



OHIO AUDITOR OF STATE
KEITH FABER



**ZANESVILLE-MUSKINGUM COUNTY GENERAL HEALTH DISTRICT
MUSKINGUM COUNTY
DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Health District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Health District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Health District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the Opinion on Regulatory Basis of Accounting paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health District as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio, as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Matters

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 3, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Health District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2019

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$748,933	\$40,950	\$789,883
Fines, Licenses and Permits	247,103	365,694	612,797
Intergovernmental:			
Apportionments	2,457,462	0	2,457,462
Grants	0	1,049,462	1,049,462
Other	513,926	0	513,926
Miscellaneous	78,730	0	78,730
<i>Total Cash Receipts</i>	<u>4,046,154</u>	<u>1,456,106</u>	<u>5,502,260</u>
Cash Disbursements			
Current:			
Health:			
Salaries	1,889,854	753,942	2,643,796
Fringe Benefits	780,923	348,532	1,129,455
Other Personnel Expenses	48,618	10,294	58,912
Contract Services	131,158	0	131,158
Building and Equipment	804,086	158,567	962,653
Other	89,084	5,844	94,928
Pass Through Expenses	120,717	31,229	151,946
<i>Total Cash Disbursements</i>	<u>3,864,440</u>	<u>1,308,408</u>	<u>5,172,848</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>181,714</u>	<u>147,698</u>	<u>329,412</u>
Other Financing Receipts (Disbursements)			
Transfers In	31,308	156,015	187,323
Transfers Out	0	(187,323)	(187,323)
Advances In	324,773	298,000	622,773
Advances Out	(298,000)	(324,773)	(622,773)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>58,081</u>	<u>(58,081)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	239,795	89,617	329,412
<i>Fund Cash Balances, January 1, 2018</i>	<u>6,632,617</u>	<u>287,796</u>	<u>6,920,413</u>
Fund Cash Balances, December 31			
Restricted	0	377,413	377,413
Assigned	70,677	0	70,677
Unassigned	6,801,735	0	6,801,735
<i>Fund Cash Balances, December 31, 2018</i>	<u><u>\$6,872,412</u></u>	<u><u>\$377,413</u></u>	<u><u>\$7,249,825</u></u>

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

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Cash Receipts	\$216,452
Other Non-Operating Cash Disbursements	(162,798)
Transfer to New Fiscal and Administrative Agent (see Note 7)	(193,098)
<i>Net Change in Fund Cash Balance</i>	(139,444)
<i>Fund Cash Balance, January 1, 2018</i>	139,444
<i>Fund Cash Balance, December 31, 2018</i>	\$0

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

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Zanesville-Muskingum County General Health District, Muskingum County (the Health District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Health District is directed by a 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, and immunization clinics. Various inspections, public health nursing services, issuance of various licenses and permits, and other related services

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the District's own programs. The Health District had no trust funds in 2017.

Agency funds are purely custodial in nature and are used to account for assets held by the Health District. The Health District acted in an agency capacity for the following entity:

Muskingum Families & Children First Council Fund - The Zanesville-Muskingum County General Health District serves as the fiscal agent and administrative agent for the 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 Muskingum Families & Children First Council is a jointly governed organization created under Ohio Revised Code § 121.37.

As of June 30, 2018, the Muskingum Families & Children First Council fiscal and administrative duties were transferred to the Muskingum County Job and Family Services.

E. Budgetary Process

The Ohio Revised Code requires the Health District to budget each fund annually (except certain agency funds).

1. Appropriations

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

2. Estimated Resources

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

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2018 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Restricted

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

2. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Health District official delegated that authority by resolution, or by State Statute.

3. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018

2. Budgetary Activity

Budgetary activity for the years ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,025,255	\$4,077,462	\$52,207
Special Revenue	1,882,616	1,612,121	(270,495)
Total	\$5,907,871	\$5,689,583	(\$218,288)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,152,690	\$3,867,428	\$285,262
Special Revenue	1,726,431	1,496,185	230,246
Total	\$5,879,121	\$5,363,613	\$515,508

3. 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 2023 and a ½-mill levy will be collected through 2028. These levies generated \$2,457,462 during 2018. This amount is reported as Intergovernmental in the financial statements.

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 14% of their gross salaries, and the Health District contributed an amount equaling 10% of participants' gross salaries. The Health District has paid all contributions required through December 31, 2018.

5. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2018.

**Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018**

6. Risk Management

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

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

Risk Pool Membership

The Health District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Health District's policy. The Pool covers the following risks:

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

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

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

7. Contingent Liabilities

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

8. Jointly Governed Organization

The Muskingum Families and Children First Council is a jointly governed organization created under Ohio Revised Code § 121.37. The Council is comprised of the following members: Director of the Zanesville-Muskingum County General Health District, Superintendent of Zanesville City School District, Superintendent of Muskingum County Educational Service Center, Director of the ADMH Board, Director of the Muskingum County Department of Job and Family Services, Director of the Muskingum County Child and Adult Protective Services, a United Way representative, an Eastside Community Services representative, a Zanesville Civic League representative, a Behavioral Health representative, a county commissioner, representatives from public sector, and a representative from a local hospital. Continued existence of the Council is not dependent on the District's financial participation, no equity interest exists, and no debt is outstanding.

As of June 30, 2018, the Muskingum Families & Children First Council fiscal and administrative duties were transferred to the Muskingum County Job and Family Services.

Zanesville-Muskingum County General Health District
Muskingum County
Notes to the Financial Statements
For the year ended December 31, 2018

9. Subsequent Events

At the February 21, 2019 Board of Health meeting, a contract was approved between Muskingum County, acting through its Board of Commissioners and the Board of Health. This contract is a 30-year lease agreement between the two in the amount of \$3,100,000. The Board of Health paid the \$3,100,000 up front for future lease payments, so that the County could cover the cost of the building renovations.

10. Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$180,000 advanced to special revenue funds from the General Fund to provide working capital for operations and grants until the anticipated funding is received.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	06010011WA0818	\$452,319
		06010011WA0919	119,761
Total WIC Special Supplemental Nutrition Program for Women, Infants and Children			<u>572,080</u>
Total U.S. Department of Agriculture			572,080
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2018-Zanesville-Muskingum Coun-00022	12,153
		SC-2019-Zanesville-Muskingum Coun-00020	2,363
Total State and Community Highway Safety			<u>14,516</u>
Total Highway Safety Cluster			<u>14,516</u>
Total U.S. Department of Transportation			14,516
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Special Education-Grants for Infants and Families	84.181	H181A170024	<u>78,235</u>
Total U.S. Department of Education			78,235
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	06010012PH0918	56,273
		06010012PH1019	36,979
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			<u>93,252</u>
Immunization Cooperative Agreements	93.268	06010012GV0119	27,803
PPHF Capacity Building Assistance to Strengthen Public Health Ummunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	06010012IM0417	29,500
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	06010014TU0519	26,778
National State Based Tobacco Control Programs	93.305	06010014TU0418	40,871
Maternal and Child Health Services Block Grant to the States	93.994	06010011MP0319	4,622
		06010011MP0218	23,513
		06010011DS1118	19,565
Total Maternal and Child Health Services Block Grant to the States			<u>47,700</u>
Total U.S. Department of Health and Human Services			<u>265,904</u>
Total Expenditures of Federal Awards			<u>\$930,735</u>

The accompanying notes are an integral part of this Schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville-Muskingum County General Health District (the Health District) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Health District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Health District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – COMMINGLED MONIES

Centers for Disease Control and Prevention Investigations and Technical Assistance Grant (CFDA No. 93.283), National State Based Tobacco Control Programs Grant (CFDA # 93.305), PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Grant (CFDA # 93.539) and certain Maternal and Child Health Services Block Grants (CFDA # 93.994) include both state and federal monies. The Schedule includes only those portions identified as federal monies on the award notices received from the State.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Zanesville-Muskingum County General Health District, Muskingum County, Ohio (the Health District), as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated September 3, 2019 wherein we noted the Health District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Health District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Health District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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.

Zanesville-Muskingum County General Health District
Muskingum County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
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However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Health District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2019

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited Zanesville-Muskingum County General Health District's, Muskingum County, Ohio (the Health District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Zanesville-Muskingum County General Health District's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Health District's major federal program.

Management's Responsibility

The Health District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Health District's compliance for the Health District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Health District's major program. However, our audit does not provide a legal determination of the Health District's compliance.

Opinion on the Major Federal Program

In our opinion, the Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Health District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2019

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	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	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list):	Special Supplemental Nutrition Program for Women, Infants and Children (WIC) – CFDA #10.557
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 17, 2019**