



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

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, 2008, 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 opinions 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 opinions.

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, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Bioterrorism Grant, and the Tobacco Grant Funds 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 July 20, 2009, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Health District's basic financial statements. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected this Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 20, 2009

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

Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the Zanesville Muskingum County General Health District's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2008, 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 2008 are as follows:

- Net assets decreased \$563,113. The Health District began a renovation project in May 2008. An upgrade from two to eight dental chairs was performed in to the Dental Clinic and all other office space was improved. The budget for the renovations as of December 2008 was \$863,511. The disbursements in 2008 were \$421,371.
- The Health District partnered with a local hospital to establish the Muskingum Valley Health Center (MVHC), a Federally Qualified Health Center in 2007. The partnership involved the Health District providing staff for the MVHC until July 2008. The Health District also provided a donation of \$186,872 to the MVHC to offset remaining staffing expenditures for 2008.
- The Health District loaned the MVHC \$300,000 for four years at 0% interest. This loan is reported as an Other Financing Use by the Health District.
- Grant terms are often not on a calendar year. This causes them to begin and end in different calendar years. This can result in grant dollars being received before the disbursements are processed. In 2008, this resulted in a \$13,421 decrease in net assets for grant funds.
- 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 60% of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted grants make up the other 40%.
- The Health District had \$5,500,996 in disbursements during 2008. The operating of the Health District's Immunization and Dental Clinics makes up almost 43% of the disbursements. The Environmental Health area made up 12% of the disbursements. The administrative area made up 26% 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.

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.

Zanesville Muskingum County General Health District
Muskingum County
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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 2008, 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.

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.

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

Management's Discussion and Analysis
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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, the Tobacco Grant Fund, and the Bioterrorism Grant 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 2008 compared to 2007 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2008	2007	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,872,468	\$3,435,581	(\$563,113)
Total Assets	\$2,872,468	\$3,435,581	(\$563,113)
Net Assets			
Restricted	\$582,460	\$595,881	(\$13,421)
Unrestricted	2,290,008	2,839,700	(549,692)
Total Net Assets	\$2,872,468	\$3,435,581	(\$563,113)

As mentioned previously, net assets decreased \$563,113. The Restricted Net Assets accounted for 20% of Total Net Assets.

**Zanesville Muskingum County General Health District
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Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Table 2 reflects the change in net assets between 2008 and 2007.

Table 2 Changes in Net Assets			
	Governmental Activities	Governmental Activities	Change
	2008	2007	
Receipts			
Program Cash Receipts			
Charges for Services	\$1,145,679	\$1,209,898	(\$64,219)
Operating Grants and Contributions	1,834,615	1,614,256	220,359
Total Program Cash Receipts	<u>2,980,294</u>	<u>2,824,154</u>	<u>156,140</u>
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	1,957,589	1,942,305	15,284
Miscellaneous	0	150	(150)
Total General Receipts	<u>1,957,589</u>	<u>1,942,455</u>	<u>15,134</u>
Total Receipts	<u>4,937,883</u>	<u>4,766,609</u>	<u>171,274</u>
Disbursements			
Environmental Health			
General Environmental Health	132,264	82,346	49,918
Mosquito Control	11,954	25,368	(13,414)
Plumbing	218,746	215,341	3,405
Solid Waste	7,426	6,668	758
Sewage	115,906	137,906	(22,000)
Food Service	115,964	107,476	8,488
RV Parks	5,549	6,421	(872)
Cams/Mobile Home Parks	17,850	12,434	5,416
Water System	37,896	47,663	(9,767)
Pools/Spas	12,357	8,494	3,863
Community Health Services			
Immunizations	120,730	65,163	55,567
Communicable Diseases	104,063	144,309	(40,246)
General Medical Administration	337,287	332,719	4,568
Adult Care	30,118	207,485	(177,367)
Pediatric Care	2,767	264,527	(261,760)
BCMH	177,028	168,781	8,247
Dental Clinic	611,804	431,564	180,240
Other Community Health Services	1,001,046	603,569	397,477
Health Promotion and Planning			
Health Promotion and Planning	554,566	406,529	148,037
Public Health Infrastructure	264,250	293,998	(29,748)
Vital Statistics	168,377	173,105	(4,728)
Administration	1,153,048	680,333	472,715
Loan to Muskingum Valley Health Center	300,000	0	300,000
Total Disbursements	<u>5,500,996</u>	<u>4,422,199</u>	<u>1,078,797</u>
Change in Net Assets	<u>(563,113)</u>	<u>344,410</u>	<u>(\$907,523)</u>
Net Assets Beginning of Year	<u>3,435,581</u>	<u>3,091,171</u>	
Net Assets End of Year	<u>\$2,872,468</u>	<u>\$3,435,581</u>	

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

Management's Discussion and Analysis
For the Year Ended December 31, 2008
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In 2008, 40% 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 60% of the Health District's total receipts in year 2008. These receipts consist primarily of charges for services in the immunization and dental 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 2008 disbursements were mainly in the Dental and Immunization Clinics, the renovation project, and the partnership in the MVHC. The Health District's clinics serve all ages of the uninsured and/or Medicaid population. The Health District provides services for immunization, communicable diseases and dental needs. The other major area of disbursement was in the Environmental Health area, which reflects the costs of certification and enforcement of rules and regulations regarding, plumbing, sewage, and food service.

Governmental Activities

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 major program disbursements for governmental activities are for the Immunization and Dental Clinics, general environmental health and administration, which account for 43%, 12% and 26% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost column 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 local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**Zanesville Muskingum County General Health District
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Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 3 reflects the comparative of total cost of services and the net cost by program for the year 2008 2007.

Table 3
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Environmental Health				
General Environmental Health	\$132,264	\$132,084	\$82,346	\$79,376
Mosquito Control	11,954	11,833	25,368	19,402
Plumbing	218,746	(39,780)	215,341	(35,156)
Solid Waste	7,426	(2,389)	6,668	(3,737)
Sewage	115,906	66,389	137,906	87,200
Food Service	115,964	(16,792)	107,476	(28,441)
RV Parks	5,549	(5,281)	6,421	(4,174)
Camps/Mobile Home Parks	17,850	(3,742)	12,434	2,317
Water System	37,896	17,741	47,663	25,581
Pools/Spas	12,357	1,667	8,494	(1,831)
Community Health Services				
Immunizations	120,730	39,949	65,163	11,633
Communicable Diseases	104,063	61,160	144,309	107,320
General Medical Administration	337,287	215,516	332,719	309,681
Adult Care	30,118	19,236	207,485	112,847
Pediatric Care	2,767	(9,228)	264,527	202,716
BCMH	177,028	76,358	168,781	91,201
Dental Clinic	611,804	165,374	431,564	149,740
Other Community Health Services	1,001,046	357,343	603,569	26,633
Health Promotion and Planning				
Health Promotion and Planning	554,566	161,942	406,529	(14,515)
Public Health Infrastructure	264,250	(21,805)	293,998	24,484
Vital Statistics	168,377	(9,342)	173,105	(19,537)
Administration	1,153,048	1,002,469	680,333	455,305
Total Distribution	<u>\$5,200,996</u>	<u>\$2,220,702</u>	<u>\$4,422,199</u>	<u>\$1,598,045</u>

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 43% of property taxes and entitlements not restricted to specific programs.

The environmental health programs and Vital Statistics are self-supporting through charges for services, while the community health services were funded through charges for services, operating grants and property taxes. While not entirely self-supporting, health promotion and planning costs were primarily funded by operating grants.

The Health District's Funds

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

Zanesville Muskingum County General Health District
Muskingum County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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 2008, the Health District's governmental funds reported total ending fund balances of \$2,872,468. \$2,348,993 of the total is unreserved fund balance, which is available for 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 2008, unreserved fund balance in the general fund was \$1,790,298. 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 44% of the total general fund disbursements.

Disbursements exceeded receipts in the General Fund by \$549,692 in 2008. License and permit fees account for 9% of receipts in the general fund. Intergovernmental revenues consist of payments from the townships, villages and cities in the Health District. Community Health Services accounts for the majority of disbursements in the general fund.

The Tobacco Grant Special Revenue Fund receives grant revenue from the Tobacco Use Prevention and Control Foundation to be used for various tobacco prevention activities/projects. At the end of 2008 the total fund balance was \$0. This grant is no longer available to the Health District.

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 2008, the fund balance was \$55,142.

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 2008, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were significant changes between the original and the final estimated receipts due to not receiving the funding to expand the Dental Clinic until late in 2008. As a result of the partnership of the Muskingum Valley Health Center (MVHC) the medical and dental operations were transferred to the MVHC in July 2007 and October 2008 respectively and the Health District no longer receives receipts from these services.

Zanesville Muskingum County General Health District
Muskingum County
Management's Discussion and Analysis
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Unaudited

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.

Zanesville Muskingum County General Health District
Muskingum County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,872,468
<i>Total Assets</i>	\$2,872,468
 Net Assets	
Restricted for:	
Other Purposes	\$582,460
Unrestricted	2,290,008
<i>Total Net Assets</i>	\$2,872,468

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, 2007*

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Environmental Health			
General Environmental Health	\$132,264	\$180	(\$132,084)
Mosquito Control	11,954	121	(11,833)
Plumbing	218,746	\$258,413	39,780
Solid Waste	7,426	2,227	2,389
Sewage	115,906	49,517	(66,389)
Food Service	115,964	131,361	16,792
RV Parks	5,549	10,830	5,281
Camps/Mobile Home Parks	17,850	21,592	3,742
Water Systems	37,896	20,155	(17,741)
Pools/Spas	12,357	10,690	(1,667)
Community Health Services			
Immunizations	120,730	50,154	(39,949)
Communicable Diseases	104,063	42,903	(61,160)
General Medical Administration	337,287	1,695	(215,516)
Adult Care	30,118	10,882	(19,236)
Pediatric Care	2,767	11,995	9,228
BCMH	177,028	100,670	(76,358)
Dental Clinic	611,804	221,430	(165,374)
Other Community Health Services	1,001,046	7,106	(357,343)
Health Promotion and Planning			
Health Promotion and Planning	554,566	392,624	(161,942)
Public Health Infrastructure	264,250	286,055	21,805
Vital Statistics	168,377	177,719	9,342
Administration	1,153,048	16,340	(1,002,469)
<i>Total Governmental Activities</i>	<u>\$5,200,996</u>	<u>\$1,145,679</u>	<u>(2,220,702)</u>
General Receipts			
Grants and Entitlements not Restricted to Specific Programs			1,957,589
<i>Total General Receipts</i>			<u>1,957,589</u>
Loan to Muskingum Valley Health Center			(300,000)
Total General Receipts and Other Financing Uses			<u>1,657,589</u>
Change in Net Assets			(563,113)
<i>Net Assets Beginning of Year</i>			<u>3,435,581</u>
<i>Net Assets End of Year</i>			<u>\$2,872,468</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, 2008

	General	Bioterrorism Grant	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,290,008	\$55,142	\$527,318	\$2,872,468
<i>Total Assets</i>	<u>\$2,290,008</u>	<u>\$55,142</u>	<u>\$527,318</u>	<u>\$2,872,468</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$499,710	\$15,102	\$8,663	\$523,475
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	1,790,298			1,790,298
Special Revenue Funds		40,040	518,655	558,695
<i>Total Fund Balances</i>	<u>\$2,290,008</u>	<u>\$55,142</u>	<u>\$527,318</u>	<u>\$2,872,468</u>

See accompanying notes to the basic financial statements

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

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2008

	General	Tobacco Grant	Bioterrorism Grant	Other Governmental Funds	Total Governmental Funds
Receipts					
Intergovernmental	\$2,619,899	\$127,865	\$285,890	\$751,376	\$3,785,030
Fines, Licenses and Permits	311,933			191,910	503,843
Charges for Services	579,358			62,477	641,835
Gifts and Contributions	7,175				7,175
Total Receipts	3,518,365	127,865	285,890	1,005,763	4,937,883
Disbursements					
Current:					
Environmental Health					
General Environmental Health	132,264				132,264
Mosquito Control	11,954				11,954
Plumbing	218,746				218,746
Solid Waste	7,426				7,426
Sewage	115,906				115,906
Food Service				115,964	115,964
RV Parks				5,549	5,549
Camps/Mobile Home Parks				17,850	17,850
Water Systems				37,896	37,896
Pools/Spas				12,357	12,357
Community Health Services					
Immunizations	95,759			24,971	120,730
Communicable Diseases	104,063				104,063
General Medical Administration	337,287				337,287
Adult Care	30,118				30,118
Pediatric Care	2,767				2,767
BCMH	177,028				177,028
Dental Clinic	353,559			258,245	611,804
Other Community Health Services	728,480			272,566	1,001,046
Health Promotion and Planning					
Health Promotion and Planning	147,192	182,964		224,410	554,566
Public Health Infrastructure	9,996		254,254		264,250
Vital Statistics	168,377				168,377
Administration	1,153,048				1,153,048
Total Disbursements	3,793,970	182,964	254,254	969,808	5,200,996
Excess of Receipts Over (Under) Disbursements	(275,605)	(55,099)	31,636	35,955	(263,113)
Other Financing Sources (Uses)					
Transfers In	3,913			15,000	18,913
Transfers Out	(15,000)	(2,461)		(1,452)	(18,913)
Advances In	172,000		35,000	100,000	307,000
Advances Out	(135,000)		(60,000)	(112,000)	(307,000)
Loan to Muskingum Valley Health Center	(300,000)				(300,000)
Total Other Financing Sources (Uses)	(274,087)	(2,461)	(25,000)	1,548	(300,000)
Net Change in Fund Balances	(549,692)	(57,560)	6,636	37,503	(563,113)
Fund Balances Beginning of Year	\$2,839,700	57,560	48,506	489,815	3,435,581
Fund Balances End of Year	\$2,290,008	\$0	\$55,142	\$527,318	\$2,872,468

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$2,945,531	\$3,005,498	\$2,619,899	(\$385,599)
Fines, Licenses and Permits	296,950	303,975	311,933	7,958
Charges for Services	802,778	874,865	579,358	(295,507)
Gifts and Contributions	8,000	8,000	7,175	(825)
<i>Total Receipts</i>	<u>4,053,259</u>	<u>4,192,338</u>	<u>3,518,365</u>	<u>(673,973)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	146,965	150,153	132,474	17,679
Mosquito Control	21,495	21,001	11,954	9,047
Plumbing	222,179	225,518	219,371	6,147
Solid Waste	4,637	7,474	7,471	3
Sewage	129,128	127,867	117,366	10,501
Community Health Services				
Immunizations	54,965	99,086	98,838	248
Communicable Diseases	142,042	117,591	104,470	13,121
General Medical Administration	310,774	343,605	337,365	6,240
Adult Care	26,863	30,799	30,118	681
Pediatric Care	2,717	2,902	2,767	135
BCMH	188,232	190,336	177,264	13,072
Dental Clinic	642,318	505,592	354,084	151,508
Other Community Health Services	749,067	922,274	733,847	188,427
Health Promotion and Planning				
Health Promotion and Planning	105,758	176,910	147,192	29,718
Public Health Infrastructure	7,750	12,890	9,996	2,894
Vital Statistics	208,308	212,300	182,920	29,380
Administration	1,170,572	2,305,977	1,626,183	679,794
<i>Total Disbursements</i>	<u>4,133,770</u>	<u>5,452,275</u>	<u>4,293,680</u>	<u>1,158,595</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,511)</u>	<u>(1,259,937)</u>	<u>(775,315)</u>	<u>484,622</u>
Other Financing Sources (Uses)				
Transfers In		3,913	3,913	0
Transfers Out		(15,000)	(15,000)	0
Advances In		172,000	172,000	0
Advances Out		(135,000)	(135,000)	0
Loan to Muskingum Valley Health Center	0	0	(300,000)	(300,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>25,913</u>	<u>(274,087)</u>	<u>(300,000)</u>
<i>Net Change in Fund Balances</i>	<u>(80,511)</u>	<u>(1,234,024)</u>	<u>(1,049,402)</u>	<u>184,622</u>
Prior Year Encumbrances Appropriated	25,492	25,492	25,492	0
<i>Fund Balances Beginning of Year</i>	<u>2,814,208</u>	<u>2,814,208</u>	<u>2,814,208</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,759,189</u>	<u>\$1,605,676</u>	<u>\$1,790,298</u>	<u>\$184,622</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)
Tobacco Grant Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$127,865	\$127,865	\$127,865	\$0
<i>Total Receipts</i>	<u>127,865</u>	<u>127,865</u>	<u>127,865</u>	<u>0</u>
Disbursements				
Current:				
Health Planning and Promotion	167,115	182,964	182,964	0
<i>Total Disbursements</i>	<u>167,115</u>	<u>182,964</u>	<u>182,964</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,250)</u>	<u>(55,099)</u>	<u>(55,099)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	0	(2,461)	(2,461)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(2,461)</u>	<u>(2,461)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(39,250)	(57,560)	(57,560)	0
Prior Year Encumbrances Appropriated	38,250	38,250	38,250	0
<i>Fund Balances Beginning of Year</i>	<u>19,310</u>	<u>19,310</u>	<u>19,310</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$18,310</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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 Grant Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$235,985	\$291,667	\$285,890	(\$5,777)
<i>Total Receipts</i>	<u>235,985</u>	<u>291,667</u>	<u>285,890</u>	<u>(5,777)</u>
Disbursements				
Current:				
Public Health Infrastructure	237,921	272,211	269,356	2,855
<i>Total Disbursements</i>	<u>237,921</u>	<u>272,211</u>	<u>269,356</u>	<u>2,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,936)</u>	<u>19,456</u>	<u>16,534</u>	<u>(2,922)</u>
Other Financing Sources (Uses)				
Advances In		35,000	35,000	0
Advances Out		(60,000)	(60,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(1,936)</u>	<u>(5,544)</u>	<u>(8,466)</u>	<u>(2,922)</u>
Prior Year Encumbrances Appropriated	658	658	658	0
<i>Fund Balances Beginning of Year</i>	<u>47,848</u>	<u>47,848</u>	<u>47,848</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$46,570</u></u>	<u><u>\$42,962</u></u>	<u><u>\$40,040</u></u>	<u><u>(\$2,922)</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
December 31, 2008

	Agency Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$374,872
<i>Total Assets</i>	\$374,872
 Net Assets	
Restricted for:	
Other Purposes	\$275,114
Unrestricted	99,758
<i>Total Net Assets</i>	\$374,872

See accompanying notes to the basic financial statements

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 medical clinics, dental service, communicable disease investigations, immunization clinics, various inspections, public health nursing services, issuance of various licenses and permits, and other related services.

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 include the financial activities of the primary government, except for fiduciary funds. 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, 2008

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 Tobacco Prevention Fund receives grant revenue from the Tobacco Use Prevention and Control Foundation to be used for various tobacco prevention activities/projects.

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 2008. 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.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

The County Treasurer is the custodian for the Health District's cash. The County's cash and investment pool holds the Health District's cash which is reported at the County Treasurer's carrying amount. 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 4th 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 9 and 10, 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 a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 - Summary of Significant Accounting Policies (Continued)

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 services provided by grants.

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	\$499,710
Major Special Revenue Fund: Bioterrorism Grant	15,102

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 \$1,563,167 during 2008. The financial statement reports this amount as Intergovernmental Receipts.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 5 - Interfund Receivables/Payables

Interfund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Bioterrorism Grant Fund	\$25,000
Other Governmental	30,000
Total General Fund	<u>\$55,000</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.

Note 6 – Loan Receivable

On May 13, 2008, the Muskingum Valley Health Center entered in to a Promissory Note with the Health District for the amount of \$300,000. The loan is due on June 30, 2012. The interest rate on the loan is zero percent. The note was funded in full and may be repaid in whole, or in part, at any time without premium or penalty. As noted in Note 13, on May 21, 2009, the Board forgave the loan.

Note 7 - 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 8 to the financial statement includes 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, Aultra Administrative Group. 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 8 - 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. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 8 - Risk Pool Membership (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available).

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 8 - Risk Pool Membership (Continued)

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$43,000. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

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.

<u>Contributions to PEP</u>	
2006	\$37,541
2007	\$37,247
2008	\$33,443

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. 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 9 - 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.

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.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 9 - Defined Benefit Pension Plans (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll. The Health District's contribution rate for 2008 was 14 percent of covered payroll.

For the period January 1, through December 31, 2008, a portion of the Health District's contribution equal to seven percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Health District of 14 percent.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$162,069, \$186,586, and \$181,056 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 10 - 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 Ohio Revised code permits, but does not require, OPERS to provide healthcare 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 employers 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 2008, 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 seven percent of covered payroll from January 1 through December 31, 2007.

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.

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 10 - Postemployment Benefits (Continued)

The Health District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$162,069, \$122,900, and \$88,560 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 11 – 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 12 - Jointly Governed Organizations

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.

Note 13 – Subsequent Events

On May 21, 2009, the Board authorized forgiveness of the \$300,000 loan to the Muskingum Valley Health Center, as disclosed in Note 6.

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Program</i>			
Rural Health Care Services Outreach and Rural Health Network Development Program	D04RH06937-01-00 D04RH06937-03-00	93.912	\$67,043 <u>86,492</u>
Total Rural Health Care Services Outreach and Rural Health Network Development Program			153,535
<i>Passed Through Ohio Department of Health</i>			
Immunization Grants	60-1-001-2-ED-06 060-1-001-2-IMO-1-08	93.268	165 <u>24,806</u>
Total Immunization Grants			24,971
Public Health Emergency Preparedness	060-1-001-2-PIO-1-08 060-1-001-2-PIO-2-09	93.283	85,689 <u>36,304</u>
Total Public Health Emergency Preparedness			121,993
Preventative Health and Health Services Block Grant	60-1-001-2-ED-07 060-1-001-4-CHO-01-08	93.991	483 <u>127,959</u>
Total Preventative Health and Health Services Block Grant			128,442
Maternal and Child Health Services Block Grant to the States	060-1-001-1-LEO-1-08 060-1-001-1-LEO-2-09 060-1-001-1-MCO-1-08 060-1-001-1-MCO-2-09 060-1-001-1-SCO-1-08 060-1-001-1-AJ-07 060-1-001-1-DSO-1-08	93.994	57,172 12,029 45,790 28,873 18,983 721 <u>40,981</u>
Total Maternal and Child Health Services Block Grant to the States			<u>204,549</u>
Total U.S. Department of Health and Human Services			<u><u>\$633,490</u></u>

The accompanying notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Health District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

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.



Mary Taylor, CPA

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, 2008, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated July 20, 2009 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 the audit committee, management, the Board of Health, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

July 20, 2009



Mary Taylor, CPA

Auditor of State

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

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 apply to each of its major federal programs for the year ended December 31, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Health District's major federal programs. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of 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 apply to each of its major federal programs for the year ended December 31, 2008.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control over compliance.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Zanesville Muskingum County General Health District
Muskingum County
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
Page 2

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Health District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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 Members of the Board of Health, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 20, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Preventive Health and Health Services Block Grant, CFDA #93.991 Maternal / Child Health Grant, CFDA #93.994
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Clinic Fees – Approval of adjustments	Yes.	Corrected
2006-002	Clinic Reporting and Reconciling	Yes.	Corrected.



Mary Taylor, CPA
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
AUGUST 18, 2009