



**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Commission:

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, 2000 and 1999. 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 generally accepted auditing standards 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and fund balances of the Commission as of December 31, 2000 and 1999, and the revenues it received and expenditures paid for year then ended on the basis of accounting described in Note 1B.

In accordance with *Government Auditing Standards*, we have also issued our report April 18, 2001, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Commission and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 18, 2001

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**COMBINED STATEMENT OF ASSETS, LIABILITIES  
AND FUND BALANCES  
ALL ENTERPRISE FUNDS  
DECEMBER 31, 2000 AND 1999**

|   | <b>2000</b> | <b>1999</b> |
|---|-------------|-------------|
| <b>ASSETS:</b>  |             |             |
| Current assets:   |             |             |
| Cash  | \$917,758   | \$875,316   |
| Inventory - video tapes   | 20,000      | 20,000      |
| Total current assets  | 937,758     | 895,316     |
| Property and equipment:   |             |             |
| Office equipment and furniture                                      | 129,882     | 102,424     |
| Video equipment   | 691,986     | 674,037     |
| Van (2) fully equipped with video equipment                         | 363,437     | 270,870     |
| Building  | 254,280     | 254,280     |
| Building improvements   | 22,316      | 22,316      |
| Playback equipment and studio                                       | 526,265     | 467,270     |
| Total property and equipment  | 1,988,166   | 1,791,197   |
| Less: accumulated depreciation                                      | 902,255     | 768,150     |
| Net property and equipment  | 1,085,911   | 1,023,047   |
| Total Assets  | \$2,023,669 | \$1,918,363 |
| <b>LIABILITIES AND FUND BALANCE</b>                                 |             |             |
| Current liabilities:  |             |             |
| PERS withheld and accrued   | \$6,358     | \$0         |
| Current portion of obligations under<br>sublease-purchase agreement | 16,219      | 15,335      |
| Total current liabilities   | 22,577      | 15,335      |
| Long term liabilities   |             |             |
| Obligation under sublease-purchase agreement                        | 72,155      | 93,631      |
| Total long term liabilities   | 72,155      | 93,631      |
| Total liabilities   | 94,732      | 108,966     |
| Fund balance  | 1,928,937   | 1,809,397   |
| Total liabilities and fund balance                                  | \$2,023,669 | \$1,918,363 |

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
ALL ENTERPRISE FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

|  | <u>2000</u>               | <u>1999</u>               |
|--|---------------------------|---------------------------|
| <b>Revenue</b>                         |                           |                           |
| Member support:                        |                           |                           |
| Franchise fees                         | <u>\$890,740</u>          | <u>\$783,416</u>          |
| Total member support                   | <u>890,740</u>            | <u>783,416</u>            |
| Other revenue                          |                           |                           |
| Interest                               | 41,002                    | 33,661                    |
| Other                                  | <u>2,943</u>              | <u>79,749</u>             |
| Total other revenue                    | <u>43,945</u>             | <u>113,410</u>            |
| Total member support and other revenue | <u>934,685</u>            | <u>896,826</u>            |
| <b>Expenditures</b>                    |                           |                           |
| Program services:                      |                           |                           |
| Financial and material assistance      | 169,923                   | 155,505                   |
| Member intervention                    | 115,523                   | 106,794                   |
| Community involvement                  | <u>340,739</u>            | <u>303,078</u>            |
| Total program services                 | 626,185                   | 565,377                   |
| Supporting services:                   |                           |                           |
| Management and general                 | <u>188,960</u>            | <u>190,977</u>            |
| Total expenditures                     | <u>815,145</u>            | <u>756,354</u>            |
| Excess of revenue over expenditures    | <u>119,540</u>            | <u>140,472</u>            |
| <b>Fund balance, January 1</b>         | <u>1,809,397</u>          | <u>1,668,925</u>          |
| <b>Fund balance, December 31</b>       | <u><u>\$1,928,937</u></u> | <u><u>\$1,809,397</u></u> |

*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, 2000 AND 1999**

**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 30 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.

**B. Basis of Accounting**

The financial statements of the Intercommunity Cable Regulatory Commission have been prepared in conformity with the modified cash basis method of accounting. This method is a mixture of cash basis and accrual basis. Expenditures having an economic life of more than one year are capitalized as assets and depreciated over future years. Pension obligations are treated as expenditures 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 expenditures when disbursed in cash. Revenue is recorded when received in cash.

**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 funds established according to their nature and purpose. The assets, liabilities, and fund balances of the Commission are maintained internally by the following enterprise funds, but are reported in a combined statement format.

**1. Operating Fund**

The Operating Fund includes unrestricted expendable resources that are available to support the Commission's general operations.

**2. Equipment Fund**

The Equipment Fund consists of the net investment in fixed assets. The purpose of this fund is to acquire the equipment needed to produce quality programs in the studio and on location within the communities.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Grant Fund**

The Grant Fund is used by the Commission to provide funds for the purchase of technical equipment so the schools within the member communities can produce programming intended to be cablecast on the educational access channel(s) of the cable system. The equipment remains the property of the Commission and is capitalized as an asset and depreciated. Repairs and maintenance for the equipment are the responsibility of the awarded school district.

**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 through 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.

**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. Property, Plant and Equipment**

Property, plant and equipment is 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 expenditures.

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

|                                    |               |
|------------------------------------|---------------|
| Equipment                          | 5 - 15 years  |
| Building and Building Improvements | 20 - 40 years |

**H. Expenditures**

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

**1. Financial and Material Assistance**

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

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Member Intervention**

Included in these expenditures 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 franchise granted within the communities. The Commission also advises communities on legal issues, mergers, and other new developments as they occur.

**3. Community Involvement**

These expenditures 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 Expenditures**

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

**I. Compensated Absences**

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.

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

|                         | <u>2000</u>      | <u>1999</u>      |
|-------------------------|------------------|------------------|
| Demand deposits         | \$817,758        | \$775,316        |
| Certificates of deposit | <u>100,000</u>   | <u>100,000</u>   |
| Total deposits          | <u>\$917,758</u> | <u>\$875,316</u> |

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

As of December 31, 2000 and 1999, the bank balance of deposits were \$838,511 and \$789,344, 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 110% of uninsured deposits. The collateral must be held by a qualified trustee as defined by state law.

**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 favorable 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 2000 and 1999 were \$26,316 and \$26,316, including principal of \$19,362 and \$20,463 and interest of \$6,954 and \$5,853, respectively. The future minimum sublease payments are as follows:

|   | <u>Payment</u>  |
|---|-----------------|
| 2001                                    | \$19,737        |
| 2002                                    | 26,316          |
| 2003                                    | 26,316          |
| 2004                                    | <u>26,316</u>   |
| Total                                   | 98,685          |
| Amount representing interest            | <u>(10,311)</u> |
| Present value of minimum lease payments | <u>\$88,374</u> |

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 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 10.84% of participants' gross salaries for 2000 and 13.55% for 1999. The Commission owes \$6,358 in accrued PERS contributions and withholdings for fiscal year 2000. This amount is included as a liability on the financial statements.

**6. Risk Management**

The Commission has obtained commercial insurance for the following risks:

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

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

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**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**SCHEDULE OF FUNCTIONAL EXPENSES  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|  | Program Services                        |                        |                          |                        | Totals<br>All<br>Funds |
|--|---|------------------------|--------------------------|------------------------|------------------------|
|  | Financial<br>and Material<br>Assistance | Member<br>Intervention | Community<br>Involvement | Supporting<br>Services |                        |
| Salaries                                   | \$42,452                                | \$85,739               | \$123,942                | \$111,014              | \$363,147              |
| Employee health and retirement benefits    | 9,800                                   | 19,793                 | 28,612                   | 25,628                 | 83,833                 |
| Payroll taxes                              | 576                                     | 1,164                  | 1,682                    | 1,507                  | 4,929                  |
| <b>Total salaries and related expenses</b> | <b>52,828</b>                           | <b>106,696</b>         | <b>154,236</b>           | <b>138,149</b>         | <b>451,909</b>         |
| Government access support                  |   |                        | 52,010                   |                        | 52,010                 |
| Mileage                                    | 399                                     | 399                    | 2,393                    | 798                    | 3,989                  |
| Education and seminars                     | 2,603                                   | 2,603                  | 2,603                    | 2,603                  | 10,412                 |
| Utilities and building upkeep costs        | 4,405                                   |                        | 8,810                    | 8,810                  | 22,025                 |
| Telephone                                  | 376                                     | 2,259                  | 1,882                    | 3,011                  | 7,528                  |
| Office supplies                            |   |                        |                          | 7,459                  | 7,459                  |
| Equipment repairs                          | 976                                     |                        | 486                      | 163                    | 1,625                  |
| Equipment rentals                          |   | 368                    | 736                      | 2,575                  | 3,679                  |
| Postage and delivery                       |   | 387                    | 4,671                    | 2,725                  | 7,783                  |
| Newsletter/annual report                   |   |                        | 6,179                    |                        | 6,179                  |
| Professional fees:                         |   |                        |                          |                        |                        |
| Accounting and audit                       |   |                        |                          | 2,560                  | 2,560                  |
| Legal fees                                 |   |                        |                          | 1,908                  | 1,908                  |
| Dues and subscriptions                     | 539                                     | 539                    | 808                      | 808                    | 2,694                  |
| Van equipment repair and upkeep            | 7,367                                   |                        | 7,367                    |                        | 14,734                 |
| Insurance - liability                      | 10,242                                  |                        | 10,242                   |                        | 20,484                 |
| Video supplies                             | 2,274                                   |                        | 2,273                    |                        | 4,547                  |
| Video tape expense                         | 1,745                                   |                        | 1,745                    |                        | 3,490                  |
| Promotional/meetings expense               | 2,272                                   | 2,272                  | 3,408                    | 3,408                  | 11,360                 |
| Production helper expense                  |   |                        | 38,941                   |                        | 38,941                 |
| Interest expense                           | 3,435                                   |                        | 1,718                    | 573                    | 5,726                  |
| <b>Total expenses before depreciation</b>  | <b>89,461</b>                           | <b>115,523</b>         | <b>300,508</b>           | <b>175,550</b>         | <b>681,042</b>         |
| Depreciation expense                       | 80,462                                  |                        | 40,231                   | 13,410                 | 134,103                |
| <b>Total expenses</b>                      | <b>\$169,923</b>                        | <b>\$115,523</b>       | <b>\$340,739</b>         | <b>\$188,960</b>       | <b>\$815,145</b>       |

*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, 1999**

|  | Program Services                        |                        |                          |                        | Totals<br>All<br>Funds |
|--|---|------------------------|--------------------------|------------------------|------------------------|
|  | Financial<br>and Material<br>Assistance | Member<br>Intervention | Community<br>Involvement | Supporting<br>Services |                        |
| Salaries                                   | \$39,342                                | \$79,458               | \$114,863                | \$102,882              | \$336,545              |
| Employee health and retirement benefits    | 8,237                                   | 16,637                 | 24,050                   | 21,541                 | 70,465                 |
| Payroll taxes                              | 708                                     | 1,428                  | 2,064                    | 1,849                  | 6,049                  |
| <b>Total salaries and related expenses</b> | <b>48,287</b>                           | <b>97,523</b>          | <b>140,977</b>           | <b>126,272</b>         | <b>413,059</b>         |
| Government access support                  |   |                        | 51,070                   |                        | 51,070                 |
| Mileage                                    | 469                                     | 469                    | 2,812                    | 937                    | 4,687                  |
| Education and seminars                     | 3,218                                   | 3,218                  | 3,218                    | 3,218                  | 12,872                 |
| Utilities and building upkeep costs        | 4,961                                   |                        | 9,922                    | 9,922                  | 24,805                 |
| Telephone                                  | 347                                     | 2,079                  | 1,733                    | 2,773                  | 6,932                  |
| Office supplies                            |   |                        |                          | 3,058                  | 3,058                  |
| Equipment repairs                          | 5,747                                   |                        | 2,874                    | 958                    | 9,579                  |
| Equipment rentals                          |   | 477                    | 953                      | 3,337                  | 4,767                  |
| Postage and delivery                       |   | 172                    | 2,064                    | 1,204                  | 3,440                  |
| Newsletter/annual report                   |   |                        | 6,179                    |                        | 6,179                  |
| Professional fees:                         |   |                        |                          |                        |                        |
| Accounting and audit                       |   |                        |                          | 16,154                 | 16,154                 |
| Legal fees                                 |   |                        |                          | 5,626                  | 5,626                  |
| Dues and subscriptions                     | 833                                     | 833                    | 1,250                    | 1,250                  | 4,166                  |
| Insurance - liability                      | 5,025                                   |                        | 5,025                    |                        | 10,050                 |
| Video supplies                             | 1,657                                   |                        | 1,657                    |                        | 3,314                  |
| Video tape expense                         | 3,542                                   |                        | 3,542                    |                        | 7,084                  |
| Promotional/meetings expense               | 2,023                                   | 2,023                  | 3,036                    | 3,035                  | 10,117                 |
| Production helper expense                  |   |                        | 27,068                   |                        | 27,068                 |
| Interest expense                           | 4,109                                   |                        | 2,055                    | 685                    | 6,849                  |
| <b>Total expenses before depreciation</b>  | <b>80,218</b>                           | <b>106,794</b>         | <b>265,435</b>           | <b>178,429</b>         | <b>630,876</b>         |
| Depreciation expense                       | 75,287                                  |                        | 37,643                   | 12,548                 | 125,478                |
| <b>Total expenses</b>                      | <b>\$155,505</b>                        | <b>\$106,794</b>       | <b>\$303,078</b>         | <b>\$190,977</b>       | <b>\$756,354</b>       |

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





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Commission:

We have audited the accompanying financial statements of Intercommunity Cable Regulatory Commission, Hamilton County, Ohio (the Commission), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 18, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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 and regulations, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Commission in a separate letter dated April 18, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-20431-001.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that are also considered to be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Commission in a separate letter dated April 18, 2001.

Intercommunity Cable Regulatory Commission  
Hamilton County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
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This report is intended for the information and use of management and the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 18, 2001

**INTERCOMMUNITY CABLE REGULATORY COMMISSION  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**FINDING NUMBER 2000-20431-001**

**Reportable Condition**

The Commission's fixed asset detail listing at December 31, 2000 and 1999 did not contain adequate documentation, such as a detail description of the asset, the quantity purchased, asset location, and the serial number. In certain instances, the purchase vendor was listed instead of the asset description. Also, instances were noted where fixed assets purchased with one invoice are combined on the fixed asset list. Without an accurate description of fixed assets, as listed above, this situation could cause fixed assets to lose their identity and balances to be materially misstated.

The detail fixed asset listing should include a description of the asset purchased, the quantity purchased, asset location, and an identifier, such as a serial number and a tag number. Assets should be recorded separately to allow for identification of individual assets. Also, the listing should include a check number which paid for the asset, this will leave a trail to quickly obtain the vendor invoice if needed.

The Commission does not have a fixed asset policy establishing accounting procedures for fixed assets. Asset addition and deletion forms are not being utilized to assist in recording assets when purchased and deletions when disposed. Procedures have not been implemented to inventory the assets. Also, the fixed asset listing is not being updated for deletions. Failure to establish accounting policies and procedures and to employ adequate controls over the acquisition and disposal of fixed assets could result in misappropriation of assets and misstatements of recorded assets.

To assure that the Commission is maintaining adequate safeguards over their fixed assets, and to reduce the risk that the Commission's fixed assets will be misstated, the Commission should establish a fixed asset policy that identifies procedures to be performed throughout the year. The policy should establish a fixed asset capitalization criteria. Procedures should be established to tag all assets meeting the Commission's capitalization criteria. Asset addition and disposal forms should be completed and approved by management when assets are acquired or disposed recording such information as the tag number, a description, the cost, the acquisition date, reference for supporting documentation such as an invoice and proper approval. The Commission should also develop and implement procedures for periodically (annually) inventorying assets listed on the fixed asset accounting system. The fixed asset listing should be reviewed each year and items no longer maintained by the Commission should be deleted from the fixed asset listing.

Also, at year end, a fixed asset activity schedule should be prepared by fixed asset category line item, which documents the beginning balance, additions, deletions, and the ending balance of fixed assets.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
MAY 22, 2001**