

**INTERCOMMUNITY CABLE
REGULATORY COMMISSION
HAMILTON COUNTY
FINANCIAL STATEMENTS
December 31, 2010**



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Intercommunity Cable Regulatory Commission, Hamilton County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 10, 2011

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INTERCOMMUNITY CABLE REGULATORY COMMISSION

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Intercommunity Cable Regulatory Commission
Hamilton County, Ohio

We have audited the accompanying statements of cash receipts, cash disbursements and changes in fund cash balances - Proprietary Fund Type of the Intercommunity Cable Regulatory Commission (the Commission), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of Intercommunity Cable Regulatory Commission's management. 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 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 that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices prescribed or permitted by the Ohio Auditor of State, whose practices differ from accounting principles generally accepted in the United States of America (GAAP). The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

While the accompanying financial statements do not follow GAAP, generally accepted auditing standards require our report to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Ohio Auditor of State permits, but does not require, governments 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 Ohio 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.

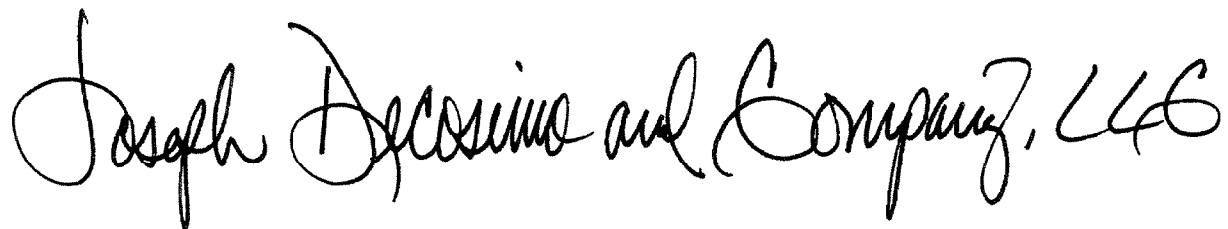
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2010 and 2009, or the changes in its financial position for the years then ended.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, 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* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the 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. The 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 effects on the supplementary information as fully described in paragraphs three and four above on the financial statements, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 28, 2011

INTERCOMMUNITY CABLE REGULATORY COMMISSION
STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE

December 31, 2010 and 2009

	2010	2009
OPERATING CASH RECEIPTS		
Franchise fees	\$ <u>795,129</u>	\$ <u>805,059</u>
OPERATING CASH DISBURSEMENTS		
Financial and material assistance	100,588	98,012
Member intervention	150,453	143,642
Community involvement	306,861	289,429
Management and general	<u>232,896</u>	<u>236,551</u>
Total operating cash disbursements	<u>790,798</u>	<u>767,634</u>
Operating income	<u>4,331</u>	<u>37,425</u>
NONOPERATING CASH RECEIPTS		
Earnings on investments	652	2,070
Tape sales and dub fees	<u>8,002</u>	<u>8,270</u>
Total nonoperating cash receipts	<u>8,654</u>	<u>10,340</u>
NONOPERATING CASH DISBURSEMENTS		
Capital outlay	<u>38,017</u>	<u>32,756</u>
NET RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,032)	15,009
FUND CASH BALANCE - beginning of year	<u>479,485</u>	<u>464,476</u>
FUND CASH BALANCE - end of year	<u>\$ 454,453</u>	<u>\$ 479,485</u>

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

INTERCOMMUNITY CABLE REGULATORY COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the Commission are as follows:

DESCRIPTION OF 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.

BASIS OF ACCOUNTING - 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.

DEPOSITS AND INVESTMENTS - Certificates of deposit are valued at cost. Interest is recognized when received.

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 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.

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.

INTERCOMMUNITY CABLE REGULATORY COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

SUBSEQUENT EVENTS - The Organization has evaluated subsequent events for potential recognition and disclosure through June 28, 2011, the date the financial statements were available to be issued.

NOTE 2 - EQUITY IN POOLED 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:

	2010	2009
Demand deposits	\$ 351,732	\$ 377,415
Certificates of deposit	<u>102,721</u>	<u>102,070</u>
	<u>\$ 454,453</u>	<u>\$ 479,485</u>

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

NOTE 3 - 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.

NOTE 4 - 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 2010 and 2009, 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's OPERS contributions, employer portion, for pension obligations totaled \$66,293 and \$64,108 for 2010 and 2009, respectively.

INTERCOMMUNITY CABLE REGULATORY COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - 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

For the Year Ended December 31, 2010

	Financial and Material Assistance	Member Intervention	Community Involvement	Management and General	Total
Salaries	\$ 55,430	\$ 111,948	\$ 161,830	\$ 144,949	\$ 474,157
Employee health, retirement and other benefits	13,967	28,209	40,778	36,525	119,479
Payroll taxes	<u>663</u>	<u>1,340</u>	<u>1,936</u>	<u>1,733</u>	<u>5,672</u>
 Total salaries and related disbursements	 70,060	 141,497	 204,544	 183,207	 599,308
 Mileage and travel disbursements	 1,202	 1,202	 7,209	 2,404	 12,017
Education and seminars	1,519	1,518	1,519	1,519	6,075
Utilities and building upkeep disbursements	8,395	-	16,789	16,789	41,973
Telephone	440	2,637	2,198	3,516	8,791
Office supplies and computer disbursements	-	-	-	3,370	3,370
Equipment supplies and maintenance	557	-	279	93	929
Equipment rental	-	1,156	2,313	8,094	11,563
Postage and delivery	-	83	989	577	1,649
Professional fees:					
Accounting and audit	-	-	-	6,800	6,800
Legal fees	-	-	-	2,988	2,988
Dues and subscriptions	556	555	834	832	2,777
Vehicle equipment repair and upkeep	4,138	-	4,137	-	8,275
Insurance - liability	7,274	-	7,274	-	14,548
Video supplies	951	-	6,656	-	7,607
Video tape disbursements	3,691	-	3,690	-	7,381
Promotional/meetings disbursements	1,805	1,805	2,707	2,707	9,024
Production helper disbursements	<u>-</u>	<u>-</u>	<u>45,723</u>	<u>-</u>	<u>45,723</u>
 Total disbursements	 <u>\$ 100,588</u>	 <u>\$ 150,453</u>	 <u>\$ 306,861</u>	 <u>\$ 232,896</u>	 <u>\$ 790,798</u>

INTERCOMMUNITY CABLE REGULATORY COMMISSION

SCHEDULE OF OPERATING CASH DISBURSEMENTS

For the Year Ended December 31, 2009

	Financial and Material Assistance	Member Intervention	Community Involvement	Management and General	Total
Salaries	\$ 53,531	\$ 108,113	\$ 156,286	\$ 140,774	\$ 458,704
Employee health, retirement and other benefits	12,813	25,879	37,410	33,507	109,609
Payroll taxes	<u>761</u>	<u>1,536</u>	<u>2,220</u>	<u>1,990</u>	<u>6,507</u>
 Total salaries and related disbursements	 67,105	 135,528	 195,916	 176,271	 574,820
 Mileage and travel disbursements	 1,071	 1,071	 6,425	 2,143	 10,710
Education and seminars	1,375	1,374	1,375	1,374	5,498
Utilities and building upkeep disbursements	8,812	-	17,625	17,625	44,062
Telephone	459	2,753	2,294	3,669	9,175
Office supplies and computer disbursements	-	-	-	3,824	3,824
Equipment supplies and maintenance	2,180	-	1,090	363	3,633
Equipment rental	-	1,177	2,353	8,308	11,838
Newsletter/annual report	-	-	966	-	966
Postage and delivery	-	87	1,046	611	1,744
Professional fees:					
Accounting and audit	-	-	-	16,085	16,085
Legal fees	-	-	-	3,801	3,801
Dues and subscriptions	342	342	512	512	1,708
Vehicle equipment repair and upkeep	5,799	-	5,797	-	11,596
Insurance - liability	6,361	-	6,361	-	12,722
Video supplies	371	-	2,599	-	2,970
Video tape disbursements	2,827	-	2,825	-	5,652
Promotional/meetings disbursements	1,310	1,310	1,964	1,965	6,549
Production helper disbursements	<u>-</u>	<u>-</u>	<u>40,281</u>	<u>-</u>	<u>40,281</u>
 Total Disbursements	 <u>\$ 98,012</u>	 <u>\$ 143,642</u>	 <u>\$ 289,429</u>	 <u>\$ 236,551</u>	 <u>\$ 767,634</u>

INTERNAL CONTROL AND COMPLIANCE

**REPORT OF INDEPENDENT ACCOUNTANTS 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
Hamilton County, Ohio

We have audited the financial statements of Intercommunity Cable Regulation Commission, Hamilton County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report dated June 28, 2011, in which it is noted that the Commission prepared its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is a basis other than accounting principles generally accepted in the United States of America. 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.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as finding 2010-001 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or 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.

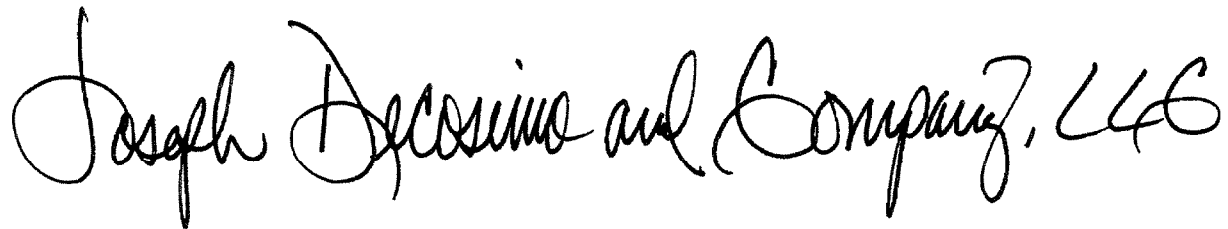
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management in a separate report dated June 28, 2011.

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

This report is intended solely for the information and use of the management and the Board of Directors of the Intercommunity Cable Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

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Cincinnati, Ohio
June 28, 2011

INTERCOMMUNITY CABLE REGULATORY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2010

Finding # 2010-001

Significant Deficiency - Segregation of Duties, including proper oversight and review procedures

CRITERIA

Segregation of duties, including proper oversight and review procedures, is an essential element of effective internal controls involving the separation of custody of assets from the related recording of transactions.

CONDITION

Currently, one staff member is responsible for:

- Receiving and recording cash receipts
- Drafting checks
- Reconciling the bank statement
- Maintaining the vendor masterfile
- Preparing, maintaining and reconciling franchise fees
- Posting all journal entries to the general ledger

CAUSE

All day to day accounting functions are the responsibility of one full-time employee. The Commission needs to attempt to create and implement procedures to alleviate the segregation of duties issues. However, lack of staffing remains as the Commission's largest obstacle for mitigating the associated risks.

EFFECT

Controls are not in place to act as a check and balance on the employee's duties and responsibilities. Fraud, error or omission material or immaterial to the financial statements taken as whole may occur and may not be detected by employees in the normal course of their duties.

RECOMMENDATION

Management should develop policies and procedures beyond those which have already been developed and implement those policies and procedures to strengthen internal controls. In addition, management should review the controls implemented on a periodic basis to determine adequacy and effectiveness.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

While it is true that one person is responsible for:

- Receiving and recording cash receipts
- Drafting checks
- Reconciling the bank statement
- Maintaining vendor master file
- Preparing, maintaining and reconciling franchise fees
- Posting all journal entries to the general ledger

We agree that lack of staffing due to budget restraints is our biggest obstacle for mitigating associated risks, but we do respectfully disagree that the oversight of this one person's duties are not checked on a daily, quarterly and

INTERCOMMUNITY CABLE REGULATORY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2010

annual basis. Each day invoices that are received are not paid until one member of management approves payment. In addition, the Treasurer reviews each check and attached invoices before signing. Every quarter each amount of every check is approved for payment by the ICRC full Board. To check bank statements, payroll and cash receipts, etc., we hire an independent accountant to oversee our full time person in charge of the duties you mentioned above and perform an annual statement to the full ICRC Board. And, in addition to all the above checks and balances in place, the Executive Director has this person run each week a financial report for her review.

In the future we intend to put all the safeguards we now currently implement into writing as a formal policy in order to continuously strengthen internal controls. Those policies will then be reviewed and updated on an annual basis and approved by the full ICRC Board of Directors.

INTERCOMMUNITY CABLE REGULATORY COMMISSION

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2010

Finding Number	Finding Summary	Fully Corrected	Not corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-01	Finding for recovery - Repaid under audit disbursements not for a clear proper public purpose	Yes	

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Dave Yost • 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
AUGUST 23, 2011**