

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, June 25, 2013

Court Tower

3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Tina Beahm
Scott Waterworth

STAFF PRESENT: Brad Masterson, Executive Director
Su van Houwelingen, Deputy Director
Lee Franzen, Operations Manager
Kim Lynch, Executive Assistant

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:07 p.m. Masterson informed the board of Mr. Schallert's intention to resign from the board. A new board member will need to be found and a rural representative from Omro, Winneconne or the Towns will be the focus.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled Board Meeting held on May 21, 2013. There being no questions or comments, Mr. Waterworth moved, seconded by Ms. Beahm, to approve the minutes of the May 21, 2013 meeting as presented. Motion carried 3-0.
- 3.) **Election of Officers**
Chairman Norton proceeded to the annual election of officers for the Board of Commissioners of the Housing Authority of the County of Winnebago. Masterson stated that in a phone call earlier today, Ms. Hackett indicated that she would be pleased to serve another term as Vice Chairman. Mr. Waterworth nominated Mike Norton as Chairman and Rebecca Hackett as Vice Chairman. Masterson called two more times for other nominations for either Chairman or Vice Chairman. Absent other nominations, Masterson closed the nominations and called for a vote. Motion carried 3-0 to elect Mr. Norton as Chairman and Rebecca Hackett as Vice Chairman. As provided by state law and the by-laws, Masterson will remain as Secretary/Treasurer for the Board until such time a new Executive Director is appointed.
- 4.) **Finance –**
 - a.) **Accounts Payable**
Chairman Norton inquired if there were any questions pertaining to the May accounts payable report. This is the first month that the new accounts at Bank First National are reflected on the report. Page 7 of the report shows several \$50 payments to individuals. These payments are for packing fees that the Court Tower residents are entitled to claim for moving expenses due to the renovations. The payments to Johnson Controls and Werner Electric are owner direct purchases for Court Tower. Masterson signs off on all of the Court Tower owner direct purchases.

b.) Quarterly Financials – River Cities, WCHA Public Housing & Housing Choice Vouchers

Ms. van Houwelingen reviewed that the financials are distributed on a quarterly basis for the Authority's main properties. The Net Position sheet, also known as the Balance Sheet, shows assets are greater than liabilities for the WCHA Public Housing Program. The Statement of Activities, also known as the Profit and Loss Statement, shows revenue is about \$5,500 less than what was budgeted. However, Administration Expenses are down about \$12,000 and Maintenance Expenses are down about \$11,400 from what was budgeted. Before depreciation for the Public Housing Program has a profit of \$46,741.

As a result of a training attended in May, Ms. van Houwelingen is working on a new budget for the Voucher Program. The Voucher Program is currently running about a \$40,000 deficit administratively. HUD is currently only paying 69% of the Admin Fee. The number of vouchers issued is down and because of budget reductions the Authority will not be able to issue as many additional vouchers as was anticipated. Quarterly financials are not giving a clear picture of the program's current status. It shows the HAP income coming in, but does not clearly show the administrative loss versus the HAP. The new budget will be distributed to the Board at the July meeting. Masterson and van Houwelingen responded to questions regarding the Voucher Program.

The Statement of Operations for Foxview shows revenue is up from what was budgeted and expenses are less than budgeted. It was noted that the number budgeted for depreciation expense Year to Date is incorrect. van Houwelingen will correct the error. If the property cash flows next year, some money will need to be paid back on the HOME Loan.

On the Riverside Statement of Operations it was noted that the budget number for Tenant Service-Salaries should be under SSC Salaries-Admin. van Houwelingen will have the accountant fix the error. The Statement shows revenue is up and administrative expenses down from what was budgeted. This property is doing very well showing about a \$42,000 profit. Masterson and van Houwelingen responded to additional questions regarding the quarterly financials.

c.) Review Annual Independent Audits Winnebago County Housing Authority

Ms. van Houwelingen explained that, due to the many levels of review that are done, the auditors have not had time to get through all the levels to get to the final review. Suby, Von Haden and Associates (SVA) is the firm that will conduct all of the audits for both Authorities this year. A copy of the letter from SVA to Masterson & van Houwelingen and the Board regarding the audit for the Housing Authority of the County of Winnebago were included in the commissioners' packets. The letter outlines recommendations being made by SVA such as having written accounting policies and procedures in place, formal written agreements drafted for loans between the Oshkosh and Winnebago County Housing Authorities and clarifying the procedure for sending surplus cash to WHEDA after year end.

The only finding stated in the audits is the segregation of duties issue. Ms. van Houwelingen explained the issue is due to the size of the Authority and the small number of personnel in the management agent's office. At a recent training, van Houwelingen learned that due to all the funding cuts, it is important to eliminate any kind of finding on the audits. In an effort to eliminate the segregation of duties finding in the future, Mr. Franzen will take over as the administrator of the Authority's housing software. Masterson will no longer have the ability to set up vendors in the computer and/or cut checks. He will

only be able to read reports. Ms. van Houwelingen states she will continue working with SVA to find ways to eliminate the finding. If there are findings on an audit, the agency is not considered a low risk auditee. As a low risk auditee, the auditors are only required to audit 25% of the documents instead of 50% of the agency's documents.

Last year there were no component units in the audit. Component Units now have to be part of the total picture of the Winnebago County Housing Authority. So, River Cities is now considered a component unit of the Housing Authority of the County of Winnebago. Pages 9 of the audit show total Assets of \$13,265,663 and total Liabilities of \$2,940,909. The net position at year end was \$10,324,754. Page 10 shows total Operating Revenue of \$2,601,702. After Operating Expenses there was an Operating loss of \$814,618. There was a Capital Contribution from the River Cities tax credit deal of \$2,153,513. The change in Net Position was \$1,105,844. Page 27 shows the Capital Fund money that was expended and closed out. The 2008, 2009 and 2010 Capital Fund money has been spent. Page 28 shows the capital Fund accounts that are still open. There is still money in the 2011 and 2012 funds. The information on pages 29 and 30 is what is submitted to REAC. Ms. van Houwelingen responded to questions regarding the audit. There is \$707,000 in unrestricted cash for Public Housing as of 12/31/2012.

5.) **Report of the Executive Director**

a.) Public Housing – Menasha Scattered Site Renovations Update

Masterson reported that there has been a lack of progress on the Menasha renovations. Work at Mainview was anticipated to slow down allowing more time for the FAST Team to do more work in Menasha. However, work at Mainview did not slow down. The Authority is entertaining the idea of having a construction company finish the work on the two 6th Street units that were started so they can be completed by the time school starts. A contractor has looked at the 6th Street units, but there has been no response from them yet. Clint is comfortable with the contractor's knowledge of what needs to be done and all of the materials have already been purchased.

b.) Housing Choice Voucher Program

Masterson stated Ms. van Houwelingen covered most of the information earlier in the meeting. The voucher numbers have dropped and more people need to be leased up in the program. Unfortunately, the Authority will not be able to issue as many vouchers as expected due to funding shortfalls. The disabled applicants have now been transferred to a separate waiting list, but the lottery program for the waiting lists is still not working correctly. There is still \$136,000 in the HAP fund balance. If money is still in the Authority's Net Restricted Assets account at the end of the year above a specified amount, the Authority may be required to send that money back to HUD to be held in HUD's account. The Authority will still be able to access that money if they need it, but the money will be held by HUD, not the Authority.

c.) Assisted Housing

i. River Cities Redevelopment Update

Masterson reported that everything for the garages is done except the gutters and downspouts which will probably be done this week or next. There are still concrete issues. When the concrete on the east side of the building was poured, the last one-third of the slab drains toward the building. Some of that new concrete will need to be cut out and a channel put in. The contractor also poured some stairs that were not on the plans. A ramp was being planned before the stairs appeared.

Either substantial handrails or some type of paving solution needs to be agreed upon. A Civil Engineer is going out to help with a plan to set the grades at the interior of the property higher than they are out on the street so everything drains toward the street. On the west side of the building there is already a drain system buried, but it wasn't extended the entire length of the building. So, the last patio area back in the corner stays wet. Only one landscaping company has responded regarding the work.

An agreement still needs to be reached with the owner of a property to the south of Foxview. The Authority won't send a variance request to the City of Omro until the owner responds favorably to the Authority's intention to acquire the site for future garages.

d.) HOME & HCRI Programs Update

Masterson announced that the Authority was awarded \$310,800 in HOME funds and another \$75,600 in HCRI money for the Home Buyer Program. This is a two year grant. Due to funding cuts, what the Authority now receives for two years is what it used to receive for one year. The Cities have agreed to do the inspections and admin work for the program and the Authority will do the education classes.

Masterson reported the new Regional CDBG program in moving ahead. A meeting has been scheduled for October. Marketing pieces should be ready by the end of July. There will be about \$181,000 available for Winnebago County. The regional CDBG money will not be available in the City of Oshkosh and the City of Neenah because they are CDBG entitlement communities. The money can be used for fixing up owner occupied housing that already exists. There is also a provision for an owner to apply to fix up a 2-4 unit building. Masterson responded to questions regarding the Home Buyer and Regional CDBG Programs.

e.) Personnel Matters

Ms. van Houwelingen reported that a notice was received confirming that the Authority will likely have to pay on an unemployment claim for an employee who left in March to take another position and is now no longer in that position. There continues to be some issues with a previous employee who was terminated in February. The person has been told he was not welcome on Housing Authority property. The employee who recently fell off a ladder is doing very well. He attended a recent staff meeting/picnic and was in good spirits.

The information requested by OSHA was sent. The only response that was received was a Safe Use of Ladders brochure.

There will be a \$200,000 drop in income for public housing alone because of previous cuts in funding and are now made worse by sequestration. The 2014 appropriations that are working its way through indicate that things are not going to get any better. Some of the Authority's Developer Fee that has been earned may need to be used to keep things going as they are, or a decrease in staff may be necessary. Plans and options are being developed.

Before moving on, Chairman Norton inquired about rent increases in leases for the group homes. Masterson stated there has been no progress yet regarding group home leases.

6.) **Resolution 621-13: Approve 2012 Financial Audit**

This resolution approves the 2012 Financial Audit for the Housing Authority of the County of Winnebago that was reviewed earlier in the meeting. Masterson stated this resolution was needed to submit the audit to REAC. It was also noted that a spelling error needs to be corrected in paragraph four. After questions were addressed, Mr. Waterworth moved, seconded by Ms. Beahm to approve Resolution 621-13. Motion carried 3-0.

7.) **Discussion**

Ms. van Houwelingen distributed a reminder notice for the WAHA 2013 Conference that will be held September 16-19, 2013 in Appleton. The schedule of events was summarized and questions answered.

Masterson stated he, Lee and Su participated in a webinar on the Rental Assistance Demonstration (RAD) Conversion issue through National Equity Fund last week. The RAD Program allows two options, either leave the public housing arena and enter into a contract such as what Marian Manor, Foxview and Riverside have or accept vouchers for the clients. Tenants can then choose whether they want to stay in the building or take the voucher and move somewhere else. Masterson felt the Authority needs to remain interested in the RAD option if studies find it may be financially beneficial. But he worried that allocating time over the next 12 months while suffering under additional budget cuts might be unrealistic.

8.) **Adjournment:**

There being no further business, Chairman Norton called for a motion to adjourn. Mr. Waterworth moved, seconded by Ms. Beahm to adjourn the meeting. Motion carried 3-0. The meeting was adjourned at 4:24 p.m.

Respectfully submitted,

Brad Masterson
Executive Director
Winnebago County Housing Authority

APPROVED