Border Electric Membership Cooperative.
2. The Seller's indefeasible right to use the fiber-optic strands identified on Exhibit A to the Fiber Exchange IRU, dated as of January 7, 2012, by and between Sho-Me Technologies, L.L.C., a Missouri limited liability company, and the Seller.
3. American Registry for Internet Numbers, LTD. Service Agreement, dated as of June 10, 2011, between Seller and the American Registry for Internet Numbers.
4. First Baptist Policy and Guideline Statement, dated as of October 10, 2001.
5. Software-Hardware Maintenance Agreement, dated as of August 22, 2007, by and between the Seller and Weather Central, Inc.
6. Customer Order Acknowledgment and the other documents referenced therein, dated as of July 15, 2003, between the Seller and Meteorlogix, LLC.
7. Tribune Media Services Licensed Data Agreement, dated as of October 3, 2011, by and between the Seller and Tribune Media Services, Inc.
8. Business Internet Access, Video and Music Service Agreement, dated as of January 7, 2013, by and between the Seller and Charter Communications Entertainment I, LLC.
9. All of the Seller's commercial services contracts (or related agreements) including but not limited to all agreements with The Super 8 Motel, Holiday Inn, Semo Behavioral Health, Comfort Inn, Internet PB Medical Partners, Manufacturers Assistance Group and the Drury Inn) and all of the Seller's other customer contracts.
10. Technical Support Agreement, dated as of October 28, 2012, between Seller and Enhanced Telecommunications, Inc.
11. Data Transport Service Agreement between Seller and Charter Fiberlink Missouri, LLC, dated February 23, 2010.
12. Purchase Order for the renewal of the Transparent Technologies, LLC support services effective April 12, 2014 through April 11, 2015 along with the Cisco invoices in 2009 and 2010 for the DNCS.

Schedule 1.1(g)
Licenses, Permits, Consents and Certificates

1. A franchise agreement, dated February 20, 2001, allowing the Seller to provide cable service in the City of Poplar Bluff, which was converted to a Missouri state video service authorization for the City of Poplar Bluff on March 17, 2014.
2. A video service authorization, dated June 4, 2008, issued to the Seller by the Public Service Commission of the State of Missouri allowing the Seller to provide cable service in Butler County, Missouri.

Schedule 1.1(h)
Real Property

1. A building located at 3000 N. Westwood Boulevard, Poplar Bluff, Missouri, Butler County Parcel Number: 08-09-29.0-001-005-013.000, containing 11,214 square feet of frame construction with a brick finish, a concrete parking lot of approximately 16,800 square feet, and 1.6 acres.

Schedule 1.2(1)
Certain Excluded Assets

1. All FCC-issued licenses held by Seller.
2. 2001 Ford Econoline Van, VIN Number: 1FTRE14L31HB37584. Damaged beyond repair by ice.
3. 2000 Jeep Cherokee, VIN Number: 1J4FF48S7YL236851. Damaged beyond repair by ice.
4. Fiber optic network elements in separate bundles that are not integrated in any way with the System facilities and are not part of the System or utilized in the provisioning of the services provided by the System identified in the maps attached utilized by the Seller for its Supervisory Control and Data Acquisition, utility operations, and municipal operations.
5. 6 fibers of the System between City Hall at 101 Oak Street and the System headend building at 3000 N. Westwood Blvd which provide for the carriage of live City Council meetings and support Seller municipal administration data service.
6. Approximately 3 miles of fiber in a separate bundle from and not integrated with the System lashed to the System facilities in the downtown Poplar Bluff service area.
7. Reference is made to the the Contracts which are marked as Excluded Assets on Schedule 3.13.

Schedule 3.1(b)
Jurisdictions

1. The City of Poplar Bluff, Missouri
2. Butler County, Missouri

Schedule 3.3
No Conflicts

None.

Schedule 3.5
Consents and Approvals

None.

Schedule 3.6
Capitalization; Subsidiaries

Seller is a Missouri municipal corporation and does not have shareholders.

Schedule 3.7(a)
Financial Statements

1. The audited balance sheet, statement of income, equity, and cash flow of the Seller for the Business as of December 31, 2012 is attached.
2. The unaudited balance sheet, statement of income, equity, and cash flow of the Seller for the Business as of December 31, 2013 is attached.
3. Seller's monthly reports showing Subscribers (categorized by Subscriber type) for the Business and for the System from January 1, 2012 through December 31, 2013 is attached.

City of Poplar Bluff, Missouri

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KRAFT, MILES & TATUM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri 63901

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 from 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 risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures 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 estimates 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Poplar Bluff, Missouri, Public Building Corporation has been included as a component unit of the reporting entity for the year ended December 31, 2012.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 53 & 54, and the schedules of funding on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Poplar Bluff, Missouri's, basic financial statements. The combining nonmajor fund statements and combining Municipal Utilities statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining Municipal Utilities statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining Municipal Utilities statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The operating data required by bond has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013, on our consideration of the City of Poplar Bluff, Missouri's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Poplar Bluff, Missouri's internal control over financial reporting and compliance.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

Poplar Bluff, Missouri

June 7, 2013

City of Poplar Bluff, Missouri Management's Discussion and Analysis

As management of the City of Poplar Bluff, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Poplar Bluff, Missouri (the City) for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$89 million (net position). Of this amount, \$19 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net position* presents all of the City's assets and liabilities with the difference between the two reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements divide the City into the following:

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, police and fire protection, streets, cemetery and motor pool, and culture and recreation. These activities are supported primarily with general City revenue such as sales taxes, gross receipts taxes, property taxes, fines and specific program revenue (i.e. permit fees and grants).

- Business-type activities – All of the City’s enterprise activities are included here. These operations derive revenue from user charges for services that are intended to recover the full costs of operations.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City’s near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its self-insurance (health) activities. Because these services predominately benefit governmental rather than business-type functions, they have been primarily included within the *governmental activities* in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary information. The combining statements for the nonmajor funds and Municipal Utilities are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net position may serve as a useful indicator of the City’s financial position. As of December 31, 2012, assets exceeded liabilities by \$89 million. This is a decrease of \$1 million from the prior year. The largest portion of the City’s net position, \$65.9 million (74%), reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any

related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET POSITION

The following table reflects the condensed schedule of net position (in thousands) as of December 31, 2012 and 2011:

City of Poplar Bluff Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 21,749	18,709	17,041	21,488	38,790	40,197
Capital assets	19,497	17,375	87,888	88,134	107,385	105,509
Total assets	<u>41,246</u>	<u>36,084</u>	<u>104,929</u>	<u>109,622</u>	<u>146,175</u>	<u>145,706</u>
Long-term debt outstanding	9,550	6,173	31,545	33,769	41,095	39,942
Other liabilities	8,027	7,251	7,971	7,891	15,998	15,142
Total liabilities	<u>17,577</u>	<u>13,424</u>	<u>39,516</u>	<u>41,660</u>	<u>57,093</u>	<u>55,084</u>
Net position:						
Net investment						
in capital assets	9,652	10,990	56,343	54,366	65,995	65,356
Restricted	2,314	2,742	1,605	2,286	3,919	5,028
Unrestricted	11,703	8,928	7,465	11,310	19,168	20,238
Total net position	<u>\$ 23,669</u>	<u>22,660</u>	<u>65,413</u>	<u>67,962</u>	<u>89,082</u>	<u>90,622</u>

The City's total assets increased \$469 thousand during the current fiscal year, while the total liabilities increased \$2 million. Governmental activities total assets increased \$5.1 million, which consisted of an increase in current and other assets of \$3 million and an increase in capital assets of \$2.1 million. Business-type activities total assets decreased \$5.6 million, which consisted of an decrease in current and other assets of \$4.4 million and a decrease in capital assets of \$246 thousand.

The largest portion of the City's net position, \$65.9 million, an increase of \$639 thousand from the prior year, reflects its investment in capital assets, less any related debt used to acquire those assets. An additional portion of the City's net position, \$3.9 million, a decrease of \$1.1 million from the prior year, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, \$19 million, represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Position

The following table reflects the revenues and expenses from the City's activities (in thousands) as of December 31, 2012 and 2011:

City of Poplar Bluff Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 940	1,002	45,624	45,202	46,564	46,204
Operating grants and contributions	1,146	1,110			1,146	1,110
Capital grants and contributions	6,637	160	289	55	6,926	215
General revenues:						
Property taxes	1,481	1,768			1,481	1,768
Sales and use taxes	13,312	12,586			13,312	12,586
Other revenues	1,520	507	461	496	1,981	1,003
Total revenues	<u>25,036</u>	<u>17,133</u>	<u>46,374</u>	<u>45,753</u>	<u>71,410</u>	<u>62,886</u>
Expenses:						
General government	9,566	4,606			9,566	4,606
Police and fire protection	7,885	7,520			7,885	7,520
Streets, cemetery and motor pool	2,715	2,529			2,715	2,529
Culture and recreation	2,076	1,846			2,076	1,846
Municipal utilities			47,127	48,179	47,127	48,179
Coliseum			1,995	2,272	1,995	2,272
Airport			912	821	912	821
Golf			440	449	440	449
Total expenses	<u>22,242</u>	<u>16,501</u>	<u>50,474</u>	<u>51,721</u>	<u>72,716</u>	<u>68,222</u>
Increase in net position before transfers	2,794	632	(4,100)	(5,968)	(1,306)	(5,336)
Transfers	<u>(1,651)</u>	<u>(5,596)</u>	<u>1,651</u>	<u>5,596</u>	<u>0</u>	<u>0</u>
Increase in net position	1,143	(4,964)	(2,449)	(372)	(1,306)	(5,336)
Net position, beginning	22,660	27,624	67,962	68,334	90,622	95,958
Prior period adjustment	(134)		(100)		(234)	0
Net position, ending	\$ <u>23,669</u>	<u>22,660</u>	<u>65,413</u>	<u>67,962</u>	<u>89,082</u>	<u>90,622</u>

Governmental Activities

Governmental activities increased the City's net position by \$1 million. Business-type activities decreased the City's net position by \$2.5 million. For the year ended December 31, 2012, revenues totaled \$71.4 million (governmental and business-type). Revenues from governmental activities total \$25 million, or 35%, revenues from business-type activities total \$46.3 million, or 65% of the total City revenues. Sales and use tax revenues, the largest governmental category, were \$13.3 million, or 53% of total governmental activities revenues.

Certain revenues are generated that are specific to governmental program activity. These totaled \$8.7 million. The following table shows expenses and program revenues of the governmental activities (in thousands) as of December 31, 2012 and 2011:

Net Cost of City of Poplar Bluff's Governmental Activities

	Total cost of service		Net cost of service	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 9,566	4,606	2,736	4,178
Police and fire protection	7,885	7,520	6,336	6,019
Streets, cemetery and motor pool	2,715	2,529	2,668	2,477
Culture and recreation	2,076	1,846	1,780	1,556
	<u>\$ 22,242</u>	<u>16,501</u>	<u>13,520</u>	<u>14,230</u>

Expenses from governmental activities total \$22.2 million. However, net costs of these services were \$13.5 million. The difference represents direct revenues received from charges for services of \$940 thousand, operating grants and contributions of \$1.1 million, and capital grants and contributions of \$6.6 million. Taxes and other revenues of \$16.3 million were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net position by \$2.5 million, due to normal operations.

Financial Analysis of the City's Funds

As of December 31, 2012, the City's governmental funds report a combined fund balance of \$12.9 million, and a net decrease in combined fund balance of \$1.5 million.

General Fund Budgetary Highlights

Actual revenues were \$691 thousand more than originally budgeted. Actual expenses were \$3.1 million more than originally budgeted.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$107.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

**City of Poplar Bluff Capital Assets
(amounts expressed in thousands, net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 4,544	4,544	4,561	4,553	9,105	9,097
Works of art	103	89			103	89
Buildings and improvements	3,012	3,083	13,315	13,802	16,327	16,885
Furniture, fixtures and equipment	1,054	941	314	426	1,368	1,367
Vehicles	591	694	652	422	1,243	1,116
Infrastructure	10,193	8,024	69,046	68,931	79,239	76,955
Total	\$ <u>19,497</u>	<u>17,375</u>	<u>87,888</u>	<u>88,134</u>	<u>107,385</u>	<u>105,509</u>

For additional information on capital assets, see note 3 in the notes to financial statements.

Debt Administration

As of December 31, 2012, the City had a total of \$41 million of outstanding debt.

**City of Poplar Bluff Outstanding Debt
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue bonds**	\$ 855	961	20,785	22,614	21,640	23,575
Capital lease obligations			10,760	11,155	10,760	11,155
Notes payable	8,695	5,212			8,695	5,212
Total	\$ <u>9,550</u>	<u>6,173</u>	<u>31,545</u>	<u>33,769</u>	<u>41,095</u>	<u>39,942</u>

**including Building Corporation bonds.

For additional information on debt administration, see note 5 in the notes to financial statements.

Requests for Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the Director of Finance, City of Poplar Bluff, 101 Oak Street, Poplar Bluff, MO 63901.

City of Poplar Bluff, Missouri
Statement of Net Position
December 31, 2012

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,298,243	9,031,300	13,329,543
Taxes receivable, net	2,968,514		2,968,514
Accounts receivable, net		2,452,774	2,452,774
Grant receivable	797,529	279,349	1,076,878
Interest receivable		546	546
Other receivables	128,292		128,292
Inventories		1,673,352	1,673,352
Prepaid expenses	271,559	1,329,205	1,600,764
Due from other funds	3,235,048		3,235,048
Restricted assets:			
Cash and cash equivalents	4,514,798	1,316,964	5,831,762
Investments		287,579	287,579
Taxes receivable, net	612,082		612,082
Interest receivable	1,746		1,746
Grant receivable	33,634		33,634
Long-term receivables	4,887,227		4,887,227
Patronage capital		21,361	21,361
Bond issue costs		648,670	648,670
Capital assets:			
Non depreciable	4,647,242	4,561,254	9,208,496
Depreciable, net	<u>14,850,210</u>	<u>83,326,799</u>	<u>98,177,009</u>
Total Assets	<u>41,246,124</u>	<u>104,929,153</u>	<u>146,175,277</u>
LIABILITIES			
Accounts payable	3,111,807	2,158,452	5,270,259
Accrued payroll and benefits	486,808	649,333	1,136,141
Sales tax payable		348,479	348,479
Accrued interest	303,500	236,574	540,074
Other liabilities	628,734		628,734
Due to other funds	1,075,865	2,159,183	3,235,048
Unearned revenue	243,201	44,534	287,735
Due within one year:			
Accrued compensated absences	10,914	8,278	19,192
Lease purchase		355,000	355,000
Notes payable	222,981		222,981
Bonds payable	112,500	1,897,500	2,010,000
Due in more than one year:			
Accrued compensated absences	914,472	735,856	1,650,328
Customer meter deposits		383,457	383,457
Net pension obligation	161,816	121,362	283,178
Accumulated prov. for postretirement benefits	1,089,371	1,125,797	2,215,168
Lease purchase		10,405,000	10,405,000
Notes payable	8,472,094		8,472,094
Bonds payable	<u>742,625</u>	<u>18,887,807</u>	<u>19,630,432</u>
Total Liabilities	<u>17,576,688</u>	<u>39,516,612</u>	<u>57,093,300</u>
NET POSITION			
Net investment in capital assets	9,652,028	56,342,746	65,994,774
Restricted for:			
Debt service		1,604,538	1,604,538
Capital projects		5	5
Other purposes	2,314,117		2,314,117
Unrestricted	<u>11,703,291</u>	<u>7,465,252</u>	<u>19,168,543</u>
Total Net Position	<u>\$ 23,669,436</u>	<u>65,412,541</u>	<u>89,081,977</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
<u>Governmental activities:</u>							
General government administration	\$ (9,565,525)	30,089	233,392	6,566,809	(2,735,235)		(2,735,235)
Police and fire protection	(7,884,644)	613,680	864,476	70,383	(6,336,105)		(6,336,105)
Streets, cemetery and motor pool	(2,715,445)	47,565			(2,667,880)		(2,667,880)
Culture and recreation	(2,076,600)	248,550	48,387		(1,779,663)		(1,779,663)
Total governmental activities	<u>(22,242,214)</u>	<u>939,884</u>	<u>1,146,255</u>	<u>6,637,192</u>	<u>(13,518,883)</u>		<u>(13,518,883)</u>
<u>Business-type activities:</u>							
Municipal Utilities	(47,127,423)	43,985,474				(3,141,949)	(3,141,949)
Black River Coliseum	(1,994,661)	727,315				(1,267,346)	(1,267,346)
Airport	(912,493)	644,674		288,542		20,723	20,723
Golf course	(439,686)	266,817				(172,869)	(172,869)
Total business-type activities	<u>(50,474,263)</u>	<u>45,624,280</u>		<u>288,542</u>		<u>(4,561,441)</u>	<u>(4,561,441)</u>
Total City	<u>\$ (72,716,477)</u>	<u>46,564,164</u>	<u>1,146,255</u>	<u>6,925,734</u>	<u>(13,518,883)</u>	<u>(4,561,441)</u>	<u>(18,080,324)</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Activities
For the Year Ended December 31, 2012

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental	Business-type	
<u>General revenues:</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Property taxes	\$ 1,481,156		1,481,156
Sales tax	10,301,097		10,301,097
Tourism tax	247,441		247,441
Gasoline tax	436,984		436,984
Cigarette tax	68,267		68,267
Motor vehicle tax	178,678		178,678
Utilities tax	2,079,540		2,079,540
Business and occupation licenses	527,016		527,016
Vehicle licenses	70,591		70,591
Other licenses and permits	815,698		815,698
Investment income	39,458	86,291	125,749
Miscellaneous income	218,119		218,119
Net health insurance fund	(451,075)		(451,075)
Contributions in aid of construction		108,888	108,888
Transfers in - utilities	300,131	266,463	566,594
Transfers	(1,650,931)	1,650,931	
Total general revenues and transfers	<u>14,662,170</u>	<u>2,112,573</u>	<u>16,774,743</u>
Change in net position	1,143,287	(2,448,868)	(1,305,581)
Net position - December 31, 2011	22,660,020	67,961,812	90,621,832
Prior period adjustment	(133,871)	(100,403)	(234,274)
Net position - December 31, 2012	<u>\$ 23,669,436</u>	<u>65,412,541</u>	<u>89,081,977</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
 Balance Sheet
 Governmental Funds
 December 31, 2012

	<u>Major Fund General</u>	<u>Major Fund Hwy. 67 Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,654,008		2,644,035	4,298,043
Taxes receivable	2,280,683		687,831	2,968,514
Grant receivable	756,387		41,142	797,529
Other receivables	119,499		8,793	128,292
Accounts receivable - other funds	3,823,740			3,823,740
Prepaid insurance	245,011		26,548	271,559
Restricted assets:				
Cash and cash equivalents	1,989,714	2,193,474	331,610	4,514,798
Interest receivable	547	1,199		1,746
Taxes receivable, net		340,703	271,379	612,082
Grant receivable			33,634	33,634
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 10,869,589</u>	<u>2,535,376</u>	<u>4,044,972</u>	<u>17,449,937</u>
LIABILITIES				
Accounts payable	\$ 213,802	2,535,376	362,629	3,111,807
Accounts payable - General fund			588,692	588,692
Accrued payroll and benefits	466,196		46,265	512,461
Unearned revenue	243,201			243,201
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>923,199</u>	<u>2,535,376</u>	<u>997,586</u>	<u>4,456,161</u>
FUND BALANCES				
Nonspendable	245,011		26,548	271,559
Restricted	1,980,815		385,769	2,366,584
Assigned	13,185		2,881,496	2,894,681
Unassigned	7,707,379		(246,427)	7,460,952
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>9,946,390</u>	<hr/>	<u>3,047,386</u>	<u>12,993,776</u>
Total Liabilities and Fund Balances	<u>\$ 10,869,589</u>	<u>2,535,376</u>	<u>4,044,972</u>	<u>17,449,937</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2012

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - total governmental funds		\$ 12,993,776
Long-term receivables applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as receivables within the governmental fund financial statements.		4,887,227
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 34,838,322	
Less: accumulated depreciation	<u>(15,340,870)</u>	
		19,497,452
Internal service funds are used by management to charge the costs of self insurance and therefore the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(1,704,399)
Long-term liabilities of notes payable and bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(9,550,200)
Long-term liabilities of accrued compensated absences, postretirement benefits, and net pension obligations are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		(2,150,920)
The Building Corporation is not considered a governmental fund of the City and therefore not included in the governmental funds.		(8,276)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(295,224)</u>
Net position of governmental activities		<u><u>\$ 23,669,436</u></u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	Major Fund <u>General</u>	Major Fund <u>Hwy. 67 Tax</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES:				
General property taxes	\$ 1,238,999		254,581	1,493,580
Sales tax	5,165,307	2,202,087	3,549,366	10,916,760
Licenses and permits	3,438,733			3,438,733
Fines, forfeitures, and violations	380,265		73,873	454,138
Use of property	81,676		50,538	132,214
Other revenues	138,150		377,201	515,351
Special revenues	1,087,266		247,442	1,334,708
Investment income	18,048	16,463	4,945	39,456
Grant income	564,860		431,825	996,685
	<u>12,113,304</u>	<u>2,218,550</u>	<u>4,989,771</u>	<u>19,321,625</u>
Total Revenues				
EXPENDITURES:				
Current				
General government	2,720,461	2,218,550	41,373	4,980,384
Police and fire protection	6,440,043		904,547	7,344,590
Streets, cemetery and motor pool	2,100,810		171,674	2,272,484
Culture and recreation	109,456		1,481,012	1,590,468
Capital outlay	2,952,178		140,819	3,092,997
Debt service:				
Interest	253,328			253,328
	<u>14,576,276</u>	<u>2,218,550</u>	<u>2,739,425</u>	<u>19,534,251</u>
Total Expenditures				
Excess of Revenues over Expenditures	(2,462,972)		2,250,346	(212,626)
Other Financing Sources (Uses)				
Transfers in	607,640		177,645	785,285
Transfers in - utilities	298,225		1,906	300,131
Loan proceeds	202,843			202,843
Transfers out	(409,625)		(2,160,326)	(2,569,951)
	<u>699,083</u>		<u>(1,980,775)</u>	<u>(1,281,692)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(1,763,889)		269,571	(1,494,318)
Fund Balance, December 31, 2011	<u>11,710,279</u>		<u>2,777,815</u>	<u>14,488,094</u>
Fund Balance, December 31, 2012	<u>\$ 9,946,390</u>		<u>3,047,386</u>	<u>12,993,776</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$(1,494,318)
Prior period adjustment	(133,871)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	2,122,675
In the statement of activities, compensated absences, postretirement benefits, and net pension obligations are accrued whereas in the governmental funds an expenditure is reported when due.	(410,293)
Internal service funds are used by management to charge the costs of self insurance. The net revenue of internal service funds is reported with governmental activities.	(451,076)
Other assets of bond costs are not current financial resources and therefore are not reported in the governmental funds.	(51,370)
The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,217,212
Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when due.	(84,118)
Long-term receivable for redevelopment projects	293,690
The Building Corporation is not considered a governmental fund of the City and therefore the net activity is not included.	<u>885</u>
Change in net position of governmental activities	<u><u>\$ 1,009,416</u></u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri

Statement of Net Position

Proprietary Funds

December 31, 2012

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum Fund</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
ASSETS					
Cash and cash equivalents	\$ 8,765,690	213,050	52,560	9,031,300	200
Accounts receivable, net	2,416,762		36,012	2,452,774	
Grant receivable			279,349	279,349	
Accrued interest receivable	546			546	
Inventories	1,633,429		39,923	1,673,352	
Prepaid expenses	<u>1,210,567</u>	<u>80,898</u>	<u>37,740</u>	<u>1,329,205</u>	
Total current assets	<u>14,026,994</u>	<u>293,948</u>	<u>445,584</u>	<u>14,766,526</u>	<u>200</u>
Restricted Assets:					
Cash and cash equivalents	1,316,964			1,316,964	
Investments	<u>287,579</u>			<u>287,579</u>	
Total restricted assets	<u>1,604,543</u>			<u>1,604,543</u>	
Noncurrent Assets:					
Patronage capital	21,361			21,361	
Bond issue costs	648,670			648,670	
Capital assets:					
Capital assets, net	71,240,562	7,821,085	4,265,152	83,326,799	
Land	<u>1,610,103</u>	<u>1,037,402</u>	<u>1,913,749</u>	<u>4,561,254</u>	
Total noncurrent assets	<u>73,520,696</u>	<u>8,858,487</u>	<u>6,178,901</u>	<u>88,558,084</u>	
Total Assets	<u>89,152,233</u>	<u>9,152,435</u>	<u>6,624,485</u>	<u>104,929,153</u>	<u>200</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	2,023,334	17,458	117,660	2,158,452	628,734
Accounts payable - general fund		1,773,430	385,753	2,159,183	1,075,865
Accrued payroll and benefits	610,117	21,096	18,120	649,333	
Sales tax payable	348,479			348,479	
Accrued interest	178,641	52,967	4,966	236,574	
Accrued compensated absences	8,278			8,278	
Current maturities of long term debt	355,000			355,000	
Unearned revenue		44,534		44,534	
Bonds payable	<u>1,110,000</u>	<u>720,000</u>	<u>67,500</u>	<u>1,897,500</u>	
Total current liabilities	<u>4,633,849</u>	<u>2,629,485</u>	<u>593,999</u>	<u>7,857,333</u>	<u>1,704,599</u>
Noncurrent Liabilities:					
Accrued compensated absences	684,725	18,767	32,364	735,856	
Bonds payable	14,155,432	4,405,000	327,375	18,887,807	
Customer meter deposits	383,457			383,457	
Long-term debt	10,405,000			10,405,000	
Net pension obligation	110,959	5,780	4,623	121,362	
Accumulated provision for postretirement benefits	<u>1,038,634</u>	<u>49,695</u>	<u>37,468</u>	<u>1,125,797</u>	
Total noncurrent liabilities	<u>26,778,207</u>	<u>4,479,242</u>	<u>401,830</u>	<u>31,659,279</u>	
Total Liabilities	<u>31,412,056</u>	<u>7,108,727</u>	<u>995,829</u>	<u>39,516,612</u>	<u>1,704,599</u>
NET POSITION					
Net investment in capital assets	46,825,233	3,733,487	5,784,026	56,342,746	
Restricted for:					
Debt service	1,604,538			1,604,538	
Capital projects	5			5	
Unrestricted	<u>9,310,401</u>	<u>(1,689,779)</u>	<u>(155,370)</u>	<u>7,465,252</u>	<u>(1,704,399)</u>
Total Net Position	<u>\$ 57,740,177</u>	<u>2,043,708</u>	<u>5,628,656</u>	<u>65,412,541</u>	<u>(1,704,399)</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum Fund</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Operating Revenues:					
Charges for services	\$		889,418	889,418	3,570,026
Ticket sales		375,747		375,747	
Utility service sales	39,495,812			39,495,812	
Event rentals		77,469		77,469	
Property rentals			22,073	22,073	
Grant income	440,432		288,542	728,974	
Admission fees		4,150		4,150	
Concessions		83,983		83,983	
Novelty sales		16,557		16,557	
Advertising sales		10,067		10,067	
Pool and fitness center		148,884		148,884	
Miscellaneous	4,049,230	10,458		4,059,688	
Total Operating Revenues	<u>43,985,474</u>	<u>727,315</u>	<u>1,200,033</u>	<u>45,912,822</u>	<u>3,570,026</u>
Operating Expenses:					
Personnel services	2,504,135	508,072	392,143	3,404,350	4,021,102
Office supplies	108,509	3,466		111,975	
Operating supplies		24,563	52,535	77,098	
Repairs and maintenance	132,758	38,359	85,427	256,544	
Natural gas	2,724	54,124	10,072	66,920	
Utilities		256,816	29,478	286,294	
Merchandise for resale			501,939	501,939	
Electric transmission	27,504,263			27,504,263	
Electric distribution	2,947,444			2,947,444	
Cable programming fees	3,002,865			3,002,865	
Cable maintenance	830,081			830,081	
Water supply, purification & pumping	832,678			832,678	
Water distribution	891,370			891,370	
Sewer accumulation	1,416,850			1,416,850	
Telephone	16,449	3,013	2,233	21,695	
Books/publications and memberships	37,997	818	1,490	40,305	
Travel and training	5,000	3,751	1,021	9,772	
Professional fees	67,534	18,187	20,117	105,838	
Advertising	11,854	68,632	2,089	82,575	
Equipment rent			224	224	
Insurance	433,512	89,553	58,216	581,281	
Concession		25,556		25,556	
Event expenses		365,396		365,396	
Uncollectible accounts	308,185			308,185	
Free municipal services	580,756			580,756	
Small tools and equipment		434	2,532	2,966	
Miscellaneous	218,974	4,243	8,480	231,697	
Depreciation	4,147,746	354,743	166,824	4,669,313	
Total Operating Expenses	<u>46,001,684</u>	<u>1,819,726</u>	<u>1,334,820</u>	<u>49,156,230</u>	<u>4,021,102</u>
Operating Income (Loss)	(2,016,210)	(1,092,411)	(134,787)	(3,243,408)	(451,076)

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Position - Continued
Proprietary Funds
For the Year Ended December 31, 2012

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum Fund</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Nonoperating Revenues (Expenses):					
Investment income	\$ 83,225	2,821	245	86,291	
Management fees	(30)	(2)		(32)	
Interest expense	(1,038,843)	(170,233)	(15,959)	(1,225,035)	
Amortization	<u>(86,866)</u>	<u>(4,701)</u>	<u>(1,399)</u>	<u>(92,966)</u>	
Total Nonoperating Revenues (Expenses)	<u>(1,042,514)</u>	<u>(172,115)</u>	<u>(17,113)</u>	<u>(1,231,742)</u>	
Income (Loss) Before Contributions and Transfers	(3,058,724)	(1,264,526)	(151,900)	(4,475,150)	(451,076)
Contributions and Transfers					
Transfers in		1,443,020	288,151	1,731,171	
Transfers in - utilities		256,816	9,647	266,463	
Transfers out			(80,240)	(80,240)	
Contributions in aid of construction	<u>108,888</u>			<u>108,888</u>	
Changes in Net Position	(2,949,836)	435,310	65,658	(2,448,868)	(451,076)
Net Position, December 31, 2011	60,781,810	1,613,179	5,566,823	67,961,812	(1,253,323)
Prior Period Adjustment	<u>(91,797)</u>	<u>(4,781)</u>	<u>(3,825)</u>	<u>(100,403)</u>	
Net Position, December 31, 2012	<u>\$ 57,740,177</u>	<u>2,043,708</u>	<u>5,628,656</u>	<u>65,412,541</u>	<u>(1,704,399)</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Major Enterprise <u>Fund</u> Municipal Utilities <u>Fund</u>	Major Enterprise <u>Fund</u> Black River Coliseum <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Golf Course <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Airport <u>Fund</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Cash Flows from Operating Activities:						
Cash received from customers	\$ 39,490,537	446,918	266,817	635,990	40,840,262	4,021,202
Cash received from other sources	4,489,663			9,193	4,498,856	
Cash payments for other expenses	(1,989,817)	(956,914)	(144,186)	(207,990)	(3,298,907)	(4,021,102)
Cash payments to suppliers	(35,051,975)				(35,051,975)	
Cash payments for employee benefits	<u>(5,011,267)</u>	<u>(490,408)</u>	<u>(212,614)</u>	<u>(152,440)</u>	<u>(5,866,729)</u>	
Net cash provided by/(used in) operating activities	<u>1,927,141</u>	<u>(1,000,404)</u>	<u>(89,983)</u>	<u>284,753</u>	<u>1,121,507</u>	<u>100</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in		1,699,836	281,482	16,317	1,997,635	
Transfers out			<u>(80,240)</u>		<u>(80,240)</u>	
Net cash provided by noncapital financing activities		<u>1,699,836</u>	<u>201,242</u>	<u>16,317</u>	<u>1,917,395</u>	
Cash Flows from Capital and Related Financing Activities:						
Debt service - interest payments	(1,102,702)	(180,600)	(17,889)		(1,301,191)	
Debt service - principal payments	(1,919,676)	(680,000)	(63,750)		(2,663,426)	
Proceeds from long-term debt	440,432				440,432	
Proceeds from sale of capital assets	1,654				1,654	
Acquisition of capital assets	(4,082,093)	(14,089)	(27,836)	(301,070)	(4,425,088)	
Other (payments) receipts		(2)			(2)	
Payments of debt issue costs	(97,848)				(97,848)	
Proceeds from contribution in aid of construction	108,888				108,888	
Proceeds from customer deposits	383,457				383,457	
Refunds of customer deposits	<u>(385,696)</u>				<u>(385,696)</u>	
Net cash used in capital and related financing activities	<u>(6,653,584)</u>	<u>(874,691)</u>	<u>(109,475)</u>	<u>(301,070)</u>	<u>(7,938,820)</u>	
Cash Flows from Investing Activities:						
Interest received	83,225	2,821	245		86,291	
Purchase of investments	(58,321)				(58,321)	
Proceeds from investments	<u>588,500</u>				<u>588,500</u>	
Net cash provided by investing activities	<u>613,404</u>	<u>2,821</u>	<u>245</u>		<u>616,470</u>	
Net (decrease) increase in cash and cash equivalents	(4,113,039)	(172,438)	2,029		(4,283,448)	100
Cash, beginning of year	<u>14,195,693</u>	<u>385,488</u>	<u>50,531</u>		<u>14,631,712</u>	<u>100</u>
Cash, end of year	<u>\$ 10,082,654</u>	<u>213,050</u>	<u>52,560</u>		<u>10,348,264</u>	<u>200</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended December 31, 2012

	Major Enterprise <u>Fund</u> Municipal Utilities <u>Fund</u>	Major Enterprise <u>Fund</u> Black River Coliseum <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Golf Course <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Airport <u>Fund</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Displayed as:						
Cash and cash equivalents	\$ 8,765,690	213,050	52,560		9,031,300	200
Restricted cash and cash equivalents	<u>1,316,964</u>				<u>1,316,964</u>	
	<u>\$ 10,082,654</u>	<u>213,050</u>	<u>52,560</u>		<u>10,348,264</u>	<u>200</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities						
Operating income/(loss)	\$ (2,016,210)	(1,092,411)	(155,510)	20,723	(3,243,408)	(451,076)
Prior period adjustment	(91,797)	(4,781)	(2,869)	(956)	(100,403)	
Depreciation	4,147,746	354,743	44,801	122,023	4,669,313	
Accounts receivable	(5,273)			(8,684)	(13,957)	291,781
Grant receivable				(279,349)	(279,349)	
Inventory	(19,778)			(5,949)	(25,727)	
Prepaid expenses	(42,322)	1,386	(784)	(1,120)	(42,840)	
Deferred charges, net		4,701	1,399		6,100	
Accounts payable	(536,984)	(304,446)	1,392	428,741	(411,297)	159,395
Accrued payroll and benefits	311,887	2,700	(1,016)	3,605	317,176	
Accrued compensated absences		386	11,877	1,847	14,110	
Unearned revenue		17,958			17,958	
Accrued postretirement benefits		13,580	7,260	2,716	23,556	
Net pension obligation	110,959	5,780	3,467	1,156	121,362	
Sales tax payable	<u>68,913</u>				<u>68,913</u>	
Net cash provided by/(used in) operating activities	<u>\$ 1,927,141</u>	<u>(1,000,404)</u>	<u>(89,983)</u>	<u>284,753</u>	<u>1,121,507</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Poplar Bluff, Missouri, conform to accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Poplar Bluff, Missouri, (the City) operates under a City Manager/Council form of government. The City's basic financial statements include the accounts of all City operations: General government administration; Police and fire protection; Streets, Cemetery and motor pool; Transportation; and Culture and recreation. Enterprise operations owned by the City include Municipal Utilities, the Black River Coliseum and the Ozark Ridge Golf Course.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the unit's board, and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's fund is blended into those of the City by appropriate fund type to comprise the primary government

Poplar Bluff, Missouri, Public Building Corporation (Building Corporation) has been included in these financial statements as a blended component unit. This component unit was incorporated exclusively for the benefit of the City. Although the City is not legally responsible for the debt of the Corporation, the Corporation's sole source of revenue is from lease payments received from the City. The Building Corporation has been included in the Black River Coliseum, the Golf Course, Culture and recreation, and Municipal Utilities.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Joint Venture

The City entered into an intergovernmental cooperation agreement along with two other political subdivisions to establish the Poplar Bluff Regional Transportation Development District (District) for the purpose of funding certain transportation-related improvements. On November 6, 2012, the qualified voters of the District approved the imposition of a sales tax at the rate of one percent (1.0%) for the purpose of paying the costs of these transportation projects. In December 2012, the District issued bonds to fund these projects and paid off the MTFC loan balance for the City in the amount of \$5,212,500. The District will pay the City's portion of the transportation projects from the net proceeds of the District's obligations. Audited financial statements of the District can be received from the District's Executive Director.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are presented instead as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental and business-type function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Park Fund	Accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreational Board.
Park/Golf Capital Fund	Accounts for the city-enacted twelve and a half percent of the 1/2 cent capital improvement sales tax revenues and capital expenditures for the local parks and golf course.
Library Fund	Accounts for revenues received and expenditures paid for cultural services provided by the Library Board.
Arts & Museum Fund	Accounts for revenues received and expenditures paid for cultural services provided by the Arts & Museum Board.
Transit Fund	Accounts for revenues and expenditures of a Missouri Department of Transportation grant per the grant

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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Crime Reduction Fund	Accounts for revenues collected by municipal court in certain criminal proceedings and transfers these revenues to the police department for narcotics investigation, prevention and intervention.
Police and Fire Pension Fund	Accounts for receipts of property taxes and receipts of 6% of Police and Fire personnel gross salaries. All funds are to be invested for pension benefits.
Housing Infrastructure Grant Fund	Accounts for grant monies received by the City and disbursed on Community Development Grant projects.
Library Memorials and Gifts Fund	Accounts for revenues collected from donations and memorials and expenditures paid for by the Library Board.
Historical Commission Fund	Accounts for revenues collected from donations and/or grants for the purpose of historic preservation projects in the City.
FEMA Grant Fund	Accounts for grant monies received by the City and disbursed on the Flood Buyout projects.
Tourism Tax Trust Fund	Accounts for the four percent tax levied on the gross daily rental receipts due from or paid by transient guests at hotels and motels. The revenues are used by the City for the purpose of promoting convention and tourism in the City of Poplar Bluff.
Law Enforcement Block Grant Fund	Accounts for grant monies received by the City and disbursed on law enforcement equipment.
Capital Improvements Fund	Accounts for 87.5% of the 1/2 cent sales tax approved by the voters in 1998 to be collected for funding of capital improvement projects and capital equipment. The Park/Golf Capital Fund receives 12.5% of this tax.
Highway 67 Tax Fund	Accounts for monies received for the reconstruction of Highway 67.
Police Injury Fund	Accounts for monies received from a gift that were put into an investment for the police injury fund.
Fire Injury Fund	Accounts for monies received from a gift that were put into an investment for the fire injury fund.
Downtown Development Fund	Accounts for monies received for the development of the downtown area.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Municipal Utilities	Accounts for revenues and expenses for services provided for which participants are charged fees for use of electricity, water, and cable.
Black River Coliseum	Accounts for revenues and expenses for services provided by the coliseum and fitness center for which participants are charged fees.
Golf Course	Accounts for revenues and expenses for services provided by the golf course for which participants are charged fees.
Airport	Accounts for the resources used in the operation and maintenance of the airport facilities.

Major and Nonmajor Funds

The funds are classified as major and nonmajor as follows:

Major Funds

General Fund
Highway 67 Tax Fund

Proprietary Fund:
Municipal Utilities
Black River Coliseum

Nonmajor Funds

Special Revenue Funds:
Park/Golf Capital Fund
Library Fund
Arts & Museum Fund
Transit Fund
Crime Reduction Fund
Police and Fire Pension Fund
Housing Infrastructure Fund
Library Memorials and Gifts Fund
Historical Commission Fund
FEMA Grant Fund
Tourism Tax Trust Fund
Law Enforcement Block Grant Fund
Downtown Development Fund
Police Injury Fund
Fire Injury Fund
Park Fund
Capital Improvements Fund

Proprietary Fund:
Golf Course Fund
Airport Fund

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For the purpose of financial reporting, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Cash resources of certain individual funds are combined to form a pool of cash and investments. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of cash of each fund.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund and an interfund receivable in the General Fund. At December 31, 2012, \$3,823,740 has been reclassified due to fund overdrafts. Fund overdrafts included: Library - \$560,050, Black River Coliseum Fund - \$1,407,764, Health and Dental Insurance Fund - \$1,075,865, Pool/Fitness Fund - \$365,666, Airport - \$385,753, and Storm Water - \$28,642.

Investments

Investments are stated at cost and are owned by the Building Corporation. These investments consist of Financial Square Treasury Obligation Funds backed by U.S. Treasury Securities and U.S. Government and Agency Bonds.

Inventory

Inventory of the enterprise funds consists of fuel and the cable, electric, water and sanitary sewer utility materials and is valued at average cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. Such assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30,

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful

Electric plant	10-33 years
Water/Sewer plant	20-99 years
Cable plant	10-20 years
Structures and improvements	10-50 years
Furniture, fixtures, and equipment	3-20 years
Transportation and work equipment	5-10 years
Infrastructure	15-50 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to the monies held in the Building Corporation for the final bond payment.

Bond Issue Costs

Bond issue costs incurred on the issuance of long-term debt have been deferred and are being amortized over the respective lives of the debt using the straight-line method. Total amortization for the year ended December 31, 2012 was \$144,336.

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Presently, the City's long-term debt consists primarily of bonds payable by the Building Corporation.

Long-term debt arising from cash transactions for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

All vested or accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of anticipated or actual employee resignations and retirements.

Fund Equity

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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There are five classifications of fund balance in the governmental fund financial statements. These classifications are based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the City governmental funds.

Non-spendable fund balances - include amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balances- include amounts that are restricted to specific purposes either by a) constraints placed on the use of the resources by external resource providers such as creditors, grantors, contributors, or laws or regulation of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances - include amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution.

Assigned fund balances - includes amounts for which it is the City's intent that the funds be used for specific purposes but there exists no legal or binding restrictions or commitments. Assignments are made by City management.

Unassigned fund balances - is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned balances represent the amount available for budgeting future operations.

It is the City's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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The fund balance classifications for the governmental fund at December 31, 2012 are:

	General <u>Fund</u>	Hwy. 67 <u>Fund</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable:				
Prepays	\$ 245,011		26,548	271,559
Restricted:				
Crime reduction fund	\$		134,113	134,113
Storm water fund			143,048	143,048
Promoting convention and tourism			108,608	108,608
Police injury fund	1,060,556			1,060,556
Fire injury fund	920,259			920,259
Total	<u>\$ 1,980,815</u>		<u>385,769</u>	<u>2,366,584</u>
Assigned:				
Park fund	\$		1,124,293	1,124,293
Capital projects			222,857	222,857
Art museum fund	13,185			13,185
Capital improvements fund			1,534,346	1,534,346
Total	<u>\$ 13,185</u>		<u>2,881,496</u>	<u>2,894,681</u>
Unassigned:				
General fund	\$ 7,707,379			7,707,379
Library fund			(246,427)	(246,427)
Total	<u>\$ 7,707,379</u>		<u>(246,427)</u>	<u>7,460,952</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

E. Revenues, Expenditures and Expenses

Property Tax

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Property tax revenue becomes available with the fiscal year of the levy. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as unearned revenue within the governmental fund financial statements.

The City's property tax is levied each November 1 on the assessed valuation of property located within the City as of the preceding January 1, the lien date. Taxes are due in full on December 31 and become delinquent on January 1. The delinquent penalty for 2012 was 2% in January and increases each month by 2% thereafter.

The assessed valuation of the tangible taxable property for the calendar year 2012 for purposes of local taxation was \$231,206,984. The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2012 was:

General Fund	\$ 0.51
Police & Fire Pension Fund	0.10
	\$ 0.61

In June 2012, a one-quarter cent sales tax was approved by the voters of the City to replace the Library Fund tax levy.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government administration	Licenses and permits; salary reimbursements; operating grants include U.S. Department of Justice, Department of Transportation and Department of H.U.D.; capital grants include Federal Emergency Management Agency.
Police and fire protection	Fines and violations; court fees; operating grants include U.S. Department of Justice and Homeland Security.
Streets, cemetery and motor pool	Grave opening/closing fees and lot sales; street paving charges.
Culture and recreation	Rental income, recreation fees, concession sales and specific donations.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

City of Poplar Bluff, Missouri
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Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by character: Current (further classified by activity);
capital outlay; debt service

Proprietary Fund - by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types within the fund financial statements.

Capital Contributions

Capital contributions represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.

The effect of interfund services between funds are not eliminated in the Statement of Activities.

3. Primary government and component unit activity and balances - resource flows between the primary government (the City and Building Corporation) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those

H. Budgetary Requirements

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to December 8, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- (4) Subsequent to its formal approval of the budget, the City Council has the authority to make necessary adjustments to the budget by formal vote of the Council. Adjustments made during the year are reflected in the final budget information included in the required supplementary information.

2. DEPOSITS AND INVESTMENTS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Deposits - At December 31, 2012, the carrying value of the City's deposits was \$19,161,305, and the bank balance was \$19,181,753.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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Investments - The Revised Missouri Statutes allow funds belonging to the City to be invested. The City Treasurer is responsible for investing the City's funds and limits the investments to certificate of deposits with local banks. Investments classified in the financial statements at December 31, 2012, consists of \$287,579 of certificates of deposit which owned by the Water-Sewer Department which are held by FMB Bank. These investments consist of Fidelity Treasury Obligation Funds and Financial Square Treasury Obligation Funds backed by the U.S. Treasury Securities and U.S. Government and Agency Bonds.

Summary of carrying values - The carrying values of deposits and investments shown above are included in the statement of net position as follows:

Carrying value	
Deposits	\$ 19,161,305
Investments	287,579
	<u>\$ 19,448,884</u>

Included in the following statement of net position captions	
Cash and cash equivalents	\$ 13,329,543
Restricted:	
Cash and cash equivalents	5,831,762
Investments	287,579
	<u>\$ 19,448,884</u>

3. LONG-TERM RECEIVABLES

The City entered into a Cost Sharing Agreement on February 21, 2012, with the Missouri Highway and Transportation Commission (MHTC). As part of this agreement, the City entered into a direct loan with the Missouri Transportation Finance Corporation (MTFC) in order to fund the City's portion of the Cost Share project and to accelerate the MHTC's portion of the project with respect to improvements to the Interchange at Route 67 and Oak Grove Road and the Intersection at Business Route 67 and Oak Grove Road. As part of this agreement, the MHTC will pay their portion of the loan, in the amount of \$4,593,537 on August 1, 2014.

The City entered into an agreement with the Poplar Bluff Regional Transportation Development District (PBRTDD) to reimburse the City for the purchase of the right-of-ways necessary to proceed with the redevelopment work located within the District.

Long-term receivables at December 31, 2012, consisted of MHTC and PBRTDD in the amount of \$4,887,227.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2012</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,544,025			4,544,025
Works of art	89,417	13,800		103,217
Total capital assets, not being depreciated	<u>4,633,442</u>	<u>13,800</u>		<u>4,647,242</u>
Capital assets, being depreciated:				
Buildings and improvements	8,318,452	128,084	56,000	8,390,536
Furniture, fixtures and equipment	3,941,220	426,600	30,207	4,337,613
Vehicles	3,525,079	91,700	32,586	3,584,193
Infrastructure	<u>11,486,458</u>	<u>2,390,715</u>		<u>13,877,173</u>
Total capital assets being depreciated	<u>27,271,209</u>	<u>3,037,099</u>	<u>118,793</u>	<u>30,189,515</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,235,292)	(199,463)	(56,000)	(5,378,755)
Furniture, fixtures and equipment	(3,000,500)	(302,661)	(20,017)	(3,283,144)
Vehicles	(2,831,431)	(194,181)	(32,586)	(2,993,026)
Infrastructure	<u>(3,462,651)</u>	<u>(221,729)</u>		<u>(3,684,380)</u>
Total accumulated depreciation	<u>(14,529,874)</u>	<u>(918,034)</u>	<u>(108,603)</u>	<u>(15,339,305)</u>
Total capital assets being depreciated, net	<u>12,741,335</u>	<u>2,119,065</u>	<u>10,190</u>	<u>14,850,210</u>
Governmental activities capital assets, net	<u>\$ 17,374,777</u>	<u>2,132,865</u>	<u>10,190</u>	<u>19,497,452</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Other business-type	\$ 2,951,151			2,951,151
Electric	1,155,922	8,010		1,163,932
Water-Sewer	365,949	30		365,979
Cable	<u>80,192</u>			<u>80,192</u>
Total capital assets, not being depreciated	<u>4,553,214</u>	<u>8,040</u>		<u>4,561,254</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2012</u>
Capital assets, being depreciated:				
Electric plant	55,690,560	1,375,975	643,397	56,423,138
Water-sewer plant	42,990,382	1,882,111	352,717	44,519,776
Cable plant	20,258,937	728,436	101,655	20,885,718
Building and improvements				
Other business-type	14,740,890			14,740,890
Electric	5,154,413	24,100		5,178,513
Water-sewer	529,937			529,937
Cable	86,287			86,287
Furnitures, fixtures, and equipment				
Other business-type	1,392,172	41,925	52,025	1,382,072
Electric	560,690			560,690
Water-sewer	104,372	2,000		106,372
Cable	318,542			318,542
Transportation and work equipment				
Other business-type	113,497			113,497
Water-sewer	1,275,551	358,361		1,633,912
Cable	355,163			355,163
Infrastructure - Other business-type	4,548,032	301,071		4,849,103
Total capital assets, being depreciated	<u>148,119,425</u>	<u>4,713,979</u>	<u>1,149,794</u>	<u>151,683,610</u>
Less accumulated depreciation for:				
Electric plant	(24,896,373)	(1,737,212)	(643,397)	(25,990,188)
Water-sewer plant	(16,822,484)	(849,746)	(55,789)	(17,616,441)
Cable plant	(10,609,139)	(1,191,206)	(100,000)	(11,700,345)
Building and improvements				
Other business-type	(5,003,595)	(360,803)		(5,364,398)
Electric	(1,310,696)	(137,058)		(1,447,754)
Water-sewer	(321,402)	(12,277)		(333,679)
Cable	(73,794)	(1,123)		(74,917)
Furnitures, fixtures, and equipment				
Other business-type	(1,186,967)	(61,929)	(52,025)	(1,196,871)
Electric	(418,905)	(58,974)		(477,879)
Water-sewer	(72,249)	(12,876)		(85,125)
Cable	(271,984)	(22,136)		(294,120)
Transportation and work equipment				
Other business-type	(110,598)	(2,405)		(113,003)
Water-sewer	(958,448)	(89,199)		(1,047,647)
Cable	(253,453)	(35,939)		(289,392)
Infrastructure - Other business-type	(2,228,622)	(96,430)		(2,325,052)
Total accumulated depreciation	<u>(64,538,709)</u>	<u>(4,669,313)</u>	<u>(851,211)</u>	<u>(68,356,811)</u>
Total capital assets, being depreciated, net	<u>83,580,716</u>	<u>44,666</u>	<u>298,583</u>	<u>83,326,799</u>
Business-type activities capital assets, net	<u>\$ 88,133,930</u>	<u>52,706</u>	<u>298,583</u>	<u>87,888,053</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 83,527
Police and fire protection	286,849
Streets, cemetery, and motor pool	331,537
Culture and recreation	<u>216,121</u>
Total depreciation expense - governmental-type activities	<u><u>\$ 918,034</u></u>
Business-type activities:	
Major funds:	
Municipal Utilities	\$ 4,147,746
Black River Coliseum	354,743
Golf Course	44,801
Airport	<u>122,023</u>
Total depreciation expense - business-type activities	<u><u>\$ 4,669,313</u></u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2012, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 3,823,740	
Nonmajor Governmental Funds -		
Special Revenue Funds		588,692
Enterprise Funds:		
Major Funds:		
Black River Coliseum		1,773,430
Airport		385,753
Internal Services Funds		<u>1,075,865</u>
Total	<u><u>\$ 3,823,740</u></u>	<u><u>3,823,740</u></u>

Fund overdraws of pooled cash account for \$3,823,740, of interfund payables and a receivable in the General Fund. Detail by fund for these payables is included on page 28.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Interfund transfers consisted of the following amounts:

<u>Transfers to:</u>	Transfers From:			
	General Fund	Capital Improvements Fund	Park/Golf Capital Fund	Park Fund
Major Governmental General Fund	\$	607,640		
Nonmajor Governmental Funds	82,130	8,750	80,240	
Major Enterprise Funds: Coliseum	327,495	948		
Nonmajor Enterprise Funds		6,669	108,076	93,165
Blended Component Unit		909,394		80,240
Total	<u>\$ 409,625</u>	<u>1,533,401</u>	<u>188,316</u>	<u>173,405</u>

<u>Transfers to:</u>	Transfers From:				
	Golf Fund	Municipal Utilities Fund	Library Fund	Tourism Tax Trust Fund	Total
Major Governmental General Fund	\$	298,225			905,865
Nonmajor Governmental Funds		1,906	6,525		179,551
Major Enterprise Funds: Coliseum		256,816		258,676	843,935
Nonmajor Enterprise Funds		9,647			217,557
Blended Component Unit	80,240	474,438			1,544,312
Total	<u>\$ 80,240</u>	<u>1,041,032</u>	<u>6,525</u>	<u>258,676</u>	<u>3,691,220</u>

Transfers are used to (1) move revenues from the fund that budgets or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) move the bond payments from the funds that make the payment to the funds that maintain the debt, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

6. LONG-TERM LIABILITIES

Changes in long-term liabilities

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2012</u>	<u>Current Portion</u>
Governmental activities:					
Building corporation revenue bonds, Series 2009 -					
Library	\$ 502,750		42,500	460,250	45,000
Park Fund	458,625		63,750	394,875	67,500
Total bonds payable	<u>961,375</u>		<u>106,250</u>	<u>855,125</u>	<u>112,500</u>
Missouri Transportation Finance Corp. Loan Shelby Road	5,212,500		5,212,500		
Missouri Transportation Finance Corp. Loan Oak Grove Road		8,492,232		8,492,232	185,247
Fire department - storm sirens		202,843		202,843	37,734
Accrued compensated absences	832,681	92,705		925,386	10,914
Net pension obligation	133,871	27,945		161,816	
Other post-employment benefits	831,659	257,712		1,089,371	
Total governmental activities	<u>\$ 7,972,086</u>	<u>9,073,437</u>	<u>5,318,750</u>	<u>11,726,773</u>	<u>346,395</u>
Business-type activities:					
Corporation leasehold revenue bond, Series 2002 - Cable department	\$ 4,410,000		4,410,000		
Corporation leasehold refunding bond, Series 2012 - Cable department		3,660,000		3,660,000	285,000
Combined waterworks and sewerage system revenue bonds, Series 2008 Water/Sewer department	5,650,000		275,000	5,375,000	275,000
Combined waterworks and sewerage system revenue bonds, Series 2012 - Direct Loa Water/Sewer department		440,432		440,432	
General obligation bonds Series 2005 - Cable department	6,290,000		500,000	5,790,000	550,000
Building corporation revenue bonds, Series 2009 -					
Black River Coliseum	5,805,000		680,000	5,125,000	720,000
Golf course	458,625		63,750	394,875	67,500
Total bonds payable	<u>22,613,625</u>	<u>4,100,432</u>	<u>5,928,750</u>	<u>20,785,307</u>	<u>1,897,500</u>
Capital lease obligation					
Electric department - plant addition	11,095,000		335,000	10,760,000	355,000
Electric department - trucks	59,676		59,676		
Accrued compensated absences	687,768	56,366		744,134	8,278
Net pension obligation	100,403	20,959		121,362	
Other post-employment benefits	881,388	244,409		1,125,797	
Total business-type activities	<u>\$ 35,437,860</u>	<u>4,422,166</u>	<u>6,323,426</u>	<u>33,536,600</u>	<u>2,260,778</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Debt Service Requirements to Maturity

The annual retirements to amortize all long-term debt as of December 31, 2012, including interest payments of \$14,164,662, are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Debt Service Requirements to Maturity</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 335,481	379,479	2,252,500	1,410,250	2,587,981	1,789,729
2014	4,950,549	369,347	2,511,000	1,336,139	7,461,549	1,705,486
2015	477,112	247,209	2,573,000	1,258,462	3,050,112	1,505,671
2016	577,257	149,564	2,717,750	1,154,538	3,295,007	1,304,102
2017	602,501	127,780	2,837,500	1,054,488	3,440,001	1,182,268
2018-2022	2,607,300	311,154	9,973,125	3,631,036	12,580,425	3,942,190
2023-2027			5,168,000	2,011,615	5,168,000	2,011,615
2028-2032			3,899,000	714,013	3,899,000	714,013
2033			497,000	9,588	497,000	9,588
	<u>\$ 9,550,200</u>	<u>1,584,533</u>	<u>32,428,875</u>	<u>12,580,129</u>	<u>41,979,075</u>	<u>14,164,662</u>

The business-type amortization will not match the long-term liabilities schedule until the entire Series 2012 State of Missouri Direct Loan Program funds have been drawn down, which is expected to occur in 2013.

Revenue Bonds - Series 2009

The Poplar Bluff, Missouri, Public Building Corporation issued revenue bonds (Series 1998 bonds) in the amount of \$16,075,000 dated June 1, 1998. The bond proceeds were used to construct a project which consists of a community center, an expansion of the city library, a four field baseball/softball complex, an additional nine holes to the public golf course, and to add a swimming pool to be attached to the community center; to refund the Series 1996 Bonds; fund the Bond Reserve Fund and pay costs related to the Series 1998 Bonds and the refunding of the Series 1996 Bonds. The community center, the library and the City Hall will secure payment of the Series 1998 Bonds. In 2009, this bond was refinanced with a revenue bond (Series 2009) in the amount of \$8,830,000 dated September 1, 2009. The bonds are due in varying annual principal installments ranging from \$780,000 to \$1,325,000 through September 1, 2018, with a variable interest rate from 2.5% to 4.0%. The bonds payable and the cost of construction (including capitalized interest) of these projects are included in the following funds of the City:

	<u>Construction Cost</u>	<u>Bonds Payable</u>
Government-wide: (as a blended component		
Culture and recreation	\$ 2,520,587	855,125
Major Enterprise Fund	12,393,011	5,125,000
Nonmajor Enterprise Fund	1,386,172	394,875

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Revenue Bonds

On April 15, 2002, the Poplar Bluff, Missouri, Public Building Corporation issued \$5,885,000 of bonds. The bonds bear interest at rates of 3.0% to 5.25% and are due in semiannual installments, which began September 1, 2002. Principal maturities began September 1, 2003, and continue until 2022. Proceeds from the issuance of these bonds were used to purchase an existing broadband communications system. The bonds are secured by a pledge of the rental payments derived from the lease. These bonds were refinanced in September 2012.

On September 1, 2012, the Poplar Bluff, Missouri, Public Building Corporation issued \$3,660,000 of leasehold refunding revenue bonds. The bonds bear interest at rates of 2.0% to 2.7% and are due in semiannual installments, beginning April 1, 2013. Principal maturities begin October 1, 2013, and continue until 2022. Proceeds from the issuance of these bonds were used to refund a Series 2002 bond. The bonds are secured by a pledge of the rental payments derived from the lease.

On October 30, 2008, the City of Poplar Bluff, Missouri issued \$6,195,000 of bonds. The bonds bear interest at 4.0% to 5.75%. Principal maturities began on January 1, 2010, and continue until 2029. Proceeds from the issuance of these bonds were used for the purpose of extending and improving the waterworks portion of the City's combined waterworks and sewerage system. The bonds are secured by a pledge of net revenues.

On July 1, 2012, the City approved issuing the Series 2012 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program) in the maximum principal of \$1,324,000 for the purpose of extending and improving the combined waterworks and sewerage system. The bonds are tentatively scheduled for issuance and delivery in January 2013. The City is able to draw bond proceeds as the need arises and as of December 31, 2012, the total received by the City was \$440,432.

General Obligation Bonds Payable

On August 9, 2000, the Cable department issued \$9,020,000 of bonds. The bonds bear interest at rates of 4.5% to 5.55% and are due in semiannual installments, which began February 1, 2001. Principal maturities began August 1, 2002, and continue until 2020. Proceeds from the issuance of these bonds were used to construct and equip a broadband communications system. The bonds are secured by ad valorem taxes which may be levied without limitation as to rate and amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The City intends to pay the principal and interest from the revenues derived from the system or from the surplus revenues derived from other municipal utilities systems.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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On June 1, 2005, the Cable department issued \$6,790,000 of bonds to advance refund a portion of the Series 2000 bonds. The bonds bear interest rates at 3.5% to 5.0% and are due in semiannual installments, which began August 1, 2005. Principal maturities began August 1, 2011, and continue until 2020. Proceeds from the issuance of these bonds were used to refund certain outstanding general obligation bonds of the City. The bonds are secured by ad valorem taxes which may be levied without limitation as to rate and amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The City intends to pay the principal and interest from the revenues derived from the system or from the surplus revenues derived from other municipal utilities systems.

Capital Lease

The Electric department has entered into a lease agreement with the Missouri Association of Municipal Utilities for the construction of a generating plant, payable in variable monthly payments including interest at 4.84% maturing May 13, 2033. The total cost and accumulated depreciation of this generating plant was \$15,053,820 and \$4,767,043, respectively, at December 31, 2012.

The Electric department has entered into a lease agreement with Commerce Bank N.A. for the purchase of trucks payable in fixed annual payments maturing July 1, 2012. The total cost and accumulated depreciation of the equipment was \$288,418 and \$288,418, respectively, at December 31, 2012.

Notes Payable

On February 25, 2009, the City entered into a note payable to Missouri Transportation Finance Corporation for the construction of Shelby Road. The note bears interest at 4.86%, maturing March 1, 2021. There is a joint venture agreement between the City of Poplar Bluff, Missouri, Paul Duckett, and Cripple Creek Transportation Development District (TDD). This agreement is set up to help pay for this note. The agreement is that the City shall pay the interest for the first seven years, or 84 months of the life of the loan. At the end of the seventh year, if the TDD is not able to service the loan through tax revenue it is receiving, then Duckett and the City shall each pay one-half of any interest and principal payments that the TDD is unable to fund up to the whole amount until such time as the TDD is able to fund the retirement of principal and interest without assistance. This note was paid off in 2012.

On March 1, 2012, the City entered into a note and a cost-share agreement with the Missouri Transportation Finance Corporation (MTFC) and the Missouri Highways and Transportation Commission (MHTC) for improvements on the Interchange at Route 67 and Oak Grove Road and the Intersection at Business Route 67 and Oak Grove Road. The note bears interest at 4.15% and the City shall repay the direct loan to MTFC on an annual basis beginning March 1, 2013 and continue through 2022. MHTC will pay \$4,593,597 directly to MTFC on August 1, 2014.

On October 12, 2012, the City entered into a note payable to First Missouri State Bank for the purchase of storm sirens. The note bears interest at 3.45% due in annual installments which will begin on October 13, 2013 and continue through 2017.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
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Deferred Debt Expense

Bond issue costs, bond discounts, and the difference between the reacquisition price and the net carrying value of the refunded debt are capitalized and amortized over the remaining life of the original debt of fifteen years, using the straight-line method.

Prior-Year Defeasance of Debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2012, none of the bonds outstanding were considered defeased.

7. CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City attorney, the potential loss on all claims will not have a material effect on the financial position of the City.

Grants

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2012.

8. DEFINED BENEFIT PENSION PLANS

Plan Description The City of Poplar Bluff contributes to a single-employer defined benefit pension plan and an agent multiple-employer pension plan: City of Poplar Bluff Policemen's and Firemen's Pension Plan and Missouri Local Government Employees Retirement System (LAGERS). Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, section RSMo. 70.600-70.755; therefore, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The City of Poplar Bluff Policemen's and Firemen's Pension Plan was created and is governed by City Ordinance Section 30-115. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

LAGERS
PO Box 1665
Jefferson City, MO 65102
1-800-447-4334

City of Poplar Bluff Policemen's and
Firemen's Pension Plan
Principal Financial Group
711 High Street
Des Moines, Iowa 50392-0001
(515) 248-2947

Funding Policy and Annual Pension Cost The contribution requirements of plan members are established and may be amended by City ordinance. The City's annual pension cost for the current year and related information is as follows:

	<u>LAGERS</u>	<u>Police and Fire Pension Plan</u>
Contribution rates:		
City - general	11.4%	0.00%
police	12.5%	
fire	16.7%	
Plan members	0.0%	6.0%
Annual pension cost	\$ 1,413,692	\$ 363,545
Contributions made	\$ 1,364,789	\$ 225,236
Actuarial valuation date	02/29/12	01/01/12
Actuarial cost method	Entry Age	Aggregate
Amortization method	Level percentage of pay, open	Level dollar over a closed period
Remaining amortization period	30 years	10 years
Asset valuation method	5-year smoothed market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.25%	6.25%
Projected salary increases	3.5%	3.5%

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Three-Year Trend Information

	Fiscal Year <u>Ending</u>	Annual Pension <u>Cost</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
LAGERS	06/30/10	\$ 1,166,380	91%	\$ 101,475
	06/30/11	\$ 1,321,660	90%	\$ 234,275
	06/30/12	\$ 1,413,692	97%	\$ 283,178
Police and Fire Pension Plan	12/31/10	\$ 145,454	170%	\$ (669,216)
	12/31/11	\$ 168,273	146%	\$ (707,280)
	12/31/12	\$ 363,545	67%	\$ (568,971)

9. ACCUMULATED PROVISION FOR POSTRETIREMENT BENEFITS

Description

Effective January 1, 2008, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$2,215,168 and \$1,713,049 in governmental and business-type activities, respectively, resulting from the adoption.

The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan. The City of Poplar Bluff provided certain postretirement benefits for retired employees. The City will pay 100% of the employee's health insurance for employees who retire from age 55 to 65. The City will provide this benefit until the retiree reaches age 65 and becomes eligible for Medicare or upon the death of the employee. The City does not provide any coverage for the employee's family after retirement.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

	<u>2012</u>
Annual required contribution	\$ 1,263,700
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,263,700</u>
Contributions made	(761,581)
Increase in net OPEB obligation	502,119
Net OPEB obligation - beginning of year	<u>1,713,049</u>
Net OPEB obligation - end of year	<u>\$ 2,215,168</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 and the preceding year were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost contributed</u>	<u>Net OPEB Obligation - End</u> <u>of Year</u>
12/31/11	\$1,234,500	56.25%	\$1,713,049
12/31/12	\$1,263,700	60.27%	\$2,215,168

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$15,256,700, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,256,700. The covered payroll (annual payroll of active employees covered by the plan) was \$11,483,300, and the ratio of UAAL to the covered payroll was 132.9%.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the City and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Because the City funds its OPEB on a pay-as-you-go-basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.0% discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

10. EMPLOYEE'S HEALTH PLAN

The Health Insurance Internal Service Fund accounts for the transactions and reserves associated with the City's medical, dental, prescription drug, optical and life programs for the City employees. Coverage for health and prescription drug plans are self-insured. The City has a stop-loss attachment point of \$35,000 per person. Other coverages are with commercial insurance carriers.

Incurred but not reported claims of \$640,419 are reported in the Health Insurance Fund as of December 31, 2012. These medical and dental reserves are estimated based on submitted claim log reports using a 12-month run-off, which are adjusted for inflation/utilization trends, plan design and population changes. Changes in the claims liability amount in the year ended 2011 and the year ended December 31, 2012, were:

	Beginning of fiscal year <u>liability</u>	Current year claims and changes in <u>estimates</u>	<u>Claim payments</u>	Balance fiscal <u>year-end</u>
12/31/11	\$ 473,108	3,395,317	(3,228,006)	640,419
12/31/12	640,419	2,510,286	(2,717,563)	433,142

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

11. RESTRICTED ASSETS

Municipal Utilities issued Series 2008 bonds during the year ended December 31, 2008, in the amount of \$6,195,000 for extending and improving the waterworks system. Municipal Utilities has \$980,067 restricted cash in the escrow accounts for this bond. Municipal Utilities also has \$623,341 of cash that is restricted for the payment of principal and interest on general obligation bonds outstanding.

Municipal Utilities issued Series 2012 bonds during the year ended December 31, 2012, in the amount of \$1,324,000 for extending and improving the combined waterworks and sewerage system. Municipal Utilities has \$826 restricted cash in the escrow accounts for this bond.

At December 31, 2012, restricted assets include \$309 of money held by Poplar Bluff, Missouri, Public Building Corporation that is restricted for the final payment of bond issuance costs.

12. NEGATIVE FUND BALANCE/NET POSITION

The Black River Coliseum Pool/Fitness Fund, Housing Infrastructure Fund, Library Fund, and the Health Insurance Fund have negative fund balances at December 31, 2012. An operating transfer from the General Fund will be required to increase the fund balance to a positive balance.

13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has effectively managed risk through its insurance coverage and various educational and prevention programs. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

14. INDUSTRIAL REVENUE BONDS

From time to time, the City has issued industrial revenue bonds to provide capital financing for specific third parties that are not part of the City's financial reporting entity. At the same time, the City entered into lease agreements with the purchasers which contains provisions allowing the lessee to purchase the leased property for a nominal amount at the end of the lease term, or at earlier dates upon payment of amounts sufficient to redeem the entire related bond issued by the City, which are then outstanding. Capital outlay is earmarked to have been purchased with these bonds to keep from having to pay property taxes on the items purchased. Instead of paying property taxes on this property, Payments in Lieu of Taxes are paid to the City for a twenty year period. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. The City is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2012

As of December 31, 2012, there were two series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2012, could not be determined; however, their original issue amounts were not to exceed \$16 million.

15. PRIOR PERIOD ADJUSTMENT

In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City has recorded a prior period adjustment for their net pension obligation in the amount of \$234,274. This adjustment will decrease the beginning net position of the governmental activities and business-type activities by \$133,871 and \$100,403, respectively. These adjustments have been reported in the government-wide statement of activities and the proprietary fund statements of revenues, expenses, and changes in fund net position.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts <u>Original/Final</u>	Actual <u>Amounts</u>	Variance with Final Budget - Over <u>(Under)</u>
Revenues:			
General property taxes	\$ 1,103,931	1,238,999	(135,068)
Sales tax	5,023,373	5,165,307	(141,934)
Licenses and permits	3,505,219	3,438,733	66,486
Fines, forfeitures, and violations	431,425	380,265	51,160
Use of property	73,630	81,676	(8,046)
Other revenues	605,391	138,150	467,241
Special revenues	211,965	1,087,266	(875,301)
Investment income	60,325	18,048	42,277
Grant income	406,299	564,860	(158,561)
Total revenues	<u>11,421,558</u>	<u>12,113,304</u>	<u>(691,746)</u>
Expenditures:			
Current			
General government administration	2,578,273	2,720,461	(142,188)
Police and fire protection	6,396,002	6,440,043	(44,041)
Streets, cemetery and motor pool	2,202,506	2,100,810	101,696
Culture and recreation		109,456	(109,456)
Capital outlay	258,500	2,952,178	(2,693,678)
Debt service:			
Interest		253,328	(253,328)
Total expenditures	<u>11,435,281</u>	<u>14,576,276</u>	<u>(3,140,995)</u>
Excess (deficiency) of revenues over expenditures	(13,723)	(2,462,972)	2,449,249
Other Financing Sources (Uses):			
Transfers in		607,640	(607,640)
Transfer in-utilities		298,225	(298,225)
Loan Proceeds		202,843	(202,843)
Transfers out	(409,625)	(409,625)	
Total other financing sources (uses)	<u>(409,625)</u>	<u>699,083</u>	<u>(1,108,708)</u>
Net Change in Fund Balance	(423,348)	(1,763,889)	1,340,541
Fund Balance, December 31, 2011	<u>7,600,000</u>	<u>11,710,279</u>	<u>(4,110,279)</u>
Fund Balance, December 31, 2012	<u>\$ 7,176,652</u>	<u>9,946,390</u>	<u>(2,769,738)</u>

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 Hwy. 67 Sales Tax
 For the Year Ended December 31, 2012

	Budgeted Amounts <u>Original/Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Over <u>(Under)</u>
Revenues:			
Sales tax	\$ 2,068,914	2,202,087	(133,173)
Investment income	20,450	16,463	3,987
Total revenues	<u>2,089,364</u>	<u>2,218,550</u>	<u>(129,186)</u>
Expenditures:			
Current			
General government administration	<u>2,089,364</u>	<u>2,218,550</u>	<u>(129,186)</u>
Total expenditures	<u>2,089,364</u>	<u>2,218,550</u>	<u>(129,186)</u>
Net Change in Fund Balance			
Fund Balance, December 31, 2011	<u> </u>	<u> </u>	<u> </u>
Fund Balance, December 31, 2012	<u>\$ </u>	<u> </u>	<u> </u>

City of Poplar Bluff, Missouri
Notes to Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

Budgetary Accounting

The City prepares its budget for all Funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in presenting the Funds in the basic financial statements. All unexpended appropriations lapse at year-end.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Funding Progress
 For the Year Ended December 31, 2012

<u>LAGERS</u>						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/10	17,329,573	23,481,699	6,152,126	74%	10,909,446	56%
02/28/11	18,140,147	25,229,989	7,089,842	72%	11,001,765	64%
02/29/12	19,495,956	26,637,821	7,141,865	73%	11,407,652	63%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

<u>Police and Fire Pension Plan</u>						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Aggregate Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
01/01/10	11,158,606	11,831,136	672,530	94%	3,221,532	21%
01/01/11	11,242,461	12,195,493	953,032	92%	3,312,717	29%
01/01/12	11,249,762	13,805,884	2,556,122	81%	3,441,637	74%

<u>Other Post Employment Benefits</u>						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Projected-unit Credit Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
01/01/09	-	14,209,200	14,209,200	0%	11,379,000	124.9%
12/31/11	-	15,256,700	15,256,700	0%	11,483,300	132.9%

Note: 12/31/11 is the latest actuarial valuation date.

Schedule 1

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

ASSETS	Park/Golf Capital <u>Fund</u>	Library <u>Fund</u>	Park <u>Fund</u>	Crime Reduction <u>Fund</u>
Cash and cash equivalents	\$ 180,883	103,224	997,341	134,113
Taxes receivable, net	42,573	176,966	170,288	
Grant receivable			12,500	
Prepaid insurance		200	26,348	
Restricted assets:				
Cash and cash equivalents		49,934		
Tax receivable, net				
Grant receivable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 223,456</u>	<u>330,324</u>	<u>1,206,477</u>	<u>134,113</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 599	9,412	16,660	
Accounts payable - General fund		560,050		
Accrued payroll and benefits		7,089	39,176	
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>599</u>	<u>576,551</u>	<u>55,836</u>	
Fund Balance:				
Nonspendable		200	26,348	
Restricted				134,113
Assigned	222,857		1,124,293	
Unassigned		(246,427)		
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>222,857</u>	<u>(246,227)</u>	<u>1,150,641</u>	<u>134,113</u>
Total Liabilities and Fund Balance	<u>\$ 223,456</u>	<u>330,324</u>	<u>1,206,477</u>	<u>134,113</u>

Schedule 1

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Tourism Tax <u>Fund</u>	Police & Fire Pension <u>Fund</u>	Downtown Development <u>Fund</u>	Capital Improvement <u>Fund</u>
ASSETS				
Cash and cash equivalents	\$			1,228,474
Taxes receivable, net				298,004
Grant receivable				
Other receivable				8,793
Prepaid insurance				
Restricted assets:				
Cash and cash equivalents	27,918	109,135		
Tax receivable, net	80,690	190,689		
Grant receivable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 108,608</u>	<u>299,824</u>	<u> </u>	<u>1,535,271</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$	299,824		925
Accounts payable - General fund				
Accrued payroll and benefits				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<u>299,824</u>	<hr/>	<u>925</u>
 Fund Balance:				
Nonspendable				
Restricted	108,608			
Assigned				1,534,346
Unassigned				
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>108,608</u>	<hr/>	<hr/>	<u>1,534,346</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 108,608</u>	<u>299,824</u>	<u> </u>	<u>1,535,271</u>

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

ASSETS	Storm Water <u>Fund</u>	Task Force <u>Fund</u>	<u>Total</u>
Cash and cash equivalents	\$		2,644,035
Taxes receivable, net			687,831
Grant receivable	28,642		41,142
Other receivables			8,793
Prepaid insurance			26,548
Restricted assets:			
Cash and cash equivalents	144,623		331,610
Tax receivable, net			271,379
Grant receivable		33,634	33,634
Total assets	<u>\$ 173,265</u>	<u>33,634</u>	<u>4,044,972</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,575	33,634	362,629
Accounts payable - General fund	28,642		588,692
Accrued payroll and benefits			46,265
Total liabilities	<u>30,217</u>	<u>33,634</u>	<u>997,586</u>
Fund balance:			
Nonspendable			26,548
Restricted	143,048		385,769
Assigned			2,881,496
Unassigned			(246,427)
Total fund balance	<u>143,048</u>		<u>3,047,386</u>
Total Liabilities and Fund Balance	<u>\$ 173,265</u>	<u>33,634</u>	<u>4,044,972</u>

Schedule 2

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Park/Golf <u>Capital Fund</u>	Library <u>Fund</u>	Park <u>Fund</u>	Crime Reduction <u>Fund</u>
Revenues:				
General property taxes	\$	24,302		
Sales tax	275,258	246,197	1,101,105	
Fines, forfeitures, and violations		13,635		49,723
Use of property			50,538	
Other revenues		30,608	15,329	
Special revenues				
Investment income		350	3,959	219
Grant income		4,256	14,301	
Total revenues	<u>275,258</u>	<u>319,348</u>	<u>1,185,232</u>	<u>49,942</u>
Expenditures:				
Current				
General government administration				
Police and fire protection				
Streets, cemetery and motor pool				
Transportation				
Culture and recreation	29,070	539,773	899,091	
Capital outlay		35,736	105,083	
Debt service:				
Principal				
Interest				
Total expenditures	<u>29,070</u>	<u>575,509</u>	<u>1,004,174</u>	
Excess (deficiency) of revenues over expenditures	246,188	(256,161)	181,058	49,942
Other Financing Sources (Uses):				
Transfers in		97,405	80,240	
Transfer in-utilities			1,906	
Transfers out	(188,317)	(6,525)	(173,406)	
Total other financing sources (uses)	<u>(188,317)</u>	<u>90,880</u>	<u>(91,260)</u>	
Net Change in Fund Balance	57,871	(165,281)	89,798	49,942
Fund Balance, December 31, 2011	<u>164,986</u>	<u>(80,946)</u>	<u>1,060,843</u>	<u>84,171</u>
Fund Balance, December 31, 2012	<u>\$ 222,857</u>	<u>(246,227)</u>	<u>1,150,641</u>	<u>134,113</u>

Schedule 2

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Tourism Tax <u>Fund</u>	Police & Fire Pension <u>Fund</u>	Downtown Development <u>Fund</u>	Capital Improvement <u>Fund</u>
Revenues:				
General property taxes	\$	230,279		
Sales tax				1,926,806
Fines, forfeitures, and violations				
Use of property				
Other revenues		204,600		126,664
Special revenues	247,442			
Investment income	278			
Grant income			4,534	
Total revenues	<u>247,720</u>	<u>434,879</u>	<u>4,534</u>	<u>2,053,470</u>
Expenditures:				
Current				
General government administration			4,534	6,622
Police and fire protection		434,879		89,576
Streets, cemetery and motor pool				171,674
Transportation				
Culture and recreation				13,078
Capital outlay				
Debt service:				
Principal				
Interest				
Total expenditures		<u>434,879</u>	<u>4,534</u>	<u>280,950</u>
Excess (deficiency) of revenues over expenditures	247,720			1,772,520
Other Financing Sources (Uses):				
Transfers in				
Transfer in-utilities				
Transfers out	(258,676)			(1,533,402)
Total other financing sources (uses)	<u>(258,676)</u>			<u>(1,533,402)</u>
Net Change in Fund Balance	(10,956)			239,118
Fund Balance, December 31, 2011	<u>119,564</u>			<u>1,295,228</u>
Fund Balance, December 31, 2012	<u>\$ 108,608</u>			<u>1,534,346</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Storm Water <u>Fund</u>	Task Force <u>Fund</u>	<u>Total</u>
Revenues:			
General property taxes	\$		254,581
Sales tax			3,549,366
Fines, forfeitures, and violations	10,515		73,873
Use of property			50,538
Other revenues			377,201
Special revenues			247,442
Investment income	139		4,945
Grant income	28,642	380,092	431,825
Total revenues	<u>39,296</u>	<u>380,092</u>	<u>4,989,771</u>
Expenditures:			
Current			
General government administration	30,217		41,373
Police and fire protection		380,092	904,547
Streets, cemetery and motor pool			171,674
Transportation			1,481,012
Culture and recreation			140,819
Capital outlay			140,819
Debt service:			
Principal			
Interest			
Total expenditures	<u>30,217</u>	<u>380,092</u>	<u>2,739,425</u>
Excess (deficiency) of revenues over expenditures	9,079		2,250,346
Other Financing Sources (Uses):			
Transfers in			177,645
Transfer in-utilities			1,906
Transfers out			<u>(2,160,326)</u>
Total other financing sources (uses)			<u>(1,980,775)</u>
Net Change in Fund Balance	9,079		269,571
Fund Balance, December 31, 2011	<u>133,969</u>		<u>2,777,815</u>
Fund Balance, December 31, 2012	<u>\$ 143,048</u>		<u>3,047,386</u>

City of Poplar Bluff, Missouri
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2012

	Golf Course <u>Fund</u>	Airport <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 52,560		52,560
Accounts receivable, net		36,012	36,012
Grant receivable		279,349	279,349
Inventories		39,923	39,923
Prepaid expenses	5,346	32,394	37,740
Total current assets	<u>57,906</u>	<u>387,678</u>	<u>445,584</u>
Noncurrent Assets:			
Capital assets:			
Capital assets, net	1,491,794	2,773,358	4,265,152
Land	800,000	1,113,749	1,913,749
Total noncurrent assets	<u>2,291,794</u>	<u>3,887,107</u>	<u>6,178,901</u>
Total Assets	<u>2,349,700</u>	<u>4,274,785</u>	<u>6,624,485</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	4,634	113,026	117,660
Accounts payable - general fund		385,753	385,753
Accrued payroll and benefits	11,146	6,974	18,120
Accrued interest	4,966		4,966
Bonds payable	67,500		67,500
Total current liabilities	<u>88,246</u>	<u>505,753</u>	<u>593,999</u>
Noncurrent Liabilities:			
Accrued compensated absences	29,861	2,503	32,364
Bonds payable	327,375		327,375
Net pension obligation	3,467	1,156	4,623
Accumulated provision for postretirement benefits	32,036	5,432	37,468
Total noncurrent liabilities	<u>392,739</u>	<u>9,091</u>	<u>401,830</u>
Total Liabilities	<u>480,985</u>	<u>514,844</u>	<u>995,829</u>
NET POSITION			
Net investment in capital assets	1,896,919	3,887,107	5,784,026
Restricted for:			
Unrestricted	(28,204)	(127,166)	(155,370)
Total Net Position	<u>\$ 1,868,715</u>	<u>3,759,941</u>	<u>5,628,656</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2012

	Golf Course <u>Fund</u>	Airport <u>Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 266,817	622,601	889,418
Property rental		22,073	22,073
Grant income		288,542	288,542
Total Operating Revenues	<u>266,817</u>	<u>933,216</u>	<u>1,200,033</u>
Operating Expenses:			
Personnel services	231,335	160,808	392,143
Operating supplies	47,871	4,664	52,535
Repairs and maintenance	65,700	19,727	85,427
Natural gas	2,403	7,669	10,072
Utilities	14,246	15,232	29,478
Merchandise for resale		501,939	501,939
Telephone	887	1,346	2,233
Books/publications and memberships	680	810	1,490
Travel and training	590	431	1,021
Professional fees	4,532	15,585	20,117
Advertising	280	1,809	2,089
Equipment rent	224		224
Insurance	6,669	51,547	58,216
Small tools and equipment	2,109	423	2,532
Miscellaneous		8,480	8,480
Depreciation	44,801	122,023	166,824
Total Operating Expenses	<u>422,327</u>	<u>912,493</u>	<u>1,334,820</u>
Operating Income (Loss)	(155,510)	20,723	(134,787)
Nonoperating Revenues (Expenses):			
Investment income	245		245
Interest expense	(15,959)		(15,959)
Amortization	(1,399)		(1,399)
Total Nonoperating Revenues (Expenses)	<u>(17,113)</u>		<u>(17,113)</u>
Income (Loss) Before Contributions and Transfers	(172,623)	20,723	(151,900)
Contributions and Transfers			
Transfers in	281,482	6,669	288,151
Transfers in - utilities		9,647	9,647
Transfers out	<u>(80,240)</u>		<u>(80,240)</u>
Changes in Net Position	28,619	37,039	65,658
Net Position, December 31, 2011	1,842,965	3,723,858	5,566,823
Prior Period Adjustment	<u>(2,869)</u>	<u>(956)</u>	<u>(3,825)</u>
Net Position, December 31, 2012	<u>\$ 1,868,715</u>	<u>3,759,941</u>	<u>5,628,656</u>

City of Poplar Bluff, Missouri
Combining Statement of Net Position - Municipal Utilities
December 31, 2012

	Electric Department	Water/ Sewer Department	Cable Department	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,502,665	3,014,340	248,685	8,765,690
Accounts receivable, net of allowance for doubtful accounts	1,666,817	248,584	501,361	2,416,762
Accrued interest receivable	546			546
Inventories	1,045,255	314,501	273,673	1,633,429
Prepaid expenses	953,248	118,319	139,000	1,210,567
Total current assets	<u>9,168,531</u>	<u>3,695,744</u>	<u>1,162,719</u>	<u>14,026,994</u>
Restricted assets:				
Cash and cash equivalents		693,314	623,650	1,316,964
Investments		287,579		287,579
Total restricted assets		<u>980,893</u>	<u>623,650</u>	<u>1,604,543</u>
Noncurrent assets:				
Patronage capital	21,361			21,361
Bond issue costs	222,148	109,401	317,121	648,670
Capital assets, net of accumulated depreciation	34,246,521	27,707,105	9,286,936	71,240,562
Land	1,163,932	365,979	80,192	1,610,103
Total noncurrent assets	<u>35,653,962</u>	<u>28,182,485</u>	<u>9,684,249</u>	<u>73,520,696</u>
Total Assets	<u>44,822,493</u>	<u>32,859,122</u>	<u>11,470,618</u>	<u>89,152,233</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,616,796	286,338	120,200	2,023,334
Accrued payroll and benefits	344,793	189,211	76,113	610,117
Sales tax payable	335,454	13,025		348,479
Accrued interest payable	24,120	40,943	113,578	178,641
Accrued compensated absences	8,278			8,278
Current maturities of long-term debt	355,000			355,000
Bonds payable		275,000	835,000	1,110,000
Total current liabilities	<u>2,684,441</u>	<u>804,517</u>	<u>1,144,891</u>	<u>4,633,849</u>
Noncurrent liabilities:				
Accrued compensated absences	384,292	216,833	83,600	684,725
Bonds payable		5,540,432	8,615,000	14,155,432
Customer meter deposits	304,332	64,863	14,262	383,457
Long-term debt	10,405,000			10,405,000
Net pension obligation	58,947	39,298	12,714	110,959
Accumulated provision for postretirement benefits	520,189	377,645	140,800	1,038,634
Total noncurrent liabilities	<u>11,672,760</u>	<u>6,239,071</u>	<u>8,866,376</u>	<u>26,778,207</u>
Total Liabilities	<u>14,357,201</u>	<u>7,043,588</u>	<u>10,011,267</u>	<u>31,412,056</u>
NET POSITION				
Net investment in capital assets	24,650,453	22,257,652	(82,872)	46,825,233
Restricted for:				
Debt service		980,888	623,650	1,604,538
Capital projects		5		5
Unrestricted	5,814,839	2,576,989	918,573	9,310,401
Total Net Position	<u>\$ 30,465,292</u>	<u>25,815,534</u>	<u>1,459,351</u>	<u>57,740,177</u>

Schedule 6

City of Poplar Bluff, Missouri
Combining Statement of Revenues, Expenses, and Changes in Net Position
Municipal Utilities
Year Ended December 31, 2012

	Electric Department	Water/ Sewer Department	Cable Department	Total
Operating revenues:				
Utility services sales	\$ 27,562,944	5,337,283	6,595,585	39,495,812
Grant income		440,432		440,432
Other miscellaneous	3,771,071	121,792	156,367	4,049,230
Total Operating Revenues	<u>31,334,015</u>	<u>5,899,507</u>	<u>6,751,952</u>	<u>43,985,474</u>
Operating expenses:				
Personnel services	933,428	780,310	790,397	2,504,135
Office supplies	101,287	4,425	2,797	108,509
Shared office expense	(395,453)	180,848	214,605	
Repairs and maintenance	132,758			132,758
Natural gas			2,724	2,724
Electric transmission	27,504,263			27,504,263
Electric distribution	2,947,444			2,947,444
Cable programming fees			3,002,865	3,002,865
Cable maintenance			830,081	830,081
Water supply, purification and pumping		832,678		832,678
Water distribution		891,370		891,370
Sewer accumulation		1,416,850		1,416,850
Telephone	8,178	2,353	5,918	16,449
Books/publications and memberships	37,578		419	37,997
Travel and training			5,000	5,000
Professional fees	37,567		29,967	67,534
Advertising	7,195	4,101	558	11,854
Insurance	233,223	131,084	69,205	433,512
Uncollectible accounts	205,962	29,903	72,320	308,185
Free municipal services	541,935	37,131	1,690	580,756
Miscellaneous	15,787	107,352	95,835	218,974
Depreciation	1,933,244	964,098	1,250,404	4,147,746
Total Operating Expenses	<u>34,244,396</u>	<u>5,382,503</u>	<u>6,374,785</u>	<u>46,001,684</u>
Income (Loss) From Operations	<u>(2,910,381)</u>	<u>517,004</u>	<u>377,167</u>	<u>(2,016,210)</u>
Nonoperating Revenues (Expenses):				
Interest income	50,739	25,756	6,730	83,225
Management fees			(30)	(30)
Interest expense	(539,507)	(81,060)	(418,276)	(1,038,843)
Amortization	(49,366)	(5,784)	(31,716)	(86,866)
Total Nonoperating Revenues (Expenses)	<u>(538,134)</u>	<u>(61,088)</u>	<u>(443,292)</u>	<u>(1,042,514)</u>
Loss Before Contributions and Transfers	(3,448,515)	455,916	(66,125)	(3,058,724)
Transfers in				
Transfers out				
Contributions in aid of construction	<u>20,453</u>	<u>88,435</u>		<u>108,888</u>
Change in Net Position	(3,428,062)	544,351	(66,125)	(2,949,836)
Net Position, December 31, 2011	33,942,121	25,303,695	1,535,994	60,781,810
Prior Period Adjustment	(48,767)	(32,512)	(10,518)	(91,797)
Net Position, December 31, 2012	<u>\$ 30,465,292</u>	<u>25,815,534</u>	<u>1,459,351</u>	<u>57,740,177</u>

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2012

ECONOMIC INFORMATION CONCERNING THE CITY-

Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a six-year period. These numbers reflect permits issued either for new construction or for major renovation.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential						
No. of permits	170	196	122	138	143	153
Estimated cost	\$2,204,787	\$1,583,362	\$1,259,844	\$1,439,325	\$2,117,987	\$1,702,683
Commercial						
No. of permits	37	33	60	44	58	62
Estimated cost	\$3,316,523	\$9,172,296	\$14,362,023	\$7,092,512	\$9,912,695	\$117,989,406

DEBT STRUCTURE OF THE CITY -

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (including general obligation bonds and long-term capital lease finances) of political subdivisions with boundaries overlapping the City as of February 1996 and the percent attributable (on the basis of current assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the obligations, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or capital leases, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Poplar Bluff R-1 School District of Poplar Bluff, MO	\$ 9,140,000	66.51%	6,079,014
Butler County, MO	5,435,000	50.57%	2,748,479
Three Rivers Community College District	<u>998,000</u>	29.93%	<u>298,701</u>
	<u>\$ 15,573,000</u>		<u>9,126,194</u>

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2012

FINANCIAL INFORMATION CONCERNING THE CITY-Retail Sales Taxes

A one percent sales tax approved by the voters of the City on December 15, 1970, is levied on receipts from the sale at retail of all tangible property or taxable services, if such property and services are subject to the sales tax imposed by the State of Missouri. Upon termination of the Federal Revenue Sharing funds in 1986, a new source of revenue for capital improvement projects and needs became increasingly urgent leading ultimately to the election and citizen approval of the one-half cent Capital Improvement Sales Tax on April 4, 1989, to be collected for a period of ten years. Voter approval on August 8, 1995, eliminated the sunset provision of the one-half cent Capital Improvement Sales Tax, thus providing continuing support for capital improvement needs of the City. The voters of the City approved a one-half cent sales tax for Economic Development in April 2005. A one-quarter cent Park Department Sales Tax was approved by voters of the City in November 1999. In June 2012, the voters of the City approved a one-quarter cent Library Sales Tax to replace the property tax levy.

The following table shows the retail sales tax collections for the city for the last five fiscal years:

<u>Year</u>	<u>General</u>	<u>Library</u>	<u>Capital Improvement</u>	<u>Economic Development</u>	<u>Park Dept.</u>	<u>Totals</u>
2008	\$ 4,253,371		2,043,836	2,044,854	1,023,017	9,365,078
2009	4,254,756		2,054,119	2,052,672	1,026,657	9,388,204
2010	4,213,692		2,037,645	2,036,981	1,018,718	9,307,036
2011	4,343,801		2,092,455	2,092,437	1,046,188	9,574,881
2012	4,434,576	81,382	2,186,265	2,186,163	1,093,206	9,981,592

Major Sales Tax Payers

The ten largest sales tax payers for the year ended December 31, 2012, are as follows:

<u>Company</u>	<u>Business</u>	<u>Percentage of Sales Tax</u>
1. Walmart	Retail & Grocery	26.46%
2. Kroger	Grocery	6.83
3. The Home Depot	Retail	4.35
4. Aldi	Grocery	2.92
5. Gamblin Lumber Co.	Lumber	2.53
6. J.C. Penney	Retail	2.38
7. K-Mart	Retail	2.37
8. Hefner's	Retail	1.83
9. County Mart	Grocery	1.17
10. Country Mart	Grocery	1.16

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2012

Property valuations- Current Assessed Valuation

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of January 1, 2012 (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$ 74,032,840	19%	\$ 389,646,526
Commercial	92,014,630	32	287,545,718
Agriculture	<u>153,080</u>	12	<u>1,275,666</u>
Sub-total	166,200,550		678,467,910
Personal Property	<u>63,596,421</u>	33 1/3%	<u>190,808,343</u>
Total	<u><u>\$ 229,796,971</u></u>		<u><u>\$ 869,276,253</u></u>

Tax Rates

Tax Collection Record:

The following table sets forth tax collection information for the City for the last five fiscal years.

<u>Year Ended</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amounts</u>	<u>%</u>
2012	\$0.71	\$1,406,597	\$1,638,846	117%
2011	0.71	1,495,306	1,529,048	102%
2010	0.70	1,544,338	1,672,425	108%
2009	0.70	1,552,333	1,684,425	109%
2008	0.70	1,549,519	1,544,688	100%

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2012

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon local assessed valuation as of January 1, 2012.

<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Description of Business</u>	<u>% of Total Local Assessed Valuation</u>
1. PB Regional Medical Center	\$ 9,355,570	Health Care	5.63%
2. Walmart	2,478,230	Retail	1.49%
3. The Home Depot	1,995,300	Retail	1.20%
4. PB Hotel Management	1,768,760	Hotel	1.06%
5. Northwest Medical Center	1,697,424	Health Care	1.02%
6. Bootheel Bancorp	1,403,330	Banking	.84%
7. Sterling Development	1,402,140	Banking	.84%
8. Realty Income Corp.	1,380,870	Retail	.83%
9. Mansion Mall Marketplace	1,278,220	Retail	.77%
10. P.B. Physicians Group	<u>1,155,330</u>	Health Care	<u>.70%</u>
Total	<u>\$23,915,174</u>		<u>14.39%</u>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri 63901

We have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Poplar Bluff, Missouri's, basic financial statements and have issued our report thereon dated June 7, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Poplar Bluff, Missouri's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Poplar Bluff, Missouri's, internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Poplar Bluff, Missouri's, internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Poplar Bluff, Missouri's, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

Poplar Bluff, Missouri

June 7, 2013



KRAFT, MILES & TATUM, LLC
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Poplar Bluff, Missouri's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City of Poplar Bluff, Missouri's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Poplar Bluff, Missouri's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Poplar Bluff, Missouri's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Poplar Bluff, Missouri's, compliance.

Opinion of Each Major Federal Program

In our opinion, the City of Poplar Bluff, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Poplar Bluff, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Poplar Bluff, Missouri's, internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

Poplar Bluff, Missouri

June 7, 2013

Schedule 8

City of Poplar Bluff, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

Federal Grantor Pass-Through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Agency or Pass-Through <u>Number</u>	Federal Disbursements/ <u>Expenditures</u>
U.S. Department of Justice			
Direct Program			
Community Policing	16.710	2010CKWX0185	8,619
Community Policing	16.710	2008CKWX0086	49,688
Community Policing	16.710	2010CKWX0185	4,907
Equitable Sharing of Federally Forfeited Property	16.922		2,321
Pass through: Missouri Dept. of Public Safety			
JAG Program Cluster			
Edward Byrne Memorial JAG	16.738	2011-JAG-019	73,358
Edward Byrne Memorial JAG	16.738	2010-JAG-022	175,954
ARRA-Edward Byrne Memorial JAG	16.803	2009-JAG-RA-115	67,567
ARRA-Edward Byrne Memorial JAG	16.803	2009-MJCCG-052	39,155
ARRA-Edward Byrne Memorial JAG	16.803	2009-MJCCG-037	56,614
Title V Community Prevention Grant	16.548	09-10-Title V-0001	72,031
Title V Community Prevention Grant	16.548	10-11-Title V-0001	11,028
Pass through: St. Charles County			
Sheriff's Dept.			
Missing Children's Assistance	16.543	2011-MC-CX-K012	7,240
			<hr/>
Total U.S. Department of Justice			568,482
Environmental Protection Agency			
Pass through: Missouri Dept. of Natural Resources			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW291204-02	985,070
			<hr/>
Total Environmental Protection Agency			985,070
U.S. Department of H.U.D.			
Pass through: Missouri Dept. of Economic Development			
Community Development Block Grant	14.228	2008-DI-75	6,781
Community Development Block Grant	14.228	2010-PF-57	28,642
Pass through: Missouri Dept. of Social Services			
Emergency Shelter Grants	14.231	ERO 1642-041	66,897
			<hr/>
Total U.S. Department of H.U.D.			102,320

The accompanying notes are an integral part of this schedule

Schedule 8

City of Poplar Bluff, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

U.S. Department of Interior			
Pass through: Missouri Dept. of Natural Resources			
Historic Prevention Grant	15.904	29-12-41932-009	<u>7,416</u>
Total U.S. Department of Interior			<u>7,416</u>
U.S. Department of Transportation			
Pass through: State of Missouri			
Airport Improvement Program	20.106	AIRE 11-075A	286,006
Pass through: University of Central Missouri			
Highway Safety Cluster			
State and Community Highway Safety	20.600	12-OP-05-005	761
Alcohol Impaired Driving Countermeasures			
Incentive Grants	20.601	12-OP-05-002	292
Child Safety & Booster Seat Incentive Grants	20.613	12-K3-05-003	761
Alcohol Open Container Requirements	20.607	13-154-AL-074	494
Alcohol Open Container Requirements	20.607	13-154-AL-083	<u>1,695</u>
Total U.S. Department of Transportation			<u>290,009</u>
Other			
Direct Program			
High Intensity Drug Trafficking Area	95.001		<u>13,676</u>
Total Other			<u>13,676</u>
Total Federal Financial Assistance			<u><u>\$ 1,966,973</u></u>

The accompanying notes are an integral part of this schedule

City of Poplar Bluff, Missouri

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Poplar Bluff, Missouri, under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Poplar Bluff, Missouri, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Poplar Bluff, Missouri.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Pass-through entity identifying numbers are presented where available.

3. SUBRECIPIENTS

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Subrecipients</u>
16.710	Community Policing	\$ 63,214
16.738	Edward Byrne Memorial JAG	249,312
16.803	ARRA-Edward Byrne Memorial JAG	163,336
14.231	Emergency Shelter Grant	66,897
15.904	Historic Prevention Grant	7,416
16.548	Title V Community Prevention Grant	83,059

City of Poplar Bluff, Missouri
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2012

Part I - Summary of Auditor's Results

An unqualified opinion was issued on the financial statements of the City of Poplar Bluff, Missouri, for the year ended December 31, 2012.

No material weaknesses in internal control over financial reporting of the City of Poplar Bluff, Missouri, were disclosed.

The audit did not disclose any noncompliance which is material to the financial statements of the City of Poplar Bluff, Missouri.

No material weaknesses in internal control over major programs of the City of Poplar Bluff, Missouri, were disclosed.

An unqualified opinion was issued on compliance for major programs.

The audit did not disclose any audit findings which are required to be reported by OMB Circular A-133.

The major programs and CFDA numbers tested during the year ended December 31, 2012 were:

Capitalization Grants for Drinking Water State Revolving Fund	66.468
Edward Byrne Memorial JAG	16.738
ARRA-Edward Byrne Memorial JAG	16.803

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The City of Poplar Bluff, Missouri, was determined to be a low-risk auditee.

Part II - Findings Related to the Financial Statements

There were no findings for the financial statements for the year ended December 31, 2012.

Part III - Findings Related to Federal Awards

There were no findings for federal awards for the year ended December 31, 2012.

City of Poplar Bluff, Missouri
Schedule of Resolution of Prior Year Audit Findings
For the Year Ended December 31, 2012

No unresolved findings or questioned costs remain from the previous year.



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FAX (573) 785-0114

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 30, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Poplar Bluff, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets is based on prior experience. We evaluated the key factors and assumptions used to develop the estimated useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of long-term debt in Note 6 to the financial statements. The City uses this debt to finance the building of various capital assets including its utility plant and is a vital aspect of the City's financial condition.

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 clearly trivial, and communicate them to the appropriate level of management. No misstatements were noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 7, 2013.

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 City's financial statements or a determination of the type of auditors' 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 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 City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Kraft, Miles & Tatum, LLC

Certified Public Accountants

Poplar Bluff, Missouri

June 7, 2013

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND
FINANCIAL SUMMARY

100.00% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
<u>REVENUE SUMMARY</u>					
OPERATING INCOME	6,695,893.82	509,082.54	6,124,656.23	91.47	571,237.59
OTHER INCOME	493,256.00	53,232.22	547,237.15	110.94	(53,981.15)
TOTAL REVENUES	7,189,149.82	562,314.76	6,671,893.38	92.81	517,256.44
	=====	=====	=====	=====	=====
<u>EXPENDITURE SUMMARY</u>					
OPERATING FEES	2,824,933.00	230,269.32	2,718,513.48	96.23	106,419.52
DISTRIBUTION EXP	1,038,674.94	86,373.95	946,997.02	91.17	91,677.92
OPERATING EXP	529,750.00	66,313.49	662,786.74	125.11	(133,036.74)
GENERAL EXP	512,801.71	42,260.34	548,738.26	107.01	(35,936.55)
OTHER EXPENSE	1,505,454.96	122,498.64	1,519,433.49	100.93	(13,978.53)
TOTAL EXPENDITURES	6,411,614.61	547,715.74	6,396,468.99	99.76	15,145.62
	=====	=====	=====	=====	=====
REVENUES OVER/ (UNDER) EXPENDITURES	777,535.21	14,599.02	275,424.39		502,110.82

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

100.00% OF YEAR COMP.

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
<u>OPERATING INCOME</u>					
230-4-90-60000 Bulk Cstmr-Expanded Basic	179,136.52	17,742.83	161,214.87	90.00	17,921.65
230-4-90-60001 Bullk Customers - Basic	67,114.77	4,824.37	87,650.71	130.60 (	20,535.94)
230-4-90-60100 Bulk Customers-Premium Channel	42,613.87	3,280.00	39,360.00	92.36	3,253.87
230-4-90-60105 Bulk Customers-Pay Per View	0.00	0.00	0.00	0.00	0.00
230-4-90-60200 Residential - Limited Basic	213,230.93	14,241.17	173,503.57	81.37	39,727.36
230-4-90-60201 Residential - Expanded Basic	2,590,657.97	182,488.64	2,229,232.77	86.05	361,425.20
230-4-90-60202 Basic/Expanded Basic W/Prem	317,002.19	17,752.84	229,552.96	72.41	87,449.23
230-4-90-60203 Exp Basic/Digital W/Premium	652,091.74	47,390.48	595,055.56	91.25	57,036.18
230-4-90-60204 Residential - Pay Per View	27,051.31	1,644.85	23,710.41	87.65	3,340.90
230-4-90-60205 Converter Rental	68,731.68	6,285.13	74,622.86	108.57 (	5,891.18)
230-4-90-60206 Late Fees	0.00	0.00	0.00	0.00	0.00
230-4-90-60207 Cable Modem Rental (Internet)	231,275.74	19,696.56	231,364.18	100.04 (	88.44)
230-4-90-60208 Cable Packet Modem Rental	0.00	0.00	0.00	0.00	0.00
230-4-90-60209 Installations	88,091.15	6,471.03	85,803.60	97.40	2,287.55
230-4-90-60210 Dig Basic/HD W/Premium	368,372.44	25,665.80	312,537.96	84.84	55,834.48
230-4-90-60300 Internet	1,850,523.51	161,598.84	1,881,046.78	101.65 (	30,523.27)
TOTAL OPERATING INCOME	6,695,893.82	509,082.54	6,124,656.23	91.47	571,237.59
<u>OTHER INCOME</u>					
230-4-91-61000 Safety Alert Monitors	0.00	0.00	0.00	0.00	0.00
230-4-91-61100 Cross Chan Insert Ad Sales	250,000.00	21,860.68	249,933.16	99.97	66.84
230-4-91-61200 Local Channel Ad Sales	7,500.00	875.00	8,800.00	117.33 (	1,300.00)
230-4-91-61201 Miscellaneous Income	100,000.00	14,238.87	124,487.40	124.49 (	24,487.40)
230-4-91-61202 Gain/Loss Sale of Assets	0.00	0.00	0.00	0.00	0.00
230-4-91-61203 Penalties	120,000.00	14,490.18	144,504.57	120.42 (	24,504.57)
230-4-91-61300 Interest Income	7,000.00	352.82	4,755.35	67.93	2,244.65
230-4-91-61500 Reconnect Charges	5,000.00	1,045.00	10,944.00	218.88 (	5,944.00)
230-4-91-61600 Construction Contribution	0.00	0.00	0.00	0.00	0.00
230-4-91-61700 Tower Lease	3,756.00	369.67	3,812.67	101.51 (	56.67)
230-4-91-61800 Facility Rental-VOIP	0.00	0.00	0.00	0.00	0.00
230-4-91-61801 Host Fee - VOIP	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER INCOME	493,256.00	53,232.22	547,237.15	110.94 (	53,981.15)
TOTAL REVENUE	7,189,149.82	562,314.76	6,671,893.38	92.81	517,256.44
	=====	=====	=====	=====	=====

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

100.00% OF YEAR COMP.

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
<u>NON-DEPARTMENTAL</u>					
TOTAL NON-DEPARTMENTAL	0.00	0.00	0.00	0.00	0.00
<u>OPERATING INCOME</u>					
TOTAL OPERATING INCOME	0.00	0.00	0.00	0.00	0.00
<u>OTHER INCOME</u>					
TOTAL OTHER INCOME	0.00	0.00	0.00	0.00	0.00
<u>OPERATING FEES</u>					
230-5-92-73800 Coop Program Fees	1,796,268.00	152,397.67	1,770,031.23	98.54	26,236.77
230-5-92-73900 Prog Fee Direct to Programmers	663,165.00	41,308.98	608,145.77	91.70	55,019.23
230-5-92-74000 Franchise Fees	0.00	0.00	0.00	0.00	0.00
230-5-92-74100 Pole Rental Fees	45,000.00	12,290.00	41,080.00	91.29	3,920.00
230-5-92-74200 Copyright Fees	39,000.00	0.00	18,949.97	48.59	20,050.03
230-5-92-74300 Mo Cable Association Fee	6,500.00	400.17	4,801.71	73.87	1,698.29
230-5-92-74400 FCC Regulator Fees	0.00	0.00	0.00	0.00	0.00
230-5-92-74500 Misc Membership Fees	0.00	0.00	0.00	0.00	0.00
230-5-92-74600 Internet Tech Support	275,000.00	23,872.50	275,504.80	100.18	(504.80)
TOTAL OPERATING FEES	2,824,933.00	230,269.32	2,718,513.48	96.23	106,419.52
<u>DISTRIBUTION EXP</u>					
230-5-93-76500 Technical Manager & Labor	352,062.44	24,382.76	319,213.96	90.67	32,848.48
230-5-93-76501 Night & Weekend Trouble	46,000.00	4,416.08	52,327.31	113.76	(6,327.31)
230-5-93-76502 Night & Weekend Customer Serv	231.00	0.00	53.71	23.25	177.29
230-5-93-76504 Customer Service	31,003.93	2,330.82	29,843.32	96.26	1,160.61
230-5-93-76505 Special Pay	30,238.95	1,143.59	22,189.34	73.38	8,049.61
230-5-93-76506 Vacation & Holiday	64,886.12	9,765.19	67,370.20	103.83	(2,484.08)
230-5-93-76507 Sick Leave	15,419.82	1,068.03	15,689.58	101.75	(269.76)
230-5-93-76508 Postretirement Benefits	30,055.20	2,504.60	30,055.20	100.00	0.00
230-5-93-76509 Employee Benefits	244,647.88	20,184.19	231,210.64	94.51	13,437.24
230-5-93-76510 Uniforms	2,129.60	1,819.20	2,183.04	102.51	(53.44)
230-5-93-76601 Service Maintenance	151,000.00	8,684.44	123,493.59	81.78	27,506.41
230-5-93-76602 Modem Maintenance	2,500.00	0.00	0.00	0.00	2,500.00
230-5-93-76603 Electronic Repairs	25,000.00	6,182.50	20,491.34	81.97	4,508.66
230-5-93-76604 Microwave Lease	0.00	0.00	0.00	0.00	0.00
230-5-93-76607 Studio Maintenance	31,000.00	3,892.55	32,367.69	104.41	(1,367.69)
230-5-93-76608 Packet Cable Expenses	0.00	0.00	0.00	0.00	0.00
230-5-93-76614 Contractor Construction Proj	0.00	0.00	0.00	0.00	0.00
230-5-93-76615 Tower Maintenance	12,500.00	0.00	508.10	4.06	11,991.90
230-5-93-76620 DTA Converter	0.00	0.00	0.00	0.00	0.00
TOTAL DISTRIBUTION EXP	1,038,674.94	86,373.95	946,997.02	91.17	91,677.92
<u>OPERATING EXP</u>					
230-5-94-77000 Building Expense	15,000.00	399.99	12,004.66	80.03	2,995.34
230-5-94-77001 Electric - Power Supply	55,500.00	17,059.54	76,962.22	138.67	(21,462.22)
230-5-94-77002 Elec/Wtr/Swr Buildings	7,500.00	664.66	6,822.97	90.97	677.03
230-5-94-77003 Internet T-1 Fees	252,000.00	28,623.47	328,293.58	130.28	(76,293.58)

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

100.00% OF YEAR COMP.

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
230-5-94-77004 Grounds Maintenance	500.00	0.00	0.00	0.00	500.00
230-5-94-77101 Vehicle Expense	10,000.00	494.27	8,619.47	86.19	1,380.53
230-5-94-77103 Bucket & Line Truck Repairs	3,500.00	125.50	1,966.55	56.19	1,533.45
230-5-94-77104 Ladder Maintenance	250.00	0.00	1,779.80	711.92 (	1,529.80)
230-5-94-77105 Gasoline & Oil	42,000.00	2,259.62	35,154.60	83.70	6,845.40
230-5-94-77201 Small Tools	5,000.00	1,192.59	7,030.16	140.60 (	2,030.16)
230-5-94-77305 D33 / R33	0.00	0.00	0.00	0.00	0.00
230-5-94-77400 Equipment Repairs	0.00	0.00	0.00	0.00	0.00
230-5-94-77501 Miscellaneous Expense	20,000.00	2,245.65	29,374.56	146.87 (	9,374.56)
230-5-94-77504 Freight Expense	1,500.00	71.90	1,680.27	112.02 (	180.27)
230-5-94-77600 Operating Expense	20,000.00	5,482.04	56,707.97	283.54 (	36,707.97)
230-5-94-77700 Natural Gas - Buildings	3,500.00	1,061.05	3,565.92	101.88 (	65.92)
230-5-94-77701 Natural Gas/Diesel-Generator	500.00	0.00	0.00	0.00	500.00
230-5-94-77702 Installations Expense	82,000.00	5,797.72	85,970.89	104.84 (	3,970.89)
230-5-94-77703 Storm Relief	0.00	0.00	0.00	0.00	0.00
230-5-94-77800 Telephone	6,000.00	835.49	6,853.12	114.22 (	853.12)
230-5-94-77900 Travel/Training	5,000.00	0.00	0.00	0.00	5,000.00
TOTAL OPERATING EXP	529,750.00	66,313.49	662,786.74	125.11 (	133,036.74)
GENERAL EXP					
230-5-95-79200 Insurance Expense	75,801.71	6,007.49	73,129.65	96.47	2,672.06
230-5-95-79502 Uncollectable Accounts	80,000.00	3,317.92	76,651.29	95.81	3,348.71
230-5-95-79503 Miscellaneous Expense	2,000.00	0.00	24.96	1.25	1,975.04
230-5-95-79504 Office Supplies	2,500.00	3,997.00	6,333.04	253.32 (	3,833.04)
230-5-95-79506 Professional Services	20,000.00	300.00	50,512.50	252.56 (	30,512.50)
230-5-95-79507 Office Equip Maintenance	100,000.00	12,480.86	131,182.60	131.18 (	31,182.60)
230-5-95-79508 Advertising	2,500.00	0.00	1,766.23	70.65	733.77
230-5-95-79511 Books/Publications	500.00	60.00	240.00	48.00	260.00
230-5-95-79512 Miscellaneous Labor	7,500.00	135.76	1,490.28	19.87	6,009.72
230-5-95-79600 Printing & Stationary	2,000.00	0.00	0.00	0.00	2,000.00
230-5-95-79700 Shared Office Expense	220,000.00	15,961.31	207,407.71	94.28	12,592.29
TOTAL GENERAL EXP	512,801.71	42,260.34	548,738.26	107.01 (	35,936.55)
OTHER EXPENSE					
230-5-96-80000 Depreciation Expense	900,000.00	111,856.43	936,856.43	104.10 (	36,856.43)
230-5-96-80001 Amortization	15,504.96	0.00	0.00	0.00	15,504.96
230-5-96-80100 Interest Expense	221,575.00	10,443.76	213,554.16	96.38	8,020.84
230-5-96-80202 City Hall	1,500.00	110.00	1,320.00	88.00	180.00
230-5-96-80207 KFVS12	250.00	56.67	56.67	22.67	193.33
230-5-96-80209 Street Department	250.00	0.00	0.00	0.00	250.00
230-5-96-80210 Airport	250.00	0.00	0.00	0.00	250.00
230-5-96-80212 Fire Department	250.00	0.00	0.00	0.00	250.00
230-5-96-80218 Black River Coliseum	250.00	15.89	191.05	76.42	58.95
230-5-96-80220 Art Museum	250.00	15.89	191.05	76.42	58.95
230-5-96-80221 Cable Dept Warehouse	250.00	0.00	0.00	0.00	250.00
230-5-96-80222 Art Museum	0.00	0.00	0.00	0.00	0.00
230-5-96-91000 Transfer to Electric	0.00	0.00	0.00	0.00	0.00
230-5-96-91001 Transfer to Water	0.00	0.00	0.00	0.00	0.00
230-5-96-91002 Transfer to Sewer	0.00	0.00	0.00	0.00	0.00
230-5-96-91003 Tran To/From 200 CASH CLEARING	0.00	0.00	0.00	0.00	0.00

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

100.00% OF YEAR COMP.

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
230-5-96-91004 Transfer to Bldg Corporation	365,125.00	0.00	367,264.13	100.59	(2,139.13)
TOTAL OTHER EXPENSE	1,505,454.96	122,498.64	1,519,433.49	100.93	(13,978.53)
<hr/>					
TOTAL EXPENDITURES	6,411,614.61	547,715.74	6,396,468.99	99.76	15,145.62
=====					
REVENUES OVER/(UNDER) EXPENDITURES	777,535.21	14,599.02	275,424.39		502,110.82

*** END OF REPORT ***

BALANCE SHEET

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE
ASSETS		
=====		
230-1-00-12000	Operation & Maintenance	223,344.93
230-1-00-12001	FMB - Payroll Account	0.00
230-1-00-12009	Customer Deposits	0.00
230-1-00-12102	SoMo - Money Market	645,899.41
230-1-00-12104	Commerce Escrow	0.00
230-1-00-12501	Accounts Receivable	474,358.85
230-1-00-12502	Accounts Receivable Conversion	0.00
230-1-00-12505	Accounts Rec - Miscellaneous	85,188.15
230-1-00-12604	Allow for Doubtful Accounts (	48,214.78)
230-1-00-13100	Material & Supplies Inventory	262,909.18
230-1-00-13200	Prepaid Insurance	59,302.69
230-1-00-13201	Prepaid Expenses	81,334.34
230-1-00-13206	Payroll Clearing	0.00
230-1-00-13210	Bond Issue Costs	0.00
230-1-00-31000	Tower and Antennaes	306,952.61
230-1-00-31100	Satellite Dish	107,184.44
230-1-00-31200	Headend Building	174,452.01
230-1-00-31300	UPS-Uninterrupted Power Srce	56,976.12
230-1-00-31400	Headend Fiber Optic Equipment	386,379.04
230-1-00-31500	Headend Internet Equipment	894,719.74
230-1-00-31900	Headend System Addressable Cnt	206,502.64
230-1-00-32000	Headend Analog Equipment	326,064.60
230-1-00-32100	Headend Testing Equipment	40,991.02
230-1-00-32200	Headend Digital Equipment	2,249,019.34
230-1-00-32300	Diesel Generator	188,323.47
230-1-00-32400	Studio Building	8,291.93
230-1-00-32600	Studio Analog Equipment	22,760.66
230-1-00-32700	Studio Digital Equipment	317,512.36
230-1-00-32800	Studio Lighting Equipment	0.00
230-1-00-32900	Studio Test Equipment	0.00
230-1-00-41000	System Power Supply	187,500.10
230-1-00-41100	Fiber Optic Cable	481,900.26
230-1-00-41200	Fiber Optic Recv/Trans Nodes	159,119.10
230-1-00-41300	Overhead Trunk Cable	854,156.48
230-1-00-41400	Underground Trunk Cable	237,033.13
230-1-00-41500	O/Head Distribution Feeder Cbl	151,094.32
230-1-00-41600	Underground Dist Feeder Cable	1,191,775.19
230-1-00-41700	RF Amplifiers	538,137.82
230-1-00-41800	Signal/Power Passive Equipment	151,473.55
230-1-00-41900	Equipment Connectors	109,362.15
230-1-00-42000	Signal Testing Equipment	102,894.09
230-1-00-42100	Cable System Purchase	3,058,115.35
230-1-00-42500	Installs	0.00
230-1-00-42600	Oakgrove Road	0.00
230-1-00-42700	Industrial Park Bypass	0.00
230-1-00-51600	Digital Converters	494,914.80
230-1-00-51700	Analog Converters	0.00
230-1-00-51800	Cable Internet Modems	153,884.95
230-1-00-51801	DVR's	136,144.19

BALANCE SHEET

AS OF: DECEMBER 31ST, 2013

230-CABLE FUND

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE
230-1-00-51900	Strand/Hardware	81,253.29
230-1-00-52100	Riser/Conduits	75,237.56
230-1-00-52200	Installation	2,989,824.53
230-1-00-52300	Packet Cable Modem	0.00
230-1-00-52400	Packet Cable Installation	0.00
230-1-00-52401	Packet Cable Equipment	0.00
230-1-00-57100	Building & Improvements	86,286.68
230-1-00-57200	Office Furniture & Equipment	184,110.26
230-1-00-57300	General Equipment	138,432.60
230-1-00-57400	Land & Land Rights	81,173.50
230-1-00-57500	Vehicles	326,735.20
230-1-00-5900	Accumulated Depreciation	(10,392,325.90)
		<u>8,648,485.95</u>
TOTAL ASSETS		8,648,485.95
=====		
LIABILITIES		
=====		
230-2-00-22100	Accounts Payable	318,426.74
230-2-00-22229	Accrued Interest	84,302.08
230-2-00-22300	Accrued Payroll	21,857.02
230-2-00-22302	Accrued Vacation	55,669.42
230-2-00-22303	Accrued Sick - Current	15,337.67
230-2-00-22305	Accrued Holiday	1,692.35
230-2-00-22700	Refunds & Deposits	15,357.50
230-2-00-22800	Loan - Electric Department	0.00
230-2-00-23001	Accrued Sick - Long Term	61,627.70
230-2-00-23002	Accrued Net Pension Obligation	13,633.15
230-2-00-23003	Accrued Postretirement Benefit	170,855.24
230-2-00-23500	2000 Bonds Payable	0.00
230-2-00-23502	2005 Bonds Payable	5,240,000.00
230-2-00-23600	Commerce Lease Payable	0.00
	TOTAL LIABILITIES	<u>5,998,758.87</u>
EQUITY		
=====		
230-3-00-30001	Invested in Capital Assets	1,488,218.99
230-3-00-30002	Restricted for Debt Service	645,899.41
230-3-00-30003	Restricted for Capital Project	0.00
230-3-00-30004	Unrestricted	240,184.29
	TOTAL BEGINNING EQUITY	2,374,302.69
	TOTAL REVENUE	6,671,893.38
	TOTAL EXPENSES	<u>6,396,468.99</u>
	TOTAL REVENUE OVER/(UNDER) EXPENSES	275,424.39
	TOTAL EQUITY & REV. OVER/(UNDER) EXP.	<u>2,649,727.08</u>
	TOTAL LIABILITIES, EQUITY & REV.OVER/(UNDER) EXP.	8,648,485.95
=====		

**City of Poplar Bluff
Subscriber Report**

	1/1/12	1/1/13	12/31/13
Subscriber Summary			
Limited Basic	7,005	6,545	6,271
Expanded Basic	5,811	5,157	5,025
Digital Expanded Basic	1,093	1,061	998
High Definition Digital Basic	349	332	319
HBO	624	500	428
Cinemax	256	199	191
Showtime	279	229	188
Encore	265	240	223
Starz	195	169	153
Residential High Speed Data - 5 MEG	2,081	1,950	1,930
Residential High Speed Data - 10 MEG	814	965	1,060
Residential High Speed Data - 20 MEG	377	519	615
Residential Modem Rental	3,606	3,801	3,998
Business High Speed Data - 5 MEG	155	147	145
Business High Speed Data - 10 MEG	92	109	115
Business High Speed Data - 20 MEG	57	72	82
Business High Speed Data - 30 MEG	6	14	25
Business High Speed Data - 1 MEG Off Peak	0	2	2
Subscribers by Tier of Service			
Limited Basic	1,194	1,388	1,246
Basic + HBO	7	9	9
Basic + Cinemax	9	3	7
Basic + Showtime	5	7	3
Basic + HBO + Cinemax	3	4	3
Basic + HBO + Cinemax + Showtime	0	1	1
Basic + HBO + Showtime	1	0	0
Basic + Cinemax + Showtime	3	1	3
Expanded Basic	4,269	3,773	3,748
Expanded Basic + HBO	236	171	144
Expanded Basic + Cinemax	39	26	31
Expanded Basic + Showtime	30	20	13
Expanded Basic + HBO + Cinemax	15	13	10
Expanded Basic + HBO + Cinemax + Showtime	64	44	40
Expanded Basic + HBO + Showtime	25	17	10
Expanded Basic + Cinemax + Showtime	12	7	5
Digital Expanded Basic	459	470	447
Digital Expanded Basic + Encore	60	62	60
Digital Expanded Basic + HBO	68	57	49
Digital Expanded Basic + Cinemax	6	7	9
Digital Expanded Basic + Showtime	10	8	8
Digital Expanded Basic + HBO + Encore + Starz	19	18	12
Digital Expanded Basic + Showtime + Encore + Starz	8	8	3
Digital Expanded Basic + Cinemax + Encore + Starz	4	3	3
Digital Expanded Basic + HBO + Cinemax + Showtime + Encore + Starz	42	37	33

**City of Poplar Bluff
Subscriber Report**

	<u>1/1/12</u>	<u>1/1/13</u>	<u>12/31/13</u>
Digital Expanded Basic + Encore + Starz	48	40	41
Digital Expanded Basic + HBO + Showtime	12	10	8
Digital Expanded Basic + HBO + Cinemax	4	5	1
Digital Expanded Basic + HBO + Cinemax + Showtime	4	4	5
High Definition Digital	183	179	178
High Definition Digital + Encore	10	9	10
High Definition Digital + HBO	51	47	47
High Definition Digital + Cinemax	2	2	2
High Definition Digital + Showtime	2	6	2
High Definition Digital + HBO + Encore + Starz	12	9	8
High Definition Digital + Showtime + Encore + Starz	5	7	7
High Definition Digital + Cinemax + Encore + Starz	1	2	0
High Definition Digital + HBO + Cinemax + Showtime + Encore + Starz	34	28	29
High Definition Digital + Encore + Starz	22	17	17
High Definition Digital + HBO + Showtime	13	14	10
High Definition Digital + HBO + Cinemax	5	2	1
High Definition Digital + HBO + Cinemax + Showtime	9	10	8
Total	<u>7,005</u>	<u>6,545</u>	<u>6,271</u>
Residential High Speed Data - (1 MEG 2011, 1 MEG 2012 & 5 MEG 2013)	2,081	1,950	1,930
Residential High Speed Data - (3 MEG 2011, 3 MEG 2012 & 10 MEG 2013)	814	965	1,060
Residential High Speed Data - (5 MEG 2011, 5 MEG 2012 & 10 MEG 2013)	377	519	615
Total	<u>3,272</u>	<u>3,434</u>	<u>3,605</u>
Residential Modem Rental	3,606	3,801	3,998
Business High Speed Data - (1 MEG 2011, 1 MEG 2012 & 5 MEG 2013)	155	147	145
Business High Speed Data - (3 MEG 2011, 3 MEG 2012 & 10 MEG 2013)	92	109	115
Business High Speed Data - (5 MEG 2011, 5 MEG 2012 & 20 MEG 2013)	57	72	82
Business High Speed Data - (10 MEG 2011, 10 MEG 2012 & 30 MEG 2013)	6	14	25
Business High Speed Data - 1 MEG Off Peak	0	2	2
Total	<u>310</u>	<u>344</u>	<u>369</u>

Schedule 3.7(d)
Indebtedness

1. In 2005, the Seller issued its City of Poplar Bluff, Missouri General Obligation Bonds, Series 2005, in the aggregate principal amount of \$6,790,000 (the "Series 2005 Bonds"). The Series 2005 Bonds are secured by a pledge of tangible property taxes and the full faith, credit, and resources of the Seller. The Seller's estimate of the amount to defease the Series 2005 Bonds is \$5,442,268.26.
2. In 2012, the Poplar Bluff, Missouri, Public Building Corporation issued its Poplar Bluff, Missouri, Public Building Corporation Leasehold Refunding Revenue Bonds, Series 2012, in the aggregate principal amount of \$3,660,000 (the "Series 2012 Bonds"). The Series 2012 Bonds are secured by various assets owned by the Seller. The Seller's estimate of the amount to defease the Series 2012 Bonds is \$3,461,689.49.
3. In 2009, the Poplar Bluff, Missouri, Public Building Corporation issued its Poplar Bluff, Missouri, Public Building Corporation Leasehold Refunding Revenue Bonds, Series 2009, in the aggregate principal amount of \$8,830,000 (the "Series 2009 Bonds"). The Series 2009 Bonds are secured by various assets owned by the Seller. The Seller's estimate of the amount to defease the Series 2009 Bonds is \$5,816,463.97.

Schedule 3.9
Absence of Changes

None.

Schedule 3.9(g)
2014 CapEx Budget

Plant Extensions

- a. Budget: \$94,000
- b. Homes Passed: 185
- c. Service Areas: Sunny Valley, Autumn Breeze, Terrell Blvd., County Road 455 Subdivision, Forest Meadows – Back Section of Batson, Wolf Creek off of PP Highway, Century Estates, Red Oak Drive Extension.

Schedule 3.10(a)
Real Property Encumbrances

None.

Schedule 3.10(b)
Leases

None.

Schedule 3.10(c)(ii)
Certain Matters Regarding Leases

None.

Schedule 3.10(d)
Other Material Real Property

1. An easement granted by Michael Scott Hayes to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated September 19, 2011 consisting of five (5) feet on either side of a line located at 3311 Rhett in the City of Poplar Bluff, Missouri, Section 24, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1032, Page 4303, on September 26, 2011.
2. An easement granted by Slug Hefner to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated July 19, 2006 consisting of five (5) feet on either side of a line located at 3310 Deerhaven in the City of Poplar Bluff, Missouri, Section 25, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1028, Page 4267, on July 16, 2007.
3. An easement granted by Christina A. Patty to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated October 17, 2006 consisting of five (5) feet on either side of a line in the City of Poplar Bluff, Missouri, Section 25, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1028, Page 4275, on July 16, 2007.
4. An easement granted by Rick Allison to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated July 15, 2013 consisting of five (5) feet on either side of a line located at 4403 PP Highway in the City of Poplar Bluff, Missouri, Section 36, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1034, Page 2068, on April 22, 2013.
5. An easement granted by Anthony Higgs to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated June 10, 2011 consisting of five (5) feet on either side of a line located at 49 PP Highway in the City of Poplar Bluff, Missouri, Section 36, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1032, Page 2690, on June 20, 2011.
6. An easement granted by Anthony and Delinda Pursell to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated June 21, 2013 consisting of five (5) feet on either side of a line located at 277 Estates Lake Drive in the City of Poplar Bluff, Missouri, Section 36, Township 25N, Range 5E, recoded in Butler County, Missouri, Book 1034, Page 3319, on July 1, 2013.
7. An easement granted by Ronald Pratt to the Seller for the construction, operation, and maintenance of fiber optic and cable TV lines dated May 12, 2009 consisting of five (5) on either side of a line located at 1710 Township Line Road in the City of Poplar Bluff, Missouri, Section 6, Township 24N, Range 6E, recoded in Butler County, Missouri, Book 1030, Page 2438, on May 18, 2009.

Schedule 3.13
Contracts

(i)

1. Technical Support Agreement, dated as of October 28, 2012, between Seller and Enhanced Telecommunications, Inc.
2. Data Transport Service Agreement between Seller and Charter Fiberlink Missouri, LLC, dated February 23, 2010.

(ii)

(iii)

(iv)

(v)

(vi)

(vii)

(viii)

1. American Registry for Internet Numbers, LTD. Service Agreement, dated as of June 10, 2011, between Seller and the American Registry for Internet Numbers.

(ix)

(x)

(xi)

(xii)

(xiii)

1. Fiber Exchange IRU Agreement, dated as of January 7, 2012, by and between Seller and Sho-Me Technologies, LLC.
2. A licensing agreement for pole attachments, dated as of June 24, 2002, between the Seller and Ozark Border Electric Membership Cooperative.

(xiv)

(xv)

1. Hotel Service Contract Agreement between Seller and Comfort Inn dated August 1, 2010.
2. Hotel Service Contract Agreement between Seller and Holiday Inn dated August 1, 2010.
3. Hotel Service Contract Agreement between Seller and Super 8 Motel dated August 1, 2010.

Other Contracts which are Excluded Assets

1. A franchise agreement, dated February 20, 2001, allowing Seller to provide cable service in the City of Poplar Bluff, Missouri.
2. A video service authorization, dated June 4, 2008, issued to Seller by the Public Service Commission of the State of Missouri allowing the Seller to provide cable service in Butler County, Missouri.
3. Collective bargaining agreement effective January 1, 2013, between Seller and the International Union of Operating Engineers, Local 148.

Dark Fiber Use Agreement, dated as of July 24, 2007, between Seller and Poplar Bluff School District.

4. Data Transport Service Agreement between Seller and Nitel dated February 23, 2010.

5. Data Transport Service Agreement between Seller and Nitel dated August 18, 2011.
6. Data Transport Service Agreement between Seller and ACC Business dated October 24, 2011.
7. Programming agreement between Seller and the National Cable Television Cooperative, Inc.
8. All agreements by and between the Seller and ZCorum.

Schedule 3.14
Insurance

Policy Number	Type of Insurance	Insurer	Coverage Amount	Retroactive Date	Expiration Date	Risks Insured
Policy # CP0050 90	General Liability	Hartford Insurance Company of the Midwest	\$2,000,000	1/1/2014	1/1/2015	(1) Damage to rented premises (2) Medical expenses (3) Personal & advanced injury (4) Products
Policy #729073 7, Member ID 631	Workers Compensation & Employers' Liability	Hartford Insurance Company of the Midwest	\$1,000,000	1/1/2014	1/1/2015	(1) Accident (2) Disease

Schedule 3.15(a)
Employee Benefit Plans

Employees of Seller participate in the Missouri Local Government Employees Retirement System (“LAGERS”) plan with an effective date of 8/28/03.

Schedule 3.15(e)
Employee Benefit Plans (Acceleration)

None.

Schedule 3.15(f)
409A Plans

None.

Schedule 3.17(a)
Litigation

None.

Schedule 3.18(b)
Legal Compliance

See the state video service authorizations identified in Schedule 1.1(g). State video service authorizations do not expire and do not require state or local approval to be transferred.

Schedule 3.18(b)(i)
Franchises & Licenses (Exceptions)

None.

Schedule 3.19(a)
Intellectual Property

The Domain Name: mycitycable.com

[AUTH1.AMERICA.NET](#) | 69.60.160.34

[AUTH2.AMERICA.NET](#) | 69.60.160.35

Schedule 3.21(a)
Employees

1. David L. Presley, City of Poplar Bluff, Technical Manager
2. Kent R. Eyler, City of Poplar Bluff, Cable Tech Level II
3. Troy L. Fowler, City of Poplar Bluff, Warehouse Coordinator
4. Roger Jenkins, City of Poplar Bluff, Cable Tech Level I
5. Thomas Hutcheson, City of Poplar Bluff, Installer Tech
6. Michael Pry, City of Poplar Bluff, Systems Administrator/Studio Tech
7. Kevon Ferguson, City of Poplar Bluff, Cable Tech Level I
8. Gary Davis, City of Poplar Bluff, Sales and Marketing Representative
9. Mathew Hayes, City of Poplar Bluff, Installer Tech
10. Scott Pigmon, City of Poplar Bluff, Assistant System Administrator/Studio Tech
11. J. Michael Woodruff, City of Poplar Bluff, Chief Technician

Schedule 3.21(b)
Employment Contracts, Severance, Change of Control Benefits

None.

Schedule 3.23
Relationships with Related Persons

None.

Schedule 3.24
Brokers or Finders

Seller has entered into a professional services arrangement with Rural Broadband, LLC, with offices located at 15 Lake Street, Suite 270, Savannah, Georgia 31411, dated 11/18/13. Compensation for professional service rendered by Rural Broadband, LLC to Seller shall remain the sole responsibility of Seller.

Schedule 3.25(a)
Must-Carry Retransmission Agreements

1. AETN, Election of Must-Carry Status, Effective 8/18/11.
2. WPSD, Election of Must-Carry Status, Effective 8/25/11.
3. WSIL, Election of Must-Carry Status, Effective 9/27/11.
4. KAIT, Analog and Digital Retransmission Consent Agreement, dated 9/26/05.
5. KMOV, Retransmission Consent Agreement, dated 12/4/08.
6. KSDK, Retransmission Consent Agreement, dated 1/1/12.
7. KFVS, WQQW, KAIT, pursuant to the Retransmission Consent Agreement with Raycom Media, Inc. dated 1/1/12.
8. KBSI, WDKA, pursuant to the Retransmission Consent Agreement with Sinclair Television Group, Inc. dated 11/1/11.

Schedule 3.25(b)
FCC Compliance

None.

Schedule 3.25(c)
FCC Information

None.

Schedule 3.26(a)
System Information

1. 12/31/13 subscriber report is attached.
2. The bandwidth of the System is 5 to 870 MHz delivered from one (1) master headend.
3. See Schedule 3.26(d).
4. Two-Way Homes Passed: 15,500 (all Homes Passed are Two-Way Homes Passed)
5. Fully Completed Two-Way Plant Miles:
 - a. Aerial – 226
 - b. Underground – 40
 - c. Total - 266
6. Telephone Lines: None.

**City of Poplar Bluff
Subscriber Report**

12/31/13

Subscriber Summary

Limited Basic	6,271
Expanded Basic	5,025
Digital Expanded Basic	998
High Definition Digital Basic	319
HBO	428
Cinemax	191
Showtime	188
Encore	223
Starz	153
Residential High Speed Data - 5 MEG	1,930
Residential High Speed Data - 10 MEG	1,060
Residential High Speed Data - 20 MEG	615
Residential Modem Rental	3,998
Business High Speed Data - 5 MEG	145
Business High Speed Data - 10 MEG	115
Business High Speed Data - 20 MEG	82
Business High Speed Data - 30 MEG	25
Business High Speed Data - 1 MEG Off Peak	2

Subscribers by Tier of Service

Limited Basic	1,246
Basic + HBO	9
Basic + Cinemax	7
Basic + Showtime	3
Basic + HBO + Cinemax	3
Basic + HBO + Cinemax + Showtime	1
Basic + HBO + Showtime	0
Basic + Cinemax + Showtime	3
Expanded Basic	3,748
Expanded Basic + HBO	144
Expanded Basic + Cinemax	31
Expanded Basic + Showtime	13
Expanded Basic + HBO + Cinemax	10
Expanded Basic + HBO + Cinemax + Showtime	40
Expanded Basic + HBO + Showtime	10
Expanded Basic + Cinemax + Showtime	5
Digital Expanded Basic	447
Digital Expanded Basic + Encore	60
Digital Expanded Basic + HBO	49
Digital Expanded Basic + Cinemax	9
Digital Expanded Basic + Showtime	8
Digital Expanded Basic + HBO + Encore + Starz	12
Digital Expanded Basic + Showtime + Encore + Starz	3
Digital Expanded Basic + Cinemax + Encore + Starz	3
Digital Expanded Basic + HBO + Cinemax + Showtime + Encore + Starz	33

**City of Poplar Bluff
Subscriber Report**

	<u>12/31/13</u>
Digital Expanded Basic + Encore + Starz	41
Digital Expanded Basic + HBO + Showtime	8
Digital Expanded Basic + HBO + Cinemax	1
Digital Expanded Basic + HBO + Cinemax + Showtime	5
High Definition Digital	178
High Definition Digital + Encore	10
High Definition Digital + HBO	47
High Definition Digital + Cinemax	2
High Definition Digital + Showtime	2
High Definition Digital + HBO + Encore + Starz	8
High Definition Digital + Showtime + Encore + Starz	7
High Definition Digital + Cinemax + Encore + Starz	0
High Definition Digital + HBO + Cinemax + Showtime + Encore + Starz	29
High Definition Digital + Encore + Starz	17
High Definition Digital + HBO + Showtime	10
High Definition Digital + HBO + Cinemax	1
High Definition Digital + HBO + Cinemax + Showtime	8
Total	<u>6,271</u>
Residential High Speed Data - (1 MEG 2011, 1 MEG 2012 & 5 MEG 2013)	1,930
Residential High Speed Data - (3 MEG 2011, 3 MEG 2012 & 10 MEG 2013)	1,060
Residential High Speed Data - (5 MEG 2011, 5 MEG 2012 & 10 MEG 2013)	615
Total	<u>3,605</u>
Residential Modem Rental	3,998
Business High Speed Data - (1 MEG 2011, 1 MEG 2012 & 5 MEG 2013)	145
Business High Speed Data - (3 MEG 2011, 3 MEG 2012 & 10 MEG 2013)	115
Business High Speed Data - (5 MEG 2011, 5 MEG 2012 & 20 MEG 2013)	82
Business High Speed Data - (10 MEG 2011, 10 MEG 2012 & 30 MEG 2013)	25
Business High Speed Data - 1 MEG Off Peak	2
Total	<u>369</u>

Schedule 3.26(b)
Subscriber Information

1. As of December 31, 2013, the aggregate number of RGUs was no less than (and was approximately equal to) 10,245
2. As of December 31, 2013, the aggregate number of HSI Subscribers was no less than (and was approximately equal to) 3,974.
3. As of December 31, 2013, the aggregate number of Subscribers (including Basic Subscribers and EBU's other than HSI EBU's) was no less than (and was approximately equal to) 6,271.

Schedule 3.26(c)

Plant Miles, Homes Passed, and Two-Way Homes Passed Information

1. The number of Two-Way Homes Passed is not less than: 15,500 (all Homes Passed are Two-Way Homes Passed)

2. The number of Fully Completed Two-Way Plant Miles of the System is not greater than:
 - a. Aerial – 226
 - b. Underground – 40
 - c. Total - 266

Schedule 3.26(d)
Rates Schedule & Channel Lineup

1. See Seller rate card attached.
2. See Seller channel lineup attached.

**City of Poplar Bluff
Video and Data Services Rate Card**

Video Services Tier	2013
Limited Basic	\$15.89
Basic + HBO	\$30.64
Basic + Cinemax	\$27.39
Basic + Showtime	\$27.89
Basic + HBO + Cinemax	\$40.04
Basic + HBO + Cinemax + Showtime	\$50.62
Basic + HBO + Showtime	\$40.54
Basic + Cinemax + Showtime	\$37.29
Expanded Basic	\$53.40
Expanded Basic + HBO	\$68.15
Expanded Basic + Cinemax	\$64.90
Expanded Basic + Showtime	\$65.40
Expanded Basic + HBO + Cinemax	\$77.55
Expanded Basic + HBO + Cinemax + Showtime	\$88.13
Expanded Basic + HBO + Showtime	\$78.05
Expanded Basic + Cinemax + Showtime	\$74.80
Digital Expanded Basic	\$64.75
Digital Expanded Basic + Encore	\$69.45
Digital Expanded Basic + HBO	\$79.50
Digital Expanded Basic + Cinemax	\$76.25
Digital Expanded Basic + Showtime	\$76.75
Digital Expanded Basic + HBO + Encore + Starz	\$89.94
Digital Expanded Basic + Showtime + Encore + Starz	\$87.19
Digital Expanded Basic + Cinemax + Encore + Starz	\$86.69
Digital Expanded Basic + HBO + Cinemax + Showtime + Encore + Starz	\$110.29
Digital Expanded Basic + Encore + Starz	\$76.25
Digital Expanded Basic + HBO + Showtime	\$89.40
Digital Expanded Basic + HBO + Cinemax	\$88.90
Digital Expanded Basic + HBO + Cinemax + Showtime	\$99.48
High Definition Digital	\$70.75
High Definition Digital + Encore	\$75.45
High Definition Digital + HBO	\$84.00
High Definition Digital + Cinemax	\$80.75
High Definition Digital + Showtime	\$81.25
High Definition Digital + HBO + Encore + Starz	\$94.44
High Definition Digital + Showtime + Encore + Starz	\$91.69
High Definition Digital + Cinemax + Encore + Starz	\$91.19
High Definition Digital + HBO + Cinemax + Showtime + Encore + Starz	\$114.79

City of Poplar Bluff

Video and Data Services Rate Card

High Definition Digital + Encore + Starz	\$80.75
High Definition Digital + HBO + Showtime	\$93.90
High Definition Digital + HBO + Cinemax	\$93.40
High Definition Digital + HBO + Cinemax + Showtime	\$103.98

Data Services Tier

2013

Residential

Residential High Speed Data - 5 MEG	\$29.95
Residential High Speed Data - 10 MEG	\$39.95
Residential High Speed Data - 20 MEG	\$49.95
Residential Modem Rental	\$5.00

Business

Business High Speed Data - 5 MEG	\$54.95
Business High Speed Data - 10 MEG	\$69.95
Business High Speed Data - 20 MEG	\$99.95
Business High Speed Data - 30 MEG	\$99.95

CHANNEL LINE-UP

Set-Top	Station ID	Channel Name	Set-Top	Station ID	Channel Name	Set-Top	Station ID	Channel Name	Set-Top	Station ID	Channel Name	Set-Top	Station ID	Channel Name
Ch	Station ID	Channel Name	Ch	Station ID	Channel Name	Ch	Station ID	Channel Name	Ch	Station ID	Channel Name	Ch	Station ID	Channel Name
2	LOCAL	Local Community	55	TBN	Trinity Broadcasting Network	141	MTV2	MTV 2	361	FLIX	Flix	704	EPPV4	ESPN Game Plan PPV 4
3	KPOB	ABC 15 Poplar Bluff	56	NICK	Nickelodeon	144	VH1C	VH1 Classics	400	ESUHD	ESPN HD	705	EPPV5	ESPN Game Plan PPV 5
4	KMOV	CBS 4 St. Louis	57	TOON	Cartoon Channel	148	NKJR	Nick JR	401	HDES1	ESPN 1 HD	706	EPPV6	ESPN Game Plan PPV 6
5	KSDK	NBC 5 St. Louis	58	TLC	The Learning Channel	149	TNCK	Teen Nick	402	HDES2	ESPN 2 HD	900	INB	iNDemand Barker
6	WPSD	NBC 6 Paducah	59	GAC	Great American Country	150	NICKT	Nickelodeon Nicktoons	403	VELOC	Velocity	901	MC01	Hit List
7	CW	CW Cape Girardeau	60	GEO	National Geographic	151	DISXD	Disney XD	404	KMOVH	KMOV HD St Louis	902	MC02	Pop Rhythmic
8	KAIT	ABC 8 Jonesboro	61	BET	Black Entertainment Television	157	CW	CW Cape Girardeau Digital	405	KSDKH	KSDK HD St Louis	903	MC03	Dance/EDM
9	KBSI	FOX 23 Cape Girardeau	62	CNTRC	Centric	158	MY49	MY49 Cape Girardeau Digital	406	HWPSPD	NBC 6 Paducah	904	MC04	New Music 101
10	KTEJ	PBS 19 Jonesboro	63	VH1	Video Hits One	159	TNN	The Nashville Network	408	HKAIT	ABC 8 Jonesboro	905	MC05	Hip-Hop R&B
11	MY49	MY49 Cape Girardeau	64	MTV	Music Television	160	ANTTV	Antenna TV	412	HKFVS	CBS 12 Cape Girardeau	906	MC06	Rap
12	KFVS	CBS 12 Cape Girardeau	65	CMDY	Comedy Central	162	H2	History 2	413	HDMOV	HD Net Movies	907	MC07	Hip-Hop Classics
13	WGN	WGN	66	SCIFI	Science Fiction	165	RFD	RFD TV	414	AXSTV	AXS TV	908	MC08	Throwback Jamz
14	HBO	HBO - Analog	67	HSN	Home Shopping Network	171	UP	Uplifting Entertainment	415	CMTHD	Country Music TV HD	909	MC09	R&B Classics
15	SHOW	Showtime- Analog	68	QVC	Quality Value Convenience	172	AWE	Wealth TV	416	SPKHD	SPIKE HD	910	MC10	R&B Soul
16	MAX	Cinemax - Analog	69	TRAV	The Travel Channel	173	SBN	Sonlife Broadcast Network	417	TNTHD	Turner Network TV HD	911	MC11	Gospel
17	LCP	Local Church Prog	70	TCM	Turner Classic Movies	174	3ABN	3 Angels Broadcasting	418	TBSHD	Turner Broadcasting HD	912	MC12	Reggae
18	WEA	The Weather Channel	71	WE	Womens Entertainment	175	TBNE	TBN Enlace	419	AMCHD	American Movie Classics HD	913	MC13	Rock
19	LEC	Local Educational Prog	72	AMC	American Movie Classics	202	ESPND	ESPN Deportes	420	WEHD	Womens Entertainment HD	914	MC14	Metal
20	HN	Headline News	73	TRUTV	True TV	204	LFC	La Familia Cosmivision	421	USAHD	USA HD - coming soon	915	MC15	Alternative
21	ION	ION Media	74	FS1	Fox Sports 1	208	TVCH	TV Chile	422	SYFYH	SYFY HD- coming soon	916	MC16	Adult Alternative
22	ZAP2	ZAP 2 It Guide Channel	75	FX	FX	209	PUMA	Puma TV	423	HKBSI	FOX 23 Cape Girardeau	917	MC17	Rock Hits
23	DISN	Disney Channel	76	DIY	Do It Yourself	210	MOMEN	Momentum	424	EHD	E! HD	918	MC18	Classic Rock
24	ESPN	ESPN	77	LWR	Local Weather & Radar	211	CINE	Cine Latino	425	FS1HD	Fox Sports 1 HD	919	MC19	Soft Rock
25	ESPN2	ESPN 2	78	CMT	Country Music Television	215	NOVEL	Latele Novela	426	GOLFH	Golf HD	920	MC20	Love Songs
26	ESPN3	ESPN News	79	FOOD	The FOOD Network	245	KFVSR	KFVS CH 12 Doppler Radar	427	AEHD	A&E HD	921	MC21	Pop Hits
27	ESPN4	ESPN Classics	96	INFO	Community Information	247	KAITR	KAIT CH8 Doppler Radar	428	HISHD	History HD	922	MC22	Party Favorites
28	FOX8	Fox Regional Sports	100	INB	iNDemand Barker	300	INB	iNDemand Barker	429	NGCHD	National Geographic HD	923	MC23	Teen MC
29	GOLF	The GOLF Channel	101	OWN	Oprah Winfrey Network	301	HBO	Home Box Office	431	DSCHD	Discovery HD	924	MC24	Kidz Only!
30	USA	USA Network	102	HUB	Hub	302	HBOZN	Home Box Office Zone	432	TLCHD	TLC HD	925	MC25	Toddler Tunes
31	TNT	Turner Network Television	103	DSCI	The Science Channel	303	HBOPL	Home Box Office Plus	433	ANPHD	Animal Planet HD	926	MC26	Y2K
32	TBS	Turner Broadcasting System	104	DEST	Destination America	304	HBOFM	Home Box Office Family	434	SCIHD	Science HD	927	MC27	90's
33	SPIKE	SPIKE TV	105	ID	Investigation Discovery	305	HBOGS	Home Box Office Signature	435	DESTH	Desitination America	928	MC28	80's
34	HIST	The History Channel	106	BBCA	BBC America	306	HBOCM	Home Box Office Comedy	438	FS2HD	Fox Sports 2 HD	929	MC29	70's
35	DISC	The Discovery Channel	107	MLTRY	Military Channel	310	MAX	Cinemax	440	OUTH	Outdoor HD	930	MC30	Solid Gold Oldies
36	ABC	ABC Family Channel	111	FS2	Fox Sports 2	311	ACMAX	Action Max	441	NBSCP	NBC Sports Network	931	MC31	Pop Country
37	TVLND	TV Land	112	ESPN	ESPN University	320	SHOW	Showtime	442	FXHD	FX HD	932	MC32	Today's Country
38	ANP	Animal Planet	113	FOXSP	Fox Sports Pacific	321	SHOW2	Showtime 2	443	FSMHD	Fox Sports Midwest HD	933	MC33	Country Hits
39	HGTV	Home & Garden Television	114	FOXSC	Fox Sports Central	322	SHOW3	Showtime 3	450	HDHBO	Home Box Office HD	934	MC34	Classic Country
40	A&E	Arts & Entertainment	115	FOXSA	Fox Sports Atlantic	323	SHOWB	Showtime Beyond	451	HDMAX	Cinemax HD	935	MC35	Christian
41	LIFE	Lifetime	116	BOOM	Boomerang	324	SHOWX	Showtime Extreme	452	HDSDH	Showtime HD	936	MC36	Pop Latino
42	ALN	American Life Network	117	SPMAN	The Sportsman Channel	330	TMC	The Movie Channel	453	HDTMC	The Movie Channel HD	937	MC37	Musica Urbana
43	HALL	Hallmark Network	118	BIO	A&E Biography	331	TMC2	The Movie Channel 2	454	HDSTZ	Starz HD	938	MC38	Mexicana
44	E!	Entertainment Television	119	FIT	Fit TV	340	ENC	Encore	600	INB	iNDemand Barker	939	MC39	Tropicales
45	CNN	Cable News Network	121	FBN	Fox Business News	341	WEST	Westerns East	601	IND01	iNDemand Pay Per View 01	940	MC40	Romances
46	MSNBC	Microsoft NBC	122	CNNI	Cable News Network Intl	342	LOVE	Love Stories East	602	IND02	iNDemand Pay Per View 02	941	MC41	Sounds of the Seasons
47	CNBC	CNBC	123	BLOOM	Bloomberg TV	343	SUSPN	Suspense	603	IND03	iNDemand Pay Per View 03	942	MC42	Stage and Screen
48	FOXN	Fox News	124	G4TTV	G4techTV	344	ACTN	Action	604	IND04	iNDemand Pay Per View 04	943	MC43	Soundscapes
49	CSPAN	C-SPAN 1	125	FUSE	FUSE	345	FAMLY	Family	605	IND05	iNDemand Pay Per View 05	944	MC44	Smooth Jazz
50	CSPAN2	C-SPAN 2	128	HMC	Hallmark Movie Channel	350	STARZ	Starz	606	IND06	iNDemand Pay Per View 06	945	MC45	Jazz
51	NBSCP	NBC Sports Network	129	FXM	FX Movie Channel	351	STZCN	Starz Cinema	607	IND07	iNDemand Pay Per View 07	946	MC46	Blues
52	OUT	Outdoor Channel	130	IFC	Indepandant Film Channel	352	STZKF	Starz Kids and Family	615	HOTC	Hot Choice	947	MC47	Singers & Swing
53	INSP	Inspirational Network	131	LIFMN	Lifetime Movies	353	STZNB	Starz in Black	701	EPPV1	ESPN Game Plan PPV 1	948	MC48	Easy Listening
54	FFE	Family Friendly Entertainment	134	SOAP	Soap Net	354	STZEG	Starz Edge	702	EPPV2	ESPN Game Plan PPV 2	949	MC49	Classical Masterpieces
			140	MTVH	MTV Hits	355	DRAMA	Encore Drama	703	EPPV3	ESPN Game Plan PPV 3	950	MC50	Light Classical

Limited Basic - Channels 2 - 22
Expanded Basic - Channels 2 - 79
Expanded Basic with Digital Cable - Channels 2-175 245, 247
Pay Per View - Channels 600 - 706
High Definition Television 400 - 454
Digital Music - Channels 900 - 950

Premium Channels Sold Separately
HD Basic Tier
HD Premium Channels Sold Separately
Pay Per View Sold Per Event

Schedule 3.27
Bonds; Letters of Credit

1. Series 2005 Bonds.
2. Series 2009 Bonds.
3. Series 2012 Bonds.

Schedule 3.28
Suppliers

TOP TEN SUPPLIERS:

YEAR: 2012

NCTC	\$1,735,617.23
ZCORUM	\$264,893.30
FOX	\$227,949.44
NITEL	\$168,846.68
ACC	\$127,751.05
INTEGRITY	\$109,476.82
SINCLAIR	\$107,848.92
DISH	\$81,400.00
RAYCOM	\$58,308.75
MORSE HARWELLJILES	\$56,254.92

YEAR: 2013

NCTC	\$1,797,035.48
ZCORUM	\$274,097.60
FOX	\$221,382.25
NITEL	\$169,066.68
SINCLAIR	\$121,733.43
ACC	\$81,612.94
INTEGRITY	\$80,022.79
CHARTER	\$77,048.42
RAYCOM	\$61,458.35
MORSE HARWELLJILES	\$55,373.06

Schedule 6.2(i)
Discounts

None.

Schedule 6.10
Surveyed Property

A building located at 3000 N. Westwood Boulevard, Poplar Bluff, Missouri, Butler County Parcel Number: 08-09-29.0-001-005-013.00, containing 12,200 square feet of frame construction with a brick finish, a concrete parking lot of approximately 16,800 square feet, and 1.6 acres.

Schedule 7.3(a)
Indemnification

None.