Perry & Associates

Certified Public Accountants, A.C.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
Single Audit
For the Year Ended December 31, 2017

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
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Cambridge, OH 43725
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Dave Yost • Auditor of State

Board of Directors
Parma Public Housing Agency
1440 Rockside Road, Suite 306
Parma, Ohio 44131

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, 2017 through December 31, 2017. 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.

Dave Yost
Auditor of State

July 9, 2018

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PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	16
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	33
Required Supplementary Information:	
Schedule of the Agency's Proportionate Share of the Net Pension Liability	34
Schedule of the Agency's PERS Contributions	35
Financial Data Schedule	36
Actual Modernization Cost Certificates	41
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	42
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	44
Schedule of Audit Findings – 2 CFR § 200.515	46

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INDEPENDENT AUDITOR'S REPORT

June 15, 2018

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, 2017, 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 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, 2017, 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.

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 liabilities and pension 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 actual modernization cost certificate presented on page 41 and the supplemental financial data schedule presented on pages 36 through 40 are presented for additional analysis as required by the U.S. Department 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 15, 2018 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 2017 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 decreased by $427,942 or 18% during 2017, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position.
- Revenues decreased by $589,713 or 10% during 2017. The decrease was due to less HUD funding received for the year.
- The total expenses of the Authority programs increased by $123,990 or 2%. The change was mainly due to GASB 68 pension expense and 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 Investment in Capital Assets: 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.

Unaudited

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.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority financial statements also include a Statement of Revenues, Expenses, and Changes in 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 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.

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.

	2017	2016
Current and Other Assets	$ 834,291	$ 1,500,830
Capital Assets	1,584,563	1,608,518
Total Assets	2,418,854	3,109,348
Deferred Outflows of Resources	241,210	154,296
Total Assets and Deferred Outflows	$ 2,660,064	$ 3,263,644
Current Liabilities	$ 54,143	$ 104,720
Long-Term Liabilities	666,390	445,912
Total Liabilities	720,533	550,632
Deferred Inflows of Resources	13,568	359,107
Net Position:		
Net Investment in Capital Assets	1,584,563	1,608,518
Restricted Net Position	2,344	193,222
Unrestricted Net Position	339,056	552,165
Total Net Position	1,925,963	2,353,905
Total Liabilities, Deferred Inflows and Net Position	$ 2,660,064	$ 3,263,644

For more detail information see Statement of Net Position presented elsewhere in this report.

Major Factors Affecting the Statement of Net Position

During 2017, current and other assets decreased by $690,494, and current liabilities decreased by $50,577. The change in current assets and currently liability was mainly due to the change in cash due to January 2017 subsidies from HUD received in December 2016.

Long- term liability increased by $220,478. This increase is mainly related to the net pension liability.

Capital assets decreased from $1,608,518 in 2015 to $1,584,563 in 2017. The $23,955 decrease is contributed primarily to the current year additions of $163,706, less current year depreciation expense of $187,663. For more detail see "Capital Assets" presented later in this report.

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

CHANGE OF NET POSITION

	Unrestricted	Restricted	Net Invest in C/A
Beginning Balance - December 31, 2016	$ 552,165	$ 193,222	$ 1,608,518
Results of Operation	(237,064)	(190,878)	-
Adjustments:			
Current year Depreciation Expense (1)	187,663	-	(187,663)
Capital Expenditure (2)	(163,706)	-	163,706
Rounding Adjustment	(2)	-	2
Ending Balance - December 31, 2017	$ 339,056	$ 2,344	$ 1,584,563

(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.

Unaudited

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2017	2016
Revenues		
Total Tenant Revenues	$ 138,573	$ 143,252
Operating Subsidies	4,862,629	5,214,915
Capital Grants	30,000	139,669
Investment Income	755	1,099
Other Revenues	50,433	173,168
Total Revenues	**5,082,390**	**5,672,103**
Expenses		
Administrative	632,498	619,777
Tenant Services	41,212	41,752
Utilities	89,273	83,812
Maintenance	127,890	128,333
Protective Services	334	264
General Expenses	87,859	92,220
Housing Assistance Payments	4,343,603	4,237,020
Depreciation	187,663	183,164
Total Expenses	**5,510,332**	**5,386,342**
Net Increases (Decreases)	**$ (427,942)**	**$ 285,761**

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

Total revenue decreased by $589,713 for the year. The revenue was $5,672,103 in 2016 and $5,082,390 in 2017. The decrease in revenue is mainly due to decrease in grant revenue earned from HUD for the housing assistance payments program and capital fund program.

Total expenses increased by $123,990 for the year. The increase was mainly due to the change in pension liability that related to GASB 68 and housing assistance payments.

Unaudited

Capital Assets

As of year-end, the Authority had $1,584,563 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $23,955 or 1.49% from the end of last year.

		2017		2016
Land and Land Rights	$	13,000	$	13,000
Buildings		3,205,233		3,205,233
Furniture, Equipment & Machinery - Dwelling		151,439		150,939
Furniture, Equipment & Machinery - Admin		272,835		272,835
Leasehold Improvements		1,324,579		1,038,662
Construction in Progress		2,200		124,910
Accumulated Depreciation		(3,384,723)		(3,197,061)
Total	$	1,584,563	$	1,608,518

The following reconciliation identifies the change in Capital Assets.

Beginning Balance - December 31, 2016	$	1,608,518
Current year Additions		163,706
Current year Depreciation Expense		(187,663)
Rounding adjustment		2
Ending Balance - December 31, 2017	$	1,584,563

Current year Additions are summarized as follows:		
Capital Improvement - Window Replacement	$	32,286
Capital Improvement - Doors Replacements		130,920
Hot Water Tank		500
Total 2017 Additions	$	163,706

Debt Outstanding

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

Unaudited

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, 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, 2017

ASSETS		
Current assets		
Cash and cash equivalents	$	708,112
Restricted cash and cash equivalents		78,594
Receivables, net		8,007
Prepaid expenses and other assets		39,578
Total current assets		834,291
Noncurrent assets		
Capital assets:		
Land		13,000
Building and equipment		3,629,507
Leasehold Improvements		1,324,579
Less accumulated depreciation		(3,384,723)
Construction in Progress		2,200
Total noncurrent assets		1,584,563
Deferred Outflows of Resources		241,210
Total Assets and Deferred Outflows of Resources	$	2,660,064
LIABILITIES		
Current liabilities		
Accounts payable	$	16,998
Accrued liabilities		23,400
Tenant security deposits		13,745
Total current liabilities		54,143
Noncurrent liabilities		
Accrued compensated absences non-current		24,394
Accrued pension liability		579,491
Other noncurrent liabilities		62,505
Total noncurrent liabilities		666,390
Total liabilities		720,533
Deferred Inflows of Resources	$	13,568

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, 2017

Net Position		
Net investment in capital assets	$	1,584,563
Restricted Net Position		2,344
Unrestricted Net Position		339,056
Total Net Position		1,925,963
Total Liabilities, Deferred Inflows of Resources and Net Position	$	2,660,064

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, 2017

OPERATING REVENUES		
Tenant Revenue	$	138,573
Government operating grants		4,862,629
Other revenue		50,433
Total operating revenues		5,051,635
OPERATING EXPENSES		
Administrative		632,498
Tenant services		41,212
Utilities		89,273
Maintenance		127,890
Protective Service		334
General		87,859
Housing assistance payment		4,343,603
Depreciation		187,663
Total operating expenses		5,510,332
Operating income (loss)		(458,697)
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue		755
Capital grants		30,000
Total nonoperating revenues (expenses)		30,755
Change in Net Position		(427,942)
Total Net Position - beginning		2,353,905
Total Net Position - ending	**$**	**1,925,963**

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$ 4,862,629
Tenant revenue received	136,769
Other revenue received	47,863
General and administrative expenses paid	(1,242,115)
Housing assistance payments	(4,343,603)
Net cash provided (used) by operating activities	(538,457)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	755
Net cash provided (used) by investing activities	755
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	30,000
Property and equipment purchased	(163,706)
Net cash provided (used) by capital and related financing activities	(133,706)
Net increase (decrease) in cash	(671,408)
Cash and cash equivalents - Beginning of year	1,458,114
Cash and cash equivalents - End of year	**$ 786,706**

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, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$	(458,697)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		187,663
- (Increases) Decreases in Accounts Receivable		(4,578)
- (Increases) Decreases in Prepaids and Other Assets		(291)
- (Increases) Decreases in Deferred Outflows		(86,914)
- Increases (Decreases) in Accounts Payable		(10,697)
- Increases (Decreases) in Unearned Revenue		(40,252)
- Increases (Decreases) in Accrued Liabilities		(974)
- Increases (Decreases) in Tenant Security Deposits		1,344
- Increases (Decreases) in Compensated Absence Payable		1,669
- Increases (Decreases) in Noncurrent Liabilities		35,906
- Increases (Decreases) in Pension Liability		182,903
- Increases (Decreases) in Deferred Inflows		(345,539)
Net cash provided by operating activities	**$**	**(538,457)**

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 7.

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2017, the carrying amount of the Agency's cash deposits was $786,706 and the bank balance was $796,661. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2017, deposits totaling $334,652 were covered by Federal Depository Insurance and deposits totaling $462,009 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 110 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 110 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, 2017, 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.

NOTE 2: **DEPOSITS AND INVESTMENTS (Continued)**

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 3: **RESTRICTED CASH**

The restricted cash balance of $78,594 on the financial statements represents:

Funds for Housing Assistance Payments	$ 2,344
FSS Escrow funds held for tenants	62,505
Tenant Security Deposits	13,745
Total Restricted Cash	$ 78,594

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2017 by class is as follows:

	1/1/2017	Adjustment	Additions	Deletions	12/31/2017
Capital Assets Not Depreciated					
Land	$ 13,000	$ -	$ -	$ -	$ 13,000
Construction in Progress	124,910	(122,710)	-	-	2,200
Total Capital Assets Not Depreciated	137,910	(122,710)	-	-	15,200
Capital Assets Depreciated					
Building	3,205,233	-	-	-	3,205,233
Funiture, Equipment - Dwelling	150,939	-	500	-	151,439
Funiture, Equipment - Admin	272,835	-	-	-	272,835
Leasehold Improvements	1,038,662	122,711	163,206	-	1,324,579
Total Capital Assets Depreciated	4,667,669	122,711	163,706	-	4,954,086
Accumulated Depreciation					
Building	(2,343,219)	1	(80,132)	-	(2,423,350)
Funiture, Equipment - Dwelling	(104,086)	-	(17,940)	-	(122,026)
Funiture, Equipment - Admin	(176,481)	-	(23,880)	-	(200,361)
Leasehold Improvements	(573,275)	-	(65,711)	-	(638,986)
Total Accumulated Depreciation	(3,197,062)	1	(187,663)	-	(3,384,723)
Total Capital Assets Depreciated, Net	1,470,607	122,712	(23,957)	-	1,569,363
Total Capital Assets	$ 1,608,517	$ 2	$ (23,957)	$ -	$ 1,584,563

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

The net pension liability 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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Net Pension Liability (Continued)

The net pension liability represents the Authority'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 Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority 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 the accrual basis of accounting.

Plan Description **–** Authority 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 pension plan with defined contribution features. While members (e.g. Authority 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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability (Continued)

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

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 reference 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 afer January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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 members' 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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Net Pension Liability (Continued)

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 authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2017 Actual Contribution Rates:	
Employer:	
Pension	13.0%
Post-employment Health Care Benefits	1.0%
Total Employer	14.0%
Employee	10.0%

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

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority'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:

	Traditional Plan
Proportionate Share of Net Pension Liability	$ 579,491
Percentate for Proportionate Share of Net Pension Liability	0.002552%
Change in Proportion from Prior Measurement Date	0.000258%

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan
Deferred Outflows of Resources	
Net difference between projected and actual earning on pension plan investments	$ 96,433
Change in assumption	91,918
Difference Between Expected and Actual Experience	785
Change in prportionate share	7,440
Authority contributions subsequent to the measurement date	44,634
Total Deferred Outflows of Resources	$ 241,210
Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	$ 10,119
Difference Between Expected and Actual Experience	3,449
Total Deferred Inflows of Resources	$ 13,568

$44,634 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. 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:	
2017	$ 76,131
2018	78,438
2019	30,969
2020	(2,530)
Total	$ 183,008

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Actuarial Information	Traditional Plan
Valuation Date	December 31, 2016
Experience Study	5 year ended 12/31/15
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Return	7.50%
Wage Inflation	3.25%
Projected salary increase	3.25%-10.75% (includes wage inflation at 3.25%)
Cost-of-living adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains 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. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016.

Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2016	Weighted Average Long- Term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other investments	18.00%	4.92%
Total	100.00%	5.66%

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued**

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. 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 Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Authority'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 Authority'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:

	1% Decrease (6.5%)	Current Discount rate of 7.5%	1% Increase (8.5%)
Authority's proporationate share of the net pension liability - Traditional Pension Plan	$ 885,340	$ 579,491	$ 324,665

NOTE 6: **POSTEMPLOYMENT BENEFITS**

A. Plan Description

The Ohio Public Employees Retirement System of Ohio (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

NOTE 6: **POSTEMPLOYMENT BENEFITS (Continued)**

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. See the Plan Statement in OPERS 2015 CAFR for details.

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 1-800-222-7377, or by visiting www.opers.org/investements/cafr.shtml.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS healthcare plans.

Employer contribution rates are expressed as a percentage of the earnable salary payroll of active members. For the year ended December 31, 2017, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains that cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 remained at 1.0 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 6: **POSTEMPLOYMENT BENEFITS (Continued)**

The portion of actual Authority contributions for the years ended December 31, 2017, 2016, and 2015 amounted to $3,412, $6,015, and $6,458, respectively. All required contributions have been made through December 31, 2017.

NOTE 7: **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, 2017, the current portion is $15,351 and the long-term portion is $24,394.

The following is a summary of changes in compensated absences for the year ended December 31, 2017:

	Balance 12/31/2016	Amount Earned	Amount Used	Balance 12/31/2017	Due Within One Year
Compensated leave liability	$ 39,455	$ 42,066	$ 41,776	$ 39,745	$ 15,351

NOTE 8: **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:

Coverage Type of Coverage	Deductible	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

NOTE 8: **INSURANCE (Continued)**

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 9: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority 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 Authority at December 31, 2017.

Litigations and Claims

In the normal course of operations, the PHA may be subject to litigation and claims. At December 31, 2017 the PHA was not involved in such matters.

NOTE 10: **LONG-TERM LIABILITIES**

The change in the Authority's long-term obligations during 2017 were as follows:

Description	Balance 01/01/17	Additions	Deletions	Balance 12/31/17	Due Within One Year
Net Pension Liability	$ 396,588	$ 182,903	$ -	$ 579,491	$ -
Total	$ 396,588	$ 182,903	$ -	$ 579,491	$ -

See Note 5 for information on the Authority net pension liability.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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	$ 243,997
Section 8 Housing Choice Vouchers	14.871	4,577,420
Public Housing Capital Fund	14.872	30,000
Family Self-Sufficiency Program	14.896	41,212
Total U.S. Department of Housing and Urban Development		4,892,629
Total Federal Awards Expenditures		$ 4,892,629

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, 2017

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, 2017. 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, 2017.

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, 2017.

The Agency had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2017.

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

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

(1) Information prior to 2014 is not available.

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

	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Contractually Required Contribution	$44,634	$36,107	$38,749	$43,789	$44,827	$34,981	$29,874	$30,284	$26,779	$26,187
Contributions in Relation to the Contractually Required Contribution	$44,634	$36,107	$38,749	$43,789	$44,827	$34,981	$29,874	$30,284	$26,779	$26,187
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Agency's Covered Payroll	$341,165	$300,868	$322,908	$358,926	$342,191	$342,951	$292,882	$336,489	$322,639	$368,831
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.20%	13.10%	10.20%	10.20%	9.00%	8.30%	7.10%

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$41,796	$0	$665,471	$845	$708,112	$0	$708,112
113 Cash - Other Restricted	$0	$0	$64,849	$0	$64,849	$0	$64,849
114 Cash - Tenant Security Deposits	$13,745	$0	$0	$0	$13,745	$0	$13,745
100 Total Cash	$55,541	$0	$730,320	$845	$786,706	$0	$786,706
125 Accounts Receivable - Miscellaneous	$984	$0	$3,350	$0	$4,334	$0	$4,334
126 Accounts Receivable - Tenants	$3,469	$0	$0	$0	$3,469	$0	$3,469
127 Notes, Loans, & Mortgages Receivable - Current	$204	$0	$0	$0	$204	$0	$204
120 Total Receivables, Net of Allowances for Doubtful Accounts	$4,657	$0	$3,350	$0	$8,007	$0	$8,007
142 Prepaid Expenses and Other Assets	$25,882	$0	$13,696	$0	$39,578	$0	$39,578
150 Total Current Assets	$86,080	$0	$747,366	$845	$834,291	$0	$834,291
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	$200,342	$0	$72,493	$0	$272,835	$0	$272,835
165 Leasehold Improvements	$1,322,763	$0	$1,816	$0	$1,324,579	$0	$1,324,579
166 Accumulated Depreciation	($3,316,631)	$0	($68,092)	$0	($3,384,723)	$0	($3,384,723)
167 Construction in Progress	$2,200	$0	$0	$0	$2,200	$0	$2,200
160 Total Capital Assets, Net of Accumulated Depreciation	$1,578,346	$0	$6,217	$0	$1,584,563	$0	$1,584,563
180 Total Non-Current Assets	$1,578,346	$0	$6,217	$0	$1,584,563	$0	$1,584,563

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	$81,950	$0	$159,260	$0	$241,210	$0	$241,210
290 Total Assets and Deferred Outflow of Resources	$1,746,376	$0	$912,843	$845	$2,660,064	$0	$2,660,064
312 Accounts Payable <= 90 Days	$13,434	$0	$3,564	$0	$16,998	$0	$16,998
321 Accrued Wage/Payroll Taxes Payable	$2,897	$0	$5,152	$0	$8,049	$0	$8,049
322 Accrued Compensated Absences - Current Portion	$666	$0	$14,685	$0	$15,351	$0	$15,351
341 Tenant Security Deposits	$13,745	$0	$0	$0	$13,745	$0	$13,745
310 Total Current Liabilities	$30,742	$0	$23,401	$0	$54,143	$0	$54,143
353 Non-current Liabilities - Other	$0	$0	$62,505	$0	$62,505	$0	$62,505
354 Accrued Compensated Absences - Non Current	$23,232	$0	$1,162	$0	$24,394	$0	$24,394
357 Accrued Pension and OPEB Liabilities	$197,903	$0	$381,588	$0	$579,491	$0	$579,491
350 Total Non-Current Liabilities	$221,135	$0	$445,255	$0	$666,390	$0	$666,390
300 Total Liabilities	$251,877	$0	$468,656	$0	$720,533	$0	$720,533
400 Deferred Inflow of Resources	$4,626	$0	$8,942	$0	$13,568	$0	$13,568
508.4 Net Investment in Capital Assets	$1,578,346	$0	$6,217	$0	$1,584,563	$0	$1,584,563
511.4 Restricted Net Position	$0	$0	$2,344	$0	$2,344	$0	$2,344
512.4 Unrestricted Net Position	($88,473)	$0	$426,684	$845	$339,056	$0	$339,056
513 Total Equity - Net Assets / Position	$1,489,873	$0	$435,245	$845	$1,925,963	$0	$1,925,963

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,746,376	$0	$912,843	$845	$2,660,064	$0	$2,660,064
70300 Net Tenant Rental Revenue	$138,573	$0	$0	$0	$138,573	$0	$138,573
70500 Total Tenant Revenue	$138,573	$0	$0	$0	$138,573	$0	$138,573
70600 HUD PHA Operating Grants	$243,997	$41,212	$4,577,420	$0	$4,862,629	$0	$4,862,629
70610 Capital Grants	$30,000	$0	$0	$0	$30,000	$0	$30,000
71100 Investment Income - Unrestricted	$250	$0	$505	$0	$755	$0	$755
71400 Fraud Recovery	$0	$0	$23,680	$0	$23,680	$0	$23,680
71500 Other Revenue	$23,883	$0	$2,870	$0	$26,753	$0	$26,753
70000 Total Revenue	$436,703	$41,212	$4,604,475	$0	$5,082,390	$0	$5,082,390
91100 Administrative Salaries	$76,825	$0	$168,202	$0	$245,027	$0	$245,027
91200 Auditing Fees	$873	$0	$7,860	$0	$8,733	$0	$8,733
91500 Employee Benefit contributions - Administrative	$56,615	$0	$163,286	$0	$219,901	$0	$219,901
91600 Office Expenses	$19,114	$0	$42,731	$0	$61,845	$0	$61,845
91800 Travel	$1,639	$0	$1,188	$0	$2,827	$0	$2,827
91900 Other	$27,315	$0	$66,770	$80	$94,165	$0	$94,165
91000 Total Operating - Administrative	$182,381	$0	$450,037	$80	$632,498	$0	$632,498
92100 Tenant Services - Salaries	$0	$31,923	$0	$0	$31,923	$0	$31,923
92300 Employee Benefit Contributions - Tenant Services	$0	$9,289	$0	$0	$9,289	$0	$9,289
92500 Total Tenant Services	$0	$41,212	$0	$0	$41,212	$0	$41,212

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
93100 Water	$20,906	$0	$0	$0	$20,906	$0	$20,906
93200 Electricity	$14,788	$0	$1,506	$0	$16,294	$0	$16,294
93300 Gas	$14,075	$0	$0	$0	$14,075	$0	$14,075
93600 Sewer	$37,998	$0	$0	$0	$37,998	$0	$37,998
93000 Total Utilities	$87,767	$0	$1,506	$0	$89,273	$0	$89,273
94100 Ordinary Maintenance and Operations - Labor	$24,612	$0	$0	$0	$24,612	$0	$24,612
94200 Ordinary Maintenance and Operations - Materials and Other	$18,612	$0	$0	$0	$18,612	$0	$18,612
94300 Ordinary Maintenance and Operations Contracts	$48,968	$0	$0	$0	$48,968	$0	$48,968
94500 Employee Benefit Contributions - Ordinary Maintenance	$35,698	$0	$0	$0	$35,698	$0	$35,698
94000 Total Maintenance	$127,890	$0	$0	$0	$127,890	$0	$127,890
95300 Protective Services - Other	$334	$0	$0	$0	$334	$0	$334
95000 Total Protective Services	$334	$0	$0	$0	$334	$0	$334
96110 Property Insurance	$23,001	$0	$0	$0	$23,001	$0	$23,001
96120 Liability Insurance	$0	$0	$3,865	$0	$3,865	$0	$3,865
96130 Workmen's Compensation	$2,986	$0	$5,100	$0	$8,086	$0	$8,086
96140 All Other Insurance	$0	$0	$0	$0	$0	$0	$0
96100 Total insurance Premiums	$25,987	$0	$8,965	$0	$34,952	$0	$34,952
96200 Other General Expenses	$0	$0	$502	$0	$502	$0	$502
96210 Compensated Absences	$15,078	$0	$26,988	$0	$42,066	$0	$42,066

PARMA PUBLIC HOUSING AGENCY FINANCIAL DATA SCHEDULE FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
96400 Bad debt - Tenant Rents	$10,339	$0	$0	$0	$10,339	$0	$10,339
96000 Total Other General Expenses	$25,417	$0	$27,490	$0	$52,907	$0	$52,907
96900 Total Operating Expenses	$449,776	$41,212	$487,998	$80	$979,066	$0	$979,066
97000 Excess of Operating Revenue over Operating Expenses	($13,073)	$0	$4,116,477	($80)	$4,103,324	$0	$4,103,324
97300 Housing Assistance Payments	$0	$0	$4,343,603	$0	$4,343,603	$0	$4,343,603
97400 Depreciation Expense	$181,112	$0	$6,551	$0	$187,663	$0	$187,663
90000 Total Expenses	$630,888	$41,212	$4,838,152	$80	$5,510,332	$0	$5,510,332
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($194,185)	$0	($233,677)	($80)	($427,942)	$0	($427,942)
11030 Beginning Equity	$1,634,058	$0	$718,922	$925	$2,353,905	$0	$2,353,905
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$50,000	$0	($50,000)	$0	$0	$0	$0
11170 Administrative Fee Equity	$0	$0	$432,901	$0	$432,901	$0	$432,901
11180 Housing Assistance Payments Equity	$0	$0	$2,344	$0	$2,344	$0	$2,344
11190 Unit Months Available	720	0	8,904	0	9,624	0	9,624
11210 Number of Unit Months Leased	702	0	8,673	0	9,375	0	9,375
11650 Leasehold Improvements Purchases	$30,000	$0	$0	$0	$30,000	$0	$30,000

PARMA PUBLIC HOUSING AUTHORITY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH12-P073-501-15

Original Funds Approved:	$67,736
Funds Disbursed:	$67,736
Funds Expended (Actual Modernization Cost):	$67,736
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

MODERNIZATION PROJECT NUMBER: OH12-P073-501-14

Original Funds Approved:	$74,180
Funds Disbursed:	$74,180
Funds Expended (Actual Modernization Cost):	$74,180
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 15, 2018

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, 2017, 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 15, 2018.

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.

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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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 15, 2018

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, 2017. 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, 2017.

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, 2017

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

Dave Yost • Auditor of State

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
JULY 19, 2018