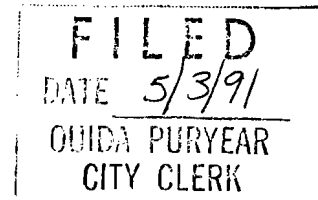


United Artists Cable  
of East Arkansas  
1520 South Caraway Road  
Jonesboro, AR 72401  
(501) 935-3615  
FAX (501) 972-8141



May 3, 1991

Mayor Hubert Brodell  
P. O. Box 1845  
Jonesboro, AR 72403



Dear Mayor Brodell:

**RE: AUDIT FOR UNITED ARTISTS CABLE**

Because of the delays in supplying you with the 5-year audit in 1990, we decided to have the audit done annually. Enclosed you will find an auditor's report from Peat Marwick for the year 1990. We realize this is not due until 1995, but since we have it, we will pass it along for your review and retention.

As mentioned in the agreement we trust you will treat the report private and confidential.

Sincerely,

A handwritten signature in cursive script that reads "Ernest J. Hicks".

Ernest J. Hicks  
General Manager

cc: Jerry Cranford



Certified Public Accountants

2300 ARCO Tower  
707 Seventeenth Street  
Denver, CO 80202

### **Independent Auditors' Report**

#### **The Board of Directors United Artists Cablesystems Corporation:**

We have audited the amount of gross subscriber revenue (with regard to Ordinance #1919 passed and approved April 1, 1985 with the City of Jonesboro, Arkansas) of East Arkansas Cablevision, Inc. (owned and operated by United Artists Cablesystems Corporation) for each year in the five-year period ended December 31, 1989. Determining the amount of gross subscriber revenue is the responsibility of the Company's management. Our responsibility is to express an opinion on the amount of gross subscriber revenue based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the amount of gross subscriber revenue is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount of gross subscriber revenue. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, gross subscriber revenue in the amounts of \$2,120,280, \$2,176,610, \$2,432,698, \$2,893,076, and \$3,929,724 for East Arkansas Cablevision, Inc. from subscribers in the City of Jonesboro, Arkansas, for each year in the five-year period ended December 31, 1989, respectively, as defined in Ordinance #1919 referred to in the first paragraph, are fairly presented, in all material respects.

This report is intended solely for the information and use of the board of directors of United Artists Cablesystems Corporation, managements of East Arkansas Cablevision, Inc. and the City of Jonesboro, Arkansas, and should not be used for any other purpose.

*KPM G Peat Marwick*

May 15, 1990



Member Firm of  
Klynveld Peat Marwick Goerdeler

Certified Public Accountants

2300 ARCO Tower  
707 Seventeenth Street  
Denver, CO 80202

**Independent Auditors' Report**

**The Board of Directors  
United Artists Holdings, Inc.:**

We have audited the amount of gross subscriber revenue (as defined in Ordinance #1919 passed and approved April 1, 1985 with the City of Jonesboro, Arkansas) of East Arkansas Cablevision, Inc. (owned and operated by United Artists Holdings, Inc.) for the year ended December 31, 1990. Determining the amount of gross subscriber revenue is the responsibility of the Company's management. Our responsibility is to express an opinion on the amount of gross subscriber revenue based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the amount of gross subscriber revenue is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount of gross subscriber revenue. An audit also includes assessing the accounting principles used. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, gross subscriber revenue in the amount of \$4,245,500 for East Arkansas Cablevision, Inc. from subscribers in the City of Jonesboro, Arkansas, for the year ended December 31, 1990, as defined in Ordinance #1919 referred to in the first paragraph, is fairly presented, in all material respects.

This report is intended solely for the information and use of the board of directors of United Artists Holdings, Inc., managements of East Arkansas Cablevision, Inc. and the City of Jonesboro, Arkansas, and should not be used for any other purpose.

*KPMG Peat Marwick*

April 26, 1991



Certified Public Accountants

2300 ARCO Tower  
707 Seventeenth Street  
Denver, CO 80202

**The Board of Directors  
United Artists Cablesystems Corporation:**

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of East Arkansas Cablevision, Inc. (the System) and to the accounting records of the Franchise Area of Jonesboro, Arkansas, (the Franchise Area) (both owned and operated by United Artists Cablesystems Corporation) (UACC) for each of the years in the three-year period ended December 31, 1989, solely to assist you in connection with your reporting to the franchising authority. It is understood that this report is solely for the information of the board of directors of UACC, managements of East Arkansas Cablevision, Inc., and the City of Jonesboro, Arkansas, and is not to be referred to or distributed for any other purpose. Our procedures and findings are as follows:

***Procedures***

1. We read a copy of the Cable Data 1989 EDP Controls Review dated December 30, 1989, prepared by Deloitte and Touche. Cable Data is an independent third party that provides billing services to cable system operators.
2. We obtained the Monthly Subscriber Reports prepared by UACC and the applicable Cable Data reports for the month of December for each of the years in the three-year period ended December 31, 1989, reflecting basic subscriber counts at the end of each year for the System and the Franchise Area. We compared the total basic subscribers per the Monthly Subscriber Reports to the basic subscriber counts per the applicable Cable Data report.
3. We recalculated UACC's adjustment for Equivalent Basic Units (EBUs) as defined by UACC.
4. We recalculated the adjusted basic subscriber counts by adding the basic subscriber counts, as described in 2. above and the adjustment for EBUs for the System and Franchise Area, as described in 3. above for each year in the three-year period ended December 31, 1989.
5. We recalculated the percentage of adjusted basic subscribers in the Franchise Area to the number of adjusted basic subscribers in the System.

**Findings**

<u>Adjusted Basic Subscribers</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
The Franchise Area	11,284	11,347	14,855
The System	20,879	21,334	22,233
The Franchise Area as a percent of the System	54.0%	53.2%	66.8%

Because our procedures do not constitute an audit made in accordance with generally accepted auditing standards, we express no opinion on any of the specified items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the specified items should be adjusted. Had we performed additional procedures or had we performed an audit of the financial statements for each of the years in the three-year period ended December 31, 1989 in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of East Arkansas Cablevision, Inc. or the Franchise Area of Jonesboro, Arkansas, taken as a whole.

*KPM G Peat Marwick*

June 28, 1990