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

CRAWFORD COUNTY, OHIO

Regular Audit

For the Year Ended December 31, 2022

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

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Health
City of Galion Board of Health
301 Harding Way East
Galion, Ohio 44833

We have reviewed the *Independent Auditor's Report* of the City of Galion Board of Health, Crawford County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 29, 2023

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

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the City Galion Board of Health, Crawford County, Ohio (the Board), a component unit of the City of Galion, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of December 31, 2022, and the changes in financial position, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2023, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
August 28, 2023

City of Galion Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2022
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, 2022. The intent of this discussion and analysis is to look at the Board of Health's financial performance as a whole.

HIGHLIGHTS

Highlights for 2022 are as follows:

> The Board of Health net position at December 31, 2022, of $148,903. The Board of Health receives a substantial operating subsidy from the City of Galion annually. For 2022, this amount was $353,348.

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE BOARD OF HEALTH AS A WHOLE

The statement of net position and the statement of activities reflect how the Board of Health did financially during 2022. 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 MOST SIGNIFICANT FUNDS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Board of Health's net position for 2022 and 2021.

Table 1
Net Position

	Governmental Activities		
	2022	2021	Change
Assets			
Current and Other Assets	$611,675	$454,729	$156,946
Net Pension Asset	4,529	2,747	1,782
Net OPEB Asset	92,848	45,031	47,817
Capital Assets, Net	8,206	10,257	(2,051)
Total Assets	717,258	512,764	204,494

(continued)

Table 1
Net Position

	Governmental Activities		
	2022	2021	Change
Deferred Outflows of Resources			
Pension	$187,903	$103,004	$84,899
OPEB	18,821	53,588	(34,767)
Total Deferred Outflows of Resources	206,724	156,592	50,132
Liabilities			
Current and Other Liabilities	35,450	31,287	(4,163)
Long-Term Liabilities			
Pension	270,016	391,937	121,921
Other Amounts	44,130	21,361	(22,769)
Total Liabilities	349,596	444,585	94,989
Deferred Inflows of Resources			
Pension	329,552	173,046	(156,506)
OPEB	95,931	138,896	42,965
Total Deferred Inflows of Resources	425,483	311,942	(113,541)
Net Position			
Net Investment in Capital Assets	8,206	10,257	2,051
Restricted	179,493	100,602	(78,891)
Unrestricted (Deficit)	(38,796)	(198,030)	(159,234)
Total Net Position (Deficit)	$148,903	($87,171)	($236,074)

The net pension/OPEB liability (asset) reported by the Board of Health at December 31, 2022, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the Board of Health's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Other changes include an increase in current and other assets, primarily cash and cash equivalents from grant programs. The contributions from the City of Galion did not change significantly from the prior year (grant funding received was sufficient to operate most programs of the Board of Health in 2022). There was also a decrease in amounts due from other governments related to COVID relief funding received in the prior year. The decrease in current and other liabilities is largely related to amounts owed to various vendors at the end of the prior year end for COVID contact tracing.

Table 2 reflects the change in net position for 2022 and 2021.

Table 2
Change in Net Position

	Governmental Activities		
	2022	2021	Change
Revenues			
Program Revenues			
Charges for Services	$200,460	$247,878	($47,478)
Operating Grants, Contributions, and Interest	771,991	664,809	107,182
Total Program Revenues	972,451	912,687	59,704
General Revenues			
Other Revenues	77,905	58,179	19,726
Total Revenues	1,050,296	970,866	79,430
Program Expenses			
Public Health Services	814,282	682,600	(131,682)
Increase in Net Position	236,074	288,266	(52,252)
Net Position (Deficit) at Beginning of Year	(87,171)	(375,437)	288,266
Net Position (Deficit) at End of Year	$148,903	($87,171)	$236,014

All of the Board of Health's revenues are program revenues consisting of charges for services to clients, such as immunizations and clinics, grants for operations, and Medicare and/or Medicaid reimbursements. The increase in operating grants and contributions is primarily due to resources received from the 340B Drug Pricing Program and STD grant in 2022.

Expenses consist of the provision of health care services such as nursing services, vital statistics, inspections, and community and family health programs. These costs will vary from year to year based on the requests for services.

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.

	Governmental Actvities			
	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Public Health Services	$814,282	$682,600	($158,169)	($230,087)

GOVERNMENTAL FUNDS ANALYSIS

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

The Board of Health received more grant resource from the state thus causing an increase in fund balance for 340BDrug Pricing Program.

The Workforce Development Grant, HIV Grant, and STD Grants funds had a decrease in change in fund balance and were insignificant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the Board of Health had $8,206 invested in capital assets (net of accumulated depreciation). There were no additions or disposals in 2022. For further information regarding the Board of Health's capital assets, refer to Note 5 to the basic financial statements.

Debt

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

CURRENT ISSUES

After several months of the Health Commissioner role being vacant, this key leadership position was filled towards the end of February 2022.

Shortly after the new Health Commissioner started, the Board of Health received results from our first attempt to become a nationally accredited health department. All health departments in Ohio are required to be accredited by 2025. The accrediting body said the Board of Health could still become accredited, but some paperwork was requested to be resubmitted with corrections before a final determination could be made on the accreditation status. The Board of Health was given until March 2023 to complete the requested corrections and reapply for accreditation.

Though the worst of the pandemic was over, the Board of Health staff still assisted the community with COVID-related services while staff were recovering from the aftermath of it. The field of government public health experienced a higher level of turnover after experiencing the difficulties of the pandemic. GCHD also had some staff resignations in 2022. A part-time medical assistant who works at the front desk resigned, and this position remained open for several months. Existing staff which were already stretched thin filled in to help at the front desk until this position was filled. The Director of Nursing waited for the new Health Commissioner to start before resigning, and an existing part-time nurse served as interim Director of Nursing until resigning a few months later. The Board of Health had a contract with the local school district to provide school nursing services, though this contract was not renewed for the 2022-2023 school year. As a result, the school nurse was let go. Later in the summer, the Director of Nursing position was filled, and a new part-time nurse was hired.

The Board of Health continued to utilize grants to provide services within the community, supplement the loss of revenue, and reimburse the General Health Fund for personnel time, goods, and services related to the COVID pandemic. COVID funding was approximately $106,000 in 2022. The HIV and STD grants brought in approximately $276,000 in 2022, which was spent on personnel, advertising, supplies, and other things needed to operate the growing Sexual Health Clinic and fulfill the Board of Health's role in disease intervention in a nine-county region. The HIV and STD grants also reimbursed for other costs shared across the health department such as personnel, supplies, services, and utilities. The Sexual Health Clinic continued utilizing the 340B program, generating approximately $74,000 more revenue that can be utilized toward the program.

The City of Galion also partially subsidizes the Board of Health operations. However, there is concern by the amount this subsidy has increased; which is largely driven by the increased costs of health insurance and employee pay raises (matches other city departments). Inflation has played a significant factor. From 2021 to 2022, the City of Galion's subsidy increased from $303,880 to $353,348, which is a difference of $49,468.

While the nursing department saw decreased revenue in 2022 due to a thinner nursing staff than usual, the environmental health and vital statistics departments remained on track.

REQUEST FOR INFORMATION

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

City of Galion Board of Health
Statement of Net Position
December 31, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$252,231
Due from Other Governments	80,758
Due from Primary Government	271,444
Prepaid Items	7,242
Net Pension Asset	4,529
Net OPEB Asset	92,848
Depreciable Capital Assets, Net	8,206
Total Assets	717,258
Deferred Outflows of Resources	
Pension	187,903
OPEB	18,821
Total Deferred Outflows of Resources	206,724
Liabilities	
Accrued Wages Payable	17,446
Accounts Payable	2,875
Due to Other Governments	15,129
Long-Term Liabilities	
Due Within One Year	19,129
Due in More Than One Year	
Net Pension Liability	270,016
Other Amounts Due in More Than One Year	25,001
Total Liabilities	349,596
Deferred Inflows of Resources	
Pension	329,552
OPEB	95,931
Total Deferred Inflows of Resources	425,483
Net Position	
Net Investment in Capital Assets	8,206
Restricted for:	
Other Purposes	160,626
Pension and OPEB Plans	18,867
Unrestricted (Deficit)	(38,796)
Total Net Position	$148,903

See Accompanying Notes to the Basic Financial Statements

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City of Galion Board of Health
Statement of Activities
For the Year Ended December 31, 2022

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Public Health Services	$814,282	$200,460	$771,991	158,169
General Revenues				
Other				77,905
Change in Net Position				236,074
Net Position (Deficit) Beginning of Year				(87,171)
Net Position End of Year				$148,903

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Balance Sheet
Governmental Funds
December 31, 2022

	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	$0	$111,983	$31,551	$21,194
Due from Other Governments	13,861	0	15,953	9,768
Due from Primary Government	271,444	0	0	0
Interfund Receivable	173,392	0	0	0
Prepaid Items	7,242	0	0	0
Total Assets	$465,939	$111,983	$47,504	$30,962
Liabilities				
Accrued Wages Payable	$17,446	$0	$0	$0
Accounts Payable	110	630	1,955	0
Due to Other Governments	15,129	0	0	0
Interfund Payable	0	0	63,204	0
Total Liabilities	32,685	630	65,159	0
Deferred Inflows of Resources				
Unavailable Revenue	13,861	0	0	9,768
Fund Balance				
Nonspendable	7,242	0	0	0
Restricted	0	111,353	0	21,194
Assigned	939	0	0	0
Unassigned (Deficit)	411,212	0	(17,655)	0
Total Fund Balance (Deficit)	419,393	111,353	(17,655)	21,194
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$465,939	$111,983	$47,504	$30,962

See Accompanying Notes to the Basic Financial Statements

STD Grant	Other Governmental	Total Governmental Funds
$75,424	$12,079	$252,231
31,561	9,615	80,758
0	0	271,444
0	0	173,392
0	0	7,242
$106,985	$21,694	$785,067
$0	$0	$17,446
180	0	2,875
0	0	15,129
90,000	20,188	173,392
90,180	20,188	208,842
31,561	0	55,190
0	0	7,242
0	1,506	134,053
0	0	939
(14,756)	0	378,801
(14,756)	1,506	521,035
$106,985	$21,694	$785,067

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City of Galion Board of Health
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2022

Total Governmental Fund Balance		$521,035
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,206
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		55,190
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(44,130)
The net pension/OPEB asset and the net pension liability are not due and payable in the current period; therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	4,529	
Deferred Outflows - Pension	187,903	
Deferred Inflows - Pension	(329,552)	
Net Pension Liability	(270,016)	
Net OPEB Asset	92,848	
Deferred Outflows - OPEB	18,821	
Deferred Inflows - OPEB	(95,931)	
		(391,398)
Net Position of Governmental Activities		$148,903

See Accompanying Notes to the Basic Financial Statements

City of Galion Board of Health
Statement of Revenues, Expenditures,
and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant
Revenues				
Charges for Services	$190,890	$0	$0	$0
Intergovernmental	6,239	0	72,754	109,100
Contributions	353,348	0	0	0
Other Revenue	3,227	74,678	0	0
Total Revenues	553,704	74,678	72,754	109,100
Expenditures				
Current:				
Public Health Services	449,033	19,555	73,724	119,576
Change in Fund Balance	104,671	55,123	(970)	(10,476)
Fund Balance (Deficit) Beginning of Year	314,722	56,230	(16,685)	31,670
Fund Balance (Deficit) End of Year	$419,393	$111,353	($17,655)	$21,194

See Accompanying Notes to the Basic Financial Statements

STD Grant	Other Governmental	Total Governmental Funds
$0	$0	$190,890
166,940	30,147	385,180
0	0	353,348
12,646	0	90,551
179,586	30,147	1,019,969
201,078	34,607	897,573
(21,492)	(4,460)	122,396
6,736	5,966	398,639
($14,756)	$1,506	$521,035

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, 2022

Change in Fund Balance - Total Governmental Funds		$122,396
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.		(2,051)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Charges for Services	(3,076)	
Intergovernmental	33,463	
		30,387
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.		(22,769)
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset and net pension liability are reported as pension/OPEB expense on the statement of activities.		
Pension	(15,063)	
OPEB	55,719	
		40,656
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Pension	67,159	
OPEB	296	
		67,455
Change in Net Position of Governmental Activities		$236,074

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 2022.

The Board of Health participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 14 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. All of the Board of Health's funds are governmental funds.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

STD Grant Fund-This fund accounts for state grants restricted to preventative educational services and treatment for STDs.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

Expenses/Expenditures

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

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

E. Cash and Investments

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Equipment	7 years

H. Interfund Receivables/Payables

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

I. Compensated Absences

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Net Position

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

L. Fund Balance

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

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

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action of the Board of Health. The committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned - Amounts in the assigned classification are intended to be used by the Board of Health for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Health or a Board of Health official delegated that authority by resolution, or by State Statute. The Board of Health has authorized the Health Commissioner to assign fund balance for purchases on order, provided those amounts have been lawfully appropriated.

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

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

M. Interfund Transactions

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Pension/Postemployment

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

O. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2022, the Board of Health implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases" and related guidance from (GASB) Implementation Guide No. 2019-3, "Leases". The Board of Health also implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", and Implementation Guide No. 2020-1.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Board of Health did not have any contracts that met the GASB Statement No. 87 definition of a lease.

GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92 addresses a variety of topics including reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers and references to nonrecurring fair value measurements of assets or liabilities in authoritative literature. These changes did not impact the Board of Health's financial statements.

GASB Statement No. 97, among other items, requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan.

The changes for GASB Statement No. 91, and GASB Statement No. 97 were incorporated in the Board of Health's financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2022, consisted of intergovernmental receivables arising from grants, contributions, Medicaid billings, and interfund receivables. All receivables are considered collectible in full and within one year. A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Medicaid	$13,861

(continued)

NOTE 4 – RECEIVABLES (continued)

	Amount
Governmental Activities	
Major Funds (continued)	
Workforce Development Grant Fund	
Workforce Development Grant	$15,953
HIV Grant Fund	
HIV Grant	9,768
STD Grant Fund	
STD Grant	31,561
Total Major Funds	71,143
Nonmajor Funds	
CN22 Crisis Response Supplement Grant Fund	
CN22 Crisis Response Supplement Grant	2,099
E022 Emergency Operations Grant Fund	
E022 Emergency Operations Grant	7,516
Total Nonmajor Funds	9,615
Total Governmental Funds	$80,758

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Governmental Activities				
Depreciable Capital Assets				
Equipment	$14,359	$0	$0	$14,359
Less Accumulated Depreciation for				
Equipment	(4,102)	(2,051)	0	(6,153)
Total Depreciable Capital Assets, Net	$10,257	($2,051)	$0	$8,206

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2022, the General Fund had an interfund receivable, in the amount of $173,392; $63,204 from the Workforce Development Grant, $90,000 from the STD Grant, and $20,188 from other governmental funds to provide cash flow resources until the receipt of grant monies. These amounts are expected to be received within one year.

NOTE 7 - RISK MANAGEMENT

The Board of Health is a component unit of the City of Galion. The City of Galion participates in the Public Entities Pool of Ohio (Pool), a public entity shared risk pool. The Board of Health pays its share of the annual premium to the pool for insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2022, the Board of Health had general liability insurance coverage of $6,000,000.

The Pool is governed by a seven-member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

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

Risk Pool Membership

The Pool covers the following risks:

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

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

	2022
Cash and investments	$42,310,794
Actuarial Liabilities	$15,724,479

NOTE 8 - CONTRACTUAL COMMITMENTS

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in 2023 is $939.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability Asset

The net pension liability (asset) and the net OPEB asset reported on the statement of net position represent liabilities 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) represent Board of Health's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculations are 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 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 9 - DEFINED BENEFIT PENSION PLAN (continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each 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 systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or a 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 in intergovernmental payable. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – Board of Health employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	**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	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
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	**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	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, 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 members' contributions, vested employer contributions and investment gains or losses resulting from the members' 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 accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the Board of Health's contractually required contribution was $66,359 for the traditional plan, $800 for the combined plan and $740 for the member-directed plan. Of these amounts, $9,594 is reported as an intergovernmental payable for the traditional plan, $116 for the combined plan, and $107 for the member-directed plan.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

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

The net pension liability (asset) for OPERS was measured as of December 31, 2021, 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 of the Board of Health's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00310349%	0.00114933%	
Prior Measurement Date	0.00264682%	0.00095194%	
Change in Proportionate Share	0.00045667%	0.00019739%	
Proportionate Share of the:			
Net Pension Liability	$270,016	$0	$270,016
Net Pension Asset	0	4,529	4,529
Pension Expense	15,503	(440)	15,063

2022 pension expense for the member-directed defined contribution plan was $740. The aggregate pension expense for all pension plans was $15,803 for 2022.

At December 31, 2022, 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	$13,765	$28	$13,793
Changes of assumptions	33,765	227	33,992
Changes in proportion and differences between Board of Health contributions and proportion share of contributions	72,959	0	72,959
Board of Health subsequent to the measurement date	66,359	800	67,159
Total Deferred Outflows of Resources	$186,848	$1,055	$187,903

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$5,922	$507	$6,429
Net difference between projected and actual earnings on pension plan investments	321,175	970	322,145
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	0	978	978
Total Deferred Inflows of Resources	$327,097	$2,455	$329,552

$67,159 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 to the net pension asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	Total
2023	$14,271	($456)	$13,815
2024	(94,266)	(571)	(94,837)
2025	(75,521)	(427)	(75,948)
2026	(51,092)	(360)	(51,452)
2027	0	(183)	(183)
Thereafter	0	(203)	(203)
Total	($206,608)	($2,200)	($208,808)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

For 2020, pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, 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 for the Traditional Pension 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 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

NOTE 9 - DEFINED BENEFIT PENSION PLAN (continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

Discount Rate - The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. 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 benefits payments of current plan members. Therefore, the long- term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board of Health's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the Board of Health's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Board of Health's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	$711,910	$270,016	($97,698)
OPERS Combined Plan	(3,379)	(4,529)	(5,425)

NOTE 10 - DEFINED BENEFIT OPEB PLAN

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The 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 OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board of Health contractually required contribution was $296 for 2022. Of this amount, $43 is reported as an intergovernmental payable.

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board of Health's proportion of the net OPEB asset was based on the Board of Health's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.00296439%
Prior Measurement Date	0.00252758%
Change in Proportionate Share	0.00043681%
Proportionate Share of the Net OPEB Asset	$92,848
OPEB Expense	($55,719)

At December 31, 2022, 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	
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	$18,525
Board of Health contributions subsequent to the measurement date	296
Total Deferred Outflows of Resources	$18,821

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

	OPERS
Deferred Inflows of Resources	
Differences between expected and actual experience	$14,083
Changes of assumptions	37,584
Net difference between projected and actual earnings on OPEB plan investments	44,264
Total Deferred Inflows of Resources	$95,931

$296 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 or an increase of the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS
2023	($43,333)
2024	(18,046)
2025	(9,671)
2026	(6,356)
Total	($77,406)

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.

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

During 2021, 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 the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment 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 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

Discount Rate - A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 20-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 an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the Board of Health's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Board of Health's proportionate share of the net OPEB asset	$54,604	$92,848	$124,593

Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 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 2022 is 5.50 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 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 3.50 percent in the most recent valuation.

NOTE 10 - DEFINED BENEFIT OPEB PLAN (continued)

	1% Decrease	Cost Trend Rate Assumption	1% Increase
Board of Health's proportionate share of the net OPEB asset	$93,853	$92,848	$91,659

NOTE 11 - COMPENSATED ABSENCES

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

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

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

NOTE 12 - LONG-TERM OBLIGATIONS

The Board of Health's long-term obligations activity for the year ended December 31, 2022, was as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Governmental Activities					
Net Pension Liability	$391,937	$0	$121,921	$270,016	$0
Compensated Absences Payable	21,361	23,170	401	44,130	19,129
Total Long-Term Obligations	$413,298	$23,170	$122,322	$314,146	$19,129

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

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

NOTE 13 - FUND BALANCE

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

Fund Balance	General	340B Drug Pricing Program	Workforce Development Grant	HIV Grant	STD Grant	Other Governmental	Total
Nonspendable for:							
Prepaid Items	$7,242	$0	$0	$0	$0	$0	$7,242
Restricted for:							
340 Drug Pricing Program	0	111,353	0	0	0	0	111,353
HIV Grant	0	0	0	21,194	0	0	21,194
Mosquito Grant	0	0	0	0	0	1,506	1,506
STD Grant	0	0	0	0	0	0	0
Total Restricted	0	111,353	0	21,194	0	1,506	134,053
Assigned for:							
Unpaid Obligations	939	0	0	0	0	0	939
Unassigned (Deficit)	411,212	0	(17,655)	0	(14,756)	0	378,801
Total Fund Balance (Deficit)	$419,393	$111,353	($17,655)	$21,194	($14,756)	$1,506	$521,035

NOTE 14 - 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, 2022, to December 31, 2022, 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 15 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Board of Health received COVID-19 funding. The Board of Health will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

	2022	2021	2020	2019
Board of Health's Proportion of the Net Pension Liability	0.00310349%	0.00264682%	0.00229200%	0.00233950%
Board of Health's Proportionate Share of the Net Pension Liability	$270,016	$391,937	$453,030	$640,742
Board of Health's Covered Payroll	$381,100	$338,900	$322,486	$315,991
Board of Health's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	70.85%	115.65%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%

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

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

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

	2022	2021	2020	2019
Board of Health's Proportion of the Net Pension Asset	0.00114933%	0.00095194%	0.00075550%	0.00068930%
Board of Health's Proportionate Share of the Net Pension Asset	$4,529	$2,747	$1,575	$771
Board of Health's Covered Payroll	$4,436	$3,814	$3,364	$2,948
Board of Health's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	102.10%	72.02%	46.82%	26.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%

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

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

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

	2022	2021	2020	2019
Board of Health's Proportion of the Net OPEB Liability (Asset)	0.00296439%	0.00252758%	0.00218620%	0.00222860%
Board of Health's Proportionate Share of the Net OPEB Liability (Asset)	($92,848)	($45,031)	$301,972	$290,556
Board of Health's Covered Payroll	$391,136	$347,514	$330,300	$323,259
Board of Health's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-23.74%	-12.96%	91.42%	89.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%

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

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

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

	2022	2021	2020	2019
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	$66,359	$53,354	$47,446	$45,148
Contributions in Relation to the Contractually Required Contribution	(66,359)	(53,354)	(47,446)	(45,148)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Board of Health Covered Payroll	$473,993	$381,100	$338,900	$322,486
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net Pension Asset - Combined Plan				
Contractually Required Contribution	$800	$621	$534	$471
Contributions in Relation to the Contractually Required Contribution	(800)	(621)	(534)	(471)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Board of Health Covered Payroll	$5,714	$4,436	$3,814	$3,364
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net Pension Liability/Asset - OPEB Plan				
Contractually Required Contribution	$296	$224	$192	$178
Contributions in Relation to the Contractually Required Contribution	(296)	(224)	(192)	(178)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Board of Health Covered Payroll (2)	$7,400	$5,600	$4,800	$4,450
OPEB Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

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

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

Changes in Assumptions - OPERS Pension - Traditional Plan

Amounts reported beginning in 2022 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 prior years are presented below:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage 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 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple 5.50 to 5.00 percent

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported beginning in 2017 use pre-retirement mortality rates are 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. Post-retirement mortality rates are 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. Post-retirement mortality rates for disabled retirees are 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 are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions - OPERS Pension - Combined Plan

	2022	2019	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Changes in Assumptions - OPERS OPEB

Wage Inflation:	
2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Benefit Terms - OPERS OPEB

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

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

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

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the City of Galion Board of Health, Crawford County, Ohio (the Board), a component unit of the City of Galion, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 28, 2023. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

Internal Control over Financial Reporting

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

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

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

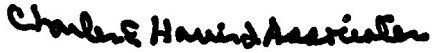
Report on Compliance and Other Matters

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

However, we noted a certain other matter not requiring inclusion in this report that we reported to the Board's management in a separate letter dated August 28, 2023.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
August 28, 2023

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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 12/12/2023

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