



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2011, 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, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Women, Infants and Children Funds thereof for the years then ended in conformity with the accounting basis of accounting Note 2 describes.

As described in Note 12, during 2011, the Health District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012, 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.

We conducted our audit to opine on the Health District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. The Federal Awards Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However, these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

September 24, 2012

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

The discussion and analysis of the Zanesville-Muskingum County Health District's (the Health District's) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2011, 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 2011 are as follows:

- Net assets increased \$671,712. The amount of levy funds collected for the year increased \$163,971.
- The Health District began receiving the Women, Infants, and Children (WIC) Grant on October 1, 2010. This grant's mission is to safeguard the health of low-income women with infants and children up to age 5 who are at nutrition risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. The total amount received in 2011 for the 2010-2011 grant was \$334,767 while receipts for the 2011-2012 grant were \$135,000.
- Grant dollars have increased \$124,675 due to the Women, Infants and Children (WIC) Grant.
- Contract services decreased \$47,119 in 2011 as due to the elimination of the financial consultant contract.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the majority of the Health District's receipts, making up almost 52% of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted grants make up the other 48%.
- The Health District had \$4,189,163 in disbursements during 2011. The operating of the Community Health Services area makes up 43% of the disbursements. The Environmental Health area made up 13% of the disbursements. The Health Promotion and Planning made up 15% of the disbursements. The Vital Statistics area represented 5% of the disbursements. The administrative area made up the remaining 24% 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 District Board of Health 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 Health District
Muskingum County

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

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 2011, 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.

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

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

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

The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental fund is the General 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 2011 compared to 2010 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	<u>Governmental Activities</u>		
	2011	2010	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,668,677	\$2,996,965	\$671,712
Total Assets	<u>\$3,668,677</u>	<u>\$2,996,965</u>	<u>\$671,712</u>
Net Assets			
Restricted	\$368,380	\$396,746	(\$28,366)
Unrestricted	3,300,297	2,600,219	700,078
Total Net Assets	<u>\$3,668,677</u>	<u>\$2,996,965</u>	<u>\$671,712</u>

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

Table 2 reflects the comparison in net assets between 2011 and 2010.

**Table 2
Changes in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010	Net Change In Assets 2010
Receipts			
Program Cash Receipts			
Charges for services	\$968,642	\$946,068	\$22,574
Operating Grants and Contributions	1,546,777	1,418,056	128,721
Total Program Cash Receipts	<u>2,515,419</u>	<u>2,364,124</u>	<u>151,295</u>
Grant Receipts			
Grants and Entitlements not restricted to Specific Programs	2,345,456	2,238,646	106,810
Total General Receipts	<u>2,345,456</u>	<u>2,238,646</u>	<u>106,810</u>
Total Receipts	<u>4,860,875</u>	<u>4,602,770</u>	<u>258,105</u>
Disbursements			
Environmental Health			
General Environmental Health	140,229	143,724	(3,495)
Mosquito Control	16,095	20,752	(4,657)
Plumbing	140,020	186,901	(46,881)
Solid Waste	6,352	5,892	460
Sewage	59,985	84,697	(24,712)
Food Service	136,680	117,569	19,111
RV Parks	10,676	10,063	613
Camps/Mobile Home Parks	17,308	22,102	(4,794)
Water System	17,060	14,735	2,325
Pools/Spas	16,007	15,855	152
Community Health Services			
Immunizations	232,385	213,238	19,147
Communicable Diseases	120,113	121,975	(1,862)
Dental Sealant	121,793	102,527	19,266
General Medical Administration	161,692	165,463	(3,771)
Adult Care	25,617	33,360	(7,743)
BCMH	167,139	201,005	(33,866)
WIC	479,066	87,758	391,308
Other Community Health Services	510,692	511,687	(995)
Health Promotion and Planning			
Health Promotion and Planning	345,999	346,987	(988)
Public Health Infrastructure	261,707	506,129	(244,422)
Vital Statistics	206,280	206,334	(54)
Administration	996,268	814,993	181,275
Community Contributions	0	212,000	(212,000)
Total Disbursements	<u>4,189,163</u>	<u>4,145,746</u>	<u>43,417</u>
Change in Net Assets	671,712	457,024	214,688
Net Assets Beginning of Year	<u>2,996,965</u>	<u>2,539,941</u>	<u>457,024</u>
Net Assets End of Year	<u>\$3,668,677</u>	<u>\$2,996,965</u>	<u>\$671,712</u>

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

In 2011, 48% 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 52% of the Health District's total receipts in year 2011. In 2010, 49% of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 51% of the Health District's total receipts in year 2010. These receipts consist primarily of charges for services in the clinics, for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

The 2011 disbursements were mainly in the operations of the environmental programs, providing Community Health services and for Health Promotion and Planning as were the 2010 disbursements. The major areas of disbursement in Environmental Health, reflects the costs of certification and enforcement of rules and regulations regarding, plumbing, sewage, and food service. For Community Health services, disbursements are utilized to provide services for immunization, communicable diseases and dental sealant needs. Health Promotion and Planning disbursements were centered on community health education and assessments.

Governmental Activities

Table 3 reflects the comparative of total cost of services and the net cost by program for the year 2011 and 2010.

Table 3
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Disbursements				
Environmental Health				
General Environmental Health	\$140,229	\$130,103	\$143,724	\$136,514
Mosquito Control	16,095	16,095	20,752	20,752
Plumbing	140,020	(97,770)	186,901	(28,183)
Solid Waste	6,352	6,352	5,892	(1,608)
Sewage	59,985	(890)	84,697	37,205
Food Service	136,680	25,128	117,569	(14,749)
RV Parks	10,676	(879)	10,063	(1,162)
Camps/Mobile Home Parks	17,308	1,315	22,102	(297)
Water System	17,060	(3,233)	14,735	(5,619)
Pools/Spas	16,007	1,186	15,855	3,813
Community Health Services				
Immunizations	232,385	89,984	213,238	64,741
Communicable Diseases	120,113	109,440	121,975	112,339
Dental Sealant	121,793	1,435	102,527	(12,454)
General Medical Administration	161,692	155,467	165,463	147,069
Adult Care	25,617	25,617	33,360	33,305
Pediatric Care	0	(70)	0	(125)
BCMh	167,139	47,654	201,005	106,237
WIC	479,066	9,299	87,758	(37,242)
Other Community Health Services	510,692	72,344	511,687	121,911
Health Promotion and Planning				
Health Promotion and Planning	345,999	188,973	346,987	193,952
Public Health Infrastructure	261,707	35,917	506,129	14,841
Vital Statistics	206,280	5,144	206,334	(5,600)
Administration	996,268	855,133	814,993	683,682
Community Contributions	0	0	212,000	212,000
Total Disbursements	\$4,189,163	\$1,673,744	\$4,145,746	\$1,781,322

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

This table shows the costs of providing services in 2011 compared to 2010. The major program disbursements for total governmental activities and their percent of disbursements are Environmental Health (13%), Community Health Services (43%), Health Promotion and Planning (15%), Vital Statistics (5%), and Administration (24%). Those areas with a negative amount in the Net Cost of Services are revenue generating areas. Plumbing generated \$69,587 more revenue than 2010. This was due to less salary and benefits as staff was reduced due to less construction in the area. The Food Service generated less revenue in 2011 than 2010 due to fees charged per food license decreased due to the cost methodology process and furlough days that were taken in 2010. There was no outlay for Capital Improvements in 2011.

The Statement of Activities – Cash Basis

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

The Health District has tried to supplement its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. The Health District costs are supported by 48% of property taxes and entitlements not restricted to specific programs.

The environmental health programs had net disbursements of \$77,407. Environmental health programs are intended to be self-supporting but when this does not occur, the net disbursements of the programs are funded by property taxes and local subsidies. The Community Health Services had net disbursements of \$511,170 and, except the Dental Sealant and WIC programs, were all funded by property taxes, charges for services, operating grant and local subsidies. Health Promotion and Planning with net disbursements of \$224,890 and Administration with net disbursements of \$855,133 were funded by property taxes and local subsidies.

The Health District's Funds

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

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

At the end of 2011, the Health District's governmental funds reported total ending fund balances of \$3,668,677. \$3,280,559 of the total is unassigned fund balance, which is available for new spending. The remainder of fund balance is restricted or assigned to indicate it is not available for new spending.

The General Fund is the chief operating fund of the Health District. At the end of 2011, unassigned fund balance in the General Fund was \$3,280,559.

**Zanesville-Muskingum County Health District
Muskingum County**

Management's Discussion and Analysis
For the Year Ended December 31, 2011

Unaudited

Receipts exceeded disbursements in the General Fund by \$729,983 in 2011. License and permit fees account for 7% of receipts in the General Fund while charges for services account for 12% of receipts. Intergovernmental revenues consist of payments from levies, other agencies and state subsidies for the Health District. Community Health Services accounts for the majority of disbursements in the General Fund.

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 2011, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts.

Contacting the Health District's Financial Management

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

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Zanesville-Muskingum County General Health District
Muskingum County
Statement of Net Assets - Cash Basis
December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,668,677</u>
<i>Total Assets</i>	<u><u>\$3,668,677</u></u>
Net Assets	
Restricted	\$368,380
Unrestricted	<u>3,300,297</u>
<i>Total Net Assets</i>	<u><u>\$3,668,677</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, 2011

	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	\$140,229	\$10,126		(\$130,103)
Mosquito Control	16,095			(16,095)
Plumbing	140,020	237,790		97,770
Solid Waste	6,352			(6,352)
Sewage	59,985	60,875		890
Food Service	136,680	111,552		(25,128)
RV Parks	10,676	11,555		879
Camps/Mobile Home Parks	17,308	15,993		(1,315)
Water System	17,060	20,293		3,233
Pools/Spas	16,007	14,821		(1,186)
Community Health Services				
Immunizations	232,385	111,370	\$31,031	(89,984)
Communicable Diseases	120,113	10,673		(109,440)
Dental Sealant	121,793	61,372	58,986	(1,435)
General Medical Administration	161,692		6,225	(155,467)
Adult Care	25,617			(25,617)
Pediatric Care		70		70
BCMh	167,139	84,630	34,855	(47,654)
WIC	479,066		469,767	(9,299)
Other Community Health Services	510,692	1,550	436,798	(72,344)
Health Promotion and Planning				
Health Promotion and Planning	345,999		157,026	(188,973)
Public Health Infrastructure	261,707		225,790	(35,917)
Vital Statistics	206,280	201,136		(5,144)
Administration	996,268	14,836	126,299	(855,133)
Total Governmental Activities	\$4,189,163	\$968,642	\$1,546,777	(1,673,744)
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				2,345,456
Total General Receipts				2,345,456
Loan to Muskingum Valley Health Center				0
Net Assets Beginning of Year				2,996,965
Net Assets End of Year				\$3,668,677

See accompanying notes to the basic financial statements

Zanesville-Muskingum County General Health District
Muskingum County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2011

	General	WIC Funds	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,299,394	\$49,195	\$320,088	\$3,668,677
<i>Total Assets</i>	<u>\$3,299,394</u>	<u>\$49,195</u>	<u>\$320,088</u>	<u>\$3,668,677</u>
Fund Balances				
Restricted		\$49,195	\$320,088	\$369,283
Assigned	\$18,835			18,835
Unassigned	3,280,559			3,280,559
<i>Total Fund Balances</i>	<u>\$3,299,394</u>	<u>\$49,195</u>	<u>\$320,088</u>	<u>\$3,668,677</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 Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	WIC Funds	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$2,896,457	\$469,767	\$525,595	\$3,891,819
Fines, Licenses and Permits	239,340		232,838	472,178
Charges for Services	423,202		64,226	487,428
Gifts and Contributions	9,450			9,450
Total Receipts	3,568,449	469,767	822,659	4,860,875
Disbursements				
Current:				
Environmental Health				
General Environmental Health	140,229			140,229
Mosquito Control	16,095			16,095
Plumbing	140,020			140,020
Solid Waste	6,352			6,352
Sewage			59,985	59,985
Food Service			136,680	136,680
RV Parks			10,676	10,676
Camps/Mobile Home Parks			17,308	17,308
Water System			17,060	17,060
Pools/Spas			16,007	16,007
Community Health Services				
Immunizations	204,516		27,869	232,385
Communicable Diseases	120,113			120,113
Dental Sealant			121,793	121,793
General Medical Administration	161,692			161,692
Adult Care	25,617			25,617
Pediatric Care				
BCMH	167,139			167,139
WIC		479,066		479,066
Other Community Health Services	422,675		88,017	510,692
Health Promotion and Planning				
Health Promotion and Planning	203,415		142,584	345,999
Public Health Infrastructure	28,055		233,652	261,707
Vital Statistics	206,280			206,280
Administration	996,268			996,268
Total Disbursements	2,838,466	479,066	871,631	4,189,163
Excess of Receipts Over (Under) Disbursements	729,983	(9,299)	(48,972)	671,712
Other Financing Sources (Uses)				
Transfer in	517		162,299	162,816
Transfer out	(2,299)		(160,517)	(162,816)
Advances In	261,925	154,819	136,132	552,876
Advances Out	(290,951)	(133,567)	(128,358)	(552,876)
Total Other Financing Sources (Uses)	(30,808)	21,252	9,556	0
Net Change in Fund Balances	699,175	11,953	(39,416)	671,712
Fund Balances Beginning of Year	2,600,219	37,242	359,504	2,996,965
Fund Balances End of Year	<u>\$3,299,394</u>	<u>\$49,195</u>	<u>\$320,088</u>	<u>\$3,668,677</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$2,713,711	\$2,893,801	\$2,896,457	\$2,656
Fines, Licenses and Permits	160,590	160,590	239,340	78,750
Charges for Services	405,983	405,983	423,202	17,219
Gifts and Contributions	3,000	3,000	9,450	6,450
Total Receipts	3,283,284	3,463,374	3,568,449	105,075
Disbursements				
Current:				
Environmental Health				
General Environmental Health	153,612	154,224	140,525	13,699
Mosquito Control	19,697	19,890	16,095	3,795
Plumbing	144,410	144,432	140,020	4,412
Solid Waste	6,374	6,449	6,352	97
Community Health Services				
Immunizations	180,866	204,902	204,516	386
Communicable Diseases	148,709	141,491	120,113	21,378
General Medical Administration	161,152	167,270	161,848	5,422
Adult Clinic	37,272	30,822	25,617	5,205
BCMH	182,316	181,995	167,139	14,856
Other Community Health Services	473,247	472,337	422,678	49,659
Health Promotion and Planning				
Health Promotion and Planning	201,045	205,124	203,415	1,709
Public Health Infrastructure	34,925	35,926	28,055	7,871
Vital Statistics	270,501	270,265	215,480	54,785
Administration	1,272,424	1,286,047	1,005,448	280,599
Total Disbursements	3,286,550	3,321,174	2,857,301	463,873
Excess of Receipts Over (Under) Disbursements	(3,266)	142,200	711,148	568,948
Other Financing Sources (Uses)				
Transfers In	-	-	517	517
Transfers Out	-	-	(2,299)	(2,299)
Advances In	-	-	261,925	261,925
Advances Out	-	-	(290,951)	(290,951)
Total Other Financing Sources (Uses)	-	-	(30,808)	(30,808)
Net Change in Fund Balances	(3,266)	142,200	680,340	538,140
Prior Year Encumbrances Appropriated	60,300	60,300	60,300	-
Fund Balances Beginning of Year	2,539,139	2,539,139	2,539,139	-
Fund Balances End of Year	<u>\$2,596,173</u>	<u>\$2,741,639</u>	<u>\$3,279,779</u>	<u>\$538,140</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

Women, Infants and Children Fund

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$470,635	\$524,933	\$469,767	(\$55,166)
Total Receipts	470,635	524,933	469,767	(55,166)
Disbursements				
Current:				
WIC	470,635	562,175	479,066	83,109
Total Disbursements	470,635	562,175	479,066	83,109
Excess of Receipts Over (Under) Disbursements	-	(37,242)	(9,299)	27,943
Other Financing Sources (Uses)				
Advances In	-	154,819	154,819	-
Advances Out	-	(133,567)	(133,567)	-
Loan to Muskingum Valley Health Center	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	21,252	21,252	-
Net Change in Fund Balances	-	(15,990)	11,953	27,943
Fund Balances Beginning of Year	37,242	37,242	37,242	-
Fund Balances End of Year	\$37,242	\$21,252	\$49,195	\$27,943

See accompanying notes to the basic financial statements

Zanesville-Muskingum County General Health District
Muskingum County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011

	<u>Agency</u>
Assets	
Cash with Fiscal Agents	<u>\$419,654</u>
Total Assets	<u><u>\$419,654</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$315,294
Unrestricted	<u>104,360</u>
Total Net Assets	<u><u>\$419,654</u></u>

See accompanying notes to the basic financial statements

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Zanesville-Muskingum County General Health District
Muskingum County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 Women, Infant and Children (WIC) Grant Fund receives federal grant revenue to be used for the safeguard of low-income women with infants and children up to age 5 who are at nutrition risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care.

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 had no trust funds in 2011. 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 entity:

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

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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 appropriation 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 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, 2011

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

Zanesville-Muskingum County General Health District
Muskingum County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 the 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. 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.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Health, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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 are outstanding year end encumbrances treated as expenditures (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) and prior year encumbrances appropriated in the General Fund related to sewage in the amount of \$780. The sewage activity was pulled out of the General Fund and shown as a separate fund for 2011. The encumbrances outstanding at year end (budgetary basis) amounted to \$18,835 for the General Fund.

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 \$ 1,922,847 during 2011. This amount is reported as Intergovernmental Receipts in the financial statements.

Note 5 - Interfund Receivables/Payables

Interfund balances at December 31, 2011, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Other Governmental	\$41,526
Total General Fund	<u>\$41,526</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 - 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

Zanesville-Muskingum County General Health District
Muskingum County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 6 - Risk Management (continued)

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

The Health District provides health and dental insurance to full-time employees through a limited risk health insurance program that is maintained by Muskingum County. Premiums are paid to a third party, Medical Benefits Mutual Life Insurance Company. The claims are processed and monitored by the County insurance administrator in conjunction with the third party administrator. The Health District also provides vision and life insurance to full-time employees through a private carrier.

Note 7 - Risk Pool Membership

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

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 7 - Risk Pool Membership (continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Health District's share of these unpaid claims collectible in future years is approximately \$37,000.

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

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$39,835	\$35,879

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

Note 8 - Defined Benefit Pension Plans

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2011, members in state and local classifications contributed 10.00 percent to cover payroll. The Health District's contribution rate for 2011 was 14 percent of covered payroll.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 8 - Defined Benefit Pension Plans (continued)

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$214,322, \$178,507 and \$193,940 respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 9 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the Traditional Pension 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800)222-7377.

Funding Policy – The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employer fund post-employment 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 post-employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, 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 post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund healthcare for members in the Traditional Plan was 4 percent for 2011. The amount of the employer contributions which was allocated to fund healthcare for members in the Combined Plan was 6.05 percent for 2011.

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

The Health District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2011, 2010, and 2009 were \$85,729, \$101,766, and \$125,490 respectively; 100 percent has been contributed for 2011, 2010 and 2009.

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, of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the healthcare plan.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 10 - Contingent Liabilities

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

Note 11 - Jointly Governed Organization

The Pro Muskingum Families & Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is comprised of the following members: Director of the Zanesville-Muskingum County General Health District, Superintendent of Zanesville City School District, Superintendent of Muskingum County Educational Service Center, Director of the ADAMH Board, Director of the Muskingum County Department of Job and Family Services, Director of the Muskingum County Children Services Board, a United Way representative, an Eastside Community Services representative, a Zanesville Civic League representative, a Behavioral Health representative, a county commissioner, representatives from the public sector, and a representative from a local hospital.

Continued existence of the Council is not dependent on the Health District's financial participation, no equity interest exists, and no debt is outstanding.

Note 12 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2011:

Fund Balances	General Fund	WIC Fund	Other Governmental Funds	Total
Restricted for				
WIC		\$48,535		\$48,535
Food Service			\$58,137	58,137
RV Camp			18,850	18,850
Public Health Infrastructure			26,405	26,405
Dental Sealant			162,627	162,627
Other			50,658	50,658
Encumbrances		660	3,411	4,071
<i>Total Restricted</i>	\$0	49,195	320,088	369,283
Assigned to				
Encumbrances	18,835			18,835
<i>Total Assigned</i>	18,835	0	0	18,835
Unassigned (deficits):	3,280,559			3,280,559
<i>Total Fund Balances</i>	\$3,299,394	\$49,195	\$320,088	\$3,668,677

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	06010011WA0111	10.557	\$373,262
	06010011WA0212		<u>105,805</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children (WIC)			479,067
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	06010012PH0312	93.069	21,709
	06010012PH0211		<u>76,884</u>
Total Public Health Emergency Preparedness			98,593
Immunization Grants	06010012IM0211	93.268	27,869
Maternal and Child Health Services Block Grant to the States	06010011HH0112	93.994	29,760
	06010011LE0411		41,558
	06010011MC0310		41,258
	06010011MC0411		36,089
	06010011DS0411		<u>117,730</u>
Total Maternal and Child Health Services Block Grant to the States			266,395
Tobacco Community Prevention and High Need Population	06010014TO0112	98.283	30,443
	06010014TO0211		<u>24,148</u>
Total Tobacco Community Prevention and High Need Population			<u>54,591</u>
Total U. S. Department of Health and Human Services			<u>447,448</u>
Total Federal Awards Expenditures			<u><u>\$926,515</u></u>

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

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - COMMINGLED MONIES

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



Dave Yost • Auditor of State

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

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

To the Members of the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2011, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 24, 2012, wherein we noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-02 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-01 described in the accompanying Schedule of Findings to be a significant deficiency.

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 also noted a certain matter not requiring inclusion in this report that we reported to the Health District's management in a separate letter dated September 24, 2012.

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

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



Dave Yost
Auditor of State

September 24, 2012



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

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

To the Members of the Board of Health:

Compliance

We have audited the compliance of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Health District's major federal program for the year ended December 31, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Health District's major federal program. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Health District's compliance based on our audit.

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

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

September 24, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental Nutrition Program Women, Infants and Children (WIC) CFDA 10.557
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding 2011-01

Significant Deficiency

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2010.

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding 2011-01 (Continued)

Significant Deficiency (Continued)

During 2011, the Board failed to implement GASB Statement No. 54 requirements. This resulted in adjustments being made to the Board's fund balances on the Statement of Assets and Fund Balances from Unreserved, Undesignated Fund Balances and Reserved for Encumbrances to Unassigned, Assigned and Restricted Fund Balances. Additional disclosures were also necessary in the Board's notes to the basic financial statements.

We recommend the Board follow the requirements of GASB Statement No. 54 when preparing its financial statements each year. In addition, we recommend the Board remain alert to all new accounting pronouncements and implement these requirements when required.

Officials' Response: For the future audits, all fund balances will be presented in accordance with GASB 54. The Board will stay alert to any new requirements that may arise in the future.

Finding 2011-02

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public officer to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During our review of the financial statements for 2011, we noted the following significant adjustments or reclassifications as follows:

General Fund:

- Health Promotion & Planning disbursements and Public Health Infrastructure disbursements were overstated by \$142,584 and \$233,652, respectively, in the General Fund. Audit adjustments were made to decrease these disbursements in the General Fund and increase disbursements in Other Governmental Funds in these amounts, on the Statement of Receipts, Disbursements and Changes in Fund Balances;
- The incorrect beginning fund balance was reported on the Statement of Receipts, Disbursements, and Changes in Fund Balances. An audit adjustment was made to decrease the General Fund beginning balance by \$735,965;
- The incorrect beginning fund balance was reported on the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis. An audit adjustment was made to increase the General Fund beginning balance by \$264,471; and
- Final appropriations in the amount of \$212,000 for Community Contributions were incorrectly carried forward from the prior audited Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis. An audit adjustment was made to reduce final appropriations by \$212,000.

ZANESVILLE-MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011
(Continued)

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

Finding 2011-02 (Continued)

Material Weakness (Continued)

Other Governmental Funds:

- Sewage Fund activity, previously reported within the General Fund, was removed from the General Fund and recorded within Other Governmental funds in 2011. Audit adjustments were made to increase Fines, Licenses and Permits receipts by \$60,875, increase Charges for Services receipts by \$12 and increase Sewage Disbursements of \$59,985 in Other Governmental Funds on the Statement of Receipts, Disbursements and Changes in Fund Balances. These same classifications decreased by the same amounts in the General Fund;
- Health Promotion & Planning and Public Health Infrastructure disbursements were overstated by \$142,584 and \$233,652, respectively, within the General Fund. Audit adjustments were made to decrease these disbursements in the General Fund and increase disbursements in Other Governmental Funds in these amounts, on the Statement of Receipts, Disbursements and Changes in Fund Balances;
- Intergovernmental Receipts were overstated by \$236,177, and audit reclassifications were made to reduce Intergovernmental receipts by \$236,177, increase Fines, Licenses and Permits receipts by \$171,963 and increase Charges for Services receipts by \$64,214 on the Statement of Cash Receipts, Disbursements and Changes in Fund Balances; and
- The incorrect beginning fund balance was reported on the Statement of Receipts, Disbursements, and Changes in Fund Balances. An audit adjustment was made to decrease the Other Governmental Funds beginning balance by \$163,242.

These adjustments, with which management agrees, have been posted to the Health District records.

We recommend the Fiscal Officer exercise additional care when preparing the year-end financial statements.

Officials' Response: In the future, additional care will be taken when transferring information from the auditor's ledgers and carrying beginning balances from the prior year audits when preparing the draft financial statements. This was the Fiscal Officer's first attempt to putting these statements together.

FINDINGS FOR FEDERAL AWARDS

None

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ZANESVILLE-MUSKINGUM COUNTY GENERAL HEALTH DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 4, 2012