Certified Public Accountants, A.C.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
Single Audit
For the Year Ended December 31, 2018

313 Second St.	1907 Grand Central Ave.	150 W. Main St., #A	1310 Market St., #300	749 Wheeling Ave., #300
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Board of Directors
Parma Public Housing Agency
1440 Rockside Road
Suite 306
Parma, Ohio 44134

We have reviewed the *Independent Auditor's Report* of the Parma Public Housing Agency, Cuyahoga County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2018. 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 Parma Public Housing Agency is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 28, 2019

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PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

June 21, 2019

Parma Public Housing Agency
Cuyahoga County
1440 Rockside Road, Suite 306
Parma, OH 44134

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of **Parma Public Housing Agency**, Cuyahoga County, Ohio (the "Agency"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parma Public Housing Agency, Cuyahoga County, Ohio as of December 31, 2018, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Agency adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and the schedule of net pension and OPEB liabilities and pension and OPEB contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Agency's basic financial statements taken as a whole.

The supplemental financial data schedule presented on pages 45 through 49 and the actual modernization cost certificate presented on page 50 are presented for additional analysis as required by the U.S. Departments of Housing and Urban Development and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Unaudited

The Parma Public Housing Agency's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the 2018 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's Net Position increased by $ 176,740 or 10.32% during 2018, resulting from changes in operations. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. The Net Position was restated to establish the beginning balance for the OPEB liability.
- Revenues increased by $727,979 or 14.32% during 2018. The increase was due to more HUD funding received for the year.
- The total expenses of the Authority programs increased by $123,297 or 2.24%. The change was mainly due to housing assistance payments.

Authority Financial statements

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Position, Invested in Capital Assets, net of Related Debt: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

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Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

The Authority financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenue, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Fund Financial statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contribution Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net pension and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 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 liability* or *net OPEB liability.* GASB 68 and GASB 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 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. 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 Authority 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 systems to provide healthcare to eligible healthcare recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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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 *as 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 systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

In accordance with GASB 68 and GASB 75, the Authority'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 net pension liability and net OPEB liability, respectively, not accounted for deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from, $1,925,963 to $1,713,116.

AUTHORITY STATEMENTS

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

Unaudited

Table 1 - Condensed Statement of Net Positions Compared to Prior Year

	2018	2017 Restated
Current and Other Assets	$ 1,226,345	$ 834,291
Capital Assets	1,468,761	1,584,563
Total Assets	2,695,106	2,418,854
Deferred Outflows of Resources	157,560	244,622
Total Assets and Deferred Outflows	$ 2,852,666	$ 2,663,476
Current Liabilities	$ 62,397	$ 54,143
Long-Term Liabilities	783,318	882,649
Total Liabilities	845,715	936,792
Deferred Inflows of Resources	117,095	13,568
Net Positions:		
Net Investment in Capital Assets	1,468,761	1,584,563
Restricted Net Positions	294,535	2,344
Unrestricted Net Positions	126,560	126,209
Total Net Positions	1,889,856	1,713,116
Total Liabilities, Deferred Inflows and Net Positions	$ 2,852,666	$ 2,663,476

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

During 2018, current and other assets increased by $392,054, and current liabilities increased by $8,254. The change in current assets and currently liability was mainly due to the increase in cash and unpaid invoices at the end of 2018.

Long- term liability decreased by $99,331. This decrease is mainly related to the net pension liability.

Capital assets decreased from $1,584,563 in 2017 to $1,468,761 in 2018. The $115,802 decrease is contributed primarily to the current year additions of $79,176, less current year depreciation expense of $194,977. For more detail see "Capital Assets" presented later in this report.

The following table presents details on the change in Unrestricted Net Position.

Unaudited

Table 2 - Changes of Net Positions

		Unrestricted		Restricted		Net Invest in C/A
Beginning Balance - December 31, 2017 - Restated	$	126,209	$	2,344	$	1,584,563
Results of Operation		(115,451)		292,191		0
Adjustments:						
Current year Depreciation Expense (1)		194,977		0		(194,977)
Capital Expenditure (2)		(79,176)		0		79,176
Rounding Adjustment		1		0		(1)
Ending Balance - December 31, 2018	$	126,560	$	294,535	$	1,468,761

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
(2) Capital expenditures represent an outflow of unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

Table 3 - Statement of Revenue, Expenses & Changes in Net Assets

		2018		2017
Revenues				
Total Tenant Revenues	$	147,079	$	138,573
Operating Subsidies		5,513,207		4,862,629
Capital Grants		68,946		30,000
Investment Income		297		755
Other Revenues		80,840		50,433
Total Revenues		**5,810,369**		**5,082,390**
Expenses				
Administrative		651,873		632,498
Tenant Services		46,359		41,212
Utilities		88,479		89,273
Maintenance		101,722		127,890
Protective Services		264		334
General Expenses		92,414		87,859
Housing Assistance Payments		4,457,541		4,343,603
Depreciation		194,977		187,663
Total Expenses		**5,633,629**		**5,510,332**
Net Increases (Decreases)	**$**	**176,740**	**$**	**(427,942)**

Unaudited

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Total revenue increased by $727,979 for the year. The revenue was $5,082,390 in 2017 and $5,810,369 in 2018. The increase in revenue is mainly due to increase in grant revenue earned from HUD for the housing assistance payments program.

Total expenses increased by $123,297 for the year. The increase was mainly due to the change in OPEB liability that related to GASB 75 and housing assistance payments.

CAPITAL ASSETS

As of year-end, the Authority had $1,468,761 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $115,802or 7.31% from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	2018	2017
Land and Land Rights	$ 13,000	$ 13,000
Buildings	3,205,233	3,205,233
Furniture, Equipment & Machinery - Dwelling	151,439	151,439
Furniture, Equipment & Machinery - Admin	277,860	272,835
Leasehold Improvements	1,400,930	1,324,579
Construction in Progress	-	2,200
Accumulated Depreciation	(3,579,701)	(3,384,723)
Total	$ 1,468,761	$ 1,584,563

The following reconciliation identifies the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - December 31, 2017	$ 1,584,563
Current year Additions	79,176
Current year Depreciation Expense	(194,977)
Rounding adjustment	(1)
Ending Balance - December 31, 2018	$ 1,468,761
Current year Additions are summarized as follows:	
Capital Improvement - Doors Replacements	74,151
New Computers	5,025
Total 2018 Additions	$ 79,176

Unaudited

DEBT OUTSTANDING

As of year-end, the Agency had no debt (bonds, Notes, etc.) outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Priscilla Pointer-Hicks, Interim Executive Director of the Parma Public Housing Agency, at (216) 661-2015 ext 15. Specific requests may be submitted to the Parma Public Housing Agency, 1440 Rockside Road, Suite 306, Parma, OH 44134.

Parma Public Housing Agency
Statement of Net Position
December 31, 2018

ASSETS		
Current assets		
Cash and cash equivalents	$	796,459
Restricted cash and cash equivalents		379,394
Receivables, net		4,308
Prepaid expenses and other assets		46,184
Total current assets		1,226,345
Noncurrent assets		
Capital assets:		
Land		13,000
Building and equipment		3,634,532
Leasehold Improvements		1,400,930
Less accumulated depreciation		(3,579,701)
Total noncurrent assets		1,468,761
Deferred Outflows of Resources		
Pension Liability		110,830
OPEB Liability		46,730
Total Deferred Outflows of Resources		157,560
Total Assets and Deferred Outflows of Resources	$	2,852,666
LIABILITIES		
Current liabilities		
Accounts payable	$	20,505
Accrued liabilities		27,892
Tenant security deposits		14,000
Total current liabilities		62,397
Noncurrent liabilities		
Other noncurrent liabilities		70,859
Accrued pension liability		412,248
Accrued OPEB liability		274,653
Accrued compensated absences non-current		25,558
Total noncurrent liabilities		783,318
Total Liabilities	$	845,715

The accompanying notes to the financial statements are an integral part of these statements.

Parma Public Housing Agency
Statement of Net Position - Cont'd.
December 31, 2018

Deferred Inflows of Resources		
Pension Liability	$	96,636
OPEB Liability		20,459
Total Deferred Outflows of Resources		117,095
Net Position		
Net investment in capital assets	$	1,468,761
Restricted Net Position		294,535
Unrestricted Net Position		126,560
Total Net Position		1,889,856
Total Liabilities, Deferred Inflows of Resources and Net Position	$	2,852,666

The accompanying notes to the financial statements are an integral part of these statements.

Parma Public Housing Agency
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2018

OPERATING REVENUES		
Tenant Revenue	$	147,079
Government operating grants		5,513,207
Other revenue		80,840
Total operating revenues		5,741,126
OPERATING EXPENSES		
Administrative		651,873
Tenant services		46,359
Utilities		88,479
Maintenance		101,722
Protective Service		264
General		92,414
Housing assistance payment		4,457,541
Depreciation		194,977
Total operating expenses		5,633,629
Operating income (loss)		107,497
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue		297
Capital grants		68,946
Total nonoperating revenues (expenses)		69,243
Change in Net Position		176,740
Total Net Position - Restated Beginning - See Note 2		1,713,116
Total Net Position - Ending	**$**	**1,889,856**

The accompanying notes to the financial statements are an integral part of these statements.

Parma Public Housing Agency
Statement of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$ 5,513,207
Tenant revenue received	148,468
Other revenue received	83,250
General and administrative expenses paid	(888,304)
Housing assistance payments	(4,457,541)
Net cash provided (used) by operating activities	399,080
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	297
Net cash provided (used) by investing activities	297
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	68,946
Property and equipment purchased	(79,176)
Net cash provided (used) by capital and related financing activities	(10,230)
Net increase (decrease) in cash	389,147
Cash and cash equivalents - Beginning of year	786,706
Cash and cash equivalents - End of year	**$ 1,175,853**

The accompanying notes to the financial statements are an integral part of these statements.

Parma Public Housing Agency
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2018

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$	107,497
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		194,977
- (Increases) Decreases in Accounts Receivable		3,699
- (Increases) Decreases in Prepaids and Other Assets		(6,606)
- (Increases) Decreases in Deferred Outflows		87,062
- Increases (Decreases) in Accounts Payable		3,508
- Increases (Decreases) in Accrued Expenses Payable		4,492
- Increases (Decreases) in Tenant Security Deposits		255
- Increases (Decreases) in Compensated Absence Payable		46,465
- Increases (Decreases) in Noncurrent Liabilities		(36,947)
- Increases (Decreases) in Pension Liability		(167,243)
- Increases (Decreases) in OPEB Liability		58,394
- Increases (Decreases) in Deferred Inflows		103,527
Net cash provided by operating activities	**$**	**399,080**

The accompanying notes to the financial statements are an integral part of these statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Department of Parma Public Housing, City of Parma, Ohio, was created by the Codified Ordinances of the City of Parma, Chapter 2101, Ordinance 66-85 that was passed on March 20, 1985. The Department of Parma Public Housing, City of Parma, Ohio, contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Department of Parma Public Housing, City of Parma, Ohio, depends on subsidies from HUD to operate.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Agency has no component units based on the above considerations; however, the Agency is reported as part of the City of Parma, Ohio's reporting entity.

Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency's basic financial statements consist of a statement of Net Position, a statement of revenues, expenses, and changes in Net Position, and a statement of cash flows.

The Agency uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in Net Position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Agency are included on the statement of Net Position. The statement of changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Agency finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	3 years

Capitalization of Interest

The Agency's policy is not to capitalize interest related to the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Compensated Absences

The Agency accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Agency for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 9.

Deferred Outflow and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Agency, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Note 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Agency, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Pension / Other Post-Employment Benefits

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. 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 plans report investments at fair value.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2018, the Agency implemented the Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017,* Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Agency's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position - December 31, 2017	$ 1,925,963
Adjustments:	
Net OPEB Liability	(216,259)
Deferred Outflows	3,412
Restated Net Position - December 31, 2017	$ 1,713,116

Other than employer contributions subsequent to the measurement date, the Agency made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2018, the carrying amount of the Agency's cash deposits was $1,175,853 and the bank balance was $1,191,190. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2018, deposits totaling $378,395 were covered by Federal Depository Insurance and deposits totaling $812,794 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Agency's name.

Custodial credit is the risk that, in the event of a bank failure, the Agency's deposits may not be returned. The Agency's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Agency.

Investments

The Agency does not have a formal investment policy. The Agency follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2018, the Agency had no investments.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Agency's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risk of the Agency's investments is in the table below. The Agency has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk

The Agency places no limit on the amount it may invest in any one insurer. The Agency's deposits in financial institutions represent 100 percent of its deposits.

NOTE 4: RESTRICTED CASH

The restricted cash balance of $379,394 on the financial statements represents:

Funds for Housing Assistance Payments	$294,535
FSS Escrow funds held for tenants	70,859
Tenant Security Deposits	14,000
Total Restricted Cash	$379,394

NOTE 5: CAPITAL ASSETS

A summary of capital assets at December 31, 2018 by class is as follows:

	12/31/2017	Adjustment	Additions	Deletions	12/31/2018
Capital Assets Not Depreciated					
Land	$ 13,000	$ -	$ -	$ -	$ 13,000
Construction in Progress	2,200	(2,200)	-	-	-
Total Capital Assets Not Depreciated	15,200	(2,200)	-	-	13,000
Capital Assets Depreciated					
Building	3,205,233	-	-	-	3,205,233
Funiture, Equipment - Dwelling	151,439	-	-	-	151,439
Funiture, Equipment - Admin	272,835	-	5,025	-	277,860
Leasehold Improvements	1,324,579	2,200	74,151	-	1,400,930
Total Capital Assets Depreciated	4,954,086	2,200	79,176	-	5,035,462
Accumulated Depreciation					
Building	(2,423,350)	(1)	(80,130)	-	(2,503,481)
Funiture, Equipment - Dwelling	(122,026)	-	(14,482)	-	(136,508)
Funiture, Equipment - Admin	(200,361)	-	(23,299)	-	(223,660)
Leasehold Improvements	(638,986)	-	(77,066)	-	(716,052)
Total Accumulated Depreciation	(3,384,724)	(1)	(194,977)	-	(3,579,701)
Total Capital Assets Depreciated, Net	1,569,362	2,199	(115,801)	-	1,455,761
Total Capital Assets	$ 1,584,562	$ (1)	$ (115,801)	$ -	$ 1,468,761

NOTE 6: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions 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 liability represents the Agency's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Agency employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Agency employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Agency 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

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 62 with 5 years of service credit or Age 57 with 25 years of service credit
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	**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	**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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2018.

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

The Agency's contractually required contribution for pension was $49,475 for fiscal year ending December 31, 2018.

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.002552%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.002628%
Change in Proportionate Share	0.000076%
Proportionate Share of the Net Pension Liability/(Asset)	$ 412,248
Pension Expense	$ 46,205

At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS Traditional Pension Plan
Deferred Outflows of Resources		
Differences between expected and actual experience	$	421
Changes of assumptions		49,270
Changes in proportion and differences between Authority contributions and proportionate share of contributions		11,664
Authority contributions subsequent to the measurement date		49,475
Total Deferred Outflows of Resources		$110,830
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$	88,511
Differences between expected and actual experience		8,125
Total Deferred Inflows of Resources		$96,636

$49,475 reported as deferred outflows of resources related to pension resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:		Traditional Plan
2,019	$	44,428
2,020		(4,362)
2,021		(38,976)
2,022		(36,371)
2,021		-
Thereafter		-
Total	$	(35,281)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view 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 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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.

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: The Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of 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 investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Agency's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Agency's proportionate share of the net pension liability	1% Decrease (6.5%)	Current Discount rate of 7.5%	1% Increase (8.5%)
- Traditional Pension Plan	$732,108	$412,248	$145,644

NOTE 7 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Agency employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

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.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in health care over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in health care over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required.

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess of the cost of the retiree's selected coverage were notionally credited to the retiree's RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member's available RMA balance.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2018. The Agency's contractually required contribution was $0 for fiscal year ending December 31, 2018.

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

The net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Agency's proportion of the net OPEB liability was based on the Agency's share of total contributions relative to the total contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.002141%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.002529%
Change in Proportionate Share	0.000388%
Proportionate Share of the Net OPEB Liability	$ 274,653
OPEB Expense	$ 35,533

At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 214
Changes of assumptions	19,996
Changes in proportion and differences between Authority contributions and proportionate share of contributions	26,520
Total Deferred Outflows of Resources	$ 46,730
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 20,458
Total Deferred Inflows of Resources	$ 20,458

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
2019	$ 17,226
2020	17,226
2021	(3,067)
2022	(5,113)
Total	$ 26,272

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Actuarial Cost Method	Individual Entry Age Normal

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.

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in three investment portfolios: the Defined Benefits 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
REITs	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate **–** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 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 6.50 percent and a municipal bond rate of 3.31 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate **–** The following table presents the Agency's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Agency's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$364,859	$274,653	$201,637

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate **–** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the Agency's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 2018 is 7.50 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$262,763	$274,653	$286,890

NOTE 8: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2018, the current portion is $19,844 and the long term portion is $25,558.

The following is a summary of changes in compensated absences for the year ended December 31, 2018:

	Balance 12/31/17	Amount Earned	Amount Used	Balance 12/31/18	Due Within One Year
Compensated leave liability	$ 39,745	$ 42,788	$ 37,131	$ 45,402	$ 19,844

NOTE 9: **INSURANCE**

The Agency is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the Housing Authority Risk Retention Group, Inc. (HARRG). HARRG is an insurance risk pool comprised of Public Housing Authorities, of which Parma Public Housing Agency is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$1,000	$5,631,788
Boiler and Machinery	250	565,228/Per accident
General Liability	500	1,000,000/2,000,000
Automobile Liability	500	1,000,000/2,000,000
Public Officials	500	1,000,000/2,000,000
Business Computers	500	5,000 Software/ 7,500 Hardware

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Agency is also fully insured through a premium payment plan with Aetna Health, Inc. for employee health care benefits. Settled claims have not exceeded the Agency's insurance in any of the past three years.

NOTE 10: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Agency are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Agency at December 31, 2018.

Litigations and Claims

In the normal course of operations, the PHA may be subject to litigation and claims. At December 31, 2018 the PHA was not involved in such matters.

NOTE 11: LONG-TERM LIABILITIES

The change in the Agency's long-term obligations during 2018 were as follows:

Description	Restated Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due Within One Year
Net Pension Liability	$ 579,491	$ -	$ (167,243)	$ 412,248	$ -
Net OPEB Liability	216,259	58,394	-	274,653	-
Total	$ 795,750	$ 58,394	$ (167,243)	$ 686,901	$ -

See note 6 for information on the Agency net pension liability and note 7 for information on the Agency net OPEB liability.

NOTE 12: SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through June 21, 2019, the date on which the financial statements were available to be issued.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ *Pass Through Grantor/* Program Title	Federal CFDA Number		Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct from the Agency:			
Public and Indian Housing	14.850	$	219,549
Section 8 Housing Choice Vouchers	14.871		5,214,964
Public Housing Capital Fund	14.872		104,051
Family Self-Sufficiency Program	14.896		43,589
Total U.S. Department of Housing and Urban Development			5,582,153
Total Federal Awards Expenditures		$	5,582,153

The accompanying notes to this schedule are an integral part of this schedule

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note A – Significant Accounting Policies

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

Note B – Summary of Significant Accounting Policies

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

Note C – Subrecipients

The Agency provided no federal awards to subrecipients during the year ended December 31, 2018.

Note D – Disclosure of Other Forms of Assistance

The Agency received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2018.

The Agency had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2018.

PARMA PUBLIC HOUSING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AGENCY'S PORPOTIONATE SHARE OF THE NET PENSION LIABILITY
FISCAL YEARS AVAILABLE

	2018	**2017**	**2016**	**2015**	**2014**
Agency's Proportion of the Net Pension Liability - Traditional Plan	0.002628%	0.002552%	0.002294%	0.001327%	0.001327%
Agency's Proportionate Share of the Net Pension Liability/(Asset) - Traditional Plan	$412,248	$579,491	$397,305	$160,040	$156,338
Agency's Covered Payroll	$353,391	$341,165	$300,868	$322,908	$358,926
Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.65%	169.86%	132.05%	49.56%	43.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Assets) - Traditional Plan	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

PARMA PUBLIC HOUSING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AGENCY'S PORPOTIONATE SHARE OF THE NET OPEB LIABILITY
FISCAL YEARS AVAILABLE

	2017	2016
Agency's Proportion of the Net OPEB Liability	0.002529%	0.002141%
Agency's Proportionate Share of the Net OPEB Liability	$274,653	$216,259
Agency's Covered Payroll	$353,391	$341,165
Agency's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	77.72%	63.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) Information prior to 2016 is not available.
(2) The amounts presented are as of the Agency's plan measurement date, which is the prior calendar year.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AGENCY'S PERS CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution										
Traditional Plan	$ 49,475	$ 44,634	$ 36,107	$ 38,749	$ 43,789	$ 44,827	$ 34,981	$ 29,874	$ 30,284	$ 26,779
Contributions in Relation to the Contractually Required Contribution	$ 49,475	$ 44,634	$ 36,107	$ 38,749	$ 43,789	$ 44,827	$ 34,981	$ 29,874	$ 30,284	$ 26,779
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's Covered Payroll										
Traditional Plan	$ 353,391	$ 341,165	$ 300,868	$ 322,908	$ 358,926	$ 342,191	$ 342,951	$ 292,882	$ 336,489	$ 322,639
Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	13.00%	12.00%	12.00%	12.20%	13.10%	10.20%	10.20%	9.00%	8.30%

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AGENCY'S OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution										
OPEB	$ -	$ 3,412	$ 6,015	$ 6,458	$ 3,912	$ 3,389	$ 13,992	$ 16,597	$ 16,236	$ 19,364
Contributions in Relation to the Contractually Required Contribution	$ -	$ 3,412	$ 6,015	$ 6,458	$ 3,912	$ 3,389	$ 13,992	$ 16,597	$ 16,236	$ 19,364
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's Covered Payroll	$ 353,391	$ 341,165	$ 300,868	$ 430,542	$ 423,057	$ 393,931	$ 617,304	$ 618,314	$ 697,289	$ 789,241
Contributions as a Percentage of Covered Payroll										
OPEB	0.00%	1.00%	2.00%	1.50%	92.00%	86.00%	2.27%	2.68%	2.33%	2.45%

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$83,740	$0	$711,874	$845	$796,459	$0	$796,459
113 Cash - Other Restricted	$0	$0	$365,394	$0	$365,394	$0	$365,394
114 Cash - Tenant Security Deposits	$14,000	$0	$0	$0	$14,000	$0	$14,000
100 Total Cash	$97,740	$0	$1,077,268	$845	$1,175,853	$0	$1,175,853
125 Accounts Receivable - Miscellaneous	$984	$0	$1,144	$0	$2,128	$0	$2,128
126 Accounts Receivable - Tenants	$2,080	$0	$0	$0	$2,080	$0	$2,080
127 Notes, Loans, & Mortgages Receivable - Current	$100	$0	$0	$0	$100	$0	$100
120 Total Receivables, Net of Allowances for Doubtful Accounts	$3,164	$0	$1,144	$0	$4,308	$0	$4,308
142 Prepaid Expenses and Other Assets	$21,405	$0	$24,779	$0	$46,184	$0	$46,184
150 Total Current Assets	$122,309	$0	$1,103,191	$845	$1,226,345	$0	$1,226,345
161 Land	$13,000	$0	$0	$0	$13,000	$0	$13,000
162 Buildings	$3,205,233	$0	$0	$0	$3,205,233	$0	$3,205,233
163 Furniture, Equipment & Machinery - Dwellings	$151,439	$0	$0	$0	$151,439	$0	$151,439
164 Furniture, Equipment & Machinery - Administration	$200,687	$0	$77,173	$0	$277,860	$0	$277,860
165 Leasehold Improvements	$1,399,114	$0	$1,816	$0	$1,400,930	$0	$1,400,930
166 Accumulated Depreciation	-$3,505,590	$0	-$74,111	$0	-$3,579,701	$0	-$3,579,701
160 Total Capital Assets, Net of Accumulated Depreciation	$1,463,883	$0	$4,878	$0	$1,468,761	$0	$1,468,761
180 Total Non-Current Assets	$1,463,883	$0	$4,878	$0	$1,468,761	$0	$1,468,761

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	$17,901	$0	$2,604	$0	$20,505	$0	$20,505
321 Accrued Wage/Payroll Taxes Payable	$2,709	$0	$5,339	$0	$8,048	$0	$8,048
322 Accrued Compensated Absences - Current Portion	$3,993	$0	$15,851	$0	$19,844	$0	$19,844
341 Tenant Security Deposits	$14,000	$0	$0	$0	$14,000	$0	$14,000
310 Total Current Liabilities	$38,603	$0	$23,794	$0	$62,397	$0	$62,397
353 Non-current Liabilities - Other	$0	$0	$70,859	$0	$70,859	$0	$70,859
354 Accrued Compensated Absences - Non Current	$23,162	$0	$2,396	$0	$25,558	$0	$25,558
357 Accrued Pension and OPEB Liabilities	$234,034	$0	$452,867	$0	$686,901	$0	$686,901
350 Total Non-Current Liabilities	$257,196	$0	$526,122	$0	$783,318	$0	$783,318
300 Total Liabilities	$295,799	$0	$549,916	$0	$845,715	$0	$845,715
400 Deferred Inflow of Resources	$39,451	$0	$77,644	$0	$117,095	$0	$117,095
508.4 Net Investment in Capital Assets	$1,463,883	$0	$4,878	$0	$1,468,761	$0	$1,468,761
511.4 Restricted Net Position	$0	$0	$294,535	$0	$294,535	$0	$294,535
512.4 Unrestricted Net Position	-$159,129	$0	$284,844	$845	$126,560	$0	$126,560
513 Total Equity - Net Assets / Position	$1,304,754	$0	$584,257	$845	$1,889,856	$0	$1,889,856
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,640,004	$0	$1,211,817	$845	$2,852,666	$0	$2,852,666

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$147,079	$0	$0	$0	$147,079	$0	$147,079
70500 Total Tenant Revenue	$147,079	$0	$0	$0	$147,079	$0	$147,079
70600 HUD PHA Operating Grants	$254,654	$43,589	$5,214,964	$0	$5,513,207	$0	$5,513,207
70610 Capital Grants	$68,946	$0	$0	$0	$68,946	$0	$68,946
71100 Investment Income - Unrestricted	$205	$0	$92	$0	$297	$0	$297
71400 Fraud Recovery	$0	$0	$37,132	$0	$37,132	$0	$37,132
71500 Other Revenue	$24,904	$0	$18,804	$0	$43,708	$0	$43,708
70000 Total Revenue	$495,788	$43,589	$5,270,992	$0	$5,810,369	$0	$5,810,369
91100 Administrative Salaries	$72,137	$0	$185,492	$0	$257,629	$0	$257,629
91200 Auditing Fees	$879	$0	$7,915	$0	$8,794	$0	$8,794
91500 Employee Benefit contributions - Administrative	$26,384	$0	$176,173	$0	$202,557	$0	$202,557
91600 Office Expenses	$7,077	$0	$29,504	$0	$36,581	$0	$36,581
91700 Legal Expense	$147	$0	$75	$0	$222	$0	$222
91800 Travel	$655	$0	$2,497	$0	$3,152	$0	$3,152
91900 Other	$69,493	$0	$73,445	$0	$142,938	$0	$142,938
91000 Total Operating - Administrative	$176,772	$0	$475,101	$0	$651,873	$0	$651,873
92100 Tenant Services - Salaries	$0	$29,897	$2,770	$0	$32,667	$0	$32,667
92300 Employee Benefit Contributions - Tenant Services	$0	$13,692	$0	$0	$13,692	$0	$13,692
92500 Total Tenant Services	$0	$43,589	$2,770	$0	$46,359	$0	$46,359

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
93100 Water	$19,043	$0	$0	$0	$19,043	$0	$19,043
93200 Electricity	$16,027	$0	$1,675	$0	$17,702	$0	$17,702
93300 Gas	$14,405	$0	$0	$0	$14,405	$0	$14,405
93600 Sewer	$37,329	$0	$0	$0	$37,329	$0	$37,329
93000 Total Utilities	$86,804	$0	$1,675	$0	$88,479	$0	$88,479
94100 Ordinary Maintenance and Operations - Labor	$28,795	$0	$0	$0	$28,795	$0	$28,795
94200 Ordinary Maintenance and Operations - Materials and Other	$14,869	$0	$0	$0	$14,869	$0	$14,869
94300 Ordinary Maintenance and Operations Contracts	$30,176	$0	$0	$0	$30,176	$0	$30,176
94500 Employee Benefit Contributions - Ordinary Maintenance	$27,882	$0	$0	$0	$27,882	$0	$27,882
94000 Total Maintenance	$101,722	$0	$0	$0	$101,722	$0	$101,722
95300 Protective Services - Other	$264	$0	$0	$0	$264	$0	$264
95000 Total Protective Services	$264	$0	$0	$0	$264	$0	$264
96110 Property Insurance	$24,579	$0	$0	$0	$24,579	$0	$24,579
96120 Liability Insurance	$0	$0	$5,733	$0	$5,733	$0	$5,733
96130 Workmen's Compensation	$3,104	$0	$4,350	$0	$7,454	$0	$7,454
96100 Total insurance Premiums	$27,683	$0	$10,083	$0	$37,766	$0	$37,766
96210 Compensated Absences	$15,246	$0	$27,542	$0	$42,788	$0	$42,788
96400 Bad debt - Tenant Rents	$11,860	$0	$0	$0	$11,860	$0	$11,860
96000 Total Other General Expenses	$27,106	$0	$27,542	$0	$54,648	$0	$54,648

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
96900 Total Operating Expenses	$420,351	$43,589	$517,171	$0	$981,111	$0	$981,111
97000 Excess of Operating Revenue over Operating Expenses	$75,437	$0	$4,753,821	$0	$4,829,258	$0	$4,829,258
97300 Housing Assistance Payments	$0	$0	$4,450,905	$0	$4,450,905	$0	$4,450,905
97350 HAP Portability-In	$0	$0	$6,636	$0	$6,636	$0	$6,636
97400 Depreciation Expense	$188,959	$0	$6,018	$0	$194,977	$0	$194,977
90000 Total Expenses	$609,310	$43,589	$4,980,730	$0	$5,633,629	$0	$5,633,629
10010 Operating Transfer In	$25,075	$0	$0	$0	$25,075	-$25,075	$0
10020 Operating transfer Out	-$25,075	$0	$0	$0	-$25,075	$25,075	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$113,522	$0	$290,262	$0	$176,740	$0	$176,740
11030 Beginning Equity	$1,489,873	$0	$435,245	$845	$1,925,963	$0	$1,925,963
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$71,597	$0	-$141,250	$0	-$212,847	$0	-$212,847
11170 Administrative Fee Equity	$0	$0	$289,722	$0	$289,722	$0	$289,722
11180 Housing Assistance Payments Equity	$0	$0	$294,535	$0	$294,535	$0	$294,535
11190 Unit Months Available	708	0	8,904	0	9,612	0	9,612
11210 Number of Unit Months Leased	697	0	8,781	0	9,478	0	9,478
11650 Leasehold Improvements Purchases	$68,946	$0	$0	$0	$68,946	$0	$68,946

PARMA PUBLIC HOUSING AUTHORITY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH12-P073-501-16

Original Funds Approved:	$68,844
Funds Disbursed:	$68,844
Funds Expended (Actual Modernization Cost):	$68,844
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

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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*

June 21, 2019

Parma Public Housing Agency
Cuyahoga County
1440 Rockside Road, Suite 306
Parma, OH 44134

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Parma Public Housing Agency**, Cuyahoga County, (the "Agency") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 21, 2019, wherein we noted the Agency adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of reasonably assuring whether the Agency's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Perry & Associates CPA's A.C.

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Marietta, Ohio

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

June 21, 2019

Parma Public Housing Agency
Cuyahoga County
1440 Rockside Road, Suite 306
Parma, OH 44134

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Parma Public Housing Agency's**, (the Agency) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Agency's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Agency's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Agency's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Agency's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

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

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

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Housing Choice Vouchers CFDA # 14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

PARMA PUBLIC HOUSING AGENCY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 10, 2019