

Intercommunity Cable Regulatory Commission

Financial Statements

Years Ended December 31, 2017 and 2016



Dave Yost • Auditor of State

Board of Directors
Intercommunity Cable Regulatory Commission
2492 Commodity Circle
Sharonville, Ohio 45241

We have reviewed the *Independent Auditors' Report* of the Intercommunity Cable Regulatory Commission, Hamilton County, prepared by Mountjoy Chilton Medley LLP, for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Intercommunity Cable Regulatory Commission is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 11, 2018

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Intercommunity Cable Regulatory Commission

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Years Ended December 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
Intercommunity Cable Regulatory Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Intercommunity Cable Regulatory Commission (the "Commission"), Hamilton County, Ohio which comprise the fund cash balances for the proprietary fund type as of December 31, 2017 and 2016 and the related statements of cash receipts, cash disbursements and changes in fund cash balances - proprietary fund type for the years ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as prescribed or permitted by Ohio Auditor of State as described in Note B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Independent Auditor's Report (Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note B of the financial statements, the financial statements are prepared by the Commission on the basis of financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as prescribed or permitted by Ohio Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2017 and 2016, or changes in net position or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Commission as of December 31, 2017 and 2016, and their respective cash receipts and disbursements, for the years then ended in accordance with the basis of accounting practices prescribed or permitted by the Ohio Auditor of State as described in Note B.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 6 -7 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect of the information described in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the information for the years ended December 31, 2017 and 2016 is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2018 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Cincinnati, Ohio
June 8, 2018

Intercommunity Cable Regulatory Commission
Statements of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances - Proprietary Fund Type
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Cash Receipts		
Franchise fees	\$ 854,778	\$ 829,914
Operating Cash Disbursement		
Financial and material assistance	117,183	116,816
Member intervention	37,385	38,228
Community involvement	400,856	412,721
Management and general	<u>147,786</u>	<u>159,428</u>
Total Operating Cash Disbursements	<u>703,210</u>	<u>727,193</u>
Operating Income	151,568	102,721
Nonoperating Cash Receipts		
Earnings on investment	123	104
Tape sales and dub fees	2,690	1,795
Miscellaneous	<u>-</u>	<u>1,005</u>
Total Nonoperating Cash Receipts	2,813	2,904
Nonoperating Cash Disbursements		
Capital outlay	<u>64,988</u>	<u>55,914</u>
Net Receipts Over Disbursements	89,393	49,711
Fund Cash Balance - Beginning of Year	<u>505,262</u>	<u>455,551</u>
Fund Cash Balance - End of Year	<u><u>\$ 594,655</u></u>	<u><u>\$ 505,262</u></u>

See accompanying notes.

Intercommunity Cable Regulatory Commission
Notes to Financial Statements
Years Ended December 31, 2017 and 2016

Note A - Nature of Organization and Operations

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 23 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.

Note B - Summary of Significant Accounting Policies

These financial statements follow the financial reporting provisions and accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as prescribed or permitted by Ohio 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

1. Deposits and Investments: Certificates of deposit are valued at cost. Interest is recognized when received.
2. 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.

Financial and Material Assistance: Included in these disbursements are the purchase, upkeep, and storage of equipment.

Member Intervention: Included in these disbursements are the administration and supervision of the franchising cable company as described below. The Commission communicates legal issues with its communities, mergers, and other new developments as they occur.

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

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

3. Property and Equipment: The Commission reports payments for acquisitions of property and equipment as disbursements are made. The accompanying financial statements do not report these items as assets.
4. Accumulated Leave: In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not report a liability for unpaid leave.
5. Subsequent Events: The Commission has evaluated subsequent events for potential recognition and disclosure through the date of independent auditor's report, the date the financial statements were available to be issued.

**Intercommunity Cable Regulatory Commission
Notes to Financial Statements (Continued)
Years Ended December 31, 2017 and 2016**

Note C - Deposits and Investments/Fund Cash Balance

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

	<u>2017</u>	<u>2016</u>
Demand deposits	\$ 594,655	\$ 401,602
Certificates of deposits	-	103,660
	<u>\$ 594,655</u>	<u>\$ 505,262</u>

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

Note D - Franchise Fee Receipts

The franchise fees are received from two major franchisees. 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.

Note E - Defined Benefit Pension Plan

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2017 and 2016, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission's OPERS contributions, employer portion, for pension obligations totaled \$53,973 and \$57,625 for 2017 and 2016, respectively.

Note F - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

Note G - Risk Management

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

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

Supplementary Information

Intercommunity Cable Regulatory Commission
Schedule of Operating Cash Disbursements
Year Ended December 31, 2017

	Financial and Material Assistance	Member Intervention	Community Involvement	Management and General	Total
Salaries	\$ 66,769	\$ 22,256	\$ 267,076	\$ 89,025	\$ 445,126
Employee health, retirement and taxes	16,532	5,511	66,129	22,043	110,215
Total Salaries and Related Disbursements	83,301	27,767	333,205	111,068	555,341
Management and travel disbursements	-	-	6,309	-	6,309
Education and seminars	797	797	4,780	1,593	7,967
Utilities ad building upkeep disbursements	16,616	-	-	16,617	33,233
Telephone	661	661	2,644	2,644	6,610
Office supplies and computer disbursements	5,365	1,789	21,462	7,154	35,770
Equipment supplies and maintenance	713	143	1,427	571	2,854
Postage and delivery	-	124	745	372	1,241
Professional fees:					
Accounting and audit	-	-	-	1,662	1,662
Dues and subscriptions	-	915	2,746	915	4,576
Vehicle equipment repair and upkeep	6,233	-	6,233	-	12,466
Insurance -liability	3,497	3,498	3,498	3,498	13,991
Video supplies	-	-	1,651	-	1,651
Video tape disbursements	-	-	2,446	-	2,446
Promotional/meetings disbursements	-	1,691	3,383	1,692	6,766
Production helper disbursements	-	-	10,327	-	10,327
Total Disbursements	\$ 117,183	\$ 37,385	\$ 400,856	\$ 147,786	\$ 703,210

See independent auditor's report and accompanying notes.

Intercommunity Cable Regulatory Commission
Schedule of Operating Cash Disbursements
Year Ended December 31, 2016

	Financial and Material Assistance	Member Intervention	Community Involvement	Management and General	Total
Salaries	\$ 70,316	\$ 23,439	\$ 281,265	\$ 93,755	\$ 468,775
Employee health, retirement and taxes	17,310	5,770	69,240	23,080	115,400
Total Salaries and Related Disbursements	87,626	29,209	350,505	116,835	584,175
Management and travel disbursements	-	-	5,382	-	5,382
Education and seminars	932	931	5,588	1,863	9,314
Utilities ad building upkeep disbursements	14,954	-	-	14,954	29,908
Telephone	665	665	2,658	2,658	6,646
Office supplies and computer disbursements	4,790	1,597	19,162	6,387	31,936
Equipment supplies and maintenance	109	22	219	87	437
Postage and delivery	-	59	353	177	589
Professional fees:					
Accounting and audit	-	-	-	10,722	10,722
Dues and subscriptions	-	693	2,078	693	3,464
Vehicle equipment repair and upkeep	4,235	-	4,235	-	8,470
Insurance -liability	3,505	3,504	3,504	3,504	14,017
Video supplies	-	-	1,260	-	1,260
Video tape disbursements	-	-	4,904	-	4,904
Promotional/meetings disbursements	-	1,548	3,096	1,548	6,192
Production helper disbursements	-	-	9,777	-	9,777
Total Disbursements	\$ 116,816	\$ 38,228	\$ 412,721	\$ 159,428	\$ 727,193

See independent auditor's report and accompanying notes.

Internal Control and Compliance

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors
Intercommunity Cable Regulatory Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Intercommunity Cable Regulatory Commission (the "Commission") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 8, 2018, in which it was noted that the financial statements are prepared by the Commission on the basis of financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as prescribed or permitted by Ohio Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2017-001.

The Commission's Response to the Finding

The Commission's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cincinnati, OH
June 8, 2018

**Intercommunity Cable Regulatory Commission
Schedule of Findings and Responses
Year Ended December 31, 2017**

FINDING NUMBER 2017-001

COMPLIANCE FINDING - FILING OF FINANCIAL STATEMENTS WITH THE HINKLE SYSTEM

Criteria

ORC Section 117.38 and OAC Section 117-2-03(B) requires that a public office electronically file unaudited, internally generated financial statements with the Hinkle System by specified dates. The reporting package for the Commission is required to be submitted within 60 days following fiscal year-end.

Condition

The Commission submitted a partial reporting package. Subsequent to the requirement date, a re-filing of the reporting package was required.

Cause

A misinterpretation of the requirements created the delay in filing.

Effect

The Commission did not meet the specific compliance requirements.

Recommendation

As all the information was available, we recommend the Commission monitor the Hinkle filings for accuracy and timeliness.

Views of Responsible Officials and Planned Corrective Actions

The Commission acknowledges and is in agreement with the finding. The Commission wishes to stress that this finding and the related delay in filing timely financial statements is related to a misinterpretation of the filing requirements. All data and information was available to be filed. The Commission recognizes and understands that issuing timely financial statements is a key element to maintaining an effective system of internal controls. The Commission has already implemented a corrective action plan to insure that this issue is addressed immediately and will not impact the Commission's future audits.

**Intercommunity Cable Regulatory Commission
Schedule of Prior Audit Findings
Year Ended December 31, 2016**

No findings in the prior year.



Dave Yost • Auditor of State

INTERCOMMUNITY CABLE REGULATORY

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
JULY 24, 2018**