



Mary Taylor, CPA
Auditor of State

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type- For the Year Ended December 31, 2008 and 2007	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	15

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Mary Taylor, CPA
Auditor of State

Intercommunity Cable Regulatory Commission
Hamilton County
2492 Commodity Circle
Cincinnati, Ohio 45241

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

February 18, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Intercommunity Cable Regulatory Commission
Hamilton County
2492 Commodity Circle
Cincinnati, Ohio 45241

To the Board of Directors:

We have audited the accompanying financial statements of the Intercommunity Cable Regulatory Commission, Hamilton County, Ohio (the Commission), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Commission does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Commissions to reformat their statements. The Commission has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Intercommunity Cable Regulatory Commission, Hamilton County, Ohio, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 3, during the year ended December 31, 2007, the Commission modified their basis of accounting presentation and implemented financial statements on a cash basis.

The Commission has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2010, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 18, 2010

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Operating Cash Receipts:		
Franchise Fees	\$764,876	809,542
Total Operating Cash Receipts	<u>764,876</u>	<u>809,542</u>
Operating Cash Disbursements:		
Financial and Material Assistance	107,430	94,867
Member Intervention	140,042	130,828
Community Involvement	306,507	323,415
Management and General	<u>235,265</u>	<u>228,582</u>
Total Operating Cash Disbursements	<u>789,244</u>	<u>777,692</u>
Operating Income/(Loss)	<u>(24,368)</u>	<u>31,850</u>
Non-Operating Cash Receipts:		
Earnings on Investments	2,489	7,845
Sale of Assets	1,000	
Tape Sales and Dub Fees	<u>3,875</u>	<u>2,231</u>
Total Non-Operating Cash Receipts	<u>7,364</u>	<u>10,076</u>
Non-Operating Cash Disbursements:		
Capital Outlay	<u>84,322</u>	<u>74,709</u>
Total Non-Operating Cash Disbursements	<u>84,322</u>	<u>74,709</u>
Net Receipts Over/(Under) Disbursements	(101,326)	(32,783)
Fund Cash Balances, January 1	<u>565,802</u>	<u>598,585</u>
Fund Cash Balances, December 31	<u><u>\$464,476</u></u>	<u><u>\$565,802</u></u>

The notes to the financial statements are an integral part of this statement.

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**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Intercommunity Cable Regulatory Commission, Hamilton County, Ohio (the Commission), is a Regional Council of Government, organized under Chapter 167 of the Ohio Revised Code. The Commission is comprised of 27 member communities, cities, villages and townships, each of which is a political subdivision. As the agent for the participating communities, the Commission was established to foster cooperation through a central administration for the purpose of administering cable television franchises and for the purpose of stimulating and supporting the use of public and local access including the various institutional and educational networks on behalf of each political subdivision and its school district.

The Commission's management believes these financial statements present all activities for which the Commission is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Commission recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

Certificates of deposit are valued at cost.

D. Disbursements

Disbursements are presented as program services and supporting services. Program service disbursements are presented as financial and material assistance, member intervention, and community involvement.

1. Financial and Material Assistance

Included in these disbursements are the purchase, upkeep, and storage of equipment.

2. Member Intervention

Included in these disbursements are the administration and supervision of the franchising cable company as described below. The Commission conducts five year cable company reviews of performance as it relates to the granted franchise within the communities. The Commission also communicates legal issues with its communities, mergers, and other new developments as they occur.

3. Community Involvement

These disbursements involve various types of interaction with the residents of member communities including newsletters, a variety of program productions ranging from sporting

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

and cultural activities to election coverage, training in the use of equipment, school equipment grants, and other activities.

4. Management and General

Included in these disbursements is the maintenance of offices at the Commission, billing and accounting, secretarial, and other administrative disbursements.

E. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$364,476	\$465,802
Certificates of deposit	100,000	100,000
Total deposits	\$464,476	\$565,802

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Change in Accounting Basis

For the year-ended December 31, 2007, the Commission has presented financial statements in a cash basis format. The Commission previously issued modified cash basis statements. The modifications to cash included: capitalization of videotape inventory; recording of capital assets and related description; recording of pensions obligations as expenses when due.

The implementation of this change had the following effect on fund balance:

Retained Earnings, December 31, 2006	\$2,212,124
Adjustments:	
Inventory- Video Tapes	(20,000)
Net Capital Assets	(1,592,495)
Other Assets	(1,927)
Pension Obligations	883
Fund Balance, December 31, 2006	\$598,585

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Franchise Fee Receipts

The franchise fees are received from one major franchisee. Per the franchise agreement with the cable company providing services in the area the participating communities receive five percent (5%) of the franchisee's gross receipts of which two percent (2%) is allocated to fund the Commission. The Commission recognizes receipts when received. All contributions are considered available for unrestricted use.

5. Retirement Systems

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Commission contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Commission owed accrued OPER contributions and withholdings of \$516 as of December 31, 2008 and 2007. These amounts are included as a liability on the appropriate financial statements and were paid to OPERS in the subsequent year.

6. Risk Management

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Intercommunity Cable Regulatory Commission
Hamilton County
2492 Commodity Circle
Cincinnati, Ohio 45241

To the Board of Directors:

We have audited the financial statements of the Intercommunity Cable Regulatory Commission, Hamilton County, Ohio (the Commission), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated February 18, 2010, wherein we noted the Commission followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, for the year ended December 31, 2007, the Commission modified their basis of accounting. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Commission's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Commission's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note certain noncompliance or other matters that we reported to the Commission's management in a separate letter dated February 18, 2010.

The Commission's response to the finding identified in our audit **is** described in the accompanying schedule of findings. We did not audit the Commission's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 18, 2010

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Finding for Recovery – Repaid Under Audit

The Regular Audit of the Intercommunity Cable Regulatory Commission (ICRC) for the years ended December 31, 2004-2003, issued Finding for Recovery Repaid Under Audit 2004-001 for public money illegally expended against Patricia Stern, Executive Director, in the amount of \$3,042 and in favor of the ICRC General Fund. Patricia Stern repaid the Finding For Recovery prior to the release of the audit report. Following release of the audit report, the ICRC Executive Board voted to reimburse Patricia Stern for the Finding for Recovery she repaid. The ICRC issued check #11379 to Patricia Stern for \$3,042.

Repayment of a Finding for Recovery is not a proper public purpose of the ICRC and accordingly, the reimbursement by the Executive Board on January 26, 2007 is an illegal expenditure.

Subsequently, on July 27, 2009, Patricia Stern repaid \$113 of the Board reimbursement from January 26, 2007 for amounts related to alcohol purchases.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Patricia Stern, Executive Director, in the amount of \$2,929 and in favor of the Intercommunity Cable Regulatory Commission General Fund.

On November 12, 2009 Patricia Stern repaid \$2,929 to the Intercommunity Cable Regulatory Commission's General fund.

Officials' Response:

The official's response stated, in part:

“ . . . This response is to the issue addressed in the above-reference Findings that relates to Audit Finding 2006-001 for the years ending 2005 and 2006. By letter of May 15, 2008, the ICRC presented a memorandum of Officials Response . . . outlining the position of the ICRC with regard to Audit Finding 2006-001.

The central points of the ICRC Officials Response of May 15 2008 were as follows:

a. The ICRC Annual Budget contained expense line items for "Production Helper Expense" and "Annual Dinner, Seminars and Volunteers" and others, under which we asserted that the "legislative body", our Board, had authorized the expenditures in question.

b. That these expenditures were necessary to further a legitimate public purpose and that the decision of the Board to permit such expenditures under those budgetary expense line items was neither "manifestly arbitrary or unreasonable" nor fairly characterized as "illegal expenditures of public money." [citations included, but were not limited to: State ex. rel. McClure v. Hagerman, 150 Ohio St. 320;98 N.E.2d 835;Attorney General's Opinion No.82-002 and Section 1 17.28 of the Ohio Revised Code.]

**FINDING NUMBER 2008-001
(Continued)**

c. That is was unduly harsh to characterize expenditures such as these as lacking in public purpose when they and similar expenditures with government (municipal) funds were specifically characterized as public purpose expenditures in Attorney General Opinion No. 82-006, provided they were not "manifestly arbitrary or unreasonable."

d. That the passage of a clarifying resolution by the ICRC Board to set even more specific parameters for expenditures following this audit finding was an attempt to comply with the Auditor's directives and was instead construed as an admission of past wrongdoing. Such an assumption was without warrant or merit.

The ICRC subsequently received a response to the Officials Response [letter from Auditor of State Assistant Chief Legal Counsel, dated May 28,2007 (sic)] which we did not feel took these points into account fully, and Assumed arbitrariness where none could fairly and reasonably be shown.

Nonetheless, the directives of the State Auditor were fully complied with following the above cited response that Audit Finding 2006-001 would stand. All monies deemed improperly expended have been reimbursed by the proper parties in accordance with the findings of the State Auditor.

Auditor of State's Conclusion:

The Auditor of State recognizes the ICRC's disagreement with Audit Finding 2006-001, however, Finding 2008-001 relates to the Board's reimbursement to Patricia Stern for Finding 2004-001. Nonetheless, once the use of public funds is deemed an illegal expenditure and a finding for recovery is issued, no public funds may be expended to repay or reimburse the finding for recovery.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Finding for Recovery – Repaid Under Audit for Disbursements not for a clear proper public purpose.	No	Reissued as Finding 2008-001



Mary Taylor, CPA
Auditor of State

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2010**