



OHIO AUDITOR OF STATE
KEITH FABER



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

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Zanesville-Muskingum County General Health District
Muskingum County
205 North 7th Street
Zanesville, Ohio 43701

To the Board of Health:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health District, as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Health District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Health District on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of the Health District'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2024

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$2,678,183	\$0	\$2,678,183
Charges for Services	996,761	0	996,761
Fines, Licenses and Permits	181,037	428,617	609,654
Intergovernmental:			
Apportionments	232,751	0	232,751
Grants	4,020	1,728,646	1,732,666
Other	825,947	0	825,947
Miscellaneous	63,073	0	63,073
	4,981,772	2,157,263	7,139,035
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Health:			
Salaries	2,281,862	1,114,412	3,396,274
Fringe Benefits	892,885	367,308	1,260,193
Other Personnel Expenses	29,806	18,783	48,589
Contract Services	168,649	56,129	224,778
Building and Equipment	850,937	493,160	1,344,097
Other	55,902	608,007	663,909
Pass Through Expenses	127,327	37,538	164,865
	4,407,368	2,695,337	7,102,705
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	574,404	(538,074)	36,330
Other Financing Receipts (Disbursements)			
Transfers In	0	13,000	13,000
Transfers Out	(13,000)	0	(13,000)
Advances In	370,484	693,000	1,063,484
Advances Out	(693,000)	(370,484)	(1,063,484)
	(335,516)	335,516	0
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	238,888	(202,558)	36,330
<i>Fund Cash Balances, January 1, 2023</i>	4,830,937	1,254,571	6,085,508
<i>Fund Cash Balances, December 31, 2023</i>	\$5,069,825	\$1,052,013	\$6,121,838

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

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Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Zanesville-Muskingum County General Health District, Muskingum County (the Health 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 Health District is directed by a six-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. The Health District's services include communicable disease investigations, emergency preparedness, family and community health and wellness, WIC, community engagement and performance management, environmental health, and immunization clinics.

The District participates in a jointly governed organization and a public entity pool. Notes 6 and 8 to the financial statements provide additional information for these entities. The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As required by the Ohio Revised Code, the Muskingum County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund to be used for the safeguard of low-income women with infants and children up to age 5 who are at nutrition risk by providing nutritious foods to supplement diets, information on health eating, and referrals to health care.

Enhanced Operations (EO) Fund - This is a Federal grant fund to be used to help with the mitigation and prevention of COVID-19, Mpox and Measles.

The other governmental funds of the Health District account for grants and other resources whose use is restricted for a particular purpose.

E. Budgetary Process

The Ohio Revised Code requires the Health District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Health District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2023 budgetary activity appears in Note 2.

F. Fund Balance

Fund balance is divided into three classifications based primarily on the extent to which the Health District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

3. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Health District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

G. Property, Plant, and Equipment

The Health District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Budgetary Activity

Budgetary activity for the years ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,752,831	\$4,981,772	\$228,941
Special Revenue	2,517,897	2,170,263	(347,634)
Total	\$7,270,728	\$7,152,035	(\$118,693)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,206,643	\$4,424,848	\$781,795
Special Revenue	3,072,250	2,699,092	373,158
Total	\$8,278,893	\$7,123,940	\$1,154,953

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

3. Property Taxes

The Health District receives receipts from levies authorized by the Board of County Commissioners as a special taxing authority under Ohio Revised Code § 3709.29. A 1-mill levy will be collected through 2023 and a ½-mill levy will be collected through 2028. These levies generated \$2,678,183 during 2023. This amount is reported as Property Taxes in the financial statements.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Health District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

4. Retirement System

The Health District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 14% of their gross salaries, and the Health District contributed an amount equaling 10% of participants' gross salaries. The Health District has paid all contributions required through December 31, 2023.

5. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2023. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2023.

6. Risk Management

The Health District is exposed to various risks of property and casualty losses, and injuries to employees.

The Health District insures against injuries to employees through the Ohio Bureau of Workers Compensation.

Risk Pool Membership

The Health 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 Health District's policy.

**Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)**

6. Risk Management (Continued)

The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$19,743,401

7. Contingent Liabilities

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. Jointly Governed Organization

The Muskingum Families and Children First Council is a jointly governed organization created under Ohio Revised Code § 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 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 Child and Adult Protective Services, a United Way representative, an Eastside Community Services representative, a Zanesville Civic League representative, a Behavioral Health representative, a county commissioner, representatives from public sector, and a representative from a local hospital. Continued existence of the Council is not dependent on the District's financial participation, no equity interest exists, and no debt is outstanding.

9. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

10. Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$618,000 advanced to Special Revenue Funds from the General Fund to provide working capital for operations and grants until the anticipated funding is received. Additionally, the District approved to forgive the following advances \$5,000 due from fund 705, \$15,000 from fund 707, \$1,827 due from fund 708, \$3,238 from fund 741 and \$19,451 from fund 715 and payable to fund 701 during the fiscal year. This activity is not reflected on the accompanying financial statements.

**Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)**

11. Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$4,480	\$3,755	\$8,235
Total	\$4,480	\$3,755	\$8,235

The fund balance of Special Revenue Funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	06010011WA1323	\$376,389
	10.557	06010011WA1424	107,406
Total WIC Special Supplemental Nutrition Program for Women, Infants and Children			<u>483,795</u>
Total U.S. Department of Agriculture			483,795
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	06010012PH1221	13,173
	93.069	06010012PH1323	41,025
	93.069	06010012PH1524	32,806
Total Public Health Emergency Preparedness			<u>87,004</u>
Hospital Preparedness Program (HPP) and Public Health Preparedness (PHEP) Aligned Cooperative Agreements	93.074	06010012PH1019	124
Immunization Cooperative Agreements	93.268	06010012GV0119	23,959
	93.268	06010012GV0523	1,549
	93.268	06010012GV0624	13,695
COVID-19 Immunization Cooperative Agreements	93.268	06010012CN0122	39,981
Total Immunization Cooperative Agreements			<u>79,184</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	06010012EO0222	101,581
	93.323	06010012EO0323	352,291
COVID-19 Total Epidemiology and Laboratory Capacity for Infectious Diseases			<u>453,872</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	06010012WF0122	81,232
	93.354	06010012WF0223	5,000
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			<u>86,232</u>
National and State Based Tobacco Control Program	93.387	06010014TU1024	3,300
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health of Healthcare Crises	93.391	06010011OI0123	79,152
Total Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health of Healthcare Crises	93.391	06010012WF0223	5,000
			<u>84,152</u>
Opioid STR	93.788	06010014IN0221	60,500
	93.788	06010014IN0322	37,313
	93.788	06010014IN0423	69,899
	93.788	06010014IH0123	30,000
Total Opioid STR			<u>197,712</u>
Total State Opioid			197,712
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	06010012WF0223	19,547
<i>Passed Through Ohio Department of Health</i>			
Preventative Health and Health Services Block Grant	93.991	06010014ID0321	28,169
	93.991	06010014ID0422	49,344
	93.991	06010014ID0523	58,848
Total Preventative Health and Health Services Block Grant			<u>136,361</u>
Maternal and Child Health Services Block Grant to the States	93.994	06010011MP0521	15,426
	93.994	06010011MP0723	17,029
Total Maternal and Child Health Services Block Grant to the States			<u>32,455</u>
Total U.S. Department of Health and Human Services			1,179,943
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Muskingum County Families and Children First Council</i>			
Special Education - Grants for Infants and Families	84.181	H181A210024	99,128
	84.181	H181A220024	16,507
			<u>115,635</u>
Total U.S. Department of Education			<u>115,635</u>
Total Expenditures of Federal Awards			<u>\$1,779,373</u>

The accompanying notes are an integral part of this Schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville-Muskingum County General Health District (the Health District) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Health District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Health District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – COMMINGLED MONIES

The National State Based Tobacco Control Program (Federal AL No. 93.387) and certain Maternal and Child Health Services Block Grant to the States (Federal AL No. 93.994) include both state and federal monies. The Schedule includes only those portions identified as federal monies on the award notices received from the State.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Zanesville-Muskingum County General Health District
Muskingum County
205 North 7th Street
Zanesville, Ohio 43701

To the Board of Health:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District) and have issued our report thereon dated December 5, 2024, wherein we noted the Health District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Health District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Health District's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Health District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2024

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Zanesville-Muskingum County General Health District
Muskingum County
205 North 7th Street
Zanesville, Ohio 43701

To the Board of Health:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Zanesville-Muskingum County General Health District's, Muskingum County, Ohio (the Health District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Zanesville-Muskingum County General Health District's major federal programs for the year ended December 31, 2023. The Health District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Zanesville-Muskingum County General Health District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases for the year ended December 31, 2023.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Zanesville-Muskingum County General Health District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Health District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Health District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases

As described in finding 2023-002 in the accompanying Schedule of Findings Questioned Costs, the Health District did not comply with requirements regarding Allowable Costs/Cost Principles applicable to its AL #93.323 COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases major federal program.

Compliance with such requirements is necessary, in our opinion, for the Health District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

The Health District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Health District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Health District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Health District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Health District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Health District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Health District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Health District's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The Health District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Health District's response to the internal control over compliance finding identified in our audit described in the accompanying Corrective Action Plan. The Health District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2024

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion: <ul style="list-style-type: none"> • Unmodified - WIC Special Supplemental Nutrition Program for Women, Infants and Children – AL #10.557 • Qualified - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases – AL #93.323 	
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • WIC Special Supplemental Nutrition Program for Women, Infants and Children – AL #10.557 • COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases – AL #93.323 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

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

FINDING NUMBER 2023-001

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following reclassifications and adjustments were identified:

- Property tax receipts were improperly classified as Intergovernmental Apportionments rather than Property Taxes in the amount of \$2,678,183 in the General Fund;
- Other Community Services disbursements and Intergovernmental Grant receipts in the General Fund were overstated by \$223,229 due to the method of attempting to track unspent grant funding from various Special Revenue Funds;
- Appropriations in the Budgetary note disclosure were overstated in the General Fund by \$119,400 and understated in the Special Revenue Funds by \$55,431.

Adjustments to the financial statements and notes to the financial statements, with which management has agreed, are reflected in the accompanying financial statements and notes to the financial statements.

Sound financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Health District's financial statements and notes to the financial statements are complete and accurate, the Health District should adopt policies and procedures to identify and correct errors and omissions. In addition, the Health District should ensure the most up to date guidance is utilized in preparing the financial statements and the accompanying notes to the financial statements and reported amounts agree to supporting documentation prior to submission for audit.

Officials' Response: See Corrective Action Plan

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Allowable Costs/Cost Principles

Finding Number:	2023-002
Assistance Listing Number and Title:	AL # 93.323 COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
Federal Award Identification Number / Year:	06010012EO0222 & 06010012EO0323 / 2023
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Allowable Costs/Cost Principles
Pass-Through Entity:	Ohio Department of Health
Repeat Finding from Prior Audit?	No

Noncompliance / Material Weakness / Questioned Cost

45 CFR part 75 gives regulatory effect to the Department of Health and Human Services for 2 CFR sections 200.420 through 200.476. These sections provide the principles to be applied in establishing the allowability of certain items of cost.

Section B2.4 of the Ohio Department of Health (ODH) Grants Administration Policy and Procedures (OGAPP) Manual states compensation must follow the Ohio Department of Administrative Services regulations and meet federal merit system or other requirements, where applicable. Federal guidelines require subrecipients to maintain Time and Activity or Time and Effort reporting to verify time worked for all employees who are charged less than 100% to a specific funding source.

The Health District utilized its own employees for the development and implementation of the COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases subgrant. These employees performed work for multiple grants and/or general business throughout the period. Employees maintained timesheets, which documented the time, date and activities they worked on; however, this documentation was not in agreement with the actual payroll expense charged to the federal grant. We identified 2 out of 3 employees selected for testing had actual and projected payroll costs charged to the federal program totaling \$13,366 and \$45,588, respectively, that was not supported by Time and Activity or Time and Effort documentation.

Failure to complete accurate time and effort documentation and ensuring the documentation is in agreement with costs charged to federal grants could result in the Health District not meeting federal compliance requirements and result in questioned costs for federal programs.

The Health District should implement and have controls in place to ensure salaries and wages are adequately documented and properly charged to the respective federal programs.

Officials' Response: See Corrective Action Plan



Public Health
Prevent. Promote. Protect.
Zanesville-Muskingum County

Our Mission

To use best practices to prevent illness, protect our health, and promote well-being.



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023

Finding Number: 2023-001
Planned Corrective Action: Significant Deficiency – Financial Reporting Re: Reclassification and Adjustments:

- ZMCHD will classify our levy receipts as Property tax receipts in 2024.
- Going forward ZMCHD will not transfer special revenue funds into the general fund account as to not overstate our budget.
- ZMCHD will give best efforts to align appropriations within the calendar year and will balance the appropriations with the spreadsheet kept by Stephanie Spencer, Chief Administrator of the Muskingum County Auditor’s office.

Anticipated Completion Date: 12/31/2024
Responsible Contact Person: Erin Wood, Chief Administrative Officer

Finding Number: 2023-002
Planned Corrective Action: Allowable Costs/Cost Principles Re: Noncompliance / Material Weakness/ Questioned Cost

- ZMCHD has developed a spreadsheet for management to review time and activity of their staff including time worked and effort documentation quarterly based on actual time worked vs. budgeted time worked. Any necessary corrections will be shared with the fiscal officer to ensure corrections are made as necessary.
- ZMCHD will ensure staff are educated on how to report time worked when they are doing activities for multiple programs and ensure that staff are disciplined when they are not reporting correctly.

Anticipated Completion Date: 12/31/2024
Responsible Contact Person: Erin Wood, Chief Administrative Officer

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OHIO AUDITOR OF STATE KEITH FABER



ZANESVILLE MUSKINGUM COUNTY GENERAL HEALTH DISTRICT

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/17/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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