



Dave Yost • Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets – Cash Basis .....	13
Statement of Activities – Cash Basis .....	14
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	15
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Bioterrorism Fund .....	18
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Funds .....	19
Notes to the Basic Financial Statements .....	21
Federal Awards Expenditures Schedule.....	31
Notes to Federal Awards Expenditures Schedule .....	32
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	33
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	35
Schedule of Findings – OMB Circular A-133 §.505 .....	37

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Zanesville Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2010, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Zanesville Muskingum County General Health District, Muskingum County, Ohio, as of December 31, 2010, and the respective changes in cash financial position thereof and the respective budgetary comparison for the General and Bioterrorism Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the Health District's financial statements taken as a whole. The Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

May 26, 2011

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The discussion and analysis of the Zanesville Muskingum County General Health District's (the Health District's) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2010, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2010 are as follows:

- Net assets increased \$457,024. The Health District implemented six required furlough days and shortened days to 7.50 hours beginning July 1, 2010 in anticipation of not meeting budget for 2010. Several positions were also eliminated as duties had declined in their respective areas. This resulted in reduced salaries and benefits for the year of \$296,510. The amount of levy funds collected for the year increased \$33,740. Additionally, there was no renovation project in 2010.
- The Health District also provided a donation of \$200,000 to the Muskingum Valley Health Clinic to offset its operating expenditures for 2010.
- The Health District received the Women, Infants, and Children (WIC) Grant as of October 1, 2010. This grant's mission is to safeguard the health 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 healthy eating, and referrals to health care. The total amount of the grant is for \$470,635 of which \$125,000 was received in 2010.
- Grant terms are often not on a calendar year. This causes them to begin and end in different calendar years. Since grants are mostly reimbursement based, this can result in grant dollars being expensed before the grant funds were received. In 2010, this resulted in a \$156,169 decrease in net assets.
- Contract services decreased \$151,505 in 2010 due to the loss of the Cardiovascular Grant, Obesity Grant and the Safety Net Dental Grant.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 51% of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted grants make up the other 49%.
- The Health District had \$4,175,746 in disbursements during 2010. The operating of the Community Health Services area makes up 35% of the disbursements. The Environmental Health area made up 15% of the disbursements. The Health Promotion and Planning made up 20% of the disbursements. The Vital Statistics area represented 5% of the disbursements. The administrative area made up 20% of the disbursements.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Health District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Health District as a Whole**

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis reflect how the Health District did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

***Reporting the Health District's Most Significant Funds***

*Fund Financial Statements*

Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**Governmental Funds** – Most of the Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs.

The Health District's significant governmental funds are presented on the financial statements in separate columns.

The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund and the Bioterrorism Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Health District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Health District's programs. The Health District is acting in an agency capacity for the PRO Muskingum Families & Children First Council, and the Health District serves as its fiscal agent and administrative agent.

**The Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2010 compared to 2009 on a cash basis:

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Table 1**  
**Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,996,965	\$2,539,941	\$457,024
Total Assets	\$2,996,965	\$2,539,941	\$457,024
Net Assets:			
Restricted	\$396,746	\$382,090	\$14,656
Unrestricted	2,600,219	2,157,851	442,368
Total Net Assets	\$2,996,965	\$2,539,941	\$457,024

The increase in restricted net assets was the result of a transfer of \$4,000 from the unrestricted General Fund to restricted funds to cover operating expenses for the swimming pool program. The remaining increase was the result of decreased salaries and benefits due to the implementation of the furlough days and reduced work hours per day. The restricted net assets accounted for 3% of the increase in total net assets. The unrestricted fund increased as a result of the implementation of the furlough and reduced hours per day which reduced salary and benefits for 2010 and the elimination of positions no longer needed.

Table 2 reflects the comparison in net assets between 2010 and 2009.

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
<b>Receipts:</b>			
<b>Program Cash Receipts</b>			
Charges for Services	\$946,068	\$893,720	\$52,348
Operating Grants and Contributions	1,418,056	1,574,225	(156,169)
<b>Total Program Cash Receipts</b>	<b>2,364,124</b>	<b>2,467,945</b>	<b>(103,821)</b>
<b>General Receipts</b>			
<b>Grants Entitlements Not Restricted to Specific Programs</b>			
	2,238,646	2,204,906	33,740
<b>Total General Receipts</b>	<b>2,238,646</b>	<b>2,204,906</b>	<b>33,740</b>
<b>Total Receipts</b>	<b>4,602,770</b>	<b>4,672,851</b>	<b>(70,081)</b>
<b>Disbursements:</b>			
<b>Environmental Health</b>			
General Environmental Health	143,724	150,535	(6,811)
Mosquito Control	20,752	14,757	5,995
Plumbing	186,901	210,619	(23,718)
Solid Waste	5,892	10,389	(4,497)
Sewage	84,697	93,259	(8,562)
Food Service	117,569	122,242	(4,673)
RV Parks	10,063	10,528	(465)
Camps / Mobile Home Parks	22,102	29,160	(7,058)
Water System	14,735	21,258	(6,523)
Pools / Spas	15,855	15,917	(62)
<b>Community Health Services</b>			
Immunizations	213,238	186,525	26,713
Communicable Diseases	121,975	78,743	43,232
Dental Sealant	102,527	191,734	(89,207)
General Medical Administration	165,463	284,871	(119,408)
Adult Care	33,360	25,332	8,028
BCMH	201,005	179,288	21,717
WIC	87,758	0	87,758
Other Community Health Services	511,687	804,586	(292,899)
<b>Health Promotion and Planning</b>			
Health Promotion and Planning	346,987	493,596	(146,609)
Public Health Infrastructure	506,129	375,537	130,592

**Zanesville Muskingum County Health District  
Muskingum County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

Vital Statistics	206,334	175,914	30,420
Administration	814,993	852,039	(37,046)
Outlay for Capital Improvement	0	461,549	(461,549)
Community Contributions	212,000	217,000	(5,000)
Total Disbursements	<u>4,145,746</u>	<u>5,005,378</u>	<u>(859,632)</u>
Change in Net Assets	457,024	(332,527)	789,551
Net Assets Beginning of Year	<u>2,539,941</u>	<u>2,872,468</u>	<u>(332,527)</u>
Net Assets End of Year	<u>\$2,996,965</u>	<u>\$2,539,941</u>	<u>\$457,024</u>

In 2010, 49% of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 51% of the Health District's total receipts in year 2010. In 2009, 47% of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 53% of the Health District's total receipts in year 2009. These receipts consist primarily of charges for services in the clinics, for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

The 2010 disbursements were mainly in the operations of the environmental programs, providing Community Health services and for Health Promotion and Planning as were the 2009 disbursements. The major areas of disbursement in Environmental Health, reflects the costs of certification and enforcement of rules and regulations regarding, plumbing, sewage, and food service. For Community Health services, disbursements are utilized to provide services for immunization, communicable diseases and dental sealant needs. Health Promotion and Planning disbursements were centered around the H1N1 preparedness as well as community health education and assessments. There were no additional renovations in 2010.

**Governmental Activities**

Table 3 reflects the comparative of total cost of services and the net cost by program for the year 2010 2009.

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

**Table 3**  
**Governmental Activities**

	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>
Environmental Health				
General Environmental Health	\$143,724	\$136,514	\$150,535	\$145,385
Mosquito Control	20,752	20,752	14,757	14,757
Plumbing	186,901	(28,183)	210,619	48,321
Solid Waste	5,892	(1,608)	10,389	531
Sewage	84,697	37,205	93,259	57,429
Food Service	117,569	(14,749)	122,242	(25,198)
RV Parks	10,063	(1,162)	10,528	(3,866)
Camps/Mobile Home Parks	22,102	(297)	29,160	11,241
Water System	14,735	(5,319)	21,258	3,013
Pools/Spas	15,855	3,813	15,917	5,307
Community Health Services				
Immunizations	213,238	64,741	186,525	7,808
Communicable Diseases	121,975	112,339	78,743	68,224
Dental Sealant	102,527	(12,454)	191,734	(14,274)
General Medical Administration	165,463	147,069	284,871	270,835
Adult Care	33,360	33,305	25,332	25,332
Pediatric Care	0	(125)	0	(101)
BCMH	201,005	106,237	179,288	107,977
WIC	87,758	(37,242)	0	0
Other Community Health Services	511,687	121,911	804,586	165,686
Health Promotion and Planning				
Health Promotion and Planning	346,987	193,952	493,596	332,856
Public Health Infrastructure	506,129	14,841	375,537	(4,706)
Vital Statistics	206,334	(5,600)	175,914	(11,607)
Administration	814,993	683,682	852,039	653,934
Outlay for Capital Improvement	0	0	461,549	461,549
Community Contributions	212,000	212,000	217,000	217,000
<b>Total Distribution</b>	<b>\$4,145,746</b>	<b>\$1,781,622</b>	<b>\$5,005,378</b>	<b>\$2,537,433</b>

This table shows the costs of providing services in 2010 compared to 2009. The major program disbursements for total governmental activities and their percent of disbursements are Environmental Health (15%), Community Health Services (35%), Health Promotion and Planning (20%), Vital Statistics (5%), Administration (20%) and Community Contributions (5%). Those areas with a negative amount in the Net Cost of Services are revenue generating areas. Plumbing and solid waste in 2010 generated \$78,643 more revenue than 2009. This was due to less salary and benefits as staff was reduced due to less construction in the area. Less salary and benefits also resulted in more revenue for RV Parks, Camps/Mobile Home Parks and Water systems. The Food Service generated \$14,749 in revenue for 2010 but this was \$10,449 less than 2009. The decline is the result of less businesses operating in 2010. In the Community Health Services the Dental Sealant program showed a Net Cost of Services of (\$12,454). The WIC program showed a Net Cost of Services of (\$37,242) due to the grant receiving grant revenue before the expenses were incurred. The Vital Statistics areas shows a Net Cost of Services of (\$5,600), but this is \$6,007 less than 2009. There was no outlay for Capital Improvements in 2010.

**Zanesville Muskingum County Health District**  
**Muskingum County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The Statement of Activities – Cash Basis, shows in the first column the list of major services provided by the Health District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the services and sales of the operating grants received by the Health District that must be used to provide a specific service. The final column (net disbursements receipts and changes in Net Assets) compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

The Health District has tried to supplement its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. The Health District costs are supported by 49% of property taxes and entitlements not restricted to specific programs.

The environmental health programs had net disbursements of \$146,966. Environmental health programs are intended to be self-supporting but when this does not occur the net disbursements of the programs are funded by property taxes and local subsidies. Vital Statistics was primarily self-supporting through charges for services. The Community Health Services had net disbursements of \$535,781 and except for the Dental Sealant and WIC programs, were all funded by property taxes, charges for services, operating grant and local subsidies. Health Promotion and Planning with net disbursements of \$208,793 and Administration/Community Contributions with net disbursements of \$ 895,682 were funded by property taxes and local subsidies.

**The Health District's Funds**

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements.

In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

At the end of 2010, the Health District's governmental funds reported total ending fund balances of \$2,996,965. \$2,926,794 of the total is unreserved fund balance, which is available for new spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the Health District. At the end of 2010, unreserved fund balance in the General Fund was \$2,539,139. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total general fund disbursements. Unreserved fund balance represents 84% of the total General Fund disbursements.

Receipts exceeded disbursements in the General Fund by \$416,373 in 2010. License and permit fees account for 8% of receipts in the General Fund while charges for services account for 12% of receipts. Intergovernmental revenues consist of payments from levies, other agencies and state subsidies for the Health District. Community Health Services accounts for the majority of disbursements in the General Fund.

**Zanesville Muskingum County Health District  
Muskingum County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The Bioterrorism Grant special revenue fund accounts for federal grant monies for public health infrastructure to be used for controlling communicable disease, chronic diseases and disorders, and other preventable health conditions and planning efforts. The program is responsible for developing the Health District Emergency Operation Plan, and all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with the involvement of key partners in the Health District as well as regional partners. At the end of 2010 the fund balance was \$34,781.

**General Fund Budgeting Highlights**

The Health District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2010, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts.

**Contacting the Health District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Corey Hamilton, Health Commissioner, at Zanesville Muskingum County Health Department 205 N Seventh Street, Zanesville, Ohio 43701, (740) 454-9741.

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**Zanesville Muskingum County General Health District**  
**Muskingum County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,996,965</u>
<i>Total Assets</i>	<u><u>\$2,996,965</u></u>
 <b>Net Assets</b>	
Restricted	\$396,746
Unrestricted	<u>2,600,219</u>
<i>Total Net Assets</i>	<u><u>\$2,996,965</u></u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District**

**Muskingum County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010*

	<u>Disbursements</u>	<u>Charges for Sales and Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
				<u>Governmental Activities</u>
<b>Governmental Activities</b>				
<b>Environmental Health</b>				
General Environmental Health	\$143,724	\$7,210		(\$136,514)
Mosquito Control	20,752			(20,752)
Plumbing	186,901	215,084		28,183
Solid Waste	5,892		\$7,500	1,608
Sewage	84,697	47,492		(37,205)
Food Service	117,569	132,318		14,749
RV Parks	10,063	11,225		1,162
Camps/Mobile Home Parks	22,102	22,399		297
Water System	14,735	20,054		5,319
Pools/Spas	15,855	12,042		(3,813)
<b>Community Health Services</b>				
Immunizations	213,238	115,308	33,189	(64,741)
Communicable Diseases	121,975	9,636		(112,339)
Dental Sealant	102,527	50,754	64,227	12,454
General Medical Administration	165,463	40	18,354	(147,069)
Adult Care	33,360	55		(33,305)
Pediatric Care		125		125
BCMH	201,005	75,950	18,818	(106,237)
WIC	87,758		125,000	37,242
Other Community Health Services	511,687	1,800	387,976	(121,911)
<b>Health Promotion and Planning</b>				
Health Promotion and Planning	346,987		153,035	(193,952)
Public Health Infrastructure	506,129		491,288	(14,841)
Vital Statistics	206,334	211,934		5,600
Administration	814,993	12,642	118,669	(683,682)
Community Contributions	212,000			(212,000)
<b>Total Governmental Activities</b>	<u>\$4,145,746</u>	<u>\$946,068</u>	<u>\$1,418,056</u>	<u>(1,781,622)</u>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				<u>2,238,646</u>
<b>Total General Receipts</b>				<u>2,238,646</u>
Change in Net Assets				457,024
<b>Net Assets Beginning of Year</b>				<u>2,539,941</u>
<b>Net Assets End of Year</b>				<u>\$2,996,965</u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District**  
**Muskingum County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	<u>General</u>	<u>Bioterrorism Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,600,219	\$34,781	\$361,965	\$2,996,965
<i>Total Assets</i>	<u>\$2,600,219</u>	<u>\$34,781</u>	<u>\$361,965</u>	<u>\$2,996,965</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$61,080		\$9,091	\$70,171
Unreserved:				
Undesignated (Deficit), Reported In:				
General Fund	2,539,139			2,539,139
Special Revenue Funds		\$34,781	352,874	387,655
<i>Total Fund Balances</i>	<u>\$2,600,219</u>	<u>\$34,781</u>	<u>\$361,965</u>	<u>\$2,996,965</u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District**  
**Muskingum County**  
*Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*Governmental Funds*  
*December 31, 2010*

	General	Bioterrorism Funds	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$2,736,223	\$481,429	\$442,684	\$3,660,336
Fines, Licenses and Permits	264,376		195,580	459,956
Charges for Services	425,904		53,413	479,317
Gifts and Contributions	3,161			3,161
<b>Total Receipts</b>	<b>3,429,664</b>	<b>481,429</b>	<b>691,677</b>	<b>4,602,770</b>
<b>Disbursements</b>				
Environmental Health				
General Environmental Health	143,724			143,724
Mosquito Control	20,752			20,752
Plumbing	186,901			186,901
Solid Waste	5,892			5,892
Sewage	84,697			84,697
Food Service			117,569	117,569
RV Parks			10,063	10,063
Camps/Mobile Home Parks			22,102	22,102
Water System			14,735	14,735
Pools/Spas			15,855	15,855
Community Health Services				
Immunizations	176,222		37,016	213,238
Communicable Diseases	121,975			121,975
Dental Sealant			102,527	102,527
General Medical Administration	165,463			165,463
Adult Care	33,360			33,360
BCMH	201,005			201,005
WIC			87,758	87,758
Other Community Health Services	413,620		98,067	511,687
Health Promotion and Planning				
Health Promotion and Planning	205,613		141,374	346,987
Public Health Infrastructure	20,740	485,389		506,129
Vital Statistics	206,334			206,334
Administration	814,993			814,993
Community Contributions	212,000			212,000
<b>Total Disbursements</b>	<b>3,013,291</b>	<b>485,389</b>	<b>647,066</b>	<b>4,145,746</b>
Excess of Receipts Over (Under) Disbursements	416,373	(3,960)	44,611	457,024
<b>Other Financing Sources (Uses)</b>				
Transfer In			4,005	4,005
Transfer Out	(4,005)			(4,005)
Advances In	217,832	80,000	107,828	405,660
Advances Out	(187,832)	(100,000)	(117,828)	(405,660)
<b>Total Other Financing Sources (Uses)</b>	<b>25,995</b>	<b>(20,000)</b>	<b>(5,995)</b>	<b>0</b>
Net Change in Fund Balances	442,368	(23,960)	38,616	457,024
Fund Balances Beginning of Year	2,157,851	58,741	323,349	2,539,941
Fund Balances End of Year	<u>\$2,600,219</u>	<u>\$34,781</u>	<u>\$361,965</u>	<u>\$2,996,965</u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District  
Muskingum County**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
General Fund*

*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Varaince with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$2,622,044	\$2,656,933	\$2,736,223	\$79,290
Fines, Licenses and Permits	238,400	208,750	264,376	55,626
Charges for Services	471,661	425,421	425,904	483
Gifts and Contributions	4,000	4,000	3,161	(839)
<b>Total Receipts</b>	<b>3,336,105</b>	<b>3,295,104</b>	<b>3,429,664</b>	<b>134,560</b>
<b>Disbursements</b>				
Environmental Health				
General Enviromental Health	160,994	147,270	143,883	3,387
Mosquito Control	18,416	22,874	20,752	2,122
Plumbing	220,246	190,194	187,301	2,893
Solid Waste	7,636	7,150	5,892	1,258
Sewage	93,729	87,944	85,477	2,467
Community Health Services				
Immunizations	214,982	185,567	176,222	9,345
Communicable Diseases	133,482	125,430	121,975	3,455
General Medical Administration	139,087	168,370	167,149	1,221
Adult Care	37,703	34,339	33,360	979
BCMh	185,985	201,655	201,084	571
Other Community Health Services	468,692	423,721	413,620	10,101
Health Promotion and Planning				
Health Promotion and Planning	259,452	214,325	205,613	8,712
Public Health Infrastructure	11,397	22,868	20,740	2,128
Vital Statistics	210,252	265,778	256,180	9,598
Administration	1,084,712	928,963	823,123	105,840
Community Contributions	212,000	212,000	212,000	0
<b>Total Disbursements</b>	<b>3,458,765</b>	<b>3,238,448</b>	<b>3,074,371</b>	<b>164,077</b>
Excess of Receipts Over (Under) Disbursements	(122,660)	56,656	355,293	298,637
<b>Other Financing Sources (Uses)</b>				
Transfer Out			(4,005)	(4,005)
Advances In			217,832	217,832
Advances Out			(187,832)	(187,832)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>25,995</b>	<b>25,995</b>
Net Change in Fund Balances	(122,660)	56,656	381,288	324,632
Prior Year Encumbrances Appropriated	24,204	24,204	24,204	0
Fund Balances Beginning of Year	2,133,647	2,133,647	2,133,647	0
Fund Balances End of Year	<u>\$2,035,191</u>	<u>\$2,214,507</u>	<u>\$2,539,139</u>	<u>\$324,632</u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District  
Muskingum County**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Bioterrorism*

*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	<u>\$480,225</u>	<u>\$474,296</u>	<u>\$481,429</u>	<u>\$7,133</u>
Total Receipts	480,225	474,296	481,429	7,133
<b>Disbursements</b>				
Public Health Infrastructure	<u>367,545</u>	<u>494,090</u>	<u>485,388</u>	<u>8,702</u>
Total Disbursements	<u>367,545</u>	<u>494,090</u>	<u>485,388</u>	<u>8,702</u>
Excess of Receipts Over (Under) Disbursements	<u>112,680</u>	<u>(19,794)</u>	<u>(3,959)</u>	<u>15,835</u>
<b>Other Financing Sources (Uses)</b>				
Advances In		55,000	80,000	25,000
Advances Out		<u>(75,000)</u>	<u>(100,000)</u>	<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Net Change in Fund Balances	112,680	(39,794)	(23,959)	15,835
Prior Year Encumbrances Appropriated	3,777	3,777	3,777	0
Fund Balances Beginning of Year	<u>54,963</u>	<u>54,963</u>	<u>54,963</u>	<u>0</u>
Fund Balances End of Year	<u><u>\$171,420</u></u>	<u><u>\$18,946</u></u>	<u><u>\$34,781</u></u>	<u><u>\$15,835</u></u>

See accompanying notes to the basic financial statements

**Zanesville Muskingum County General Health District**  
**Muskingum County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2010*

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	<u>Agency</u>
<b>Assets</b>	
Cash with Fiscal Agents	<u>\$416,150</u>
<i>Total Assets</i>	<u><u>\$416,150</u></u>
<b>Fund Balances</b>	
Restricted for:	
Other Purposes	\$295,456
Unrestricted	<u>120,694</u>
<i>Total Fund Balances</i>	<u><u>\$416,150</u></u>

See accompanying notes to the basic financial statements

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Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 1 – Reporting 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 seven-member Board and a Health Commissioner. Three Board members are appointed by Zanesville City Council, three are appointed by the District Advisory Council and one is appointed by the Licensing 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 dental sealant services, communicable disease investigations, immunization clinics, various inspections, public health nursing services, issuance of various licenses and permits, and other related services.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

**A. Basis of Presentation**

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balances, of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Health District are presented in two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Bioterrorism Grant Fund receives federal grant revenue to be used for controlling communicable disease, chronic diseases and disorders, and other preventable health conditions.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2010. Agency funds are purely custodial in nature and are used to account for assets held by the Health District. The Health District is acting in an agency capacity for the following fund:

Pro Muskingum Families & Children First Council Fund – The Health District serves as the fiscal agent and administrative agent for the Pro Muskingum Families & Children First Council. The Council receives federal, state and local monies to assist eligible families by providing and promoting various types of public assistance.

The Pro Muskingum Families & Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting**

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The County Budget Commission must also approve the certificate of estimated resources and the annual appropriation measure and amendments thereto. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

Ohio Revised Code Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the Health District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the Health District, which are similar to Ohio Revised Code Chapter 5705 budgetary requirements. On or about the first Monday of April, the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

**E. Cash and Investments**

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Deposits and investments disclosures for the County as a whole may be obtained from the County. The Muskingum County Treasurer's office is located in the Muskingum County Court House at 4<sup>th</sup> and Main Street, Zanesville, Ohio 43701. The phone number is (740) 455-7109.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include the services provided by grants.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**N. Fund Balance Reserves**

The Health District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$61,080
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**Note 4 – Intergovernmental Funding**

The Health District receives receipts from levies authorized by the Board of County Commissioners as a special taxing authority under Ohio Revised Code Section 3709.29. A 1 mill levy will be collected through 2013 and a ½ mill levy will be collected through 2018. These levies generated \$1,758,876 during 2010. The financial statement reports this amount as Intergovernmental Receipts.

**Note 5 – Interfund Receivables/Payables**

Interfund balances at December 31, 2010, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Other Governmental	\$12,500
Total General Fund	<u>\$12,500</u>

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 6 - Risk Management**

Risk Pool Membership

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

Comprehensive property and general liability  
Vehicles; and  
Errors and omissions

Note 7 to the financial statements include additional information on the Pool.

The Health 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, Medical Benefits Mutual Life Insurance Company. The claims are processed and monitored by the County insurance administrator in conjunction with the third party administrator. The Health District also provides vision and life insurance to full-time employees through a private carrier.

**Note 7 - Risk Pool Membership**

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 Worker's Compensation.

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

**Note 7 - Risk Pool Membership (Continued)**

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Health District's share of these unpaid claims collectible in future years is approximately \$34,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2008	\$33,413
2009	\$38,092
2010	\$35,879

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 - Defined Benefit Pension Plans**

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 8 - Defined Benefit Pension Plans (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. The Health District's contribution rate for 2010 was 14 percent of covered payroll.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$178,507, \$193,940 and \$162,069 respectively. The full amount has been contributed for 2010, 2009 and 2008.

**Note 9 - Postemployment Benefits**

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio revised code permits, but does not mandate, OPERS to provide OPEB benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employer fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was five and a half percent of covered payroll from January 1 through February 28, 2010 and five percent of covered payroll from March 1 through December 31, 2010.

The Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Health District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$101,766, \$125,490, and \$162,069 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

Zanesville Muskingum County General Health District  
Muskingum County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

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**Note 9 - Postemployment Benefits (Continued)**

On September 9, 2004, the OPERS retirement board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the healthcare plan.

**Note 10 – 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.

**Note 11 – Jointly Governed Organization**

The Pro Muskingum Families & 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 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 Behavioral 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 Health District's financial participation, no equity interest exists, and no debt is outstanding.

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	06010011WA0111	10.557	\$87,758
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Program:</i>			
Rural Health Care Services Outreach and Rural Health Network Development and Small Health Care Provider Quality Improvement	D04RH06937-03-01	93.912	16,952
<i>Passed Through Ohio Department of Health</i>			
Immunization Grants	06010012IM0209 06010012IM0310	93.268	842 <u>29,200</u>
Total Immunization Grants			30,042
Public Health Emergency Preparedness	06010012PH0110 06010012PH0110 06010012PH0211	93.069	77,328 241,154 <u>33,894</u>
Total Public Health Emergency Preparedness			352,376
Centers for Disease Control and Prevention-Investigations and Technical Assistance	06010014TC0110 06010014TC0211	93.283	26,752 <u>38,350</u>
Total Centers for Disease Control and Prevention-Investigations and Technical Assistance			65,102
Preventative Health and Health Services Block Grant	06010014CH0209	93.991	1,193
Maternal and Child Health Services Block Grant to the States	06010011LE0310 06010011LE0411 06010011MC0310 06010011MC0411 06010011DS0310	93.994	56,712 12,544 34,718 25,659 <u>102,527</u>
Total Maternal and Child Health Services Block Grant to the States			<u>232,160</u>
Total U. S. Department of Health and Human Services			<u>697,825</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$785,583</u></b>

*The Notes to the Federal Awards Expenditures Schedule are an integral part of the Schedule.*

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Zanesville Muskingum County General Health District's (the Health District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The Health District passes certain federal awards received from Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Health District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Health District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE C - COMMINGLED MONIES**

Certain Maternal and Child Health Services Block Grants to the States and Immunization Grants from the Ohio Department of Health include both state and federal monies. The Schedule includes only those portions identified as federal monies on the award notices received from the State.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 Seventh Street  
Zanesville, Ohio 43701

To the Members of the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zanesville Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2010, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated May 26, 2011, wherein we noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Health District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Health District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Health District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Health, federal awarding agencies and pass-through entities, and others within the Health District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 26, 2011



# Dave Yost • Auditor of State

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

To the Members of the Board of Health:

### **Compliance**

We have audited the compliance of the Zanesville Muskingum County General Health District, Muskingum County, Ohio (the Health District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Health District's major federal program for the year ended December 31, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Health District's major federal program. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Health District's compliance with those requirements.

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Health District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Health, others within the Health District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

May 26, 2011

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Public Health Emergency Preparedness CFDA # 93.069
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**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  
JUNE 16, 2011**