



**Auditor of State
Betty Montgomery**

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

Intercommunity Cable Regulatory Commission
Hamilton County
2492 Commodity Circle
Cincinnati, Ohio 45255

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 a February 2, 2005 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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 10, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Intercommunity Cable Regulatory Commission
Hamilton County
2492 Commodity Circle
Cincinnati, Ohio 45255

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, 2004 and 2003. 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.

Revisions to GAAP would require the Commission to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Commission has elected not to reformat its statements. Since this Commission does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined assets, liabilities and fund balances of the Intercommunity Cable Regulatory Commission, Hamilton County, as of December 31, 2004 and 2003, and the revenues it received and expenses paid for the years then ended on the accounting basis Note 1B describes.

The aforementioned revision to generally accepted accounting principles also requires the Commission to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 July 10, 2006, 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.

The supplementary schedules listed in the table of contents are presented for additional analysis and are not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Betty Montgomery
Auditor of State

July 10, 2006

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**COMBINED STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES
ALL ENTERPRISE FUNDS
DECEMBER 31, 2004 AND 2003**

	2004	2003
ASSETS:		
Current assets:		
Cash	\$668,692	\$931,679
Inventory - video tapes	20,000	20,000
Total Current Assets	688,692	951,679
Capital Assets:		
Office equipment and furniture	163,099	173,428
Video equipment	851,382	813,626
Van (2) fully equipped with video equipment	499,131	241,561
Government access equipment and improvement	153,632	113,881
Building	254,280	254,280
Building improvements	289,619	289,619
Playback equipment and studio	743,991	693,467
Total Capital Assets	2,955,134	2,579,862
Less: accumulated depreciation	1,360,377	1,204,397
Net Capital Assets	1,594,757	1,375,465
Other assets:		
Deposits	2,233	77
Total Assets	\$2,285,682	\$2,327,221
LIABILITIES AND FUND BALANCE		
Current liabilities:		
PERS withheld and accrued	\$95	\$0
Current portion of obligations under sublease-purchase agreement	0	20,024
Total Current Liabilities	95	20,024
Retained Earnings	2,285,587	2,307,197
Total liabilities and fund balance	\$2,285,682	\$2,327,221

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
ALL ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
REVENUE:		
Member support:		
Franchise fees	\$937,915	\$838,488
Total member support	937,915	838,488
Other revenue:		
Interest	4,966	7,917
Tape sales and dub fees	2,626	1,457
Other	0	0
Total other revenue	7,592	9,374
Total revenue	945,507	847,862
EXPENSES:		
Program services:		
Financial and material assistance	225,111	185,955
Member intervention	128,115	110,108
Community involvement	383,191	313,358
Total program services	736,417	609,421
Supporting services:		
Management and general	230,700	205,604
Total expenses	967,117	815,025
Excess of revenue over expenses	(21,610)	32,837
Retained Earnings, January 1	2,307,197	2,274,360
Retained Earnings, December 31	\$2,285,587	\$2,307,197

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Governments, organized under Chapter 167 of the Ohio Revised Code. The Commission is composed of 29 member communities, 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. Basis of Accounting

These financial statements of the Commission have been prepared in conformity with the modified cash basis method of accounting. This method is a mixture of the cash basis and the accrual basis. Expenses having an economic life of more than one year are capitalized as assets and depreciated over future years. Pension obligations are treated as expenses when due. The Commission capitalizes videotape inventory and records liabilities for pension payments owed to PERS and for capitalized lease obligations. Other payments are recorded as expenses when disbursed in cash. Revenue is recorded when received in cash.

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Commission, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into a fund established according to its nature and purpose. The assets, liabilities, and fund balance of the Commission is reported in an enterprise fund statement format. Enterprise funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. Additionally, the ICRC internally budgets monies within this fund into the following categories: Operating, Equipment and Grants.

E. Tape Inventory

The Commission maintains an inventory of video tapes for use by the member communities. Video tapes are used to televise programs produced throughout the Commission. The tapes are disposed of when management determines that its quality is insufficient for viewing on cable television. These tapes are given to schools within the member communities for use in the classrooms. The basis for presenting the video tape inventory is an estimate based on the lower of cost or market.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Donated Services

No amounts have been reported on the financial statements for donated services because no objective basis is available to measure the value of such services. Volunteers assist in the filming and editing of their own community programs.

G. Capital Assets

Capital Assets are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful life of the assets. Repairs and maintenance are recorded as expenses.

Estimated useful lives of various classes of fixed assets are as follows:

Equipment	5 – 15 years
Building and Building Improvements	20 – 40 years

H. Expenses

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

1. Financial and Material Assistance

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

2. Member Intervention

Included in these expenses 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 advises communities on legal issues, mergers, and other new developments as they occur.

3. Community Involvement

These expenses 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.

4. Supporting Expenses

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Sick and Vacation Leave

The Commission has established the following sick and vacation policies for full-time salaried employees:

Full-time employees accumulate five days of vacation after the first year worked. After eight years of continuous employment, employees accumulate three regular work weeks of vacation time. After fourteen years of continuous employment, employees accumulate four regular work weeks of vacation time. After eighteen years of continuous employment, employees accumulate five regular work weeks of vacation time. All employees must take their vacation within the calendar year. Unused vacation time will not be accumulated.

A regular full-time employee receives 2.46 hours of sick pay for each completed month of service. Unused sick leave shall accumulate to a maximum of 90 sick days (180 days for those hired prior to the acceptance of these policies) will be payable at 100% of pay.

J. Capital Lease

Capital lease obligations are recorded at the present value of the future minimum lease payments discounted at the interest implicit in each lease. A corresponding amount is capitalized as the value of the asset and depreciated over its estimated useful life.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Commission maintains a cash pool for all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	2004	2003
Demand deposits	\$568,692	\$831,679
Certificates of deposit	100,000	100,000
Total deposits	\$668,692	\$931,679

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

At December 31, 2004 and 2003, the bank balance of deposits was \$609,991 and \$847,231, respectively. The bank balance was covered entirely by federal depository insurance and pooled collateral.

Various restrictions on deposits are imposed by statutes. All deposits with financial institutions must be collateralized in an amount equal to 105% of uninsured deposits. The collateral must be held by a qualified trustee as defined by state law.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. CAPITAL LEASE: SUBLEASE-PURCHASE AGREEMENT

The Commission entered into a sublease-purchase agreement on November 2, 1994 to buy the building at 2492 Commodity, Circle, Sharonville, Ohio. The Commission had previously leased the premises since August, 1990. Fifth Third Bank purchased the property with the intention of selling to the Commission through a lease-purchase agreement. To facilitate financing, the City of Sharonville agreed to lease-purchase the building from Fifth Third Bank with the intention of entering into a sublease-purchase agreement with the Commission.

The principal balance under the Agreement was \$200,000. The payment terms are a schedule of forty payments over a ten year period with the first quarterly payment made on January 1, 1995. Interest accrues from October 1, 1994. The interest rate shall be 5.65% per annum.

Payments related to this sublease-purchase agreement during the years 2004 and 2003 were \$27,181 and \$26,316, including principal of \$26,225 and \$23,939 and interest of \$956 and \$2,377, respectively. The sublease was paid off in September 2004.

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 revenue when received. All contributions are considered available for unrestricted use.

5. RETIREMENT COMMITMENTS

The Commission's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Commission contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Commission owed \$95 in accrued PERS contributions and withholdings as of December 31, 2004. This amount was included as a liability on the financial statements and was paid in 2005.

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.

The Commission also provides health insurance coverage to full-time employees through a private carrier.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. SUBSEQUENT EVENT

Effective April 10, 2006, Sycamore Township withdrew their membership with the Commission. Revenue received by the Commission from Sycamore Township represented 9.7% of the total cable fees collected in 2003 and 9.2% in 2004.

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**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF FUNCTIONAL EXPENSES
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Program Services				Total All Funds
	Financial and Material Assistance	Member Intervention	Community Involvement	Supporting Services	
Salaries	\$45,823	\$92,545	\$133,781	\$119,827	\$391,976
Employee health and retirement benefits	11,263	22,747	32,882	29,451	96,343
Payroll taxes	557	1,126	1,627	1,457	4,767
Total salaries and related expenses	57,643	116,418	168,290	150,735	493,086
Mileage and travel expense	726	726	4,352	1,451	7,255
Education and seminars	3,111	3,110	3,111	3,110	12,442
Utilities and building upkeep costs	9,219	-	18,439	18,439	46,097
Telephone	378	2,267	1,889	3,023	7,557
Office supplies	-	-	-	13,468	13,468
Equipment repairs	3,244	-	1,622	541	5,407
Equipment rentals	-	920	1,839	6,437	9,196
Postage and delivery	-	558	6,693	3,905	11,156
Newsletter/annual report	-	-	1,707	-	1,707
Professional fees:					
Accounting and audit	-	-	-	2,760	2,760
Legal fees	-	-	-	2,092	2,092
Dues and subscriptions	713	713	1,070	1,070	3,566
Van equipment repair and upkeep	9,536	-	9,536	-	19,072
Insurance - liability	12,991	-	12,991	-	25,982
Video supplies	4,801	-	33,603	-	38,404
Video tape expense	7,968	-	7,968	-	15,936
Promotional/meetings expense	3,404	3,403	5,106	5,106	17,019
Production helper expense	-	-	49,287	-	49,287
Interest expense	346	-	173	58	577
Total expenses before depreciation	114,080	128,115	327,676	212,195	782,066
Depreciation expense	111,031	-	55,515	18,505	185,051
Total expenses	\$225,111	\$128,115	\$383,191	\$230,700	\$967,117

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF FUNCTIONAL EXPENSES
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Program Services				Total All Funds
	Financial and Material Assistance	Member Intervention	Community Involvement	Supporting Services	
Salaries	\$40,084	\$80,958	\$117,030	\$104,822	\$342,894
Employee health and retirement benefits	9,506	19,199	27,754	24,859	81,318
Payroll taxes	445	898	1,298	1,163	3,804
Total salaries and related expenses	50,035	101,055	146,082	130,844	428,016
Mileage and travel expense	525	525	3,149	1,050	5,249
Education and seminars	2,302	2,303	2,302	2,303	9,210
Utilities and building upkeep costs	5,183	-	10,366	10,365	25,914
Telephone	279	1,670	1,392	2,227	5,568
Office supplies	-	-	-	16,822	16,822
Equipment repairs	5,422	-	2,711	903	9,036
Equipment rentals	-	372	745	2,606	3,723
Postage and delivery	-	502	6,024	3,514	10,040
Newsletter/annual report	-	-	1,070	-	1,070
Professional fees:					
Accounting and audit	-	-	-	11,090	11,090
Legal fees	-	-	-	1,975	1,975
Dues and subscriptions	310	310	466	465	1,551
Van equipment repair and upkeep	6,087	-	6,086	-	12,173
Insurance - liability	8,987	-	8,988	-	17,975
Video supplies	2,652	-	18,561	-	21,213
Video tape expense	2,498	-	2,498	-	4,996
Promotional/meetings expense	3,372	3,371	5,057	5,057	16,857
Production helper expense	-	-	48,710	-	48,710
Interest expense	2,089	-	1,044	348	3,481
Total expenses before depreciation	89,741	110,108	265,251	189,569	654,669
Depreciation expense	96,214	-	48,107	16,035	160,356
Total expenses	\$185,955	\$110,108	\$313,358	\$205,604	\$815,025

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



Auditor of State Betty Montgomery

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 45255

To the Commission Council:

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, 2004 and 2003, and have issued our report thereon dated July 10, 2006, 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. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Commission's management dated July 10, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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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 2004-001. In a separate letter to the Commission's management dated July 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management, and the Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 10, 2006

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2004-001

Finding for Recovery - Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a public entity should serve a proper public purpose. Ohio Rev. Code Section 9.39 states in part that all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

Per AOS Bulletin 2003-005, government entities may not make expenditures of public monies unless they are for a proper public purpose. The determination of what constitutes a public purpose is primarily a legislative function. As such, the decision to expend public funds "must be in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only." 1982 Op Atty. Gen. No. 82-006. With due deference to local control generally, the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The AOS does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect. Thus, to avoid an audit finding, the AOS will require that expenditures of public funds for coffee, meals, refreshments, or other amenities have prior authorization by the appropriate legislative authority. If such prior authorization has been given, the AOS will not question the expenditure in the course of an audit unless there is a clear indication that the legislative determination is arbitrary and incorrect." In the case of the ICRC the legislative authority is the Board of Directors.

During 2003 and 2004 the ICRC paid for an annual Christmas party and Christmas gifts for employees. The total for year 2003 for these activities was \$1,404, of which \$55 was for alcohol purchases and \$48 did not have sufficient documentation to determine what was purchased. The total for year 2004 for these activities was \$1,638, of which \$58 was for alcohol purchases. The total amount of expenditures that were not for a proper public purpose was \$3,042. These expenditures were charged to the Director's credit card and did not have prior approval by the Board. We recommend that the ICRC approve all required activity per Auditor of State Bulletin 2003-005 through the Board prior to holding events and prior to making 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, for \$3,042 and in favor of the Intercommunity Cable Regulatory Commission General Fund.

Officials' Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2004-002

Reportable Condition

Formal policies that define the proper use of Commission credit cards are essential for the Commission to ensure that purchases of goods and services charged to credit cards are properly authorized and for a proper public purpose. Proper review and authorization of reimbursement requests is essential for the Commission to verify that the reimbursements are made for a proper public purpose.

The Commission has no written policies pertaining to the issuance and use of credit cards for Commission purchases. There were no itemized receipts to support 10 gasoline purchases totaling \$226. Also, one receipt, in the amount of \$48 was handwritten on a receipt pad ticket and there was no support to show the item purchased. In 2003, the ICRC was charged a total of \$56 in credit card finance charges and a total of \$29 in late fees.

Management is responsible for establishing and maintaining administrative policies. It is recommended that management develop and adopt policies and procedures for the distribution, use, and security of Commission credit cards, and that all purchases for the Commission be made on those credit cards rather than the Executive Director's personal credit card. Failure to implement such a policy could result in the incurrence of expenditures for an improper public purpose, circumvention of the purchasing process, increased liability due to lost or stolen credit card(s), and purchases / expenditures with no prior approval.

We recommend that the Commission establish a policy related to credit card purchases. This policy should define when purchases of goods or services can be charged to the credit card, and how to record the subsequent transaction and authorize payment. The policy should also provide guidance on documenting the description of the items being charged; the purpose of the purchase; the amount of the purchase; the account code to be charged; the person requesting the purchase; and the person authorizing the purchase. Furthermore, we recommend that the Board include in the policy that all Sky Mile points earned by ICRC purchases on the American Express Card be used when sufficient points exist for the purpose of reducing the cost of plane fare to the ICRC.

Officials' Response

We did not receive a response from Officials to this finding.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Finding for Recovery – Disbursements made without supporting documentation	No	Not corrected. Reissued as finding #2004-01.
2002-002	No formal credit card use policies established	No	Not corrected. Reissued as finding #2004-002.



**Auditor of State
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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
JULY 25, 2006**