



**ZANESVILLE - MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Zanesville – Muskingum County General Health District
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To Members of the Board of Health:

We have audited the accompanying financial statement of the Zanesville – Muskingum County General Health District, Muskingum County, Ohio (the District), as of and for the year ended December 31, 2001. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 *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 District prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Zanesville- Muskingum County General Health District, Muskingum County, as of December 31, 2001, and its combined 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 September 24, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

This report is intended solely for the information and use of the audit committee, management, the Board of Health, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 24, 2002

**ZANESVILLE - MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Federal awards	\$0	\$105,675	\$	\$105,675
Intergovernmental	975,534	308,154		1,283,688
Inspection fees	56,670			56,670
Permits	207,325	31,451		238,776
Other fees	415,248	235,028		650,276
Licenses				0
Fines				0
Contractual services	406,419	78,004		484,423
Investment earnings				0
Other receipts	38,182	27,745	1,458,139	1,524,066
Total Cash Receipts	2,099,378	786,057	1,458,139	4,343,574
Cash Disbursements:				
Salaries	1,582,678	154,076		1,736,754
Supplies	153,606	19,119		172,725
Remittances to State	29,756	26,326		56,082
Equipment				0
Contracts - Repair	132,297			132,297
Contracts - Services		142,454		142,454
Rentals	113,941	900		114,841
Travel	44,361	11,302		55,663
Vehicles	119,594	33,380		152,974
Insurance	229,232			229,232
Staff Training / Development	13,490	839		14,329
Advertising and printing	4,015	25,687		29,702
Public employee's retirement	202,330			202,330
Worker's compensation	17,149			17,149
Salary and Insurance Reimbursements		374,831		374,831
Other Disbursements		1,320	1,281,595	1,282,915
Total Cash Disbursements	2,642,449	790,234	1,281,595	4,714,278
Total Cash Receipts Over/(Under) Cash Disbursements	(543,071)	(4,177)	176,544	(370,704)
Other Financing Receipts/(Disbursements):				
Transfers-In	4,633	7,808		12,441
Advances-In	29,482	29,482		58,964
Transfers-Out		(12,441)		(12,441)
Advances-Out	(29,482)	(29,482)		(58,964)
Refunds				0
Salary and Insurance Reimbursements	566,132			566,132
Other sources				0
Other Uses				0
Total Other Financing Receipts/(Disbursements)	570,765	(4,633)	0	566,132
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	27,694	(8,810)	176,544	195,428
Fund Cash Balances, January 1	352,553	249,973	385,443	987,969
Fund Cash Balances, December 31	\$380,247	\$241,163	\$561,987	\$1,183,397
Reserves for Encumbrances, December 31	\$7,801	\$2,804	\$0	\$10,605

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

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**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Zanesville – Muskingum County General Health District, Muskingum County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a 6 member Board and a Health Commissioner. Three Board members are appointed by Zanesville City Council and three are appointed by the District Advisory Council. The District Advisory Council is made up of the president of the Board of County Commissioners, the chief executive of each municipal corporation not constituting a city health district and chairman of the Board of Trustees of each Township. Services provided by the District include medical clinics, dental service, communicable disease investigations, immunization clinics, various inspections, public health nursing services, issuance of various licenses and permits, and other related services.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

The District serves as the fiscal agent for the Zanesville - Muskingum County Family and Children First Council, but is not financially accountable for their operations. Accordingly, the activity of the Zanesville - Muskingum County Family and Children First Council is presented as an agency fund in the District's financial statement. Additional information concerning the Council is presented in Note 9.

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund – This fund is used to account for income from licenses sold to residents for food service operations.

Dental Sealant Fund – This fund is used to account for receipts from dental services provided to students within the City and/or County schools.

Child & Family Health Services Fund – This fund receives state grant money to provide supplemental prenatal care programs as an adjunct to good health care to low-income persons in critical periods of growth and development.

3. Fiduciary Funds (Agency Funds)

These funds are used to account for resources for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Zanesville - Muskingum County Family and Children First Council Fund – This fund receives monies from Muskingum County and the State of Ohio Department of Job and Family Services to assist eligible families for various types of public assistance.

E. Budgetary Process

The Ohio Revised Code requires that each fund, except the agency fund, be budgeted annually.

1. Appropriations

An appropriation measure is adopted by the Board on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure, together with an itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the County Auditor, who in turn submits it to the County Budget Commission.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate of all items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31. The Board may, by resolution, transfer funds from one item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1

A summary of 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

2. CASH AND INVESTMENTS WITH FISCAL AGENT

The cash deposits of the District are maintained by the Muskingum County Treasurer. The District's cash balance is pooled with other County monies and deposited in an "active" interest bearing account. The District's portion of this pool is displayed on the financial statements as "Fund Cash Balances."

The "active" interest bearing account was covered by federal deposit insurance and collateral held by the pledging institution's trust department in the name of the County.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,480,478	\$2,699,625	\$219,147
Special Revenue	859,084	823,347	(35,737)
Total	\$3,339,562	\$3,522,972	\$183,410

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,656,092	\$2,679,732	(\$23,640)
Special Revenue	973,940	834,961	138,979
Total	\$3,630,032	\$3,514,693	\$115,339

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$23,640. Budgetary expenditures also exceeded appropriations in the Dental Sealant and Child and Family Health Services Special Revenue Funds by \$5,387 and \$64,677, respectively. Budgetary expenditures also exceeded appropriations at the appropriation line item level, the District's legal level of control, for numerous appropriation line items, in several funds.

4. INTERGOVERNMENTAL FUNDING

The District receives receipts from two one-half mill levies authorized by the Board of County Commissioners, as a special taxing authority under Ohio Revised Code § 3709.29. One levy will be collected through 2008 while the other will run through 2004.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

6. RETIREMENT SYSTEMS

The District'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 postretirement 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. For 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 9.25% of participants' gross salaries for 2001. The District has paid all contributions required through December 31, 2001.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

7. RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General, Liability and Casualty;
- Employee Benefit Liability
- Automobile Liability
- Medical Malpractice Liability

The District provides health and dental insurance to full-time employees through a limited risk health insurance program that is maintained by Muskingum County. Premiums are paid to a third party, Coresource, Inc. The claims are processed and monitored by a County insurance administrator in conjunction with the third party administrator.

The District also provides vision and life insurance to full-time employees through a private carrier.

Risk Pool Membership

The Society belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

8. CONTINGENT LIABILITIES

Management is not aware of any pending litigation against the District.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. JOINTLY GOVERNED ORGANIZATIONS

The Zanesville – Muskingum County Family and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is comprised of the following members: Director of the Zanesville – Muskingum County General Health District, Superintendent of Zanesville City School District, Superintendent of the Muskingum County Educational Service Center, Director of the ADAMH Board, Director of the Muskingum County Department of Job and Family Services, Director of the Muskingum County Children Services Board, a United Way representative, an Eastside Community Services representative, a Zanesville Civic League representative, a Behavior Health representative, a county commissioner, representatives from the public sector, and a representative from a local hospital. Continued existence of the Council is not dependent on the District's continued financial participation, no equity interest exists, and no debt is outstanding.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Zanesville – Muskingum County General Health District
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To Members of the Board:

We have audited the accompanying financial statement of Zanesville – Muskingum County General Health District, Muskingum County, Ohio (the District), as of and for the year ended December 31, 2001, and have issued our report thereon dated September 24, 2002. We conducted our audit in accordance with auditing standards generally accepted by 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-61060-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated September 24, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 certain matters 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 judgement, could adversely effect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-61060-001 through 2001-61060-003.

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 reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Zanesville – Muskingum County General Health District
Muskingum County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and the Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 24, 2002

**ZANESVILLE- MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-61060-001
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Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 5705.41 (D) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated. Actual budgetary expenditures exceeded appropriations at the legal level of control as the following line items had expenditures in excess of appropriations at December 31, 2001.

Fund / Object Code	Appropriations	Expenditures	Variance
General Fund – Insurance	\$ 228,000	\$ 229,232	\$ (1,232)
General Fund – Supplies	65,653	112,750	(47,097)
General Fund – Equipment	20,000	41,385	(21,385)
General Fund – Contract Services	61,562	138,954	(77,392)
General Fund – Staff Training	10,000	13,491	(3,491)
Food Service Fund – Insurance	8,881	9,862	(981)
Food Service Fund – Salary Reimbursement	67,792	76,060	(8,268)
Water System Fund – PERS	1,861	3,730	(1,869)
Water System Fund – Insurance	2,486	5,517	(3,031)
Water System Fund – Permit Fees	1,200	4,230	(3,030)
Swimming Pool Fund – Salary Reimbursement	5,705	8,040	(2,335)
Dental Sealant Fund – Transfer Out	0	5,387	(5,387)
Dental Sealant Fund – Insurance	3,100	6,336	(3,236)
Dental Sealant Fund – Workers Compensation	0	46	(46)
Dental Sealant Fund – Travel	2,300	2,464	(164)
Pro-Muskingum Fund – Insurance	1,402	2,409	(1,007)
Pro-Muskingum Fund – Travel and Expense	299	2,113	(1,814)
Pro-Muskingum Fund – Supplies	500	2,967	(2,467)
Pro-Muskingum Fund – Advertising	1,000	1,242	(242)
Pro-Muskingum Fund – Training	100	839	(739)
Pro-Muskingum Fund – Salary Reimbursement	26,000	33,460	(7,460)
Cardio Vascular Fund – Salaries	1,459	23,176	(21,717)
Cardio Vascular Fund – Travel	1,270	1,330	(60)
Cardio Vascular Fund – Supplies	3,060	3,482	(422)
Cardio Vascular Fund – Other	0	550	(550)
Cardio Vascular Fund – Advertising	2,500	4,371	(1,871)
Intervention Fund – Workers Compensation	0	275	(275)
Child & Family Health Services – Insurance	13,000	15,990	(2,990)
Child & Family Health Services – Supplies	10,000	11,808	(1,808)
Child & Family Health Services – Equipment	0	5,499	(5,499)
Child & Family Health Services – Salary Reimbursement	99,994	171,402	(71,408)
Early Intervention Fund – PERS	0	3,195	(3,195)
Early Intervention Fund – Insurance	1,000	2,055	(1,055)
Early Intervention Fund – Contracts	25,531	26,330	(799)

**ZANESVILLE- MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2001-61060-001 (Continued)
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Noncompliance Citation and Reportable Condition (Continued)

We believe a significant portion of this noncompliance existed due to the discrepancies between the total appropriations recorded in the District's ledger and the County's appropriation ledger as follows:

1. Several supplemental appropriation resolutions adopted by the Board were not forwarded to the County Auditor, and consequently were not recorded in the County's appropriation ledger.
2. Several supplemental appropriation measures on file with and recorded by the County Auditor were not recorded in the Board's minutes as being adopted, especially appropriation modifications to line items where total fund appropriations did not change.
3. Several supplemental appropriations were on file with the District's fiscal officer and were intended to be presented to the Board for adoption and subsequent filing with the County Auditor. However, these appropriation measures were neither approved by the Board nor filed with the County Auditor.

We reduced appropriations as reflected in the District's annual financial report to reflect only those appropriations noted as adopted in the Board's minutes. Net appropriations were reduced in the General Fund by \$59,034 and in the Special Revenue Fund Type by \$176,124.

We recommend the District develop procedures to ensure only properly approved appropriations are posted to the accounting system. We also recommend that line item appropriation modifications be approved by the Board since this is the Board's legal level of control over expenditures. A periodic reconciliation should be performed between the appropriations recorded by the County Auditor and the amounts approved by the Board of Health.

Finding Number	2001-61060-002
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Reportable Condition - Accounting for Numerical Sequence of Bills – Clinic Department

Clinic bills were generated directly from the Clinic's billing system for each type of service provided, including dental, immunization, pediatric, adult and communicable disease services. Although the bills were automatically numbered by the billing system, the numerical sequence of the bills was not accounted for by Clinic personnel. Failure to account for all of the printed bills could allow errors or irregularities to occur without being detected by management in a timely manner.

We recommend the numerical sequence of bills be accounted for and reviewed by a supervisor.

**ZANESVILLE- MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2001-61060-003
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Reportable Condition - Clinic Reporting and Reconciling

The Clinic printed monthly reports to document the daily and monthly totals for each Clinic activity. However, insurance receipts, insurance adjustments, medicaid receipts, medicaid adjustments, or bad debt adjustments were not included on the monthly reports. As a result, the monthly reports did not provide sufficient information to enable the Clinic to reconcile its total monthly collections to amounts on pay-ins and did not allow management to adequately monitor the various financial aspects of the Clinic. This could allow errors or irregularities to occur and go undetected by management.

The Clinic should prepare a report monthly to recap the following:

- The total accounts receivable that was outstanding at the beginning of the month.
- The amount that was billed for patient services during the month.
- The amount of cash and checks that were received for services during the month.
- The amount of adjustments (sliding fee scale) that were made during the month.
- The amount of insurance that was received during the month.
- The amount of medicaid receipts and medicaid adjustments during the month.
- The amount of other adjustments (bad debt write-off adjustments, after date-of-service adjustments, and other adjustments) that were made during the month.
- The total accounts receivable that was outstanding at the end of the month.

This reporting process would allow the Clinic to reconcile all its financial activity for the month. Supporting detailed reports should be available to support each of these monthly totals. This monthly report should be signed by the employee preparing the report and be reviewed and signed by another designated Clinic employee who is knowledgeable of Clinic operations. The individual reviewing the report should gain assurances the report is complete and supported by detailed documentation.

We recommend the Clinic develop procedures to ensure monthly or annual reports which document the total financial activity that occurred in the Clinic are prepared and reviewed by management.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected, Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-61060-001	A material noncompliance citation was issued under Ohio Revised Code Section 9.38 for not depositing daily.	Yes	Corrective action taken.
2000-61060-002	A reportable condition was issued regarding the Clinic department's accountability over the numerical sequence of bills.	No	Not corrected. This item is repeated in the Schedule of Findings as item 2001-61060-002.
2000-61060-003	A reportable condition was issued regarding the Clinic department's ability to report and reconcile their total financial activity.	No	Not corrected. This item is repeated in the Schedule of Findings as item 2001-61060-003.
2000-61060-004	A reportable condition was issued regarding the discrepancies between the District's appropriations and those recorded in the County Auditor's ledgers.	No	Not corrected. This item is repeated in the Schedule of Findings as item 2001-61060-001.

**ZANESVILLE – MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-61060-001	A periodic reconciliation will be made between appropriation amounts recorded by the County Auditor and amounts approved by the Board.	Implemented in 2002.	Sandy Wile, Fiscal Officer
2001-61060-002	Management is currently considering the purchase of new computer hardware and software.	Management is currently looking at options.	Judy King, Clinic Director
2001-61060-003	Management is currently considering the purchase of new computer hardware and software.	Management is currently looking at options.	Judy King, Clinic Director



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ZANESVILLE-MUSKINGUM COUNTY GENERAL HEALTH DISTRICT

MUSKINGUM 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
NOVEMBER 7, 2002**