

HOUSING AUTHORITY OF THE BOROUGH OF CLEMENTON
SPECIAL MEETING
DECEMBER 3, 2015

Chairman Schmidt called the Housing Authority of the Borough of Clementon Special Meeting to order at 5:34PM and announced that the meeting has been properly advertised pursuant to N.J.S.A., 10:4-6, the Open Public Meetings Act. The meeting was held at the John Leshar Senior Center located at 49 Berlin Road, Clementon, New Jersey. Chairman Schmidt stated that the purpose of this meeting is to review the audit with Mr. Giampaolo and ask any questions that may arise.

Salute to flag.

Upon roll call the following were present: Commissioner Armbruster, Commissioner Casella, Commissioner Closs, Commissioner Watson, Vice-Chairman Cater, and Chairman Schmidt. Absent: Commissioner Nicholson. Also present at this meeting were William J. Harris, Executive Director, Anthony Ogozalek, Jr., Solicitor, Anthony Giampaolo, Auditor, and Barbara J. Murray, Secretary.

Chairman Schmidt turned the meeting over to Mr. Giampaolo.

Mr. Giampaolo thanked the Board for allowing his firm the opportunity to complete the Housing Authority's audit for FYE June 30, 2015. He went on to say that it was a clean audit, what is called an unmodified opinion, meaning there were no changes or adjusting journal entries to the financial statements submitted as unaudited and presented to the Board in July 2015; there were no findings.

Accounting Records

Mr. Giampaolo reported that our accounting records are adequate; as things are always changing, a few internal recommendations were made to allow things to progress more smoothly. However, they are only recommendations and the Housing Authority can decide if they want to implement them or not. The recommendations will cost money so it is obvious that if we are in a financial hardship, we cannot implement the recommended changes.

Federal Funding

Mr. Giampaolo said that HUD funding has been decreasing over the past few years; last year we received 71% funding and this year we only received 66%. He went on to say that 2016 will be even less because there is no funding available; the Federal Government is using other areas to use their money. Mr. Giampaolo explained that a 4-year look-back period is done on the Housing Authority as a whole, the Public Housing Program, the Capital Fund Program (CFP) and the Housing Choice Voucher Program (HCV); In 2012 our Federal funding was \$603,352 and our Capital funding was \$57,270 and in 2015 our Federal funding was \$579,844 and our Capital funding was \$16,505. The Capital funds (\$16,505) is a major indicator for the building, this is what we need to use to enhance the building. This year we used about \$69,652 of our Federal reserve operating funds for building improvements, because HUD did not supply us with the funding for improvements.

Administrative Expenses

Mr. Giampaolo said that other administrative expenses have gone up in cost such as office supplies, computers, and telephone expenses to name a few.

Maintenance Expenses

Mr. Giampaolo said that maintenance utility costs have gone up due to the harsh winter in 2015; maintenance contract costs have gone up from \$44,000 in 2012 to \$97,000 in 2015, which shows that the building is getting older and we need money to put into the building in order to keep operating costs down.

Comments, Questions and Opinions

Mr. Giampaolo said a lot of people question the comparison to a similar Housing Authority in the same area; they are about the same and will probably be out of cash soon, but HUD will not let the Housing Authorities go into bankruptcy. HUD's pattern is to use Federal funding in other areas until the Housing Authority has almost depleted their cash and then they put money back into the Authority.

Mr. Giampaolo said there are some new incentives, one of which is RAD, which means the Housing Authority decouples from the government and in his personal view this is not a good idea because once you decouple from the government the funding stops; if you stay as a Housing Authority, HUD has to fund the Housing Authority. He further explained that RAD is another source of income from the government where we would keep the same amount of income but it comes from a different source and it is not guaranteed every year.

Commissioner Casella asked if Mr. Giampaolo has ever seen any Housing Authority who have used up their funds and HUD gave them extra money; Mr. Giampaolo said that he knows of two and that one is completely bankrupt and HUD removed their Board. Commissioner Armbruster said that it was his understanding that HUD can make the Housing Authority non-senior and just make it low income housing; Mr. Harris added that he knows of another Housing Authority who had a court appointed receiver and he had to report to the judge who told the Housing Authority what they could and could not do.

Commissioner Closs asked what would happen to the seniors if the Authority became just low-income housing; Commissioner Armbruster said that they would continue to be housed but as the units become vacant the Authority would slowly become low-income housing. Mr. Giampaolo said there is another Housing Authority where HUD came in and dissolved the Board and then they hire a management company, with no staff on the premises.

Commissioner Armbruster said that he is concerned the numbers in the budget seem to be fluctuating and in 2014 it looked like we had a comfortable amount of money; Mr. Giampaolo said that in 2014 the Housing Authority saved their stimulus money and used it to convert two 2-bedroom units and two efficiency units into four 1-bedroom units and redo some of the pipework.

Commissioner Armbruster said that his fear is that the building is so old and outdated, there are no reserves in place to make the large scale improvements needed and he does not see a large amount of capital funding coming in so what can we do about that. Mr. Giampaolo said that the government realizes that most of these buildings were built around the same time. Mr. Giampaolo said that these buildings are deteriorating due to lack of funding, not lack of maintenance and went on to say that Congress is passing an Act in 2016 for the Capital Fund Program for housing authorities and that the money must be used for the enhancement of the building.

Commissioner Armbruster said that he spoke to Mr. Harris about our energy costs and ways that we could save; Mr. Harris advised that we had applied for a New Jersey Clean Energy grant and that the last of the bulbs were installed today and that a couple of years ago all of the tenants were given LED light bulbs.


Chairman Schmidt said that it is his understanding that the government no longer wants housing authorities to use their Capital budget for building operations; Mr. Giampaolo said that the government no longer wants that.

Commissioner Casella asked if we have to apply for the 2016 budget; Mr. Giampaolo said we do not, the government will be sending out notices. He also said that because our budget is only \$47,000 (W. Harris' comment: Our estimated FY2016 Capital Fund Program grant is \$54,326) we may have to apply to the State for grants in order to get additional funding. Commissioner Armbruster said that he has thought about going out and discussing with some of our legislators about funding a new boiler for the building. Commissioner Armbruster said that with a lot of the grants you have to spend money in engineering studies to get them; his understanding from the financial class that he just took is that there is no way to pay for that because the money is just not there.

Chairman Schmidt asked if we are subject to the 2011 pension changes. Solicitor Ogozalek said that after talking with Mr. Giampaolo there was a disconnect in the discussion between the Chairman and the Auditor; in an effort to clarify this he said that Mr. Giampaolo was talking about how we account for the amounts the housing authority pays and the Chairman was talking about him not having the correct language in his report; it should have included Chapter 78 P.L. 2011, which is the most up-to-date. Mr. Giampaolo said that next year we have to show in our financial statement the unfunded portion of the pension and amortize it over the next four years.

Chairman Schmidt asked for a motion to adjourn from the special meeting and start the regular monthly meeting and continue with questions and comments for the Auditor. Commissioner Armbruster, seconded by Vice-Chairman Cater made a motion at 6:01PM to adjourn. Voice vote: All ayes. The motion carried.

Respectfully submitted,


William J. Harris
Secretary