Perry & Associates
Certified Public Accountants, A.C.

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
Single Audit
For the Year Ended December 31, 2019

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 11, 2020

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PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019

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Perry & Associates
Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

July 31, 2020

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, 2019, 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, 2019, 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

During 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Agency. 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 43 through 46 and the actual modernization cost certificate presented on page 47 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 July 31, 2020 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

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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 2019 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 $ 632,449 or 33.47% during 2019, 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.
- Revenues decreased by $869,082 or 14.96% during 2019. The decrease was due to less HUD funding received for the year.
- The total expenses of the Authority programs decreased by $59,893 or 1.06%. The change was mainly due to housing assistance payments net of increase in administration expenses due to proration change in GASB 68 and 75 liability.

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 like 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.

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 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 (like 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 like 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 like 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.

Unaudited

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.

AGENCY STATEMENTS

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

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

	2019	2018
Current and Other Assets	$ 899,191	$ 1,226,345
Capital Assets	1,364,625	1,468,761
Total Assets	2,263,816	2,695,106
Deferred Outflows of Resources	234,547	157,560
Total Assets and Deferred Outflows	$ 2,498,363	$ 2,852,666
Current Liabilities	$ 96,299	$ 62,397
Long-Term Liabilities	1,123,686	783,318
Total Liabilities	1,219,985	845,715
Deferred Inflows of Resources	20,971	117,095
Net Positions:		
Net Investment in Capital Assets	1,364,625	1,468,761
Restricted Net Positions	-	294,535
Unrestricted Net Positions	(107,218)	126,560
Total Net Positions	1,257,407	1,889,856
Total Liabilities, Deferred Inflows and Net Positions	$ 2,498,363	$ 2,852,666

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

Unaudited

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

During 2019, current and other assets decreased by $327,154, and current liabilities increased by $33,902. The change in current assets and currently liability was mainly due to the decrease in restricted cash and an increase unpaid invoices at the end of 2019.

Long-term liability increased by $340,368. This increase is mainly related to the net pension liability.

Capital assets decreased from $1,468,761 in 2018 to $1,364,625 in 2019. The $104,136 decrease is contributed primarily to the current year additions of $81,155, less current year depreciation expense of $185,291. For more detail see "Capital Assets" presented later in this report.

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

Table 2 - Changes of Net Positions

	Unrestricted	Restricted	Net Invest in C/A
Beginning Balance - December 31, 2018	$ 126,560	$ 294,535	$ 1,468,761
Results of Operation	(337,914)	(294,535)	-
Adjustments:			
Current year Depreciation Expense (1)	185,291	-	(185,291)
Capital Expenditure (2)	(81,155)	-	81,155
Ending Balance - December 31, 2019	$ (107,218)	$ -	$ 1,364,625

(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.

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Unaudited

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

	2019	2018
Revenues		
Total Tenant Revenues	$ 166,567	$ 147,079
Operating Subsidies	4,643,606	5,513,207
Capital Grants	66,093	68,946
Investment Income	372	297
Other Revenues	64,649	80,840
Total Revenues	**4,941,287**	**5,810,369**
Expenses		
Administrative	819,556	651,873
Tenant Services	47,805	46,359
Utilities	90,053	88,479
Maintenance	138,792	101,722
Protective Services	264	264
General Expenses	98,101	92,414
Housing Assistance Payments	4,193,874	4,457,541
Depreciation	185,291	194,977
Total Expenses	**5,573,736**	**5,633,629**
Net Increases (Decreases)	**$ (632,449)**	**$ 176,740**

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

Total revenue decreased by $869,082 for the year. The revenue was $5,810,369 in 2018 and $4,941,287 in 2019. The decrease in revenue is mainly due to decrease in grant revenue earned from HUD for the housing assistance payments program.

Total expenses decreased by $59,893 for the year. The decrease was mainly due to the change in housing assistance payments.

CAPITAL ASSETS

As of year-end, the Authority had $1,364,625 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $104,136 or 7.09% from the end of last year.

Unaudited

Table 4 - Condensed Statement of Changes in Capital Assets

	2019	2018
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	277,860
Leasehold Improvements	1,482,085	1,400,930
Accumulated Depreciation	(3,764,992)	(3,579,701)
Total	$ 1,364,625	$ 1,468,761

The following reconciliation identifies the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - December 31, 2018	$ 1,468,761
Current year Additions	81,155
Current year Depreciation Expense	(185,291)
Rounding adjustment	-
Ending Balance - December 31, 2019	$ 1,364,625
Current year Additions are summarized as follows:	
Capital Improvement - Doors Replacements	81,155
Total 2019 Additions	$ 81,155

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.

Unaudited

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, 2019

ASSETS		
Current assets		
Cash and cash equivalents	$	713,387
Restricted cash and cash equivalents		88,171
Receivables, net		48,617
Prepaid expenses and other assets		49,016
Total current assets		899,191
Noncurrent assets		
Capital assets:		
Land		13,000
Building and equipment		3,634,532
Leasehold Improvements		1,482,085
Less accumulated depreciation		(3,764,992)
Total noncurrent assets		1,364,625
Deferred Outflows of Resources		
Pension Liability		209,344
OPEB Liability		25,203
Total Deferred Outflows of Resources		234,547
Total Assets and Deferred Outflows of Resources	$	2,498,363
LIABILITIES		
Current liabilities		
Accounts payable	$	44,023
Accrued liabilities		37,875
Tenant security deposits		14,401
Total current liabilities		96,299
Noncurrent liabilities		
Accrued compensated absences non-current		26,502
Accrued pension liability		701,988
Accrued OPEB liability		321,426
Other noncurrent liabilities		73,770
Total noncurrent liabilities		1,123,686
Total Liabilities	$	1,219,985

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, 2019

Deferred Inflows of Resources		
Pension Liability	$	16,027
OPEB Liability		4,944
Total Deferred Inflows of Resources		20,971
Net Position		
Net investment in capital assets	$	1,364,625
Unrestricted Net Position		(107,218)
Total Net Position		1,257,407
Total Liabilities, Deferred Inflows of Resources and Net Position	$	2,498,363

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, 2019

OPERATING REVENUES		
Tenant Revenue	$	166,567
Government operating grants		4,643,606
Other revenue		64,649
Total operating revenues		4,874,822
OPERATING EXPENSES		
Administrative		819,556
Tenant services		47,805
Utilities		90,053
Maintenance		138,792
Protective Service		264
General		98,101
Housing assistance payment		4,193,874
Depreciation		185,291
Total operating expenses		5,573,736
Operating (loss)		(698,914)
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue		372
Capital grants		66,093
Total nonoperating revenues (expenses)		66,465
Change in Net Position		(632,449)
Total Net Position - Beginning		1,889,856
Total Net Position - Ending	**$**	**1,257,407**

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$	4,598,512
Tenant revenue received		167,092
Other revenue received		64,809
General and administrative expenses paid		(996,144)
Housing assistance payments		(4,193,874)
Net cash provided (used) by operating activities		(359,605)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned		372
Net cash provided (used) by investing activities		372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant funds received		66,093
Property and equipment purchased		(81,155)
Net cash provided (used) by capital and related financing activities		(15,062)
Net increase (decrease) in cash		(374,295)
Cash and cash equivalents - Beginning of year		1,175,853
Cash and cash equivalents - End of year	**$**	**801,558**

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, 2019

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$	(698,914)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		185,291
- (Increases) Decreases in Accounts Receivable		(44,309)
- (Increases) Decreases in Prepaids and Other Assets		(2,832)
- (Increases) Decreases in Deferred Outflows		(76,987)
- Increases (Decreases) in Accounts Payable		23,518
- Increases (Decreases) in Accrued Expenses Payable		9,983
- Increases (Decreases) in Tenant Security Deposits		401
- Increases (Decreases) in Compensated Absence Payable		(44,357)
- Increases (Decreases) in Noncurrent Liabilities		48,212
- Increases (Decreases) in Pension Liability		289,740
- Increases (Decreases) in OPEB Liability		46,773
- Increases (Decreases) in Deferred Inflows		(96,124)
Net cash provided by operating activities	**$**	**(359,605)**

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 are 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 7.

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 5 and 6.

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 5 and 6.

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: DEPOSITS AND INVESTMENTS

Cash on Hand

At December 31, 2019, the carrying amount of the Agency's cash deposits was $801,558 and the bank balance was $810,903. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2019, deposits totaling $352,589 were covered by Federal Depository Insurance and deposits totaling $458,314 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, 2019, 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 3: **RESTRICTED CASH**

The restricted cash balance of $88,171 on the financial statements represents:

FSS Escrow funds held for tenants	$73,770
Tenant Security Deposits	14,401
Total Restricted Cash	$88,171

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NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2019 by class is as follows:

	12/31/2018	Additions	Deletions	12/31/2019
Capital Assets Not Depreciated				
Land	$ 13,000	$ -	$ -	$ 13,000
Total Capital Assets Not Depreciated	13,000	-	-	13,000
Capital Assets Depreciated				
Building	3,205,233	-	-	3,205,233
Funiture, Equipment - Dwelling	151,439	-	-	151,439
Funiture, Equipment - Admin	277,860	-	-	277,860
Leasehold Improvements	1,400,930	81,155	-	1,482,085
Total Capital Assets Depreciated	5,035,462	81,155	-	5,116,617
Accumulated Depreciation				
Building	(2,503,481)	(80,131)	-	(2,583,612)
Funiture, Equipment - Dwelling	(136,508)	(9,805)	-	(146,313)
Funiture, Equipment - Admin	(223,660)	(17,988)	-	(241,648)
Leasehold Improvements	(716,052)	(77,367)	-	(793,419)
Total Accumulated Depreciation	(3,579,701)	(185,291)	-	(3,764,992)
Total Capital Assets Depreciated, Net	1,455,761	(104,136)	-	1,351,625
Total Capital Assets	$ 1,468,761	$ (104,136)	$ -	$ 1,364,625

NOTE 5: 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 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 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 after 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
2019 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 2019.

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

The Agency's contractually required contribution for pension was $48,763 for fiscal year ending December 31, 2019.

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, 2018, 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:

	Traditional Plan
Proportionate Share of Net Pension Liability	$ 701,988
Percentate for Proportionate Share of Net Pension Liability	0.002563%
Change in Proportion from Prior Measurement Date	-0.000065%
Pension Expense	$ 110,613

At December 31, 2019, the Agency 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	$ 95,277
Change in assumption	61,106
Difference Between Expected and Actual Experience	33
Change in prportionate share	4,165
Authority contributions subsequent to the measurement date	48,763
Total Deferred Outflows of Resources	$ 209,344
Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	$ 9,216
Change in Proporption Share	6,811
Total Deferred Inflows of Resources	$ 16,027

$48,763 reported as deferred outflows of resources related to pension resulting from the Agency's contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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:	
2020	$ 63,886
2021	27,519
2022	8,839
2023	44,310
Total	$ 144,554

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.

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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, 2018, 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. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results and the total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	Traditional Plan
Valuation Date	December 31, 2018
Experience Study	5 year ended 12/31/15
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Return	7.20%
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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other investments	18.00%	5.50%
Total	100.00%	38.04%

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Authority's proporationate share of the net pension liability	1% Decrease (6.2%)	Current Discount rate of 7.2%	1% Increase (8.2%)
- Traditional Pension Plan	$ 1,036,990	$ 701,988	$ 423,536

NOTE 6 – **<u>DEFINED BENEFIT OPEB PLAN</u>**

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)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

To qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The Agency's contractually required contribution was $0 for fiscal year ending December 31, 2019.

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

The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Agency's proportion of the net OPEB liability was based on the Agency's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	Health Care Plan
Proportionate Share of Net OPEB Liability	$ 321,426
Proportion of the Net OPEB Liability	0.002465%
Change in Proportion from Prior Measurement date	-0.000064%
Pension Expense	$ 52,786

At December 31, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Health Care Plan
Deferred Outflows of Resources		
Net Difference between projected and actual earning on pension plan investments	$	14,733
Assumption Changes		10,362
Difference between expected and actual experience		108
Total Deferred Outflows of Resources	$	25,203
Deferred Inflows of Resources		
Net Difference between projected and actual earning on pension plan investments	$	872
Change in Proportionate Share		4,072
Total Deferred Inflows of Resources	$	4,944

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		Health Care Plan
Fiscal Year Ending December 31:		
2020	$	9,513
2021		957
2022		2,367
2023		7,422
Total	$	20,259

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Information	
Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 - 10.75%
Single Discount Rate:	
Current measurement rate	3.96%
Prior measurement rate	3.85%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029
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 calendar year are determined by applying the MP-2015 mortality improvement scale to all the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 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 was a loss of 5.6 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. 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 2018 and the long-term expected real rates of return:

Asset Class	**Target Allocation**	**Weighted Average Long-Term Expected Real Rate of Return**
Fixed Income	34.00%	2.42%
Domestic Equities	21.00%	6.21%
REITs	6.00%	5.98%
International Equities	22.00%	7.83%
Other Investments	17.00%	5.57%
TOTAL	100.00%	5.16%

Discount Rate – A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96 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 (2.96 percent) or one percentage point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Single Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$411,162	$321,426	$249,976

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 2019 is 10.0 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 (2.96%)	Single Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 411,162	$ 321,426	$ 249,976

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, 2019, the current portion is $21,703 and the long-term portion is $26,502.

The following is a summary of changes in compensated absences for the year ended December 31, 2019:

	Balance 12/31/2018	Amount Earned	Amount Used	Balance 12/31/2019	Due Within One Year
Compensated leave liability	$ 45,402	$ 33,307	$ 30,504	$ 48,205	$ 21,703

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:

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 9: **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, 2019.

Litigations and Claims

In the normal course of operations, the Agency may be subject to litigation and claims. At December 31, 2019, the Agency was not involved in such matters.

NOTE 10: **LONG-TERM LIABILITIES**

The change in the Agency's long-term obligations during 2019 were as follows:

Description	Balance 01/01/19	Additions	Deletions	Balance 12/31/19	Due Within One Year
Net Pension Liability	$ 412,248	$ 289,740	$ -	$ 701,988	$ -
Net OPEB Liability	274,653	46,773	-	321,426	-
Total	$ 686,901	$ 336,513	$ -	$ 1,023,414	$ -

See Note 5 for information on the Agency net pension liability and Note 6 for information on the Agency net OPEB liability.

NOTE 11: **SUBSEQUENT EVENTS**

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

PARMA PUBLIC HOUSING AGENCY
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	$ 245,032
Section 8 Housing Choice Vouchers	14.871	4,362,250
Public Housing Capital Fund	14.872	66,093
Family Self-Sufficiency Program	14.896	36,324
Total U.S. Department of Housing and Urban Development		4,709,699
Total Federal Awards Expenditures		$ 4,709,699

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

PARMA PUBLIC HOUSING AGENCY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Agency and is presented on the full accrual basis of accounting. The information in this schedule is presented 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.

The Agency has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE B – SUBRECIPIENTS

The Agency provided no federal awards to subrecipients during the year ended December 31, 2019.

NOTE C – 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, 2019.

The Agency had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2019.

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

	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Agency's Proportion of the Net Pension Liability - Traditional Plan	0.256300%	0.002628%	0.002552%	0.002294%	0.001327%	0.001327%
Agency's Proportionate Share of the Net Pension Liability/(Asset) - Traditional Plan	$701,988	$412,248	$579,491	$397,305	$160,040	$156,338
Agency's Covered Payroll	$346,826	$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	202.40%	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	74.70%	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

	2018	**2017**	**2016**
Agency's Proportion of the Net OPEB Liability	0.246500%	0.002529%	0.002141%
Agency's Proportionate Share of the Net OPEB Liability	$321,426	$274,653	$216,259
Agency's Covered Payroll	$346,826	$353,391	$341,165
Agency's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	92.68%	77.72%	63.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution										
Traditional Plan	$ 48,763	$ 49,475	$ 44,634	$ 36,107	$ 38,749	$ 43,789	$ 44,827	$ 34,981	$ 29,874	$ 30,284
Contributions in Relation to the Contractually Required Contribution	$ 48,763	$ 49,475	$ 44,634	$ 36,107	$ 38,749	$ 43,789	$ 44,827	$ 34,981	$ 29,874	$ 30,284
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's Covered Payroll										
Traditional Plan	$ 346,826	$ 353,391	$ 341,165	$ 300,868	$ 322,908	$ 358,926	$ 342,191	$ 342,951	$ 292,882	$ 336,489
Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.06%	14.00%	13.00%	12.00%	12.00%	12.20%	13.10%	10.20%	10.20%	9.00%

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

	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Contractually Required Contribution										
OPEB	$ -	$ -	$ 3,412	$ 6,015	$ 6,458	$ 3,912	$ 3,389	$ 13,992	$ 16,597	$ 16,236
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ 3,412	$ 6,015	$ 6,458	$ 3,912	$ 3,389	$ 13,992	$ 16,597	$ 16,236
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's Covered Payroll	$ 346,826	$ 353,391	$ 341,165	$ 300,868	$ 430,542	$ 423,057	$ 393,931	$ 617,304	$ 618,314	$ 697,289
Contributions as a Percentage of Covered Payroll										
OPEB	0.00%	0.00%	1.00%	2.00%	1.50%	92.00%	86.00%	2.27%	2.68%	2.33%

PARMA PUBLIC HOUSING AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.

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. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2019.

Changes in assumptions: For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Total
111 Cash - Unrestricted	$85,385	$0	$627,157	$845	$713,387
113 Cash - Other Restricted	$0	$0	$73,770	$0	$73,770
114 Cash - Tenant Security Deposits	$14,401	$0	$0	$0	$14,401
100 Total Cash	$99,786	$0	$700,927	$845	$801,558
122 Accounts Receivable - HUD Other Projects	$0	$0	$45,094	$0	$45,094
125 Accounts Receivable - Miscellaneous	$984	$0	$984	$0	$1,968
126 Accounts Receivable - Tenants	$1,555	$0	$0	$0	$1,555
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,539	$0	$46,078	$0	$48,617
142 Prepaid Expenses and Other Assets	$22,666	$0	$26,350	$0	$49,016
150 Total Current Assets	$124,991	$0	$773,355	$845	$899,191
161 Land	$13,000	$0	$0	$0	$13,000
162 Buildings	$3,205,233	$0	$0	$0	$3,205,233
163 Furniture, Equipment & Machinery - Dwellings	$151,439	$0	$0	$0	$151,439
164 Furniture, Equipment & Machinery - Administration	$200,687	$0	$77,173	$0	$277,860
165 Leasehold Improvements	$1,480,269	$0	$1,816	$0	$1,482,085
166 Accumulated Depreciation	-$3,689,607	$0	-$75,385	$0	-$3,764,992
160 Total Capital Assets, Net of Accumulated Depreciation	$1,361,021	$0	$3,604	$0	$1,364,625
180 Total Non-Current Assets	$1,361,021	$0	$3,604	$0	$1,364,625
200 Deferred Outflow of Resources	$78,822	$0	$155,725	$0	$234,547
290 Total Assets and Deferred Outflow of Resources	$1,564,834	$0	$932,684	$845	$2,498,363
312 Accounts Payable <= 90 Days	$8,858	$0	$35,165	$0	$44,023
321 Accrued Wage/Payroll Taxes Payable	$5,893	$0	$10,279	$0	$16,172
322 Accrued Compensated Absences - Current Portion	$5,296	$0	$16,407	$0	$21,703
341 Tenant Security Deposits	$14,401	$0	$0	$0	$14,401
310 Total Current Liabilities	$34,448	$0	$61,851	$0	$96,299

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Total
353 Non-current Liabilities - Other	$0	$0	$73,770	$0	$73,770
354 Accrued Compensated Absences - Non Current	$26,502	$0	$0	$0	$26,502
357 Accrued Pension and OPEB Liabilities	$343,357	$0	$680,057	$0	$1,023,414
350 Total Non-Current Liabilities	$369,859	$0	$753,827	$0	$1,123,686
300 Total Liabilities	$404,307	$0	$815,678	$0	$1,219,985
400 Deferred Inflow of Resources	$8,223	$0	$12,748	$0	$20,971
508.4 Net Investment in Capital Assets	$1,361,021	$0	$3,604	$0	$1,364,625
511.4 Restricted Net Position	$0	$0	$0	$0	$0
512.4 Unrestricted Net Position	-$208,717	$0	$100,654	$845	-$107,218
513 Total Equity - Net Assets / Position	$1,152,304	$0	$104,258	$845	$1,257,407
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,564,834	$0	$932,684	$845	$2,498,363
70300 Net Tenant Rental Revenue	$166,567	$0	$0	$0	$166,567
70500 Total Tenant Revenue	$166,567	$0	$0	$0	$166,567
70600 HUD PHA Operating Grants	$245,032	$36,324	$4,362,250	$0	$4,643,606
70610 Capital Grants	$66,093	$0	$0	$0	$66,093
71100 Investment Income - Unrestricted	$277	$0	$95	$0	$372
71400 Fraud Recovery	$0	$0	$28,118	$0	$28,118
71500 Other Revenue	$28,772	$0	$7,759	$0	$36,531
70000 Total Revenue	$506,741	$36,324	$4,398,222	$0	$4,941,287
91100 Administrative Salaries	$81,007	$0	$197,059	$0	$278,066
91200 Auditing Fees	$3,570	$0	$4,930	$0	$8,500
91500 Employee Benefit contributions - Administrative	$67,661	$0	$207,521	$0	$275,182
91600 Office Expenses	$6,522	$0	$31,678	$0	$38,200
91700 Legal Expense	$0	$0	$627	$0	$627

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Total
91800 Travel	$1,973	$0	$3,377	$0	$5,350
91900 Other	$127,801	$0	$85,830	$0	$213,631
91000 Total Operating - Administrative	$288,534	$0	$531,022	$0	$819,556
92100 Tenant Services - Salaries	$0	$22,558	$11,481	$0	$34,039
92300 Employee Benefit Contributions - Tenant Services	$0	$13,766	$0	$0	$13,766
92500 Total Tenant Services	$0	$36,324	$11,481	$0	$47,805
93100 Water	$19,632	$0	$0	$0	$19,632
93200 Electricity	$15,312	$0	$1,771	$0	$17,083
93300 Gas	$14,126	$0	$0	$0	$14,126
93400 Fuel	$39,212	$0	$0	$0	$39,212
93000 Total Utilities	$88,282	$0	$1,771	$0	$90,053
94100 Ordinary Maintenance and Operations - Labor	$30,565	$0	$0	$0	$30,565
94200 Ordinary Maintenance and Operations - Materials and Other	$17,076	$0	$310	$0	$17,386
94300 Ordinary Maintenance and Operations Contracts	$46,092	$0	$0	$0	$46,092
94500 Employee Benefit Contributions - Ordinary Maintenance	$44,749	$0	$0	$0	$44,749
94000 Total Maintenance	$138,482	$0	$310	$0	$138,792
95300 Protective Services - Other	$264	$0	$0	$0	$264
95000 Total Protective Services	$264	$0	$0	$0	$264
96110 Property Insurance	$19,708	$0	$0	$0	$19,708
96120 Liability Insurance	$0	$0	$11,794	$0	$11,794
96130 Workmen's Compensation	$3,833	$0	$5,372	$0	$9,205
96100 Total insurance Premiums	$23,541	$0	$17,166	$0	$40,707
96200 Other General Expenses	$0	$0	$470	$0	$470
96210 Compensated Absences	$14,941	$0	$18,367	$0	$33,308
96400 Bad debt - Tenant Rents	$23,616	$0	$0	$0	$23,616

PARMA PUBLIC HOUSING AGENCY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	Business Activities	Total
96000 Total Other General Expenses	$38,557	$0	$18,837	$0	$57,394
96900 Total Operating Expenses	$577,660	$36,324	$580,587	$0	$1,194,571
97000 Excess of Operating Revenue over Operating Expenses	-$70,919	$0	$3,817,635	$0	$3,746,716
97300 Housing Assistance Payments	$0	$0	$4,193,874	$0	$4,193,874
97400 Depreciation Expense	$184,016	$0	$1,275	$0	$185,291
90000 Total Expenses	$761,676	$36,324	$4,775,736	$0	$5,573,736
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$254,935	$0	-$377,514	$0	-$632,449
11030 Beginning Equity	$1,304,754	$0	$584,257	$845	$1,889,856
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$102,485	$0	-$102,485	$0	$0
11170 Administrative Fee Equity	$0	$0	$104,258	$0	$104,258
11180 Housing Assistance Payments Equity	$0	$0	$0	$0	$0
11190 Unit Months Available	720	0	8,904	0	9,624
11210 Number of Unit Months Leased	708	0	8,317	0	9,025
11650 Leasehold Improvements Purchases	$66,093	$0	$0	$0	$66,093
11650 Leasehold Improvements Purchases	$66,093	$0	$0	$0	$66,093

PARMA PUBLIC HOUSING AUTHORITY
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH12-P073-501-17

Original Funds Approved:	$68,946
Funds Disbursed:	$68,946
Funds Expended (Actual Modernization Cost):	$68,946
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

Perry & Associates
Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

July 31, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated July 31, 2020 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact the subsequent periods of the Agency.

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.

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

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

Perry & Associates
Certified Public Accountants, A.C.

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

July 31, 2020

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, 2019. 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, 2019.

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, 2019

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

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/24/2020