GALION CITY HEALTH DEPARTMENT
(a component unit of the City of Galion)

CRAWFORD COUNTY, OHIO

Regular Audit

For the Year Ended December 31, 2019

Charles E. Harris & Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Members of the Board
Galion City Health Department
301 Harding Way East
Galion, Ohio 44833

We have reviewed the *Independent Auditor's Report* of the Galion City Health Department, Crawford County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 Galion City Health Department is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 23, 2020

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

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Galion City Health Department, Crawford County, Ohio (the Board of Health), a component unit of the City of Galion, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board of Health's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board of Health's preparation and fair presentation of the financial statements 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 of Health's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Galion City Health Department, Crawford County, Ohio, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board of Health. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension liabilities, net OPEB assets/liabilities and pension and OPEB contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 consist 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020, on our consideration of the Board of Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 of Health's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
July 28, 2020

City of Galion Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2019
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, 2019. The intent of this discussion and analysis is to look at the Board of Health's financial performance as a whole.

HIGHLIGHTS

Highlights for 2019 are as follows:

The Board of Health is presenting financial statements for the first time for 2019 due to changes in Ohio Law which make the Board of Health a legally separate organization.

The Board of Health had a deficit net position at December 31, 2019, of $283,055. The Board of Health receives a substantial operating subsidy from the City of Galion annually. For 2019, this amount was $255,254.

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. The Board of Health's only fund is the General Fund.

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 2019. 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.

REPORTING THE BOARD OF HEALTH'S GENERAL FUND

Fund financial statements provide detailed information about the Board of Health's General Fund.

The Board of Health's only fund is the General Fund. All of the Board of Health's services are reported in this fund which focuses on how money flows into and out of the fund as well as the balance available for spending at year end. The General Fund is 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 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 2019.

Table 1
Net Position

	Governmental Activities
	2019
Assets	
Current and Other Assets	$56,180
Net Pension Asset	771
Total Assets	56,951
Deferred Outflows of Resources	
Pension	456,294
OPEB	185,262
Total Deferred Outflows of Resources	641,556
Liabilities	
Current and Other Liabilities	19,320
Long-Term Liabilities	
Pension	640,742
OPEB	290,556
Other Amounts	20,899
Total Liabilities	971,517

(continued)

Table 1
Net Position
(continued)

	Governmental Activities
	2019
Deferred Inflows of Resources	
Pension	$9,257
OPEB	788
Total Deferred Inflows of Resources	10,045
Net Position	
Unrestricted (Deficit)	($283,055)

The net pension/OPEB liability (asset) reported by the Board of Health at December 31, 2019, 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 liability 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. 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 liability 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.

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 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 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, respectively, not accounted for as deferred outflows/inflows.

A review of the above table reveals the reason for the deficit net position at year end is due to the outflows, inflows, and liabilities related to pension and OPEB. If not for this activity, the Board of Health would reflect a positive net position.

Table 2 reflects the change in net position for 2019.

Table 2
Change in Net Position

	Governmental Activities
	2019
Revenues	
Program Revenues	
Charges for Services	$278,171
Operating Grants and Contributions	468,867
Total Program Revenues	$747,038
Program Expenses	
Public Health Services	1,030,093
Decrease in Net Position	(283,055)
Net Position Beginning of Year	0
Net Position (Deficit) End of Year	($283,055)

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.

Expenses consist of the provision of health care services such as nursing services; vital statistics; inspections, and community and family health programs.

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 2019	Net Cost of Services 2019
Public Health Services	$1,030,093	$283,055

GENERAL FUND ANALYSIS

A comparative analysis of the General Fund cannot be provided because this is the first year the Board of Health is presenting financial statements.

CURRENT ISSUES

In 2019, the Board of Health in collaboration with the Crawford County Health Partners began a new comprehensive community health assessment to better understand the City's and county's most pressing health needs. This was an opportunity to engage a broad spectrum of our community partners in gathering information and input on a wide range of issues that have an impact on health. In a systematic effort to address public health problems based on the results of the Community Health Assessment, public health and other governmental, education, and human service agencies in collaboration with community partners worked together to set priorities, and coordinate and target resources through the 2020 Community Health Improvement Plan.

The opening of the Health Department's Sexual Health Clinic was a major step toward promoting, improving, and protecting the health of the communities we serve. With cultural changes and the rise of mobile dating apps helping to fuel the rise of sexually transmitted diseases, especially among young adults, we want people to make STI screenings a key part of their plan for healthy living. Effective January 1, 2019, the Health Department became a direct grantee of the Ohio Department of Health HIV & STI Prevention Grants. This year (2019) brought about many changes to this program, one of which was the regional boundaries; effective January 2019, the Health Department became the DIS for the newly designated Region 2. Region 2 counties include Crawford, Ashland, Erie, Huron, Knox, Marion, Richland, Seneca, and Wyandot Counties.

In 2019, the Health Department has continued to pursue accreditation and strengthen our infrastructure. Staff works to collect documents that show how the Health Department is in compliance with the Public Health Accreditation Board (PHAB) standards as well as determine what documents are needed and/or what systems need put in place. The Health Department submitted its documentation to the Public Health Accreditation Board on September 6, 2019. The site visit was scheduled for May 2020; however, due to the COVID-19 Pandemic response, the site visit has been postponed.

In March 30, 2020, the Health Department reported the first positive test result for the Coronavirus Disease (COVID-19). The Health Department, along with hospitals, healthcare providers, and community partners, had been actively preparing to respond to possible COVID-19 cases within the community. The Health Department has continued to work diligently as COVID-19 case numbers rise. The health Department has been tasked with case investigation, contact tracing, enforcement of orders, bio-surveillance, surge management, countermeasures and mitigation, and so much more. Funding for the COVID-19 Pandemic response has been filtering into the Health Department in the forms of State subsidies, donations, grants/contracts, CARES Act, etc. This has added a tremendous amount of work for staff in relation to fiscal accountability, programmatic reporting requirements, tracking, and more. We foresee additional funds for this response throughout 2020; however, we also anticipate some decreases in revenues for other program areas due to restrictions placed on movement during the onset of the Pandemic.

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 Trish Factor, Health Commissioner, 113 Harding Way East, Galion, Ohio 44833.

City of Galion Board of Health
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Due from Other Governments	$47,815
Prepaid Items	8,365
Net Pension Asset	771
Total Assets	56,951
Deferred Outflows of Resources	
Pension	456,294
OPEB	185,262
Total Deferred Outflows of Resources	641,556
Liabilities	
Accrued Wages Payable	8,810
Accounts Payable	337
Due to Other Governments	10,173
Long-Term Liabilities	
Due Within One Year	19,570
Due in More Than One Year	
Net Pension Liability	640,742
Net OPEB Liability	290,556
Other Amounts Due in More Than One Year	1,329
Total Liabilities	971,517
Deferred Inflows of Resources	
Pension	9,257
OPEB	788
Total Deferred Inflows of Resources	10,045
Net Position	
Unrestricted (Deficit)	($283,055)

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Statement of Activities
For the Year Ended December 31, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities				
Public Health Services	$1,030,093	$278,171	$468,867	(283,055)
Net Position Beginning of Year				0
Net Position (Deficit) End of Year				($283,055)

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Balance Sheet
Governmental Fund
December 31, 2019

	General
Assets	
Due from Other Governments	$47,815
Prepaid Items	8,365
Total Assets	$56,180
Liabilities	
Accrued Wages Payable	$8,810
Accounts Payable	337
Due to Other Governments	10,173
Total Liabilities	19,320
Deferred Inflows of Resources	
Unavailable Revenue	45,770
Fund Balance	
Nonspendable	8,365
Assigned	5,206
Unassigned (Deficit)	(22,481)
Total Fund Balance (Deficit)	(8,910)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$56,180

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2019

Total Governmental Fund Balance (Deficit)		($8,910)
Amounts reported for governmental activities on the statement of net position are different because of the following:		
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		45,770
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(20,899)
The net pension asset, net pension liability, and net OPEB 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	771	
Deferred Outflows - Pension	456,294	
Deferred Inflows - Pension	(9,257)	
Net Pension Liability	(640,742)	
Deferred Outflows - OPEB	185,262	
Deferred Inflows - OPEB	(788)	
Net OPEB Liability	(290,556)	
		(299,016)
Net Position of Governmental Activities		($283,055)

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2019

	General
Revenues	
Charges for Services	$256,676
Intergovernmental	444,592
Total Revenues	701,268
Expenditures	
Current:	
Public Health Services	710,178
Change in Fund Balance	(8,910)
Fund Balance Beginning of Year	0
Fund Balance (Deficit) End of Year	($8,910)

See Accompanying Notes to the Basic Financial Statements

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, 2019

Change in Fund Balance - Total Governmental Funds		($8,910)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Charges for Services	21,495	
Intergovernmental	24,275	
		45,770
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.		(20,899)
Except for amounts reported as deferred outflows/inflows, changes in the net pension liability and net OPEB liability are reported as pension/OPEB expense on the statement of activities.		
Pension	(238,553)	
OPEB	(106,260)	
		(344,813)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Pension	45,619	
OPEB	178	
		45,797
Change in Net Position of Governmental Activities		($283,055)

See Accompanying Notes to the Basic Financial Statements

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 2019.

The Board of Health participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 6 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.

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. The Board of Health's only fund is a governmental fund, the General Fund.

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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 8 and 9 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 8 and 9 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, 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.

F. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

G. 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.

H. Net Position

Net position represents the difference between all other elements on the statement of financial position. 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. 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. There was no restricted net position at December 31, 2019.

I. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

J. 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.

K. 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.

NOTE 3 - TRANSFER OF OPERATIONS

Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Galion's health department was reorganized as a legally separate organization rather than continuing to operate as a department of the City. This change was effective January 1, 2019, and is being accounted for as a transfer of operations in 2019. The Board of Health is reported as a discretely presented component unit of the City of Galion (See Note 1).

NOTE 4 - ACCOUNTABILITY

At December 31, 2019, the General Fund had a deficit fund balance of $8,910. The City of Galion generally provides transfers to the Board of Health cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2019, consisted of intergovernmental receivables arising from grants and Medicaid billings. All receivables are considered collectible in full and within one year. A summary of the principal items of intergovernmental receivables follows:

	Amount
HIV Prevention Grant	$24,275
STI Prevention Grant	2,045
Medicaid	21,495
	$47,815

NOTE 6 - RISK MANAGEMENT

Risk Pool Membership

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

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

NOTE 6 - RISK MANAGEMENT (continued)

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

	2019
Cash and investments	$38,432,610
Actuarial liabilities	$14,705,917

NOTE 7 - CONTRACTUAL COMMITMENTS

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in 2020 is $5,206.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

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

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability 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.

NOTE 8 - 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 9 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.

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 CAFR referenced above for additional information including requirements for reduced and unreduced benefits.)

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
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	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	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
Combined Plan Formula:	**Combined Plan Formula:**	**Combined Plan Formula:**
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 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.

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 retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer	
Pension ****	14.0 %
Postemployment Health Care Benefits ****	0.0
Total Employer	14.0 %
Total Employee	10.0 %

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

** 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.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

For 2019, the Board of Health's contractually required contribution was $45,148 for the traditional plan, $471 for the combined plan, and $444 for the member-directed plan. Of these amounts, $5,035 is reported as an intergovernmental payable for the traditional plan, $53 for the combined plan, and $50 for the member-directed plan.

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, 2018, 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.

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	0.00233950%	0.00068930%	
Prior Measurement Date	0.00000000%	0.00000000%	
Change in Proportionate Share	0.00233950%	0.00068930%	
Proportionate Share			
Net Pension Liability	$640,742	$0	$640,742
Net Pension Asset	$0	$771	$771
Pension Expense	$238,820	($267)	$238,553

Pension expense for the member-directed defined contribution plan was $444 for 2019.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

At December 31, 2019, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	$29	$0	$29
Changes of Assumptions	55,779	173	55,952
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	86,967	167	87,134
Changes in Proportion and Differences Between Board of Health Contributions and The Proportionate Share of Contributions	267,560	0	267,560
Board of Health Contributions Subsequent To the Measurement Date	45,148	471	45,619
Total Deferred Outflows of Resources	$455,483	$811	$456,294
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	$8,413	$315	$8,728
Changes in Proportion and Differences Between Board of Health Contributions and The Proportionate Share of Contributions	0	529	529
Total Deferred Outflows of Resources	$8,413	$844	$9,257

$45,619 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 2020. 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,			
2020	$199,049	($39)	$199,010
2021	154,358	(72)	154,286
2022	8,067	(69)	7,998
2023	40,448	(17)	40,431
2024	0	(85)	(85)
Thereafter	0	(222)	(222)
Total	$401,922	($504)	$401,418

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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.

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, 2018, 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, 2018, 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	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, 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 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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.

The long-term 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.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

During 2018, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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 table below displays the Board approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00 %	

Discount Rate - For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional and the combined plans. For 2017, the discount rate used to measure the total pension liability was 7.5 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.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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	$946,562	$640,742	$386,602
OPERS Combined Plan	($255)	($771)	($1,144)

NOTE 9 - DEFINED BENEFIT OPEB PLAN

See Note 8 for a description of the net OPEB liability.

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 to qualifying benefit recipients of both the traditional and combined pension plans. This 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 refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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 service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. (See OPERS' CAFR referenced below for additional information.)

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

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, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed 14 percent of earnable salary. 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. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contribution to health care for the traditional and combined pension 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 2019.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board of Health's contractually required contribution was $178 for 2019. Of this amount, $20 is reported as an intergovernmental payable.

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

OPEB Liability, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, 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 liability 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.

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.00222860%
Prior Measurement Date	0.00000000%
Change in Proportionate Share	0.00222860%
Proportionate Share of the Net OPEB Liability	$290,556
OPEB Expense	$106,260

At December 31, 2019, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS
Deferred Outflows of Resources	
Difference Between Expected and Actual Experience	$98
Changes of Assumptions	9,368
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	13,320
Changes in Proportion and Differences Between Board of Health Contributions and the Proportionate Share of Contributions	162,298
Board of Health Contributions Subsequent to the Measurement Date	178
Total Deferred Outflows of Resources	$185,262
Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	$788

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

$178 reported as deferred outflows of resources related to OPEB resulting from Board of Health contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. 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,	
2020	$90,345
2021	82,610
2022	4,631
2023	6,710
Total	184,296

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.

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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10 percent initial 3.25 percent ultimate in 2029
Prior Measurement Date	7.25 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 6.5 percent to 6 percent. The change was effective beginning with the 2018 valuation.

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

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.

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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

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 pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00 %	

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

Discount Rate - A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 3.71 percent. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2031 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Board of Health's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent as well as what the Board of Health's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.96 percent) or one percentage point higher (4.96 percent) than the current rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Board of Health's Proportionate Share of the Net OPEB Liability	$371,730	$290,556	$226,002

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Liability 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 liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability 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 2019 is 10 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 in the not too distant future, 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 3.25 percent in the most recent valuation.

NOTE 9 - DEFINED BENEFIT OPEB PLAN (continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board of Health's Proportionate Share of the Net OPEB Liability	$279,288	$290,556	$303,535

NOTE 10 - 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 11 - LONG-TERM OBLIGATIONS

The Board of Health's long-term obligations activity for the year ended December 31, 2019, was as follows:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities					
Net Pension Liability	$0	$640,742	$0	$640,742	$0
Net OPEB Liability	0	290,556	0	290,556	0
Compensated Absences Payable	0	20,899	0	20,899	19,570
Total Long-Term Obligations	$0	$952,197	$0	$952,197	$19,570

There is no repayment schedule, for the net pension/OPEB liability; employer pension contributions are made from the General Fund. For additional information related to the net pension/OPEB liability, see Notes 8 and 9 to the basic financial statements.

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

NOTE 12 - 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
Nonspendable for:	
Prepaid Items	$8,365
Assigned for:	
Unpaid Obligations	5,206
Unassigned (Deficit)	(22,481)
Total Fund Balance (Deficit)	($8,910)

NOTE 13 - 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, 2019, to December 31, 2019, 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 14 - SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods for the Board of Health. The impact on the Board of Health's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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
2019 (1)

	2019
Board of Health's Proportion of the Net Pension Liability	0.00233950%
Board of Health's Proportionate Share of the Net Pension Liability	$640,742
Board of Health's Covered Payroll	$315,991
Board of Health's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

See notes to Required Supplementary Information

City of Galion Board of Health
Required Supplementary Information
Schedule of the Board of Health's Proportionate Share of the Net Pension Asse
Ohio Public Employees Retirement System - Combined Plar
2019 (1)

	2019
Board of Health's Proportion of the Net Pension Asset	0.00068930%
Board of Health's Proportionate Share of the Net Pension Asset	$771
Board of Health's Covered Payroll	$2,948
Board of Health's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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

See notes to Required Supplementary Information

City of Galion Board of Health
Required Supplementary Information
Schedule of the Board of Health's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
2019 (1)

	2019
Board of Health's Proportion of the Net OPEB Liability	0.00222860%
Board of Health's Proportionate Share of the Net OPEB Liability	$290,556
Board of Health's Covered Payroll	$323,259
Board of Health's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	89.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	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

See notes to Required Supplementary Information

City of Galion Board of Health
Required Supplementary Information
Schedule of the Board of Health's Contributions
Ohio Public Employees Retirement System
2019 (1)

	2019
Net Pension Liability - Traditional Plan	
Contractually Required Contribution	$45,148
Contributions in Relation to the Contractually Required Contribution	(45,148)
Contribution Deficiency (Excess)	$0
Board of Health Covered Payroll	$322,486
Contributions as a Percentage of Covered Payroll	14.00%
Net Pension Liability - Combined Plan	
Contractually Required Contribution	$471
Contributions in Relation to the Contractually Required Contribution	(471)
Contribution Deficiency (Excess)	$0
Board of Health Covered Payroll	$3,364
Contributions as a Percentage of Covered Payroll	14.00%
Net Pension Liability - OPEB Plan	
Contractually Required Contribution	$178
Contributions in Relation to the Contractually Required Contribution	(178)
Contribution Deficiency (Excess)	$0
Board of Health Covered Payroll (2)	$4,450
OPEB Contributions as a Percentage of Covered Payroll	4.00%

(1) Although this schedule is intended to reflect information for ten years, information prior t
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 th
member-directed plan. The member-directed pension plan is a defined contribution pension
plan; therefore, the pension side is not included above

See notes to Required Supplementary Information

Changes in Assumptions - OPERS Pension

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented below.

	2019	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	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables 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 OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent initial, 3.25 percent ultimate in 2029.

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent. For 2018, the health care cost trend rate was 7.25 percent initial, 3.25 percent ultimate in 2028.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Health:

We have audited, in accordance with the 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 governmental activities and the major fund of the Galion City Health Department, Crawford County, Ohio (the Board of Health), a component unit of the City of Galion, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board of Health's basic financial statements and have issued our report thereon dated July 28, 2020. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board of Health.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Health's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Health's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Health'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Board of Health'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.

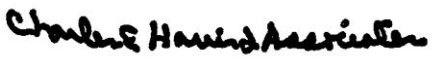
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Health'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express 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*.

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 of Health'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 of Health's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 28, 2020

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 10/13/2020

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