

***CITY OF GALION BOARD OF HEALTH***  
***(a component unit of the City of Galion)***

***CRAWFORD COUNTY, OHIO***

Regular Audit

For the Year Ended December 31, 2021







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Board of Health  
City of Galion Board of Health  
301 Harding Way East  
Galion, OH 44833

We have reviewed the *Independent Auditor's Report* of the City of Galion Board of Health, Crawford County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Galion Board of Health is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

October 27, 2022

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**City of Galion Board of Health**  
**(a component unit of the City of Galion)**  
**Crawford County**

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***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

City of Galion Board of Health  
Crawford County  
301 Harding Way East  
Galion, Ohio 44833

To the Board of Health:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the financial statements of the City of Galion Board of Health, Crawford County, Ohio (the Board), a component unit of the City of Galion, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 31, 2021, and the changes in financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinions regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.




***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the Board'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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 Board's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
September 20, 2022

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

The discussion and analysis of the City of Galion Board of Health's financial performance provides an overview of the Board of Health's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Board of Health's financial performance as a whole.

HIGHLIGHTS

Highlights for 2021 are as follows:

The Board of Health had a deficit net position at December 31, 2021, of \$87,171. The Board of Health receives a substantial operating subsidy from the City of Galion annually. For 2021, this amount was \$303,880.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Board of Health's financial position.

The statement of net position and the statement of activities provide information about the activities of the Board of Health as a whole, presenting both an aggregate and a longer-term view of the Board of Health.

Fund financial statements provide a greater level of detail. These statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Board of Health's most significant funds individually and the Board of Health's non-major funds in a single column. The Board of Health's major funds are the General Fund and the 340B Drug Pricing Program, the Workforce Development Grant, and the HIV Grant funds.

REPORTING THE BOARD OF HEALTH AS A WHOLE

The statement of net position and the statement of activities reflect how the Board of Health did financially during 2021. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Board of Health's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Board of Health as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not.

In the statement of net position and the statement of activities, the Board of Health's activities are reflected as governmental activities. The programs and services reported here consists of public health services. These services are primarily funded by charges to clients (patients), Medicare/Medicaid reimbursements, and federal and state grant programs.

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

REPORTING THE BOARD OF HEALTH'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Board of Health's major funds, the General Fund and the 340B Drug Pricing Program, the Workforce Development Grant, and the HIV Grant funds. While the Board of Health uses a number of funds to account for its financial transactions, these are the most significant.

The Board of Health's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. All of the Board of Health's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Board of Health's general government operations and the basic services being provided.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Board of Health's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Board of Health's net position for 2021 and 2020.

Table 1  
Net Position

	Governmental Activities		Change
	2021	2020	
<u>Assets</u>			
Current and Other Assets	\$454,729	\$273,220	\$181,509
Net Pension Asset	2,747	1,575	1,172
Net OPEB Asset	45,031	0	45,031
Capital Assets, Net	10,257	12,308	(2,051)
Total Assets	512,764	287,103	225,661
<u>Deferred Outflows of Resources</u>			
Pension	103,004	198,648	(95,644)
OPEB	53,588	130,367	(76,779)
Total Deferred Outflows of Resources	156,592	329,015	(172,423)

(continued)

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

Table 1  
Net Position  
(continued)

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	
<u>Liabilities</u>			
Current and Other Liabilities	\$31,287	\$64,155	\$32,868
Long-Term Liabilities			
Pension	391,937	453,030	61,093
OPEB	0	301,972	301,972
Other Amounts	21,361	22,738	1,377
Total Liabilities	<u>444,585</u>	<u>841,895</u>	<u>397,310</u>
<u>Deferred Inflows of Resources</u>			
Pension	173,046	103,459	(69,587)
OPEB	138,896	46,201	(92,695)
Total Deferred Inflows of Resources	<u>311,942</u>	<u>149,660</u>	<u>(162,282)</u>
<u>Net Position</u>			
Net Investment in Capital Assets	10,257	12,308	(2,051)
Restricted	100,602	0	100,602
Unrestricted (Deficit)	<u>(198,030)</u>	<u>(387,745)</u>	<u>189,715</u>
Total Net Position (Deficit)	<u>(\$87,171)</u>	<u>(\$375,437)</u>	<u>\$288,266</u>

The net pension/OPEB liability (asset) reported by the Board of Health at December 31, 2021, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the Board of Health's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability (as applicable). GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB asset to equal the Board of Health's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Board of Health is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients. The retirement system may allocate a portion of the employer contribution to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability (as applicable). As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the Board of Health. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability (as applicable) are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the Board of Health's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability (asset) and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall decrease in deferred outflows and an overall increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension/OPEB liability represents the Board of Health's proportionate share of the unfunded benefits.

Other changes include an increase in current and other assets, primarily cash and cash equivalents from newly created grant programs in 2021 and in the amount due from the primary government which represents contributions from the City of Galion that are still available to the Board of Health. While, the contributions from the City of Galion did not change significantly from the prior year, grant funding received was sufficient to operate most programs of the Board of Health in 2021. There was also a decrease in amounts due from other governments related to COVID relief funding received in the prior year. The decrease in current and other liabilities is largely related to amounts owed to various vendors at the end of the prior year end for COVID contact tracing.

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

Table 2 reflects the change in net position for 2021 and 2020.

Table 2  
Change in Net Position

	Governmental Activities		Change
	2021	2020	
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$247,878	\$241,883	\$5,995
Operating Grants, Contributions, and Interest	664,809	762,286	(97,477)
Total Program Revenues	912,687	1,004,169	(91,482)
<u>General Revenues</u>			
Other Revenues	58,179	0	58,179
Total Revenues	970,866	1,004,169	(33,303)
<u>Program Expenses</u>			
Public Health Services	682,600	1,096,551	413,951
Increase (Decrease) in Net Position	288,266	(92,382)	380,648
Net Position (Deficit) at Beginning of Year	(375,437)	(283,055)	(92,382)
Net Position (Deficit) at End of Year	(\$87,171)	(\$375,437)	\$288,266

All of the Board of Health's revenues are program revenues consisting of charges for services to clients, such as immunizations and clinics, grants for operations, and Medicare and/or Medicaid reimbursements. The decrease in operating grants and contributions is primarily due to resources received for COVID relief in 2020.

Expenses consist of the provision of health care services such as nursing services, vital statistics, inspections, and community and family health programs. These costs will vary from year to year based on the requests for services. Additionally, pension/OPEB expense decreased from the prior year due to the decrease in the net pension/OPEB liabilities.

Table 3, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Public Health Services	\$682,600	\$1,096,551	(\$230,087)	\$92,382

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

GOVERNMENTAL FUNDS ANALYSIS

There was an increase in fund balance in the General Fund. Charges for services and contributions from the City of Galion were more than sufficient to support the Board of Health's operations.

The 340B Drug Pricing Program, Workforce Development Grant, and HIV Grant funds were new funds reported in 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the Board of Health had \$10,257 invested in capital assets (net of accumulated depreciation). There were no additions or disposals in 2021. For further information regarding the Board of Health's capital assets, refer to Note 5 to the basic financial statements.

Debt

The Board of Health's long-term obligations included the net pension liability and compensated absences. For further information regarding the Board of Health's long-term obligations, refer to Note 12 to the basic financial statements.

CURRENT ISSUES

In early 2021, the Board of Health faced several issues. The health commissioner resigned and there was little interest from the public in filling that position. Consequently, the health department operated the remainder of the year with a key leadership role being vacant. The Board of Health also dealt with the pandemic from a public health role requiring an already limited staff to be pulled in all directions. Employee retention was an ongoing struggle in 2021.

The Board of Health continued to utilize grants to provide services within the community, supplement the loss of revenue, and reimburse the General Fund for personnel time, goods, and services related to the COVID pandemic. COVID funding was approximately \$292,000 in 2021. The HIV and STD grants brought in approximately \$194,000 in 2021 and was spent on personnel, advertising, supplies, and other items needed to operate the sexual health clinic and fulfill health department's role in disease intervention in a nine-county region.

As the COVID pandemic began to become less of an overwhelming worry, the sexual health clinic saw an increase in the number of patients. The sexual health clinic began utilizing the 340B program, which generated almost \$58,000 in revenue that can be utilized toward the program.

While the nursing department had a decrease in revenue in 2021 due to less vaccine interest, the environmental health and vital statistics departments remained on track. The vital statistics department saw an increase in revenue from high death certificate sales due to the pandemic.

The Board of Health continued its pursuit of public health accreditation and completed the site visit in September 2021. As most site visits result in an action plan needing to be completed, the Board of Health will work on finalizing the final key pieces to accreditation in 2022 or early 2023.

**City of Galion Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021  
Unaudited

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Board of Health's finances for all those interested in the Board of Health's financial well being. Questions any of the information provided in this report or requests for additional information should be directed to the City of Galion Board of Health, 113 Harding Way East, Galion, Ohio 44833.



City of Galion Board of Health  
Statement of Net Position  
December 31, 2021

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$91,147
Due from Other Governments	83,329
Due from Primary Government	272,353
Prepaid Items	7,900
Net Pension Asset	2,747
Net OPEB Asset	45,031
Depreciable Capital Assets, Net	10,257
Total Assets	512,764
<u>Deferred Outflows of Resources</u>	
Pension	103,004
OPEB	53,588
Total Deferred Outflows of Resources	156,592
<u>Liabilities</u>	
Accrued Wages Payable	15,594
Accounts Payable	2,578
Due to Other Governments	13,115
Long-Term Liabilities	
Due Within One Year	18,275
Due in More Than One Year	
Net Pension Liability	391,937
Other Amounts Due in More Than One Year	3,086
Total Liabilities	444,585
<u>Deferred Inflows of Resources</u>	
Pension	173,046
OPEB	138,896
Total Deferred Inflows of Resources	311,942
<u>Net Position</u>	
Net Investment in Capital Assets	10,257
Restricted for Other Purposes	100,602
Unrestricted (Deficit)	(198,030)
Total Net Position (Deficit)	(\$87,171)

See Accompanying Notes to the Basic Financial Statements

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City of Galion Board of Health  
Statement of Activities  
For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities</u>				
Public Health Services	\$682,600	\$247,878	\$664,809	230,087
	<u>General Revenues</u>			
				58,179
				288,266
				(375,437)
				(\$87,171)

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health  
Balance Sheet  
Governmental Funds  
December 31, 2021

	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$56,230	\$6,541	\$22,410
Due from Other Governments	16,937	0	36,778	9,494
Due from Primary Government	272,353	0	0	0
Interfund Receivable	65,288	0	0	0
Prepaid Items	7,900	0	0	0
Total Assets	<u>\$362,478</u>	<u>\$56,230</u>	<u>\$43,319</u>	<u>\$31,904</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$15,594	\$0	\$0	\$0
Accounts Payable	2,110	0	0	234
Due to Other Governments	13,115	0	0	0
Interfund Payable	0	0	52,138	0
Total Liabilities	<u>30,819</u>	<u>0</u>	<u>52,138</u>	<u>234</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue	<u>16,937</u>	<u>0</u>	<u>7,866</u>	<u>0</u>
<u>Fund Balance</u>				
Nonspendable	7,900	0	0	0
Restricted	0	56,230	0	31,670
Assigned	778	0	0	0
Unassigned (Deficit)	<u>306,044</u>	<u>0</u>	<u>(16,685)</u>	<u>0</u>
Total Fund Balance (Deficit)	<u>314,722</u>	<u>56,230</u>	<u>(16,685)</u>	<u>31,670</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$362,478</u>	<u>\$56,230</u>	<u>\$43,319</u>	<u>\$31,904</u>

See Accompanying Notes to the Basic Financial Statements

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$5,966	\$91,147
20,120	83,329
0	272,353
0	65,288
<u>0</u>	<u>7,900</u>
<u>\$26,086</u>	<u>\$520,017</u>
\$0	\$15,594
234	2,578
0	13,115
<u>13,150</u>	<u>65,288</u>
<u>13,384</u>	<u>96,575</u>
<u>0</u>	<u>24,803</u>
0	7,900
12,702	100,602
0	778
<u>0</u>	<u>289,359</u>
<u>12,702</u>	<u>398,639</u>
<u>\$26,086</u>	<u>\$520,017</u>

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City of Galion Board of Health  
 Reconciliation of Total Governmental Fund Balance  
 to Net Position of Governmental Activities  
 December 31, 2021

Total Governmental Fund Balance		\$398,639
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,257
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Due from Other Governments		24,803
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(21,361)
The net pension/OPEB asset and the net pension liability are not due and payable in the current period; therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	2,747	
Deferred Outflows - Pension	103,004	
Deferred Inflows - Pension	(173,046)	
Net Pension Liability	(391,937)	
Net OPEB Asset	45,031	
Deferred Outflows - OPEB	53,588	
Deferred Inflows - OPEB	(138,896)	
		(499,509)
Net Position of Governmental Activities		(\$87,171)
See Accompanying Notes to the Basic Financial Statements		

City of Galion Board of Health  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2021

	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant
<u>Revenues</u>				
Charges for Services	\$250,103	\$0	\$0	\$0
Intergovernmental	32,156	0	28,912	127,915
Contributions	303,880	0	0	0
Other Revenue	463	57,716	0	0
Total Revenues	586,602	57,716	28,912	127,915
<u>Expenditures</u>				
Current:				
Public Health Services	399,780	1,486	45,597	128,149
Excess of Revenues Over (Under) Expenditures	186,822	56,230	(16,685)	(234)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	0	31,904
Transfers Out	(38,874)	0	0	0
Total Other Financing Sources (Uses)	(38,874)	0	0	31,904
Change in Fund Balance	147,948	56,230	(16,685)	31,670
Fund Balance Beginning of Year	166,774	0	0	0
Fund Balance (Deficit) End of Year	\$314,722	\$56,230	(\$16,685)	\$31,670

See Accompanying Notes to the Basic Financial Statements



<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$250,103
187,209	376,192
0	303,880
<u>0</u>	<u>58,179</u>
187,209	988,354
<u>181,477</u>	<u>756,489</u>
<u>5,732</u>	<u>231,865</u>
6,970	38,874
<u>0</u>	<u>(38,874)</u>
<u>6,970</u>	<u>0</u>
12,702	231,865
<u>0</u>	<u>166,774</u>
<u>\$12,702</u>	<u>\$398,639</u>

City of Galion Board of Health  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Change in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2021

Change in Fund Balance - Total Governmental Funds		\$231,865
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>		
<p>Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.</p>		
		(2,051)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Charges for Services	(2,225)	
Intergovernmental	<u>(15,263)</u>	(17,488)
<p>Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		1,377
<p>Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset and net pension liability are reported as pension/OPEB expense on the statement of activities.</p>		
Pension	(156,941)	
OPEB	<u>177,305</u>	20,364
<p>Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.</p>		
Pension	53,975	
OPEB	<u>224</u>	<u>54,199</u>
Change in Net Position of Governmental Activities		<u><u>\$288,266</u></u>

See Accompanying Notes to the Basic Financial Statements

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021**

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**NOTE 1 - DESCRIPTION OF THE CITY OF GALION BOARD OF HEALTH AND THE REPORTING ENTITY**

**A. The Board of Health**

The constitution and laws of the State of Ohio establish the rights and privileges of the City of Galion Board of Health (Board of Health) as a body corporate and politic. The Board of Health is governed by a six member Board appointed by the City and a Health Commissioner. The Board consists of five voting members and a president, the mayor of the City of Galion, who votes only to break a tie. The Health Commissioner is a non-voting member and serves as secretary to the Board. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Board of Health is a legally separate organization. Among its various duties, the Board of Health provides for the prompt diagnosis and control of communicable diseases. The Board of Health may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The rates charged by the Board of Health are subject to the approval of City Council. In addition, the City provides funding to the Board of Health, thus the City can impose its will on the Board of Health and the Board of Health imposes a financial burden to the City. Therefore, the Board of Health is considered a discretely presented component unit of the City of Galion.

**B. Reporting Entity**

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The Board of Health consists of all funds, departments, boards, and agencies that are not legally separate from the Board of Health.

Component units are legally separate organizations for which the Board of Health is financially accountable. The Board of Health is financially accountable for an organization if the Board of Health appoints a voting majority of the organization's governing board and (1) the Board of Health is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board of Health is legally entitled to or can otherwise access the organization's resources; the Board of Health is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Board of Health in that the Board of Health approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Board of Health. There were no component units of the Board of Health in 2021.

The Board of Health participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 15 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Health have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Board of Health's accounting policies.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

The Board of Health's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the Board of Health as a whole.

The statement of net position presents the financial condition of the Board of Health at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board of Health's activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board of Health, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the Board of Health.

**Fund Financial Statements**

During the year, the Board of Health segregates transactions related to certain Board of Health 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 Board of Health 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.

**B. Fund Accounting**

The Board of Health 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. All of the Board of Health's funds are governmental funds.

Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the Board of Health's major governmental funds:

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

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

340B Drug Pricing Program Fund - This fund accounts for state grants restricted to providing affordable prescription drug prices to Medicare participants.

Workforce Development Grant Fund - This fund accounts for state grants restricted to developing a stronger, more efficient workforce.

HIV Grant Fund - This fund accounts for state grants restricted to educating and treating individuals to prevent the spread of the human immunodeficiency virus.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Board of Health are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Board of Health, available means expected to be received within thirty-one days after year end.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Nonexchange transactions, in which the Board of Health receives value without directly giving equal value in return, consists of grants. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Board of Health must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Board of Health on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the Board of Health, deferred outflows of resources consists of pension and OPEB which is explained in Notes 9 and 10 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Board of Health, deferred inflows of resources includes unavailable revenue, pension, and OPEB. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Board of Health, unavailable revenue consists of intergovernmental revenue including grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Notes 9 and 10 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Investments

The City of Galion serves as custodian for the Board of Health's deposits and investments. The City's deposit and investment pool holds the Board of Health's cash and investments, valued at the Treasurer's reported carrying amount.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The Board of Health maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Equipment	7 years

H. Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for internal services provided are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Board of Health will compensate the employees for the benefits through paid time off or some other means. The Board of Health records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Board of Health has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Board of Health's termination policy. The Board of Health records a liability for accumulated unused sick leave for all employees with ten or more years of service with the Board of Health.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**K. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for the drug pricing program and federal and state grants. The Board of Health's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**L. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - The restricted classification includes amounts 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action of the Board of Health. The 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 it employed to previously commit those amounts. 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.



**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Assigned - Amounts in the assigned classification are intended to be used by the Board of Health 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. Assigned amounts represent intended uses established by the Board of Health or a Board of Health official delegated that authority by resolution, or by State Statute. The Board of Health has authorized the Health Commissioner to assign fund balance for purchases on order, provided those amounts have been lawfully appropriated.

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

The Board of Health first applies restricted resources when an expenditure is 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 can be used.

M. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Pension/Postemployment

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from the fiduciary net position have been determined on the same basis as reported by the pension/OPEB system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB system reports investments at fair value.

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021  
(continued)**

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2021, the Board of Health implemented Implementation Guide No. 2019-1. These changes were incorporated in the Board of Health's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**NOTE 4 - RECEIVABLES**

Receivables at December 31, 2021, consisted of intergovernmental receivables arising from grants, contributions, Medicaid billings, and interfund receivables. All receivables are considered collectible in full and within one year. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Medicaid	\$16,937
Workforce Development Grant Fund	
Workforce Development Grant	36,778
HIV Grant Fund	
HIV Grant	9,494
Total Major Funds	63,209
Nonmajor Funds	
CO21 Crisis Response Supplement Grant Fund	
CO21 Crisis Response Supplement Grant	9,298
EO21 Emergency Operations Grant Fund	
EO21 Emergency Operations Grant	3,852
STD Grant Fund	
STD Grant	6,970
Total Nonmajor Funds	20,120
Total Governmental Activities	\$83,329

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Governmental Activities				
Depreciable Capital Assets				
Equipment	\$14,359	\$0	\$0	\$14,359
Less Accumulated Depreciation for				
Equipment	(2,051)	(2,051)	0	(4,102)
Total Depreciable Capital Assets, Net	\$12,308	(\$2,051)	\$0	\$10,257

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2021, the General Fund had an interfund receivable, in the amount of \$65,288; \$52,138 from the Workforce Development Grant and \$13,150 from other governmental funds to provide cash flow resources until the receipt of grant monies. These amounts are expected to be received within one year.

**NOTE 7 - RISK MANAGEMENT**

The Board of Health participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Board of Health pays an annual premium to the pool for insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2021, the Board of Health had general liability insurance coverage of \$6,000,000.

**NOTE 8 - CONTRACTUAL COMMITMENTS**

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in 2022 is \$778.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability (Asset)/Net OPEB Asset**

The net pension liability (asset) and the net OPEB asset reported on the statement of net position represent a liability to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the Board of Health's proportionate share of the pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the Board of Health's obligation for this liability to annually required payments. The Board of Health cannot control benefit terms or the manner in which pensions are financed; however, the Board of Health does receive the benefit of employees' services in exchange for compensation, including pension and OPEB.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement system may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement system to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, the retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement system to provide health care to eligible benefit recipients.

The proportionate share of the plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

Plan Description - Board of Health employees participate 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 and the combined plan is a combination cost-sharing multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, public safety, and law enforcement divisions. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor, and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343. (See the OPERS Annual Comprehensive Financial Report referenced above for additional information including requirements for reduced and unreduced benefits.)

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021  
(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
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**(continued)**

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**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

When a traditional plan benefit recipient has received benefits for twelve months, current law provides an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA is based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
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(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	State and Local	Public Safety	Law Enforcement
<b>2021 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
 <b>2021 Actual Contribution Rates</b>			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

\*\*\* This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2021, the Board of Health's contractually required contribution was \$53,354 for the traditional plan, \$621 for the combined plan, and \$560 for the member-directed plan. Of these amounts, \$5,758 is reported as an intergovernmental payable for the traditional plan, \$67 for the combined plan, and \$60 for the member-directed plan.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
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**(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

**Pension Liability (Asset) , Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension**

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board of Health's proportion of the net pension liability (asset) was based on the Board of Health's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	0.00264682%	0.00095194%	
Prior Measurement Date	<u>0.00229200%</u>	<u>0.00075550%</u>	
Change in Proportionate Share	<u>0.00035482%</u>	<u>0.00019644%</u>	
Proportionate Share			
Net Pension Liability	\$391,937	\$0	\$391,937
Net Pension Asset	\$0	\$2,747	\$2,747
Pension Expense	\$157,041	(\$100)	\$156,941

Pension expense for the member-directed defined contribution plan was \$560 for 2021. The aggregate pension expense for all pension plans was \$157,501 for 2021.

At December 31, 2021, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes of Assumptions	\$0	\$172	\$172
Changes in Proportion and Differences Between Board of Health Contributions and the Proportionate Share of Contributions			
Board of Health Contributions Subsequent to the Measurement Date	48,857	0	48,857
	<u>53,354</u>	<u>621</u>	<u>53,975</u>
Total Deferred Outflows of Resources	<u>\$102,211</u>	<u>\$793</u>	<u>\$103,004</u>



**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

	OPERS Traditional Plan	OPERS Combined Plan	Total
<b>Deferred Inflows of Resources</b>			
Difference Between Expected and Actual Experience	\$16,395	\$518	\$16,913
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	152,765	408	153,173
Changes in Proportion and Differences Between Board of Health Contributions and the Proportionate Share of Contributions	2,235	725	2,960
Total Deferred Inflows of Resources	<u>\$171,395</u>	<u>\$1,651</u>	<u>\$173,046</u>

\$53,975 reported as deferred outflows of resources related to pension resulting from Board of Health contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31,			
2022	(\$34,317)	(\$307)	(\$34,624)
2023	(5,114)	(233)	(5,347)
2024	(62,272)	(329)	(62,601)
2025	(20,835)	(209)	(21,044)
2026	0	(154)	(154)
Thereafter	0	(247)	(247)
Total	<u>(\$122,538)</u>	<u>(\$1,479)</u>	<u>(\$124,017)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	.5 percent simple through 2021, then 2.15 percent simple	.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	individual entry age	individual entry age

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 1.4 percent simple through 2020 then 2.15 percent simple to .5 percent simple through 2021 then 2.15 percent simple.

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.2 percent for the traditional and the combined plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for all three plans was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Board of Health's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following table presents the Board of Health's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent as well as what the Board of Health's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Board of Health's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$747,621	\$391,937	\$96,185
OPERS Combined Plan	(\$1,913)	(\$2,747)	(\$3,370)

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 9 - DEFINED BENEFIT PENSION PLAN** (continued)

**Changes Between the Measurement Date and the Reporting Date**

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

**NOTE 10 - DEFINED BENEFIT OPEB PLAN**

See Note 9 for a description of the net OPEB asset.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement (HRA) to qualifying benefit recipients of both the traditional and combined pension plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances based on years of service and the age at which the retiree first enrolled in OPERS coverage are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription drug coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare eligible retirees who choose to become reemployed or survivors who become employed in an OPERS covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA account balance.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit and a minimum age of sixty or generally thirty years of qualifying service credit at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional and combined plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. For 2021, OPERS did not allocate any employer contributions to health care for members in the traditional and combined plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2021.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board of Health's contractually required contribution was \$224 for 2021. Of this amount, \$24 is reported as an intergovernmental payable.

**OPEB Asset, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

The net OPEB asset and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board of Health's proportion of the net OPEB asset was based on the Board of Health's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense.

	OPERS
Proportion of the Net OPEB Liability	
Current Measurement Date	0.00252758%
Prior Measurement Date	0.00218620%
Change in Proportionate Share	0.00034138%
Proportionate Share of the Net OPEB Asset	\$45,031
OPEB Expense	(\$177,305)

At December 31, 2021, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS
<b>Deferred Outflows of Resources</b>	
Changes of Assumptions	\$22,138
Changes in Proportion and Differences Between Board of Health Contributions and the Proportionate Share of Contributions	31,226
Board of Health Contributions Subsequent to the Measurement Date	224
Total Deferred Outflows of Resources	\$53,588

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
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**(continued)**

**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

	OPERS
<b>Deferred Inflows of Resources</b>	
Difference Between Expected and Actual Experience	\$40,640
Changes of Assumptions	72,963
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	23,984
Changes in Proportion and Differences Between Board of Health Contributions and the Proportionate Share of Contributions	1,309
Total Deferred Inflows of Resources	\$138,896

\$224 reported as deferred outflows of resources related to OPEB resulting from Board of Health contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	OPERS
Year Ending December 31,	
2022	(\$41,535)
2023	(30,750)
2024	(10,422)
2025	(2,825)
Total	(\$85,532)

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021  
(continued)**

**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	
Current Measurement Date	6 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	2 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate	
Current Measurement Date	8.5 percent initial 3.5 percent ultimate in 2035
Prior Measurement Date	10.5 percent initial 3.5 percent ultimate in 2030
Actuarial Cost Method	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.



**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
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**(continued)**

**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, is summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.43
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 6 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 2 percent (Fidelity Index's "Twenty-Year Municipal GO AA Index). The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through 2120; the duration of the projection period through which projected health care payments are fully funded.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

**NOTE 10 - DEFINED BENEFIT OPEB PLAN** (continued)

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the Board of Health's proportionate share of the net OPEB asset calculated using the single discount rate of 6 percent as well as what the Board of Health's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5 percent) or one percentage point higher (7 percent) than the current rate.

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Board of Health's Proportionate Share of the Net OPEB Asset	\$11,197	\$45,031	\$72,845

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using assumed trend rates and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.5 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board of Health's Proportionate Share of the Net OPEB Asset	\$46,128	\$45,031	\$43,803

**Changes Between the Measurement Date and the Reporting Date**

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effect of these changes are unknown.

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021  
(continued)**

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from personnel policies and State laws.

Board of Health employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at four and six-tenths hours per pay period as defined by Board of Health personnel policies. Any employee with the Board of Health, who elects to retire and has been employed for at least three continuous years, is entitled to receive two-thirds of the value of their accumulated unused sick leave.

**NOTE 12 - LONG-TERM OBLIGATIONS**

The Board of Health's long-term obligations activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities</u>					
Net Pension Liability	\$453,030	\$0	\$61,093	\$391,937	\$0
Net OPEB Liability	301,972	0	301,972	0	0
Compensated Absences Payable	22,738	0	1,377	21,361	18,275
Total Long-Term Obligations	<u>\$777,740</u>	<u>\$0</u>	<u>\$364,442</u>	<u>\$413,298</u>	<u>\$18,275</u>

There is no repayment schedule for the net pension liability; employer pension contributions are made from the General Fund. For additional information related to the net pension liability, see Notes 9 and 10 to the basic financial statements.

The compensated absences liability will be paid from the General Fund.

**City of Galion Board of Health  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2021  
(continued)**

**NOTE 13 - FUND BALANCE**

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

Fund Balance	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant	Other Governmental
Nonspendable for:					
Prepaid Items	\$7,900	\$0	\$0	\$0	\$0
Restricted for:					
340B Drug Pricing Program	0	56,230	0	0	0
HIV Grant	0	0	0	31,670	0
Mosquito Grant	0	0	0	0	5,966
STD Grant	0	0	0	0	6,736
Total Restricted	0	56,230	0	31,670	12,702
Assigned for:					
Unpaid Obligations	778	0	0	0	0
Unassigned (Deficit)	306,044	0	(16,685)	0	0
Total Fund Balance (Deficit)	\$314,722	\$56,230	(\$16,685)	\$31,670	\$12,702

**NOTE 14 - INTERFUND TRANSFERS**

During 2021, the General Fund made transfers to the HIV Grant special revenue fund and other governmental funds, in the amount of \$31,904 and \$6,970, respectively, to subsidize various programs or activities in those other funds.

**NOTE 15 - PUBLIC ENTITY SHARED RISK POOL**

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

**City of Galion Board of Health**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2021**  
**(continued)**

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**NOTE 16 - CONTINGENT LIABILITIES**

**A. Litigation**

There are currently no matters in litigation with the Board of Health as defendant.

**B. Federal and State Grants**

For the period January 1, 2021, to December 31, 2021, the Board of Health received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board of Health believes such disallowances, if any, would be immaterial.

**NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Board of Health received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Board of Health. The impact of the Board of Health's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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City of Galion Board of Health  
 Required Supplementary Information  
 Schedule of the Board of Health's Proportionate Share of the Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Three Years (1)

	2021	2020	2019
Board of Health's Proportion of the Net Pension Liability	0.00264682%	0.00229200%	0.00233950%
Board of Health's Proportionate Share of the Net Pension Liability	\$391,937	\$453,030	\$640,742
Board of Health's Covered Payroll	\$338,900	\$322,486	\$315,991
Board of Health's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	115.65%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2019 is not available. An additional column will be added each year.

Amounts presented as of the Board of Health's measurement date which is the prior year end.

City of Galion Board of Health  
 Required Supplementary Information  
 Schedule of the Board of Health's Proportionate Share of the Net Pension Asset  
 Ohio Public Employees Retirement System - Combined Plan  
 Last Three Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board of Health's Proportion of the Net Pension Asset	0.00095194%	0.00075550%	0.00068930%
Board of Health's Proportionate Share of the Net Pension Asset	\$2,747	\$1,575	\$771
Board of Health's Covered Payroll	\$3,814	\$3,364	\$2,948
Board of Health's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	72.02%	46.82%	26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	157.67%	145.28%	126.64%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2019 is not available. An additional column will be added each year.

Amounts presented as of the Board of Health's measurement date which is the prior year end.



City of Galion Board of Health  
 Required Supplementary Information  
 Schedule of the Board of Health's Proportionate Share of the Net OPEB Liability (Asset)  
 Ohio Public Employees Retirement System  
 Last Three Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board of Health's Proportion of the Net OPEB Liability (Asset)	0.00252758%	0.00218620%	0.00222860%
Board of Health's Proportionate Share of the Net OPEB Liability (Asset)	(\$45,031)	\$301,972	\$290,556
Board of Health's Covered Payroll	\$347,514	\$330,300	\$323,259
Board of Health's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-12.96%	91.42%	89.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2019 is not available. An additional column will be added each year.

Amounts presented as of the Board of Health's measurement date which is the prior year end.

City of Galion Board of Health  
 Required Supplementary Information  
 Schedule of the Board of Health's Contributions  
 Ohio Public Employees Retirement System  
 Last Three Years (1)

	2021	2020	2019
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$53,354	\$47,446	\$45,148
Contributions in Relation to the Contractually Required Contribution	<u>(53,354)</u>	<u>(47,446)</u>	<u>(45,148)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board of Health Covered Payroll	\$381,100	\$338,900	\$322,486
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$621	\$534	\$471
Contributions in Relation to the Contractually Required Contribution	<u>(621)</u>	<u>(534)</u>	<u>(471)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board of Health Covered Payroll	\$4,436	\$3,814	\$3,364
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - OPEB Plan</b>			
Contractually Required Contribution	\$224	\$192	\$178
Contributions in Relation to the Contractually Required Contribution	<u>(224)</u>	<u>(192)</u>	<u>(178)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Board of Health Covered Payroll (2)	\$5,600	\$4,800	\$4,450
OPEB Contributions as a Percentage of Covered Payroll	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>

(1) Although this schedule is intended to reflect information for ten years, information prior to 2019 is not available. An additional column will be added each year.

(2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member-directed plan. The member-directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

**City of Galion Board of Health  
Notes to Required Supplementary Information  
For the Year Ended December 31, 2021**

**Changes in Assumptions - OPERS Pension - Traditional Plan**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below.

	2019	2018 and 2017	2016 and Prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA			
Pre-January 7, 2013	3 percent simple	3 percent simple	3 percent simple
Post-January 7, 2013	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

The assumptions related to COLA and Ad Hoc COLA for post-January 7, 2013, retirees are as follows.

2021	.5 percent simple through 2021, then 2.15 percent simple
2020	1.4 percent simple through 2020, then 2.15 percent simple
2017 through 2019	3 percent simple through 2019, then 2.15 percent simple
2016 and prior	3 percent simple through 2018, then 2.8 percent simple

Amounts reported beginning in 2017 use preretirement mortality rates based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 Mortality Table with no projections. For males, 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**Changes in Assumptions - OPERS Pension - Combined Plan**

For 2021 and 2020, the combined plan had the same change in COLA or Ad Hoc COLA for post-January 7, 2013, retirees as the traditional plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

**City of Galion Board of Health  
Notes to Required Supplementary Information  
For the Year Ended December 31, 2020**

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**Changes in Assumptions - OPERS OPEB**

Investment Return Assumption	
Beginning in 2019	6 percent
2018	6.5 percent
Municipal Bond Rate	
2021	2 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate	
2021	6 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate	
2021	8 percent initial 3.5 percent ultimate in 2035
2020	10 percent initial 3.5 percent ultimate in 2030
2019	10 percent initial 3.25 percent ultimate in 2029
2018	7.5 percent initial 3.25 percent ultimate in 2028

**Changes in Benefit Terms - OPERS OPEB**

On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes were effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for non-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are reflected in 2021.

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

City of Galion Board of Health  
Crawford County  
301 Harding Way East  
Galion, Ohio 44833

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Galion Board of Health, Crawford County, Ohio (the Board), a component unit of the City of Galion, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 20, 2022. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

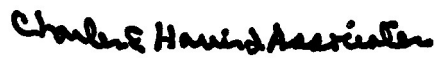
**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated September 20, 2022.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**  
September 20, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**GALION CITY HEALTH DEPARTMENT**

**CRAWFORD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/10/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)