

**CITY OF MANISTEE HOUSING COMMISSION**  
**Regular Meeting Minutes**  
**November 16, 2010**

The Regular Meeting of the City of Manistee Housing Commission was held on November 16, 2010 at 4:00 p.m. in the Harborview Community Room.

The meeting was called to order by President Dale Priester at 4:03 p.m.

Members Present: President Dale Priester, Vice-President Doug Parkes, Treasurer Elbert Purdom, Commissioner Donna Korzeniewski and Commissioner Harvey Good.

Members Absent: None

Also Present: Andy Zenk, Auditor of Zenk & Associates, PC, Clinton McKinven-Copus, Executive Director and Lorna Perski, Housing Coordinator.

Approval of Minutes

There were no additions or correction in the October Regular Minutes. **Doug made a motion to approve the October 26, 2010 minutes as written.** Elbert seconded the motion. All members voted in favor. Motion carried.

Amendments to the Agenda

Move item #7 to the end of the agenda after Commissioner Report.

Old Business

There was no Old Business to discuss.

New Business

Resolution 2010-11 Investment of Security Deposit Funds. Based on the last financial report we now need \$50,000 in the Security Deposit Fund. The current amount in the Security Deposit Fund is \$45,508.62. The resolution allows the Executive Director and Board President to determine and secure a Certificate Deposit. Doug also made a suggestion that the wording in the resolution be changed to read locally represented financial institutions, instead of local banks. None of the banks in Manistee are locally owned. **Doug made a motion to approve Resolution 2010-11 with the proposed changes.** Al seconded the motion. All members voted in favor. Motion carried.

Director's Report

Clint is working with office staff to complete time studies for the month of November 2010. Clint is in initial stages with a consultant to review staff work load and determine if there are more efficient ways to carry out their duties. Cost for the consultant will come from Fees and Costs line item of CFP Funds.

## Regular Meeting Minutes

October 26, 2010

Page 2

### Communications

Resident Newsletters and the CMHC Newsletter (Produced by ROSS Staff) are included in communications.

### Public Comment

Jeanie Bialik commented that it was nice to have the meeting at Harborview so some of the residents that can't normally get to the meeting could come.

Kimberly Rackow of Century Terrace asked Clint if he has checked into using a college graduate student as a consultant, since it would cost less to use a student. Clint said that we need someone who is familiar with HUD Regulation and what must be done to comply with it.

### Commissioner Report – Comments/Concerns

Harvey asked where our snow plow went that was in the Harborview Parking Lot. Clint said he didn't know where the plow went. The plow was possibly stolen. He will make a police report. The cost of the plow is under the insurance deductible so it will not be replaced by insurance. Clint said he doesn't understand why the plow was stored where it was, also that the plow was not very useful without the equipment that is attached to the truck. It was rarely used since it was found to be useless in plowing our lots due to the fact it is light weight. They are not strong enough for heavy use.

EI asked if we ever take any assets off of the books. We have replaced the boilers, etc. He wondered if both sets of boilers are still on the inventory.

### Finances

Andy Zenk, Auditor of Zenk & Associates, PC gave us an Unqualified Opinion with two findings, free from material mis-statements. The management discussion and analysis states highlights for the year. What was going on that was good or bad. Our cash flow was a little rough in Fiscal Year 2009. The positive thing was the Capital Funds and ROSS Grand Funds were there to help support the cash flow.

On page 3 Total Assets minus Liabilities and affect to Assets. We improved on buildings with CFP Funds. Liabilities increased also in the amount of \$500,000.00 which is not true debt. This Energy Performance Loan will expire after 40 years.

On page 4 the Total Revenue increased from grants. There were additional expenses to go along with that. In general the net Assets were affected by \$45,000.00. On page 5 is the break down for the grants. Youth Build closed out totally in 2010. The ARRA Stimulus Grant Funds and ROSS Grand Funds highlight the Grant Revenue. Tenant Revenue and small other revenue of interest and minor things. Your Breakout was for tenant and low rent. The largest share of

## Regular Meeting Minutes

November 16, 2010

Page 3

expenses are Administrative, but expenses are close to other agencies. Payroll and other benefits are the reason. Andy noted that it is unusual to have a union maintenance workforce in a small housing authority. Doug asked if HUD publishes anything on wages for agency size. Clint said the Department of Labor says our union wage is set about \$7.00 per hour higher than the average.

Page 8 Breakdown of Capital Assets Depreciation affects that and is about \$302,000.00 per year. Things that should be taken off as assets need to be voted on by the board. The best Asset Schedule we have is from Darrin's Firm from about 6 years ago. Another example is we replaced the copier, the new and old copier are both on as assets. The section at the bottom of page 8 on Economic Factors and Events Affecting Operations which is no different here than anywhere else. The Detroit Housing Authority may have a lot higher cost for protection costs, but we may have higher utility costs. The larger housing authorities get more of the HUD Funding than the small authorities like Manistee

The conclusion on page 9 indicates that overall the Manistee Housing Commission's net asset position slipped a bit this year. Personnel turnover and continued efforts to implement software have increased expenses. The management is committed to staying abreast of regulations and appropriations, as well as, maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

Beginning on page 10 the Statement of Net Assets financially is GAP Accounting in presentation and appearance. This is the section of the audit that HUD sees and gives our score from. El asked about Working Capital is the difference between current Assets and Liabilities. A Working Capital Term is not used in non-profit organizations. Cash on hand is now down to \$22,000.00. Andy said the current ratios are in tough shape. The budget needs to be modified. It is a control issue that we need to turn around. El asked if cash was in the negative status, what would HUD do? HUD would probably have someone come in and evaluate. Clint said having no Financial Statements for over a year has caused the problem, since we didn't make adjustments along the way as we should have in 2009. 2009 is now closed. Darrin still does not show that the amount of HUD funding has increased. There are some credits that may not have been posted yet. Page 10 summarizes the balance sheet. Page 11 is the Income statement. The thing that matters the most is the change in net assets, depreciation is a non-cash expense and it shows a \$445,000.00 loss but \$300,000.00 is depreciation. Doug wondered if some of these assets are mis-classed, depreciation seems high. We added assets this year in the homes and EPC Contract. The overall fact for the year was a negative \$49,000.00 change.

Page 12 and 13 the Statement of Cash Flows is positive. \$10,164.00 for Operations is a little low. October 2010 Financial Statements must be clean and all corrections made. Doug said on page 11 we show a little over \$10,000.00 in bad debt. Are we accruing rent on places we are not getting rent on. Darrin said Rector Reader did not record our bad debt in the past year but it is in the audit for 2009. El said that we have a negative receivable, which we can't have. El said our accountants all have a different view, Andy said it just may be a mistake.

## Regular Meeting Minutes

November 26, 2010

Page 4

Pages 14-21 are the Notes to the Financial Statements. This is what GAP Accounting says must be recorded and make up accounting terminology. Grants are spelled out, etc. Page 17 is breakout of Tenant Security Deposits and two amounts for DVG Program Loan and Reserve Amounts that must be maintained. We take a management fee off of the income. Page 18 is Capital Assets, Land, Furniture, etc. Total Assets to be depreciated is 3.3 million. The Long Term Debt is three loans that we have. Page 20 Defined Benefits plan breakouts, post retirement benefits, future outlay of cash. Page 21 is the last foot note page. We are overfunded and trying to stay ahead of that.

Pages 23-25 is the format of information of Financial Reports submitted to the HUD Website and what they evaluate us on.

Beginning on Page 26 is the Federal Funds that came in during 2009.

Beginning on page 28 is the report on Internal Control over Financial Reporting and on Compliance and Other Matters. One of the findings were missing Birth Certificates in tenant files, in the past voter registrations were allowed. All tenants were supposed to be contacted to bring in birth certificates through a couple different office staff, but obviously was not completed. The other finding was in regards to the CFP Fund Program. This is on page 34, we need to go back through and make sure the line items are correct, they just are not on the right line item.

On pages 33-35 is the Schedule of Findings and Questioned Costs data in FDS format so it can be read by HUD, OMB Circular A-133.

The last two pages are the Independent Accountant's Report is on Applying Agreed-Upon Procedures.

Andy Zenk made a management advisory comment to the board of commissioners and management which is not part of the audit itself. Andy said he didn't know what direction the board was going with the software changes they have made. It has been a financial drain on the housing commission with the amount of money that was spent. Yardi is out for themselves, and no has had a good experience with their software. He suggested that board members get out to meetings with other board members to familiarize themselves with current HUD software. The board has jumped around a lot with software. Clint suggested commissioner training, which is through NAHRO. Andy said the board's responsibility is to hold the Executive Director accountable. The board has to be careful not to over-step their bounds, and should keep information in a file regarding their decisions in case something happened to protect against law suits. Al said that he thinks the board is micro-managing. Clint's review is with the board, and employee reviews are with Clint.

Andy said HUD expects us to address any findings. Clint will be responsible to address these findings with a process to fix it and report to the board.

Financial Statements

## Regular Meeting Minutes

November 16, 2010

Page 5

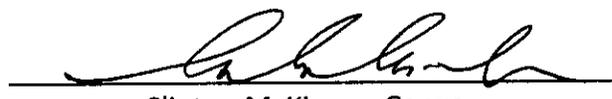
Clint received May through September financial statement and will concentrate on September. He went over the 2010 September Financial Statements this morning. This is the last month of receiving only \$8,000.00 in Operating Subsidy. Beginning October 2010 it is \$31,000.00 due to HUD changes in the Operating Subsidy. There were two payments on the Energy Performance Contract Loan in September. The Accrued Liability on page two \$644.87. The last two months have been \$6,800.00. \$13,000.00 in interest on page 4. We paid \$65,000 interest on the loan. There is no offset coming in yet from the EPC. We didn't close out the EPC until August which was behind schedule. We won't see a change until February or March Of 2011, which is not good for the budget with warm weather in November. Harvey asked if there were any additional payments from Siemens. No just the one due to the fact that they were behind schedule. Clint will need to get bills copied and over to Siemens. We need to keep a close eye for the next six months. We need further tracking on stating of our laundry income. There is none listed for September, and laundry cards are filled every day the office is open. Clint said he is looking into a machine like an ATM for tenants to fill laundry cards. The \$19,000 amount Clint could not track down, with a grand total of the year of \$67,000.00. El said there was a Workers Comp refund, refund on retiree insurance and FSA accounts. The phone bill is \$2,218.00, which is two months for the landline, and cellular for Clint, Lorna, Linda, Resident Managers and Maintenance. We have seven mandated lines for the phone. The Maintenance Union Health Cost is higher. There was discussion about a waiver or payment for not choosing to take the health care coverage for maintenance. El and Donna will be pulled in to look at the office employee's time study, then help put a budget together. Clint would like to have a budget before the New Year. **Doug made a motion to acknowledge receipt of the May through September 2010 Financial Reports and place them on file.** Harvey seconded the motion. All members voted in favor. El's big concern is that the cash we have is less than the accounts payable. El said a lot of companies only budget 85% of expected income. Clint said with the lame duck congress, subsidy will likely decrease.

Jim Rowe of Century Terrace missed the opportunity at Public Comment, but wanted to address the issue of the large stone that is in the dog pen. He said it is impossible for the dogs to walk on since it is too sharp. Tenants who have small dogs walk them off the property due to the stones. The bench inside the pen is also broken. Clint told him he would need to call in a work order to get the bench fixed.

There was no further business to discuss, **Donna made a motion to adjourn the meeting at 5:27 p.m.** Harvey seconded the motion. All members voted in favor.



Dale Priester  
President



Clinton McKinven-Copus  
Executive Director  
Commission Secretary