



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	13
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	14
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Budget and Actual (Budget Basis) – General Fund.....	15
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Budget and Actual (Budget Basis) – Tobacco Grant Fund.....	16
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Budget and Actual (Budget Basis) – Bioterrorism Grant Fund	17
Statement of Fiduciary Net Assets – Cash Basis.....	18
Notes to the Basic Financial Statements	19
Federal Awards Expenditures Schedule.....	29
Notes to Federal Awards Expenditures Schedule	30
Independent Accountants' Report on Internal Controls over Financial Reporting and Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
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.....	33
Schedule of Findings – OMB Circular A-133 §.505	35
Schedule of Prior Audit Findings – OMB Circular A-133 §.315(b).....	38

This page intentionally left blank.



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, 2007, 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 Zanesville Muskingum County General Health District, Muskingum County, Ohio, as of December 31, 2007, 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.

For the year ended December 31, 2007, the Health District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008, 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 not a required part of the basic financial statements. We subjected the 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.



Mary Taylor, CPA
Auditor of State

October 27, 2008

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

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the Zanesville Muskingum County General Health District's (Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

- Net assets increased \$344,410. 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 2007, this resulted in a \$191,138 increase in restricted net assets. The remaining increase of \$153,272 in unrestricted net assets was from general operations.
- 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 59% of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted grants make up the other 41%.
- The Health District had \$4,422,199 in disbursements during 2007. The operation of the Health District's Medical and Dental Clinics made up almost 37% of the disbursements. The Environmental Health area made up 15% 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. 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.

Zanesville Muskingum County General Health District
Muskingum County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 2007, 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.

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.

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

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 whereas 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 2007 compared to 2006 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2007	2006	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,435,581	\$3,091,171	\$344,410
Total Assets	\$3,435,581	\$3,091,171	\$344,410
Net Assets			
Restricted	\$595,881	\$404,743	\$191,138
Unrestricted	2,839,700	2,686,428	153,272
Total Net Assets	\$3,435,581	\$3,091,171	\$344,410

As mentioned previously, net assets increased \$344,410. The Restricted Net Assets accounted for 55% of the increase in Total Net Assets.

Table 2 reflects the change in net assets in 2007. Since the Health District did not prepare financial statements in this format for 2006, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

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

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

**Table 2
Changes in Net Assets**

	Governmental Activities
	2007
Receipts	
Program Cash Receipts	
Charges for Services	\$1,209,898
Operating Grants and Contributions	1,614,256
Total Program Cash Receipts	2,824,154
General Receipts	
Grants and Entitlements not Restricted to Specific Programs	1,942,305
Miscellaneous	150
Total General Receipts	1,942,455
Total Receipts	4,766,609
Disbursements	
Environmental Health	
General Environmental Health	82,346
Mosquito Control	25,368
Plumbing	215,341
Solid Waste	6,668
Sewage	137,906
Food Service	107,476
RV Camps	6,421
Camps/Mobile Home Parks	12,434
Water Systems	47,663
Pools/Spas	8,494
Community Health Services	
Immunizations	65,163
Communicable Diseases	144,309
General Medical Administration	332,719
Adult Care	207,485
Pediatric Care	264,527
BCMh	168,781
Dental Clinic	431,564
Other Community Health Services	603,569
Health Promotion and Planning	
Health Promotion and Planning	406,529
Public Health Infrastructure	293,998
Vital Statistics	173,105
Administration	680,333
Total Disbursements	4,422,199
Change in Net Assets	344,410
Net Assets Beginning of Year	3,091,171
Net Assets End of Year	\$3,435,581

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

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

In 2007, 41 percent 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 59% percent of the Health District's total receipts in year 2007. These receipts consist primarily of charges for services in the medical 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 2007 disbursements were mainly in the Dental and Medical Clinics. Our clinics serve all ages of the uninsured and/or Medicaid population. We provide services for immunization, communicable diseases and other medical 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

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the 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 Medical and Dental Clinics, general environmental health and administration, which account for 37%, 15% and 15% 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.

Table 3 reflects the total cost of services and the net costs by program. Since the Health District did not prepare financial statements in this format for 2006, a comparative analysis of the total cost of services and the net cost for both the current and prior years has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Zanesville Muskingum County General Health District
Muskingum County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 3
Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007
Environmental Health		
General Environmental Health	\$82,346	\$79,376
Mosquito Control	25,368	19,402
Plumbing	215,341	(35,156)
Solid Waste	6,668	(3,737)
Sewage	137,906	87,200
Food Service	107,476	(28,441)
RV Camps	6,421	(4,174)
Camps/Mobile Home Parks	12,434	2,317
Water Systems	47,663	25,581
Pools/Spas	8,494	(1,831)
Community Health Services		
Immunizations	65,163	11,633
Communicable Diseases	144,309	107,320
General Medical Administration	332,719	309,681
Adult Care	207,485	112,847
Pediatric Care	264,527	202,716
BCMH	168,781	91,201
Dental Clinic	431,564	149,740
Other Community Health Services	603,569	26,633
Health Promotion and Planning		
Health Promotion and Planning	406,529	(14,515)
Public Health Infrastructure	293,998	24,484
Vital Statistics	173,105	(19,537)
Administration	680,333	455,305
Totals	\$4,422,199	\$1,598,045

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 36% of property taxes, unrestricted grants and other general receipts.

Several environmental health programs and vital statistics are self-supporting through charges for services, while the community health services were funded through charges for services and operating grants in roughly equal amounts. While not entirely self-supporting, health promotion and planning costs were primarily funded by operating grants which required a local portion of grant costs.

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.

Zanesville Muskingum County General Health District
Muskingum County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 2007, the Health District's governmental funds reported total ending fund balances of \$3,435,681. \$3,366,092 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 2007, unreserved fund balance in the General Fund was \$2,814,208. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures. Unreserved fund balance represents 87% of the total General Fund expenditures.

Expenditures exceeded revenues in the General Fund by \$195,944 in 2007. License and permit fees account for 9% of revenues 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 expenditures in the General Fund.

The Tobacco Grant Fund accounts for grant monies from the Tobacco Use Prevention and Control Foundation to be used for various tobacco prevention activities/projects. At the end of 2007, the total fund balance was \$57,560.

The Bioterrorism Grant Special Revenue Fund accounts for federal grant monies for public health infrastructure to be used for controlling communicable diseases, 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 2007, the fund balance was \$48,506.

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 2007, 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 the Health District not receiving the funding to expand the Dental Clinic in 2007 as anticipated.

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.

This page intentionally left blank.

Zanesville Muskingum County General Health District
Muskingum County
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,435,581</u>
<i>Total Assets</i>	<u><u>\$3,435,581</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$595,881
Unrestricted	<u>2,839,700</u>
<i>Total Net Assets</i>	<u><u>\$3,435,581</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, 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	\$82,346		\$2,970	(\$79,376)
Mosquito Control	25,368		5,966	(19,402)
Plumbing	215,341	\$250,497		35,156
Solid Waste	6,668	2,905	7,500	3,737
Sewage	137,906	50,706		(87,200)
Food Service	107,476	135,917		28,441
RV Parks	6,421	10,595		4,174
Camps/Mobile Home Parks	12,434	10,117		(2,317)
Water Systems	47,663	22,082		(25,581)
Pools/Spas	8,494	10,325		1,831
Community Health Services				
Immunizations	65,163	37,103	16,427	(11,633)
Communicable Diseases	144,309	36,989		(107,320)
General Medical Administration	332,719		23,038	(309,681)
Adult Care	207,485	94,638		(112,847)
Pediatric Care	264,527	61,811		(202,716)
BCMH	168,781	77,580		(91,201)
Dental Clinic	431,564	194,057	87,767	(149,740)
Other Community Health Services	603,569	4,842	572,094	(26,633)
Health Promotion and Planning				
Health Promotion and Planning	406,529		421,044	14,515
Public Health Infrastructure	293,998		269,514	(24,484)
Vital Statistics	173,105	192,642		19,537
Administration	680,333	17,092	207,936	(455,305)
Total Governmental Activities	\$4,422,199	\$1,209,898	\$1,614,256	(1,598,045)
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				1,942,305
Miscellaneous				150
Total General Receipts				1,942,455
Change in Net Assets				344,410
Net Assets Beginning of Year				3,091,171
Net Assets End of Year				\$3,435,581

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, 2007

	General	Tobacco Grant	Bioterrorism Grant	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,839,700	\$57,560	\$48,506	\$489,815	\$3,435,581
<i>Total Assets</i>	<u>\$2,839,700</u>	<u>\$57,560</u>	<u>\$48,506</u>	<u>\$489,815</u>	<u>\$3,435,581</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$25,492	\$38,250	\$658	\$5,089	\$69,489
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	2,814,208				2,814,208
Special Revenue Funds		19,310	47,848	484,726	551,884
<i>Total Fund Balances</i>	<u>\$2,839,700</u>	<u>\$57,560</u>	<u>\$48,506</u>	<u>\$489,815</u>	<u>\$3,435,581</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, 2007*

	General	Tobacco Grant	Bioterrorism Grant	Other Governmental Funds	Total Governmental Funds
Receipts					
Intergovernmental	\$2,465,607	\$266,207	\$268,735	\$550,783	\$3,551,332
Fines, Licenses and Permits	305,008			187,020	492,028
Charges for Services	668,881			48,989	717,870
Gifts and Contributions	5,229				5,229
Miscellaneous	150				150
<i>Total Receipts</i>	<u>3,444,875</u>	<u>266,207</u>	<u>268,735</u>	<u>786,792</u>	<u>4,766,609</u>
Disbursements					
Current:					
Environmental Health					
General Environmental Health	82,346				82,346
Mosquito Control	25,368				25,368
Plumbing	215,341				215,341
Solid Waste	6,668				6,668
Sewage	137,906				137,906
Food Service				107,476	107,476
RV Parks				6,421	6,421
Camps/Mobile Home Parks				12,434	12,434
Water Systems				47,663	47,663
Pools/Spas				8,494	8,494
Community Health Services					
Immunizations	44,484			20,679	150
Communicable Diseases	144,309				144,309
General Medical Administration	332,719				332,719
Adult Care	207,485				207,485
Pediatric Care	264,527				264,527
BCMH	168,781				168,781
Dental Clinic	338,583			92,981	431,564
Other Community Health Services	349,642			253,927	603,569
Health Promotion and Planning					
Health Promotion and Planning	69,662	204,608		132,259	406,529
Public Health Infrastructure	7,672		286,326		293,998
Vital Statistics	173,105				173,105
Administration	680,333				680,333
<i>Total Disbursements</i>	<u>3,248,931</u>	<u>204,608</u>	<u>286,326</u>	<u>682,334</u>	<u>4,357,186</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>195,944</u>	<u>61,599</u>	<u>(17,591)</u>	<u>104,458</u>	<u>409,423</u>
Other Financing Sources (Uses)					
Advances In	134,706	5,518	89,727	82,132	312,083
Advances Out	<u>(177,378)</u>	<u>(13,018)</u>	<u>(40,588)</u>	<u>(81,099)</u>	<u>(312,083)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(42,672)</u>	<u>(7,500)</u>	<u>49,139</u>	<u>1,033</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	153,272	54,099	31,548	105,491	409,423
<i>Fund Balances Beginning of Year</i>	<u>\$2,686,428</u>	<u>3,461</u>	<u>16,958</u>	<u>384,324</u>	<u>3,091,171</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,839,700</u></u>	<u><u>\$57,560</u></u>	<u><u>\$48,506</u></u>	<u><u>\$489,815</u></u>	<u><u>\$3,500,594</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
General Fund*

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$2,418,615	\$2,466,267	\$2,465,607	(\$660)
Fines, Licenses and Permits	384,405	404,420	305,008	(99,412)
Charges for Services	784,580	994,849	668,881	(325,968)
Gifts and Contributions		8,000	5,229	(2,771)
Miscellaneous			150	150
<i>Total Receipts</i>	<u>3,587,600</u>	<u>3,873,536</u>	<u>3,444,875</u>	<u>(428,661)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	85,280	90,049	83,015	7,034
Mosquito Control	17,952	30,726	25,368	5,358
Plumbing	201,041	221,017	215,899	5,118
Solid Waste	4,914	5,245	6,668	(1,423)
Sewage	153,006	152,363	138,820	13,543
Community Health Services				
Immunizations	30,419	64,146	44,984	19,162
Communicable Diseases	115,635	149,203	144,488	4,715
General Medical Administration	275,175	338,329	332,897	5,432
Adult Care	213,468	229,055	207,759	21,296
Pediatric Care	107,313	272,605	264,522	8,083
BCMh	161,239	171,000	168,781	2,219
Dental Clinic	495,845	361,447	338,853	22,594
Other Community Health Services	345,189	394,953	350,194	44,759
Health Promotion and Planning				
Health Promotion and Planning	36,771	79,405	69,662	9,743
Public Health Infrastructure		7,567	7,672	(105)
Vital Statistics	185,402	198,102	187,282	10,820
Administration	1,121,648	1,145,328	687,559	457,769
<i>Total Disbursements</i>	<u>3,550,297</u>	<u>3,910,540</u>	<u>3,274,423</u>	<u>636,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,303</u>	<u>(37,004)</u>	<u>170,452</u>	<u>207,456</u>
Other Financing Sources (Uses)				
Advances In			134,706	134,706
Advances Out			(177,378)	(177,378)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(42,672)</u>	<u>(42,672)</u>
<i>Net Change in Fund Balances</i>	<u>37,303</u>	<u>(37,004)</u>	<u>127,780</u>	<u>164,784</u>
Prior Year Encumbrances Appropriated	25,749	25,749	25,749	0
<i>Fund Balances Beginning of Year</i>	<u>2,660,679</u>	<u>2,660,679</u>	<u>2,660,679</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,723,731</u>	<u>\$2,649,424</u>	<u>\$2,814,208</u>	<u>\$164,784</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$331,591	\$266,207	\$266,207	\$0
<i>Total Receipts</i>	<u>331,591</u>	<u>266,207</u>	<u>266,207</u>	<u>0</u>
Disbursements				
Current:				
Health Planning and Promotion	331,591	257,502	242,858	14,644
<i>Total Disbursements</i>	<u>331,591</u>	<u>257,502</u>	<u>242,858</u>	<u>14,644</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>8,705</u>	<u>23,349</u>	<u>14,644</u>
Other Financing Sources (Uses)				
Advances In			5,518	5,518
Advances Out			(13,018)	(13,018)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(7,500)</u>	<u>(7,500)</u>
<i>Net Change in Fund Balances</i>	<u>0</u>	<u>8,705</u>	<u>15,849</u>	<u>7,144</u>
Prior Year Encumbrances Appropriated	2,207	2,207	2,207	0
<i>Fund Balances Beginning of Year</i>	<u>1,254</u>	<u>1,254</u>	<u>1,254</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,461</u></u>	<u><u>\$12,166</u></u>	<u><u>\$19,310</u></u>	<u><u>\$7,144</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$239,112	\$289,635	\$268,735	(\$20,900)
<i>Total Receipts</i>	<u>239,112</u>	<u>289,635</u>	<u>268,735</u>	<u>(20,900)</u>
Disbursements				
Current:				
Public Health Infrastructure	260,129	291,472	286,983	4,489
<i>Total Disbursements</i>	<u>260,129</u>	<u>291,472</u>	<u>286,983</u>	<u>4,489</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,017)</u>	<u>(1,837)</u>	<u>(18,248)</u>	<u>(16,411)</u>
Other Financing Sources (Uses)				
Transfers In		1,500		(1,500)
Advances In			89,727	89,727
Advances Out			(40,588)	(40,588)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,500</u>	<u>49,139</u>	<u>47,639</u>
<i>Net Change in Fund Balances</i>	<u>(21,017)</u>	<u>(337)</u>	<u>30,891</u>	<u>31,228</u>
Prior Year Encumbrances Appropriated	422	422	422	0
<i>Fund Balances Beginning of Year</i>	<u>16,535</u>	<u>16,535</u>	<u>16,535</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>(\$4,060)</u>	<u>\$16,620</u>	<u>\$47,848</u>	<u>\$31,228</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, 2007

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$419,702</u>
<i>Total Assets</i>	<u><u>\$419,702</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$357,997
Unrestricted	<u>61,705</u>
<i>Total Net Assets</i>	<u><u>\$419,702</u></u>

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, 2007

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, 2007

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 2007. 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, 2007

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.

ORC 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.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC 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, 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

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. 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, 2007

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 – Change in Basis of Accounting and Restatement of Fund Equity

Last year, the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Health District has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 - 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	\$25,492
Major Special Revenue Funds:	
Tobacco Grant	38,250
Bioterrorism Grant	658

Zanesville Muskingum County General Health District
Muskingum County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 5 – 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 ½ mill levy will be collected through 2008 and a 1 mill levy will be collected through 2013. These levies generated \$1,638,977 during 2007. The financial statement reports this amount as Intergovernmental Receipts.

Note 6 - Interfund Receivables/Payables

Interfund balances at December 31, 2007, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Bioterrorism Grant Fund	\$50,000
Other Governmental	27,000
Total General Fund	<u>\$77,000</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 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, 2007

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.

	<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, 2007

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>	
2005	\$34,884
2006	\$37,541
2007	\$37,247

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, 2007

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, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. The Health District's contribution rate for 2007 was 13.85 percent of covered payroll.

The Health District's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1, through June 30, 2007, a portion of the Health District's contribution equal to five percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to six percent. 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, 2007, 2006, and 2005 were \$186,586, \$181,056, and \$181,863 respectively. The full amount has been contributed for 2007, 2006 and 2005.

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 2007, local government employers contributed 13.85 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 percent of covered payroll from January 1 through June 30, 2007, and six percent from July 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, 2007

Note 10 - Postemployment Benefits (Continued)

The Health District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$122,900, \$88,560, and \$76,173 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

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 15, 2008, the Board of Health authorized a renovation project for the Health District offices and clinic. Also on May 15, 2008, expenditures of \$265,000 were approved for the dental clinic renovations. On July 23, 2008, a contract was approved for \$378,116 for general contractor services related to renovation projects.

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

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	D04RH06937-02-01	93.912	\$143,559
<i>Passed Through Ohio Department of Health</i>			
Health Communities Access Program	60-1-001-2-ED-06	93.252	1,382
Immunization Grants	60-1-001-2-AZ-07	93.268	19,998
	60-1-001-2-AZ-06		519
Total Immunization Grants			<u>20,517</u>
Public Health Emergency Preparedness	6010012PI0108	93.069	41,191
Centers for Disease Control and Prevention - Investigations and Technical Assistance	60-1-001-2-BI-07	93.283	117,174
Preventative Health and Health Services Block Grant	60-1-001-2-ED-07	93.991	129,331
Maternal and Child Health Services Block Grant to the States	60-1-001-1-AJ-06	93.994	2,933
	060010011LE0108		1,336
	60-1-001-1-MC-07		42,690
	0601001MC0108		24,227
	60-1-001-1-AJ-07		47,025
Total Maternal and Child Health Services Block Grant to the States			<u>118,211</u>
Total U.S. Department of Health and Human Services			<u>571,365</u>
Total			<u>\$571,365</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, 2007**

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 - PROGRAM INCOME

The Health District commingles program income with Federal grant monies for the Maternal and Child Health Services Block Grant to the States. Therefore, expenditures equal to the amount of program income were included on the Schedule as federal expenditures.

NOTE C - 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 D – 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, 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated October 27, 2008, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted a certain internal control matter that we reported to the Health District's management in a separate letter dated October 27, 2008.

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*.

The Health District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Health District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

October 27, 2008



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, 2007. 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, 2007.

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.

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 Health District'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, members of the Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 27, 2008

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007**

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)?	Yes
(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):	Centers for Disease Control and Prevention – Investigations and Technical Assistance, CFDA #93.283 Public Health Emergency Preparedness, CFDA #93.069 Preventative Health and Health Services Block Grant, CFDA #93.991
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007
(Continued)**

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

FINDING NUMBER 2007-001

Significant Deficiency – Clinic Fees

A well-designed system of internal control will help assure that fees collected for services provided agree to the rates authorized by the Board.

The Clinic maintained a computerized billing system with pre-programmed fees for the various services offered. However, the system allowed an individual to override these pre-programmed fees and to change the amount charged. The Clinic did not have procedures in place to track and approve the changes made to the pre-programmed fees, including adjustments made as a result of the sliding fee scale. This occurred since, due to staffing levels, the Health District management had yet to assign an individual to review the income documentation and corresponding adjustments to fees.

This could result in inaccurate or inappropriate modifications to the approved fee schedule.

We recommend the Clinic develop policies and procedures to ensure management adequately documents, reviews, and approves any changes to the pre-programmed fees.

FINDING NUMBER 2007-002

Significant Deficiency – Daily Reconciliations

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensuring proper authorization of all transactions in accordance with management's policies.
- Ensuring adequate security of assets and records.
- Planning for adequate segregation of duties or compensating controls.

The Clinic maintained a computerized billing system and manually prepared pre-numbered duplicate receipts when the Clinic received payments from a patient, insurance company, or government agency. However, management did not compare pre-numbered duplicate receipts with receipts entered into the computerized billing system on a daily basis. This occurred since, due to staffing levels, the Health District management had yet to assign an individual to compare amounts on duplicate receipts to assure postings to the computerized billing system were complete.

This weakness could result in the Clinic posting amounts to patient accounts in error while remaining undetected by management.

We recommend the Clinic develop policies and procedures to ensure management compares duplicate receipts to daily computerized billing system reports as part of the daily activity reconciliation.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Officials' Response to Finding Numbers 2007-001 and 2007-002

Effective November 1, 2008, the billing clerk will review all adjustments for sliding scale fees. The clerk will initial the proof of income documentation and verify the adjustment amount. This will be retained in the patient's file for future reference. Also, effective November 1, 2008, the billing clerk will be responsible for checking the duplicate receipts to the daily computerized billing system reports. She will initial the duplicate receipt and indicate the date of the deposit in which it was included.

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, 2007**

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	No.	Partially Corrected. Portion of comment repeated as current audit finding number 2007-001.
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
NOVEMBER 13, 2008**