	5317.0	Sundry Office Expenses
	5318.0	Insurance
	5319.0	Provision for Doubtful Accounts
	5320.0	Local Taxes
	5321.0	Franchise, License and Permit Fees
	5380.0	Other General and Administrative Expenses
	5390.0	Capitalized Cost Offsets
5400.0		*Depreciation and Amortization*
5410.0		Depreciation
5420.0		Amortization
6000.0		OTHER INCOME (OTHER EXPENSES)
6100.0		*Other Income*
6110.0		Interest
6120.0		Dividends
6130.0		Other
6200.0		*Other Expenses*
6210.0		Interest
6220.0		Miscellaneous
7000.0		PROVISION FOR FEDERAL AND STATE INCOME TAXES
7100.0		*Federal Income Tax*
7200.0		*State Income Tax*
8000.0		EXTRAORDINARY ITEMS
9000.0		PROGRAM ORIGINATION CLEARING ACCOUNT
9100.0		Construction Work in Progress Clearing Account
9200.0		Start-up Costs Clearing Account
9300.0		Selling, General & Administrative Clearing Account
9400.0		Marketing and Installation Clearing Account
9500.0		Service Expense Clearing Account
9600.0 - 9900.0		*Other Clearing Accounts**

* As Required.

Historical Note

Sec. filed Dec. 10, 1974; amd. filed June 26, 1975.

599.33 Description of uniform accounting system accounts.

1000.0 ASSETS

1100.0 *Current Assets*

1110.0 Cash - The total amount of cash on deposit in banks and on hand.

1111.0 *Petty Cash* - The amount of cash on hand in petty cash accounts and working funds.

1112.0 *Bank Accounts* - If desired, subsidiary accounts can be used for each individual bank account.

1113.0 *Cash on Hand* - Undeposited cash not included in account 1111.0 or 1112.0.

1120.0 *Short-Term Investments* - The cost of marketable or redeemable securities purchased for temporary investment.

1130.0 *Accounts Receivable-Trade* - The amounts due from subscribers.

1139.0 *Allowance for Doubtful Accounts-Trade* - This account should be credited with the regular provision for estimated loss in the collection of trade accounts receivable and should be charged for the accounts which are found to be uncollectible.

1140.0 *Other Receivables* - All receivables other than trade receivables, including amounts due from employees.

1141.0 *Interest* - The interest earned or purchased on investments and notes not yet received in cash, and discount on bonds or notes purchased.

1142.0 *Other* - All other receivables should be included in this account.

1149.0 *Allowance for Doubtful Accounts-Other* - This account should be credited with the provision for estimated loss in the collection of other accounts receivable and charged for the accounts found to be uncollectible.

1150.0 *Inventory* - This account should include the cost of materials not chargeable to expenses or immediately identifiable to a construction project. Inventory items held for construction purposes are to be included as part of account 1300.0 *Construction Work in Progress*. This account balance may be maintained by posting transactions currently or, if the amount of materials is not significant, the balance in the accounts may be adjusted periodically based on a physical inventory and current value. In any event, inventory should be verified by a physical count at least annually. The account may be subdivided to accommodate various types of supplies. Insignificant amounts of office supplies may be expensed.

1160.0 *Broadcasting Rights* - The cost of features, films, syndicated television shows and other broadcasting rights purchased. The offsetting liability shall be credited to account 2170.0 *Other Current Liabilities*. These costs shall be amortized as provided in section 599.40 (a). In the event that a significant portion of the cost is not amortized within one year, that portion is to be transferred to account 1650.0 *Other Assets*; the offsetting credit shall be transferred to account 2500.0 *Other Non Current Liabilities*.

1170.0 *Prepaid Expenses* - These accounts represent outlays for benefits or services which apply to or will directly benefit future operations. The period to be benefitted should not exceed one business cycle or one year. The accounts are credited and the appropriate expense or capital account is charged as the benefit is received.

1171.0 *Taxes* - Advance payments for taxes such as school taxes or property taxes.

1172.0 *Franchise Payments* - Advance payments for the current period's franchise liability.

1173.0 *Insurance* - The amount of insurance premiums paid in advance of the period to which the premium is applicable.

1174.0 *Rent* - Rental payments applicable to periods subsequent to the close of the accounting period.

1175.0 *Interest* - Interest paid in advance on bonds and other long-term debt.

1176.0 *Expense Advances* - The amount of advances to officers and employees for traveling and other expenses incurred for business purposes.

1177.0 *Other* - Any prepaid expenses not includable in another account.

1180.0 *Other Current Assets* - Any current assets not includable in another account.

1200.0 *Fixed Assets* - The fixed asset accounts shall include all costs applicable to purchase or construction of property. The breakdown shown in the Chart of Accounts is by major control. Classification by tax district or franchise area may be achieved by appropriate account expansion.

1210.0 *Land* - The cost of real property, including cost incident to the acquisition of title to the land.

1220.0 *Buildings* - The cost of office and other buildings, including head-end buildings, constructed of brick, concrete stone, or other durable materials, and which can be expected to last for more than one year.

1230.0 *Head-End* - The cost of the tower and antennae, electronic equipment and all other equipment associated with the head-end facility, such as fencing and structures that do not qualify for inclusion in account 1220.0 *Buildings*.

1240.0 *Trunk and Distribution System*

1241.0 *Subscriber Devices* - The costs associated with taps, blocks, transformers, cable, converters and other subscriber connection devices.

1242.0 *Other* - All other costs not includable in account 1241.0, *Subscriber Devices*.

1250.0 *Test Equipment and Tools* - Includes the cost of sweep generators, calibrators, field strength meters, other test equipment and tools.

1260.0 *Program Origination Equipment* - This account includes the cost of time and weather station, cameras, studio and other equipment utilized in origination.

1270.0 *Vehicles, Furniture and Fixtures* - The cost of vehicles, associated equipment and office equipment and furniture and fixtures.

1271.0 *Vehicles*

1276.0 *Furniture and Fixtures*

1280.0 *Capitalized Leased Property* - The fair market value of property leased, which under the terms of the lease, constitutes an installment purchase.

1290.0 *Leasehold Improvements* - The cost of rearrangements and remodeling of leasehold property which are to be capitalized.

1299.0 *Miscellaneous Equipment* - The cost of any equipment not includable in another account.

1300.0 *Construction Work in Progress* - This account should include the costs accumulated in connection with the design and construction work not yet completed. As individual jobs are completed, the accumulated costs are removed from this account and charged to the appropriate fixed asset account.

1400.0 *Allowance for Accumulated Depreciation and Amortization* - This account is to be credited with the periodic provision for depreciation and amortization. A separate subsidiary account should be maintained for each plant subsidiary account included in the 1200.0 series of accounts as well as for other amortizable assets, as provided in section 599.40 (a).

1410.0 *Allowance for Accumulated Depreciation*

1420.0 *Allowance for Accumulated Amortization*

1500.0 *Plant Adjustments* - The difference between the purchase price and the original cost, less depreciation, of either all or a substantial portion of a cable television system already in operation in the State. For a fuller discussion see section 599.40 (b).

1510.0 *Plant Adjustment Excess Fair Value* - The difference between original cost, less depreciation, and the fair value of the assets purchased as defined in account 1500.0.

1520.0 *Plant Adjustment Goodwill* - Goodwill arising from the difference between fair value and purchase price as defined in account 1500.0.

1600.0 *Other Assets*

1610.0 *Intangible Assets*

1611.0 *Franchises, Licenses, and Permits* - Cost of securing franchises, licenses and permits, including initial payments to the community. The portion of a system's purchase cost allocated to its franchise should also be included in this account. Franchise costs shall be charged to operations during the period of expected benefit.

1612.0 *Other Intangible Assets* - Intangible assets for which no specific accounts have been provided.

1613.0 *Goodwill* - Intangible assets arising from acquisitions, reorganization or other means for which no specific accounts have been provided.

1620.0 *Deferred Charges* - Expenses chargeable, beyond one year, to future operations.

1621.0 *Start-up Costs* - Costs incurred net of revenues received during the development period of the CATV system prior to full scale operation. Such costs may be charged to expense over the specified period, and accumulated in an appropriate sub-account of account 1400.0.

1622.0 *Unamortized Debt Expense* - Expenses associated with the issuance and sale of all classes and series of long-term debt (including receivers' certificates) issued or assumed by the company. Amortization shall be on a straight-line basis, over the life of the respective issues, and the amounts thereof shall be charged to account 6210.0 Interest.

1623.0 *Other Deferred Costs* - All other deferred charges not includable elsewhere.

1630.0 *Long-Term Investments* - The cost of long-term investments, such as investments in subsidiary or affiliated companies.

1640.0 *Organization Costs* - The expenses incident to the creation of the Corporation. This cost may be amortized.

1650.0 *Other Assets* - Any asset not includable in another account.

2000.0 LIABILITIES

2100.0 *Current Liabilities*

2110.0 *Loans Payable* - The portion of loans payable during the next 12 months.

2111.0 *Short-term Notes* - Notes payable within one year from the date they are given.

2112.0 *Current Portion of Long-Term Debt* - The portion of long-term bonds or notes payable within one year of the balance sheet date.

2120.0 *Subscriber Advance Payments and Deposits* - Security deposits by subscribers and payments made in advance by subscribers in anticipation of services to be rendered. Includes monthly service charges received and applicable to periods subsequent to the close of the accounting period.

2121.0 *Subscriber Advance Payments* - Subscription and other fees paid by or billed to subscribers for services not yet received.

2122.0 *Subscriber Deposits* - Deposits paid by subscribers to assure the payment of monthly or other fees for services rendered and that company equipment will be returned undamaged when the subscriber discontinues.

2130.0 *Accounts Payable* - This account should include amounts currently due to others for purchases of materials and other goods or services.

2140.0 *Taxes and Other Withholdings* - The amounts withheld from employees' earnings which are payable to government agencies and others. (See Chart of Accounts for listing of subsidiary accounts.)

2150.0 *Accrued Expenses* - Obligations, actual or estimated, existing at the close of the accounting period, but payable at a future date.

2151.0 *Accrued Payroll* - The accrued liability to employees for salaries, wages, and employee benefits.

2152.0 *Accrued Payroll Taxes* - The accrued liability for the employer's share of social security taxes, unemployment taxes and workmen's compensation taxes.

2153.0 *Accrued Rent* - The accrued liability for rent of facilities.

2154.0 *Accrued Franchise Payments* - The accrued liability for franchise payments relative to current operations.

2155.0 *Accrued Interest* - The accrued liability for interest due on the System's debt obligations.

2156.0 *Other Accrued Expenses* - The estimated liability for accrued expenses for which specific accounts have not been provided.

2160.0 *Accrued Taxes*

2161.0 *Accrued State and Local Taxes* - The accrued liability for taxes levied by State and local governments. If desired, this account may be subdivided by type of tax.

2162.0 *Accrued Federal Income Taxes* - The estimated liability for current and prior years' Federal income taxes.

2170.0 *Other Current Liabilities* - Any current liability not provided for in another account.

2180.0 *Dividends Payable* - Dividends declared from retained earnings which have not yet been paid.

2200.0 *Reserved for Future Issuance*

2300.0 *Long-Term Debt* - The unpaid balance of long-term notes, bonds and other debts payable after one year from date issued. Any amounts which are payable within one year should be reclassified to the current liability account.

3500.0 *Additional Paid-in Capital* - The amount contributed or assigned to capital stock in excess of par value; or the value of donations received; or the reduction in par or stated value of capital stock; or the gain or loss or sale of treasury shares; or capital stock expenses; or other credits which are not properly includable elsewhere. Separate subsidiary accounts shall be established as necessary, so as to identify each class of stock or type of transaction as described immediately above.

3600.0 *Retained Earnings* - Represents the accumulated amount of earnings which have not been capitalized, paid to stockholders as dividends or otherwise utilized.

3610.0 *Appropriated Retained Earnings* - This account, appropriately subdivided by purpose, shall include the amount of retained earnings which have been appropriated or set aside for specific purposes.

3620.0 *Unappropriated Retained Earnings* - This account shall include the balance, either debit or credit, of unappropriated retained earnings arising from earnings. Authorized dividends shall be debited to this account and credited to account 2180.0, *Dividends Payable*.

3700.0 *Proprietor's Withdrawals* - Withdrawal by a sole proprietor, or member of a partnership or joint venture. Subsidiary accounts shall be established to adequately reflect all transactions.

4000.0 OPERATING INCOME - These accounts shall include all revenues due to rendering services connected with the cable activity. Classification of income by franchise area for the purpose of preparing reports required by FCC, franchising municipalities and others may be accomplished by account expansion right of the decimal point, but it is not required by the Commission.

4100.0 *Subscriber Revenues*

4110.0 *Installation Income* - Represents income obtained from charges for subscriber connections, relocations and additional outlets.

4120.0 *Regular Subscriber Charges* - Represents periodical service charge for cable service.

4130.0 *Per Program or Per Channel Charges* - Income arising from special fees imposed to obtain programs not obtainable by means of regular subscription fees.

4140.0 *Other Subscriber Revenues* - Subscriber revenues not includable in accounts 4110.0, 4120.0, and 4130.0.

4200.0 *Non-Subscriber Revenues*

4210.0 *Advertising Income* - Income arising from advertising on cable channels.

4220.0 *Special Service Income* - Income attributable to leasing or sale of time or facilities.

4230.0 *Other Non-Subscriber Revenues* - All other non-subscriber revenues not includable in accounts 4210.0 and 4220.0.

5000.0 COST OF OPERATIONS

Account Numbering - The account numbering system has been devised so that the costs of each department or operating function may be accumulated separately but in a consistent manner. In this system, operating expenses have been segregated into three groups; service costs, origination costs and selling, general and administrative.

Classification of expenses by franchise area to correspond with similar classification of revenues may be had by appropriate expansion of accounts. Care should be taken to provide uniform expansions for the various functions.

2310.0 *Notes Payable* - The unpaid balance of notes payable after one year.

2320.0 *Bonds Payable* - The unpaid balance of bonds payable after one year.

2330.0 *Obligation on Capitalized Leases* - The discounted value of future rental payments for leased property, which, under the terms of the lease, constitute an installment purchase.

2340.0 *Unamortized Premium and Discount on Outstanding Debt* - Separate subsidiary discount and premium accounts shall be maintained for each class and series of long-term debt issued or assumed in which shall be recorded the discount and premium associated with the issuance and sale of each such class and series of debt. Amortization shall be on a straight-line basis over the life of the respective issues. Account 6210.0 *Interest* shall be debited or credited as appropriate. When any long-term debt is reacquired or redeemed the difference between the amount paid upon reacquirement and the face value plus the unamortized discount and expense, as the case may be, applicable to the debt redeemed, retired and canceled, shall be debited or credited as appropriate to account 6000.0, *Other Income (Expenses).*

2400.0 *Operating Allowances*

2410.0 *Property Insurance Allowance* - This account shall include the allowance for self-insurance against property losses. At least annually a credit shall be made to this account and a debt made to the appropriate expense account; losses shall be debited to this account. A detailed description of property shall be maintained together with schedules showing risks covered and rates.

2420.0 *Injury and Damage Allowance* - This account shall include the allowance for self-insurance against potential liability for death or injury to employees or others and for damages to property. At least annually a credit shall be made to this account and a debit made to the appropriate expense account; losses shall be debited to this account.

2430.0 *Pension and Benefit Allowance* - This account shall include the allowance for pension or other benefits where the funds represented by the allowance are included as part of the assets of the company. A separate subsidiary account shall be maintained for each kind of allowance included herein. At least annually a credit shall be made to this account and a debit made to the appropriate expense account; payments made shall be debited to this account.

2440.0 *Miscellaneous Operating Allowances* - This account shall include all operating allowances not provided for elsewhere. A separate subsidiary account shall be maintained for each purpose for which this account is being used.

2500.0 *Other Non-Current Liabilities* - Any non-current liabilities not otherwise provided for in any other account.

3000.0 OWNER'S EQUITY

3100.0 *Common Stock-Issued* - The par value, or the stated value if there is no par value, and, if not, the cash value of the consideration received for such no par stock, of each class of common stock issued. Company records shall contain the particulars as to number of shares authorized, par or stated value or value of consideration received and other details such as voting rights.

3200.0 *Preferred Stock-Issued* - The par value, or the stated value if there is no par value, and, if not, the cash value of the consideration received for such no par stock, of each class of preferred stock issued. The company's records shall contain particulars as to liquidation rights, dividend arrears, and other details such as voting rights.

3300.0 *Treasury Stock* - The cost of capital stock repurchased and held in the treasury. Each class of common or preferred stock held as treasury stock shall be separately identified by means of a subsidiary account.

3400.0 *Proprietor's Equity* - Equity of a sole proprietor, partners, or members of a joint venture. Subsidiary accounts shall be established to reflect the equity of the individual partners or members of the joint venture.

Total company-wide expense for each natural cost can be obtained easily since the unit and tens digit of each account number signify cost factor as follows:

01.0	Salaries and Wages
01.1	Salaries and Wages - Officers and Directors
01.2	Salaries and Wages - All Others
02.0	Employee Benefits
02.1	Employee Benefits - Officers and Directors
02.2	Employee Benefits - All Others
03.0	Maintenance
04.0	Pole and Site Rentals
05.0	Microwave Service
06.0	Light, Heat and Power
07.0	Vehicle Expenses
08.0	Rent
09.0	Travel and Entertainment
10.0	Dues and Subscriptions
11.0	Contributions
12.0	Professional Services
13.0	Stationery and Supplies
14.0	Postage and Freight
15.0	Advertising and Promotion
16.0	Telephone and Telegraph
17.0	Sundry Office Expenses
18.0	Insurance
19.0	Provision for Doubtful Accounts
20.0	Local Taxes
21.0	Franchise, License and Permit Fees
22.0	Technical and Creative Service
23.0	Film Expense
24.0	Studio Sets and Props
25.0	Program Materials and Supplies
26.0	News Services
27.0	Participation Expense
28.0	Fees and Royalties
29.0	Tariff and Leaseback Charges
30.0	Overhead Allocations
31.0 - 79.0	Reserved
80.0	Other
90.0	Capitalized Cost Offsets

5100.0 *Service Costs* - The expenses attributable to receiving and distributing signals to the community serviced by the System.

5101.0 *Salaries and Wages* - The salaries of personnel engaged in technical activities and maintenance.

5101.1 *Salaries and Wages-Officers and Directors* - The salaries of officers and directors engaged in technical activities and maintenance.

5101.2 *Salaries and Wages-All Others* - The salaries of all other personnel engaged in technical activities and maintenance.

5102.0 *Employee Benefits* - Employee's fringe benefits, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5102.1 *Employee Benefits-Officers and Directors* - Fringe benefits of officers and directors, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5102.2 *Employee Benefits-All Others* - Fringe benefits of all other employees, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5103.0 *Maintenance* - The cost of repairs and the replacement of minor equipment. Expendable tools and supplies should be charged to this account.

5104.0 *Pole and Site Rentals* - The cost of renting pole attachments and rents applicable to the antenna site.

5105.0 *Microwave Service* - The cost of receiving microwave transmission from either an associated or outside microwave service company. Provision for the additional classifications required by FCC form 326 (Community Antenna Relay Service or Business Radio Service and domestic point-to-point Microwave radio service) may be made by expanding this account.

5106.0 *Light, Heat and Power* - The cost of light, heat and power charges for the distribution system.

5107.0 *Vehicle Expense* - Operating expenses for vehicles used in operations or maintenance.

5108.0 *Rent* - Rentals relative to service costs other than pole and site rentals (included in account 5104.0), such as equipment rentals and easements.

5129.0 *Tariff and Leaseback Charges* - The cost of tariff and leaseback charges.

5180.0 *Other* - All service costs not includable in another account.

5190.0 *Capitalized Cost Offsets* - All expenses which are to be capitalized. Such costs shall be credited to this account, or in lieu of this entry, credited to the individual expense accounts, and an offsetting debit made to the appropriate asset accounts.

5200.0 *Origination Expense* - The cost of program origination, including local news, weather and sports programs.

5201.0 *Salaries and Wages* - The salaries and wages incurred for any personnel working on program origination.

5201.1 *Salaries and Wages-Officers and Directors* - The salaries and wages of officers and directors engaged in working on program origination.

5201.2 *Salaries and Wages-All Others* - The salaries and wages of all other personnel engaged in working on program origination.

5202.0 *Employee Benefits* - Employees' fringe benefits, including payroll taxes and the cost of benefit programs, such as insurance and pension plans.

5202.1 *Employee Benefits-Officers and Directors* - Fringe benefits of officers and directors, including payroll taxes and the cost of benefit programs such as, insurance and pension plans.

5202.2 *Employee Benefits-All Others* - Fringe benefits of all other employees, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5203.0 *Maintenance* - The cost of repairs and replacement of minor equipment.

5208.0 *Rent - Rental charges in connection with the origination function.*

5222.0 *Technical and Creative Services* - Charges made in connection with technical and creative services.

5223.0 *Film Expense* - The rental and transportation costs incidental to the use of film.

5224.0 *Studio Sets and Props* - Labor and material cost of expendable sets and props.

5225.0 *Program Materials and Supplies* - Incidental materials and supplies consumed in connection with programs.

5226.0 *News Services* - Contract payments relative to news services which include line and equipment services.

5227.0 *Participation Expense* - Costs, shared with another company, that are associated with program origination. These costs may be eligible for capitalization.

5228.0 *Fees and Royalties* - Costs of fees and royalties paid for broadcast and similar rights.

5280.0 *Other* - All origination costs not includable in another account.

5290.0 *Capitalized Cost Offsets* - All expenses which are to be capitalized. Such costs shall be credited to this account, or in lieu of this entry, credited to the individual expense accounts, and an offsetting debit made to the appropriate asset accounts.

5300.0 *Selling, General and Administrative Expense*

5301.0 *Salaries and Wages* - Salaries and wages of personnel engaged in selling, general and administrative activities.

5301.1 *Salaries and Wages-Officers and Directors* - The salaries and wages of officers and directors engaged in selling, general and administrative activities.

5301.2 *Salaries and Wages-All Others* - The salaries and wages of all other personnel engaged in selling, general and administrative activities.

5302.0 *Employee Benefits* - Employees' benefits, including payroll taxes and the cost of benefit programs, such as insurance and pension plans.

5302.1 *Employee Benefits-Officers and Directors* - Fringe benefits of officers and directors, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5302.2 *Employee Benefits-All Others* - Fringe benefits of all other employees, including payroll taxes and the cost of benefit programs, such as, insurance and pension plans.

5306.0 *Light, Heat and Power* -The cost of purchased light, heat and power, except for power used in operating the distribution system.

5307.0 *Vehicle Expense* - The cost of vehicles not chargeable to construction or service costs.

5308.0 *Rent* - The cost of rentals for space, facilities and equipment.

5309.0 *Travel and Entertainment* - The cost of traveling and entertainment incurred in connection with operating the System.

5310.0 *Dues and Subscriptions* - The cost of memberships and dues in industry associations, local Chamber of Commerce and other organizations.

5311.0 *Contributions* - The gifts made to community chests, hospitals and other charitable, educational, religious and public welfare organizations.

5312.0 *Professional Services* - The cost of outside legal, accounting and consultant services.

5313.0 *Stationery and Supplies* - The cost of stationery, printed forms, miscellaneous office supplies and office equipment.

5314.0 *Postage and Freight* - The cost of postage, including the rental of postage meters.

5315.0 *Advertising and Promotion* - The direct costs of selling, advertising and promotion. Includes commissions payable to salespeople and outside parties.

5316.0 *Telephone and Telegraph* - The cost of telephone and telegraph services.

5317.0 *Sundry Office Expenses* - Miscellaneous office expenses, such as janitorial services.

5318.0 *Insurance* - The cost of fire, use and occupancy and public liability insurance including expenses of self-funded insurance plans.

5319.0 *Provision for Doubtful Accounts* - The provision for estimated losses in the collection of trade accounts receivable.

5320.0 *Local Taxes* - The estimated liability, for local taxes which accrued during the period relative to revenues, property and capital, will be charged to this account. (If desired, subsidiary accounts may be maintained for different types of taxes.)

5321.0 *Franchise, License and Permit Fees* - This account includes the franchise payments, payable under the Company's franchise agreement, which are applicable to current operations and which are paid to Federal, State and local governments.

5330.0 *Overhead Allocations* - Overhead allocated by a parent or controlling company to its subsidiary, as described in section 599.40 (j)(5).

5380.0 *Other* - All selling, general and administrative expenses for which no specific account has been provided.

5390.0 *Capitalized Cost Offsets* - All expenses which are to be capitalized. Such costs shall be credited to this account, or in lieu of this entry, credited to the individual expense accounts, and an offsetting debit made to the appropriate asset accounts.

5400.0 *Depreciation and Amortization*

5410.0 *Depreciation* - The amounts provided annually for depreciation of fixed assets, including amortization of leasehold improvements. Offsetting credits are to *Accumulated Depreciation and Amortization* account 1400.0. Depreciation expense should allocate the cost of fixed assets over their estimated economic life. Separate subsidiary accounts shall be provided for each unit, group or type of asset.

5420.0 *Amortization* - Amounts provided annually for depleting deferred start up costs, organization costs, franchise costs, plant adjustment valuations, and other amortizable assets. Separate subsidiary accounts shall be provided for each unit, group or type of asset.

6000.0 OTHER INCOME (OTHER EXPENSES)

6100.0 *Other Income* - The income derived from sources not directly associated with CATV services.

6110.0 *Interest* - The amount of interest accrued or received from investments of the Company.

6120.0 *Dividends* - The amount of dividends accrued or received from stock investments of the Company.

6130.0 *Other* - Other income not includable in another account.

6200.0 *Other Expenses*

6210.0 *Interest* - Interest accrued on the Company's obligations, including notes, bonds and mortgages payable.

6220.0 *Miscellaneous* - The amount of costs not related to the operation of cable television business.

7000.0 PROVISION FOR FEDERAL AND STATE INCOME TAXES - The estimated provision for income taxes based upon the Company's operation for the period.

7100.0 *Federal Income Taxes* - Portion of provision for estimated Federal income taxes payable currently.

7200.0 *State Income Taxes* - Portion of provision for State income taxes payable currently.

8000.0 EXTRAORDINARY ITEMS - This account, appropriately expanded to meet particular needs, should be used to record significant transactions which need to be separately displayed and which are of an unusual or infrequently occurring nature, as defined in APB #30 - Reporting the Results of Operations - and which are not otherwise inconsistent with the UAS.

9000.0 PROGRAM ORIGINATION CLEARING ACCOUNT - This account shall include costs for program origination expenses, the incidence of which arose as a cost in another account and has been accumulated here for analytical and distribution purposes.

9100.0 CONSTRUCTION WORK IN PROGRESS CLEARING ACCOUNT - This account shall include costs for construction work in progress which arose in another account but are accumulated here for analytical and distribution purposes.

9200.0 START-UP COSTS CLEARING ACCOUNT - This account shall include start-up costs which arose in another account but are accumulated here for analytical and distribution purposes.

9300.0 SELLING, GENERAL AND ADMINISTRATIVE CLEARING ACCOUNT - This account shall include costs for selling, general and administrative which arose in another account but are accumulated here for analytical and distribution purposes.

9400.0 MARKETING AND INSTALLATION CLEARING ACCOUNT - This account shall include costs for marketing and installation which arose in another account but are accumulated here for analytical and distribution purposes.

9500.0 SERVICE EXPENSE CLEARING ACCOUNT - This account shall include costs for service expense which arose in another account but are accumulated here for analytical and distribution purposes.

9600.0 - 9900.0 OTHER CLEARING ACCOUNTS - Clearing accounts, required for managerial or other purposes, not specified above.

Historical Note
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599.40 **Application instructions.**

(a) *Amortization*

(1) As used in the UAS, refers to the periodic write-down of intangible assets on a straight-line basis. This will be accomplished by charging the appropriate amortization expense account and crediting the appropriate allowance for accumulated amortization account.

(2) Intangible assets shall be posted to the appropriate accounts provided and amortized as specified in the UAS: Balances arising on or before December 31, 1973 shall be differentiated and identified from balances arising thereafter, and from each other, by means of appropriate subsidiary accounts and such other means as may be deemed necessary; Intangible assets which under generally accepted accounting principles are not required to be amortized and were on the company's books on or before December 31, 1973 may be amortized as prescribed in the UAS; if not amortized, they shall be differentiated and otherwise identified from intangible assets being amortized by means of appropriate subsidiary accounts and such other means as may be necessary.

(3) The following table lists the intangible asset accounts, accounts containing the periodic expense charges, and accounts containing the accumulated amortization allowance (except that amortization of bond discount and bond premium is not included here as it is separately discussed elsewhere).

TABLE 1

Amortizable Expense Account		Periodic amortization expense	Allowance for accumulated amortization
Description	Number		
Broadcasting rights	1160.0	5421.0	1421.0
Capitalized leased property	1280.0	5422.0	1422.0
Leasehold improvements	1290.0	5423.0	1423.0
Plant adjustment excess fair value	1510.0	5424.0	1424.0
Plant adjustment goodwill	1520.0	5424.1	1424.1
Franchises, licenses and permits	1610.0	5425.0	1425.0
Other intangible assets	1611.0	5425.1	1425.1
Goodwill	1612.0	5425.2	1425.2
Start-up costs	1621.0	5426.0	1426.0
Other deferred costs	1623.0	5426.1	1426.1
Organization costs	1640.0	5427.0	1427.0

(4) The periods of amortization will be as follows:

(i) *Broadcasting rights* shall be amortized on a systematic basis that will provide a proper matching of expenses with revenue.

(ii) *Capitalized leased property* shall be amortized over the economic life of the asset.

(iii) *Leasehold improvements* shall be amortized over the lesser of the life of the leasehold or life of the improvement.

(iv) *Plant adjustment excess fair value* shall be amortized over the life of the assets purchased.

(v) *Plant adjustment goodwill* shall be amortized according to "generally accepted accounting principles".

(vi) *Intangible assets: franchises, licenses, and permits* shall be amortized over the lesser of the life of these assets or the expected future benefit. They may be amortized individually or a composite rate may be developed.

(vii) *Other intangible assets* shall be amortized over the lesser of the life of the assets or the expected future benefit, either individually or using a composite rate.

(viii) *Goodwill* shall be amortized according to generally accepted accounting principles.

(ix) *Start-up costs* shall be amortized over a 10 year period. See the discussion on start-up costs in subdivision (i) of this section for more complete details.

(x) *Other deferred costs* are any deferred charges which are not includable in start-up costs, nor includable in any other account. Amortization shall be over the lesser of the life of the assets or the expected future benefit but not to exceed 10 years.

(xi) *Organization costs* shall be amortized over the lesser of the life of the assets, or the expected future benefit, or the life of the franchise, but not to exceed 10 years.

(5) Intangible asset account balances which reflect transactions occurring on or before December 31, 1973 and which under generally accepted accounting principles are not required to be amortized, but which the company now chooses to amortize, shall be amortized over a period of at least 60 months or as prescribed in the UAS, whichever is longer.

(b) *Accounting for acquisitions*

(1) When an investment is made in a subsidiary, there are two common methods of recording the investment on the books of the parent:

(i) Record the investment at cost unless a fundamental change has occurred requiring a restatement of value. This is commonly known as the *cost method.*

(ii) Record the investment at cost but take up fluctuations in the net worth of the subsidiary as shown by the subsidiary's books of account. This is commonly known as the *equity method.*

(2) A cable television company shall record investment in subsidiaries and other companies using the cost method, which shall be reflected in the non-consolidated portion of all financial reports and/or schedules filed with the commission, except that consolidated financial reports shall be prepared using the cost, equity or consolidated method.

(3) Control of an acquired company may be obtained through three basic methods.

(i) *Pooling of interests*, where stock is exchanged which effectuates the change in control.

(ii) *Purchase*, where the assets and possibly the liabilities of the firm are obtained via an exchange of cash or other assets.

(iii) *Stock purchase*, where stock is purchased, the assets and liabilities of the acquired company are not affected.

(4) The accounting for an acquisition shall be governed as follows:

(i) *Pooling of interests.* If a pooling of interest has occurred and the acquired company is a cable television company, the assets and liabilities of the acquired company shall continue to be carried at their value on the books immediately prior to the acquisition.

(ii) *Purchase.* If a purchase has occurred, and the acquired company is a cable television company, the only adjustments allowed on the books of the acquired company shall be those directly related to the terms of the purchase agreement. Otherwise, assets and liabilities shall continue to be valued at their former book value. If the acquiring company is a cable television company and merges or consolidates the acquired cable television company plant with its own, the difference between the book value, less depreciation, and the purchase price of the acquired company shall be set up in the appropriate plant adjustment account. If a cable television company acquires a non-cable television company, the assets and liabilities of the acquired company may be appropriately adjusted.

(iii) *Stock purchase.* No adjustment on the books of the acquired company, other than to reflect ownership changes, shall be permitted.

(5) The plant adjustment accounts are provided to account for the difference between the purchase price and the original cost, less depreciation and/or amortization, of all or a portion of a cable television company. The difference as determined above is split into two parts:

(i) Account 1510.0, *Plant adjustment excess fair value* contains the difference between original cost, less depreciation and/or amortization, and the fair value of the cable television system purchased as determined in accordance with generally accepted accounting principles.

(ii) Account 1520.0, *Plant adjustment goodwill* contains the difference between the purchase price and the fair value of the purchased cable television system or portion of a cable television system if the entire system is not purchased.

(6) The balances in Account 1510.0 and 1520.0 are subject to amortization as provided for in section 599.40 (a) of this section. Separate subsidiary accounts shall be used to account for individual or otherwise unrelated purchases.

(c) *Construction work in progress.*

(1) This account is provided for the purpose of accumulating the construction cost of uncompleted projects. Costs may be charged directly to this account or may first be charged to individual expense accounts and then transferred via an adjusting entry; costs may be charged to a clearing account and then transferred to this account. Subsidiary accounts are to be set up to account for individual construction projects.

(2) The includable costs are those associated with in-house construction, or supervision of construction by others and will include design, planning, salaries and wages, depreciation, interest charges, overhead and other related expenses. Generally speaking a systematic plan determining construction work in progress should be developed, reduced to writing, approved by the board of directors or managing partner and be available if required by the commission.

(3) A specific example of allowable interest would be a construction loan, of limited duration, obtained for the purpose of financing the project (or projects) involved. Interest incurred on permanent financing may be imputed and charged as part of construction work in progress or expensed. Imputed interest charged to construction work in progress is to be allocated consistent with subdivision (j) of this section and in accordance with "generally accepted accounting principles" and shall relate to a specific job, or jobs, if a series of projects have been undertaken.

(d) *Depreciation*

(1) For purposes of reporting to the commission, depreciation will be calculated on a straight-line basis (except that the "production plan" as defined in subparagraph (2)(iii) of this subdivision is also permitted) using original cost. Estimated service life should be based on experience, judgment or industry-wide studies. Net savings value, if any, should represent the best estimate available.

(2) Depreciation will be calculated using one or more of the following methods:

(i) *Unit plan* in which each depreciable asset is individually depreciated and records are maintained on each depreciable asset.

(ii) *Group plan* in which a group rate of depreciation is calculated based on the average or mean life of the individual assets comprising the group and applied against the depreciable cost of the group.

(iii) *Production plan* in which depreciation is computed as a fixed rate per unit of use per depreciable asset.

(3) If the group plan is selected, depreciable cost will consist of the sum of the original cost of all depreciable assets not yet fully depreciated. Each group should be based upon the definitions found in the fixed asset section of the UAS, i.e., upon each subsidiary asset account, if provided, or upon the general asset account otherwise.

(4) If the production plan is selected, the following formula will be used to determine depreciation per unit:

$$\frac{\text{Original cost less net salvage value}}{\text{Activity (Miles, hours, or other measurement of use)}} = \text{Depreciation expense per unit.}$$

(5) Any one, part or all of the above methods may be selected in calculating depreciation. Depreciation will be booked at least annually by debiting account 5410.0, *Depreciation* and crediting account 1410.0, *Allowance for depreciation*. A separate subsidiary account is to be set up for each group or class of depreciable assets.

(6) Under either the unit plan or production plan a gain or loss on the sale or disposition of an asset will not be recognized if a replacement is obtained. Such gain or loss will be used to adjust the cost basis of the replacement. If a replacement is not purchased, a gain, if not significant, will be credited to account 6130.0, *Other income*. If significant, * the credit should be booked in account 8000.0 *Extraordinary Items*. Losses will be charged to account 6220.0, *Miscellaneous*, if not significant, or to account 8000.0 Extraordinary Items, if significant.

(7) Under the group plan gains or losses resulting from the sale or retirement of assets are not recognized. Upon disposal, a credit for the full value of the assets is made to the account in which the asset was carried. Concurrently, a similar charge is made to account 1400.0, *Allowance for depreciation and amortization* less salvage, which is included in account 1100.0 *Cash*. Removal costs shall be charged to account 1400.0 and credited to account 1110.0. If the retired assets are traded-in, the book value of the new assets will be adjusted by reducing its cost by the amount of the trade-in.

(8) Depreciation expense is to be charged at least annually in the manner previously described. Each company will be allowed to set guidelines in determining capitalization and expense policies subject to the following restrictions:

(i) Each company shall capitalize any individual component or other asset purchased or constructed by or for them which exceeds $250 in cost and has a life of more than one year;

(ii) Components procured (as described above), which in the aggregate comprise an identifiable asset whose value exceeds $250, shall be capitalized even though the cost of each component is $250 or less;

(iii) When quantities of the same article are ordered, delivered or billed at the same time the test to determine whether they are to be capitalized shall be applied individually to each component as described in subparagraphs (i) and (ii) of this paragraph;

* See *Accounting Principles Board*, Opinion No. 30 (June 1973), which, among other things, deals with the reporting of extraordinary, unusual and infrequently occurring events and transactions.

(9) Each company shall expense any asset which is not capitalized or held as part of inventory. Once determined, the capitalization and expense policy of each company must be consistently followed. To determine when a capital asset is acquired or retired during a period, a systematic plan is to be adopted and followed, and any of the following will be acceptable for computing depreciation:

(i) Use of the average of the opening and closing balances in the asset account.

(ii) Assets acquired in the first six months or retired in the last six months are included for a full year. Assets acquired in the last six months or retired in the first six months shall not be depreciated.

(iii) Depreciation computed for fractional parts (whole months) of the year.

(10) The allowable depreciation rates established by the United States Internal Revenue Service will generally be considered definitive in determining service life of an asset except where a deviation, based upon the expected economic life of the asset, can be justified. The following suggested guidelines are in general conformity and are recommended for use.

DEPRECIATION GUIDELINES

			Asset depreciation range in years		
			Lower limit	Asset Guideline Period	Upper limit
1220.0		Buildings	----	45.0	---
1230.0		Head-End			
	1231.0	Tower & Antenna	9.0	11.0	13.0
	1232.0	Electronic Equipment	9.0	11.0	13.0
	1233.0	Other	9.0	11.0	13.0
1240.0	Trunk & Distribution System				
	1241.0	Poles	20.0	22.5	25.0
	1242.0	Cable	8.0	10.0	12.0
	1243.0	Amplifiers	8.0	10.0	12.0
	1244.0	Subscriber Devices	8.0	10.0	12.0
1250.0	Test Equipment and Tools		7.0	8.5	10.0
1260.0	Program Origination Equipment		7.0	9.0	11.0
1271.0	Vehicles		3.0	4.0	5.0
1276.0	Furniture and Fixtures		8.0	10.0	12.0
1299.0	Miscellaneous Equipment		----	10.0	---

(e) *Investments*

(1) Separate accounts have been provided for short-term investments. Each account may be subdivided by category, type or by investment; in all cases separate subsidiary accounts shall be set up for investments in any company which is more than 50 percent owned or controlled.

(2) Investments will be recorded at cost. Relatively significant, permanent declines in value will be recognized by crediting an appropriate *Allowance for decline in investment value** account and charge account 6200.0, *Other expenses*. In no case, other than bankruptcy, business failure or other disastrous occurrence, shall a decline in value of an investment in a subsidiary be recognized. (A return of capital shall be recognized.)

* An account has not been provided in the UAS for *allowance for decline in investment value*, as such. Whenever this account is required, it should be set up in the appropriate investment group (long or short-term). Only the diminished value of the investment shall be included on the balance sheet.

(3) Bonds purchased at a premium or discount shall be set up at cost. As interest is received, the premium or discount will be amortized on a straight-line basis over the life of the security by debiting or crediting the appropriate investment account for the amount to be amortized.

(4) Cash dividends received by a parent concern which represent a return of capital will be credited to the appropriate investment account and charged to account 1112.0 *Bank accounts* (or other appropriate account) or to account 1142.0, *Other*, if an accrual has been set up. Conditions which indicate that a return of capital has occurred are:

(i) Dividends paid immediately after a controlling interest has been obtained.

(ii) Dividends received some time after acquisition, paid from retained earnings in excess of recent earnings.

(5) Income received on investments will be credited to account 6110.0 *Interest* or account 6120.0, *Dividends* and charged to account 1112.0 *Bank accounts* (or other appropriate account). If an accrual has previously been set up, credit the appropriate accrual account (either account 1141.0 *Interest* or account 1142.0 *Other* for dividend accruals). To set up an accrual, charge accounts 1141.0 or 1142.0 as required.

(f) *Owner's equity.*

(1) Each class of stock issued will be set up in a separate subsidiary account, with particulars as to par or stated value, voting rights and number of shares issued clearly described. Memorandum accounts for capital stock issued and reacquired are authorized for control purposes.

(2) In the event that stock is issued for either payment for services or for assets (other than cash) the values to be applied based upon APB #29, are in order of preference:

(i) Fair value of the assets surrendered.

(ii) Fair value of the assets (or services) received.

(3) If stock is acquired to be held as "treasury stock" the *cost method* will be used. Upon purchase of treasury stock account 3300.0, *Treasury stock* is debited for the cost of the acquired shares, and account 1112.0, *Bank accounts* (or other appropriate account, if any) is credited for the cost of the purchase. When the reacquired stock is sold, charge account 1112.0, *Bank accounts* (or other appropriate account, if any) and credit account 3300.0, *Treasury Stock*. A gain on the sale of treasury stock is credited to account 3500.0, *Additional Paid-In capital*; a loss is charged to this account. For balance sheet presentation, the amount of retained earnings restricted by the purchase of treasury stock should be footnoted.

(4) Stock issued by the company may be repurchased and retired. If this is done all affected equity accounts (including account 3500.0 Additional paid-in capital, if appropriate) should be charged to remove the retired stock. A loss should be charged to account 3600.0 *Retained earnings*; a gain is credited to account 3500.0, *Additional paid-in capital* to the extent that previous net gains from sales or retirements of the same class of stock are included therein; otherwise the loss should be charged to account 3600.0, *Retained earnings*.

(g) *Petty cash.*

(1) To handle disbursements for small, miscellaneous expenses, petty cash funds are authorized. Petty cash funds shall be maintained on the *imprest* basis. The number of petty cash funds and the amount in each should be kept to a minimum.

(2) The fund or funds shall be established by withdrawing from the general bank account the amount needed. This amount will be debited to account 1111.0, *Petty cash fund*. The fund shall be periodically reimbursed by drawing a check for the amount of the disbursements, and the reimbursed expenses may be individually charged to the appropriate expenditure accounts or charged in total to account 5350.0, *Other general and administrative expenses*.

(h) *Separation of business activity.*

(1) Common assets, facilities, personnel or other resources may be used to provide other than cable television and related services. The phrase "cable television and related services" shall include services to subscribers, advertising, the sale of converters, and similar type activities but shall not include services or activities not normally related to providing cable television service.

(2) The accounts of all cable television companies shall be maintained so as to differentiate transaction totals and account balances which result from providing cable television and related services from those that result from other activity. Transactions with an affiliate shall likewise be differentiated.

(3) To differentiate transaction totals and account balances as prescribed above (i) the accounts may be subdivided by the use of appropriate subsidiary accounts or (ii) a clearing account, subdivided as required, may be set up or (iii) a control account, subdivided as required, may be set up.

(i) *Start-up costs.*

(1) These are operating costs incurred net of revenues received during the development period of the cable television system, or segment of the system, and which have been deferred during the pre-operating and/or immediate post-operating period. Start-up costs are costs not includable in *franchises, licenses and permits, organization costs or construction work in progress* accounts. If desired, start-up costs may be expensed.

(2) The period of amortization will be 10 years and will commence when any one of the following conditions occurs:

(i) Two years from completion of system, or segment of system. Completion occurs when physical construction and testing have ceased; the system or segment of a system is accepted by the company and is capable of servicing at least one subscriber. A "segment of system" is herein defined as a portion of a system which can be geographically described and will be constructed according to its own time-table and/or specifications.

(ii) Subscriber saturation reaches 25 percent of potential subscribers. Potential subscribers are defined as homes passed.

(3) If desired, a cable television company may adopt one or more conditions for determining when deferment ceases and amortization begins that differs from the above, provided that the conditions will not result in a period longer than that in subparagraph (i) of paragraph (2) of this section.

(j) *Allocations.*

(1) Allocations may be used to separate cable television from other businesses. Depending on the particular facts and circumstances, the allocation of a specific part of a transactions total or account balance may be necessary to achieve results that are accurate, reasonable or equitable. Where the allocation of a transaction total or account balance is not inconsistent with our accounting requirements and instructions, as set forth in the UAS, allocations will be permitted if the basis upon which the allocation is made is such that it will achieve results that are accurate, reasonable or equitable and be consistently applied.

(2) Management of each company may determine the most appropriate allocation policy to be followed. This allocation policy shall be reduced to writing and made available to the commission or its staff when necessary.

(3) Where necessary and appropriate, allocations, or allocations which are different in nature, scope or effect from that made by the company, may be required by the commission to meet its informational needs.

(4) To allocate to the prescribed accounts the cost of assets constructed, purchased by or for a cable television company and for which individual costs of each separate identifiable unit of equipment (as provided for in the UAS) are not available or cannot be obtained (such as for turn-key construction contracts, etc.) the following guidelines are prescribed: The allocation shall be based on (i) cost records, (ii) engineering records, (iii) such other records or analysis of operations as will yield the most reasonable and equitable result or (iv) if none of the above are available, management's best estimate, the basis of which should be reduced to writing and made available to the commission or its staff if necessary.

(5) Allocations of corporate overhead by a controlling company are permitted and shall be posted in the appropriate prescribed accounts as (i) corporate overhead which represents a cost to the parent company but does not directly benefit the subsidiary; or (ii) corporate overhead which represents a cost to the parent company and which represents a specific function or functions, performed for the benefit of the subsidiary. Appropriate subsidiary accounts will be used to accomplish this segregation. As use in this paragraph, the phrase *specific function* shall include the cost of supplying professional, clerical, administrative, purchasing and other similiar functions for the benefit of the subsidiary.

(k) *Capitalized leases.* It is the intention of this application instruction to incorporate the substance of APB #5 and APB #31 as part of our accounting and reporting requirements. Accordingly, any lease, which in substance, is essentially an installment purchase, shall be capitalized as provided for in APB #5.

(1) The straight-line method of amortizing the amount of the asset against income shall be used. Separate subsidiary accounts shall be set up in account 5420.0 *Amortization* and account 1420.0 *Allowance for accumulated amortization,* to reflect entries. The period of amortization shall reflect the economic life of the asset.

(2) The discounted value of the asset, net of the effective interest and service and similar costs which may be included as part of the rental payment shall be debited to account 1280.0 *Capitalized lease property* and credited to account 2330.0 *Obligations on capitalized leases.*

(3) Sale and leaseback arrangements shall be disclosed and accounted for as in APB #5.

(l) *Tax Rates.*

(1) Income taxes shall be entered in the appropriate 7000.0 series of accounts and on annual financial reports filed with the commission, and shall be the actual amount due and payable by the cable television company or the amount allocated to it if its operations are included on a consolidated tax return.

(2) Where a cable television company's operations are included on a consolidated tax return, the liability allocated to it for accounting and reporting purposes to the commission shall be the percentage that its profits bear in relation to total profits. Credits for refunds of taxes paid shall also be determined by the same method.

Historical Note

Sec. filed Dec. 10, 1974; amd. filed June 26, 1975. Amended Table I, (a)(4)(v), (c)(3), and added (l).

599.80 Filing of financial reports - general. By not later than 90 days following the close of its fiscal year, every cable television company, except a cable television company which is one solely by reason of its ownership or control of another cable television company, shall file an annual financial report with the commission as described in sections 599.81 - 599.83 of this Part.

Historical Note

Sec. filed June 26, 1975.

599.81 Selection of fiscal year. A cable television company may select any 12-month period as its fiscal year for purposes of this Part. No cable television company may change such fiscal year without having first obtained the written permission of the commission.

Historical Note

Sec. filed June 26, 1975.

599.82 Different reports to be filed.
(a) Every cable television company required to use and maintain the prescribed accounts shall file form AFR-1.

(b) Except as provided in subdivision (d) of this section, every cable television company having less than $150,000 but $25,000 or more of gross annual revenues shall file form AFR-2.

(c) Except as provided in subdivision (d) of this section, every cable television company having less than $25,000 of gross annual revenues shall file form AFR-3 unless a consolidated report is required, in which case form AFR-2 shall be filed.

(d) Any cable television company may file form AFR-1 in lieu of form AFR-2 or form AFR-3.

(e) Any person subject to the jurisdiction of the commission may be required to file special financial reports, or other reports, in such form and manner as the commission may from time to time prescribe.

(f) Any group of affiliated cable television companies may elect to file a consolidated AFR starting on or after January 1, 1983. Notice shall be given to the commission, concurrently with the first consolidated AFR filed, of all companies included in the consolidation and of any companies excluded, and the reason for such exclusion. All affiliated cable television companies are eligible to file a consolidated AFR provided that:

(1) the requirements of section 599.83 of this Part are met;

(2) all cable television companies meeting the requirements of section 599.83 of this Part shall be included in the consolidated report;

(3) each cable television company included in the consolidated report shall be required to adopt and use the UAS for recordkeeping purposes notwithstanding that it may otherwise be exempt from that requirement;

(4) only form AFR-1 shall be filed;

(5) an election to file a consolidated AFR may not be revoked without written permission of the Commission.

Historical Note
Sec. filed June 26, 1975; amds. filed: Sept. 8, 1978; Feb. 11, 1986 eff. Feb. 11, 1986. Added (f).

599.83 Nature of filed reports.
(a) All financial reports shall accurately and clearly disclose all financial transactions, account balances and such other information as may be required, and all such data shall be set forth in accordance with this Part and the instructions specified on the report forms.

(b) Financial reports, statements or schedules required to be prepared on a consolidated basis.

(1) Shall exclude any company whose fiscal year is more than 93 days different from that of its parent.

(2) May exclude the account balance and transaction totals of any company where:

(i) The parent is authorized by the Securities and Exchange Commission to exclude such company from reports submitted to that commission.

(ii) Such company is engaged in operations which are totally unrelated to the operations of the cable television company.

(iii) The investment of the parent in such subsidiary is of a temporary nature.

(iv) The operations of such company are trifling and have no material effect on the consolidated operations from an accounting viewpoint.

(c) Whenever a cable television company excludes from the consolidated portion of its report account balances and transaction totals in accordance with subdivisions (a) and (b) of this section, it shall attach to said report a separate financial report for the excluded company. The separate report shall be in the same form and detail as the consolidated portion of the cable television company's report.

(d) Every cable television company that is affiliated with another cable television company is eligible to file a consolidated AFR. For purposes of this section, *affiliation* shall be defined as having 100 percent ownership in another cable television company operating in whole or part of New York State or being 100 percent owned by such a company.

(e) Every cable television company that operates in whole or part, in a state other than New York, or which has significant noncable television activities shall only report its New York State cable television activities on part II of its AFR, all other activities, including New York State cable television activities, shall be included on part III of its AFR. For purposes of this section, *significant activity* shall be defined as:

(1) any noncable television related activity which generates more than 10 percent of gross annual revenues or expenses, or which requires more than 10 percent of a company's assets, or is responsible for more than 10 percent of its liabilities; and

(2) can reasonably be expected to be of a continuing nature.

(f) The commission may order the filing of individual annual financial reports instead of or in addition to a consolidated financial report if it determines that its informational needs require such filing.

Historical Note
Sec. filed June 26, 1975; amd. filed Feb. 11, 1986 eff. Feb 11, 1986. Added (d)-(f).

599.84 Consolidated financial reports.
(a) All consolidated financial reports filed pursuant to section 599.82 of this Part shall be prepared using the equity method of accounting.

(b) All investments in companies less than 100 percent owned shall continue to be accounted for using the cost method of accounting. The results of such investments shall be included in part II of form AFR-1 pursuant to section 599.40(e) of this Part.

(c) Notwithstanding subdivision (b) of this section, each investment in a less than 100 percent owned company will be included in part III of form AFR-1 according to generally accepted accounting principles.

Historical Note
Sec. filed Feb. 11, 1986 eff. Feb. 11, 1986.

599.90 Obligation of cable television company to notify commission.
(a) A person who is a cable television company and that ceases to be so shall promptly notify the commission of that fact and file, no later than 30 days after it ceases to be a cable television company, a final financial report in the form and manner prescribed by the commission.

(b) A person who is a cable television company and sells or otherwise divests itself of all, or a substantial part of a cable television system or another cable television company shall promptly notify the commission of that fact and file, no later than 30 days after the sale or divestiture is completed, a final financial report in the form and manner prescribed by the commission. For the purposes of this subdivision, the phrase *sells or otherwise divests* shall include not only the sale of property but also changes of ownership or control.

(c) Every cable television company shall notify the commission, and continue to keep the commission informed, whenever a significant change in the financial position of such company occurs or is about to occur. For purposes of this section, *a significant change in the financial position* shall include, but not be limited to:

(1) inability to meet current payments as they come due;

(2) contemplation of filing a petition in bankruptcy or for a court-ordered reorganization;

(3) suspension of corporate stock from trading on a regulated exchange by action of the stock exchange or the Securities and Exchange Commission; and

(4) notification that financial reports or practices are under investigation by any government agency, Federal or State, but this shall not include tax audits or similar audits or investigations which are conducted periodically and are not unusual in scope or nature.

Historical Note
Sec. filed Dec. 10, 1974.

Exhibit 2

NEW YORK STATE
COMMISSION ON CABLE TELEVISION
Tower Building
The Governor Nelson A. Rockefeller
Empire State Plaza
Albany, New York 12223
Telephone Number (518) 474-2471

Enclosed is the form for the Annual Financial Report which you are required to file with this Commission no later than 90 days after the close of your last fiscal year.

Late filing of your Annual Financial Report will subject you to the forfeiture provisions of Section 827-a(1) of Article 28 of the Executive Law. Section 827-a(1) provides, in part, that "[e]very cable television company...shall obey, observe and comply with every order...or requirement made by the Commission...any...company which shall violate any provisions of this article or which fails, omits or neglects to obey, observe or comply with any order or any direction or requirement of the Commission, shall forfeit...a sum...not to exceed one thousand dollars for each and every offense; every violation...shall be a separate and distinct offense, and, in case of a continuing violation, every days continuance thereof shall be a separate and distinct offense".

If you require an extension of time in which to file your report such request must be in writing and received by us at least 10 business days before your report is due. A form for requesting an extension of time in which to file is provided with this notice.

Some AFR's submitted in the past have had the same type of errors on the Statement of Profit and Loss (page 5) and the Schedule of Details of Summarized Expenditures (page 14). The following instructions are provided to eliminate these common errors.

When completing the Statement of Profit and Loss:

1) Report all revenues on the statement at the gross amount earned.
2) Report on line 3 of statement only gross revenues earned from basic service.
3) Report on line 4 of statement all gross revenues earned from expanded basic service, pay and pay per view service.

When completing the Schedule of Expenses (page 14), report on line 30 column B of the schedule, the programmer supplier costs for pay services in addition to the costs of other fees and royalties paid for broadcast and similar rights.

Submitting an incorrect AFR will require the submission of an amended AFR.

If you have any questions on the preparation or filing of your AFR, please contact us.

REQUEST FOR EXTENSION

Instructions

1. The request must be made by the proprietor, general partner or an officer and received in our office at least 10 business days before your report is due.

2. Give the reason why an extension is needed. Please note that an initial extension, if granted, will normally not exceed 30 days. An additional extension, or an extension for longer than 30 days, may be granted only upon demonstration of unusual circumstances.

____
Name of Company

____
Mailing Address

____
City State Zip Code

REASON FOR REQUEST

____

____

____

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____

____

____

______________________ ______________________
Financial Report for Period Ending | Length of Extension Requested

______________________ ______________________
Signature of Requester | Title

______________________ ______________________
Printed Name of Requester | Date Signed

NOTE: PLEASE MAIL THIS FORM TO:

NEW YORK STATE COMMISSION

ON CABLE TELEVISION

THE GOVERNOR NELSON A. ROCKEFELLER
EMPIRE STATE PLAZA
CORNING TOWER BLDG., ALBANY, N.Y. 12223

FORM AFR-1

Annual Financial Report for Period Beginning ___________, 19___,

and Ending ___________, 19 ___.

Name: ____
Full Name of Cable Television Company

Address: ____
Mailing Address

____
City State Zip Code

________________________ ________________________
Telephone No. (Include Area Code) Fax No. (Include Area Code)

Business Entity: ____
(Indicate if a) Sole proprietorship; Partnership; Limited partnership; Corporation; Subchapter S Corporation; Not for profit Corporation; other (describe).

Notice

This report shall be filed with the Commission by every cable television company required to maintain records and adopt the accounts prescribed in the Uniform Accounting System, and may be filed by any cable television which voluntarily uses the accounts specified in the Uniform Accounting System.

This report shall be filed with the Commission within 90 days of the end of your fiscal year.

Part I of this report consists of questions of a general informational nature. **Part II** consists of financial statements and schedules based on the accounts specified in our UAS. **Part III** consists of consolidated financial statements that must be completed when on of the following situations exist:

1. Reporting company has an equity interest of 20% or more in another company, or

2. Reporting company operates in whole or in part in a state other than New York or has significant non-cable activities. In such cases, the New York State cable activities will be reported in **Part II** and all other activities plus New York State activities will be reported on **Part III**.

Additional instructions for completing **Part III** are on page 16.

General Instructions

1. All entries are to be in permanent form. Negative Amounts are to be enclosed in parentheses.

2. The words "not applicable" are to be shown on any schedules or in reply to any question which does not apply to respondent.

3. Additional explanations, schedules or statements may be attached to the back of this form for the purpose of further explanation. The additional explanations,schedules or statements shall be cross-referenced to the question, statement or schedules to which they are related.

4. Amounts reported on this report shall be rounded to the nearest dollar.

5. If you require assistance phone (518) 474-2471 or write New York State Commission on Cable Television.