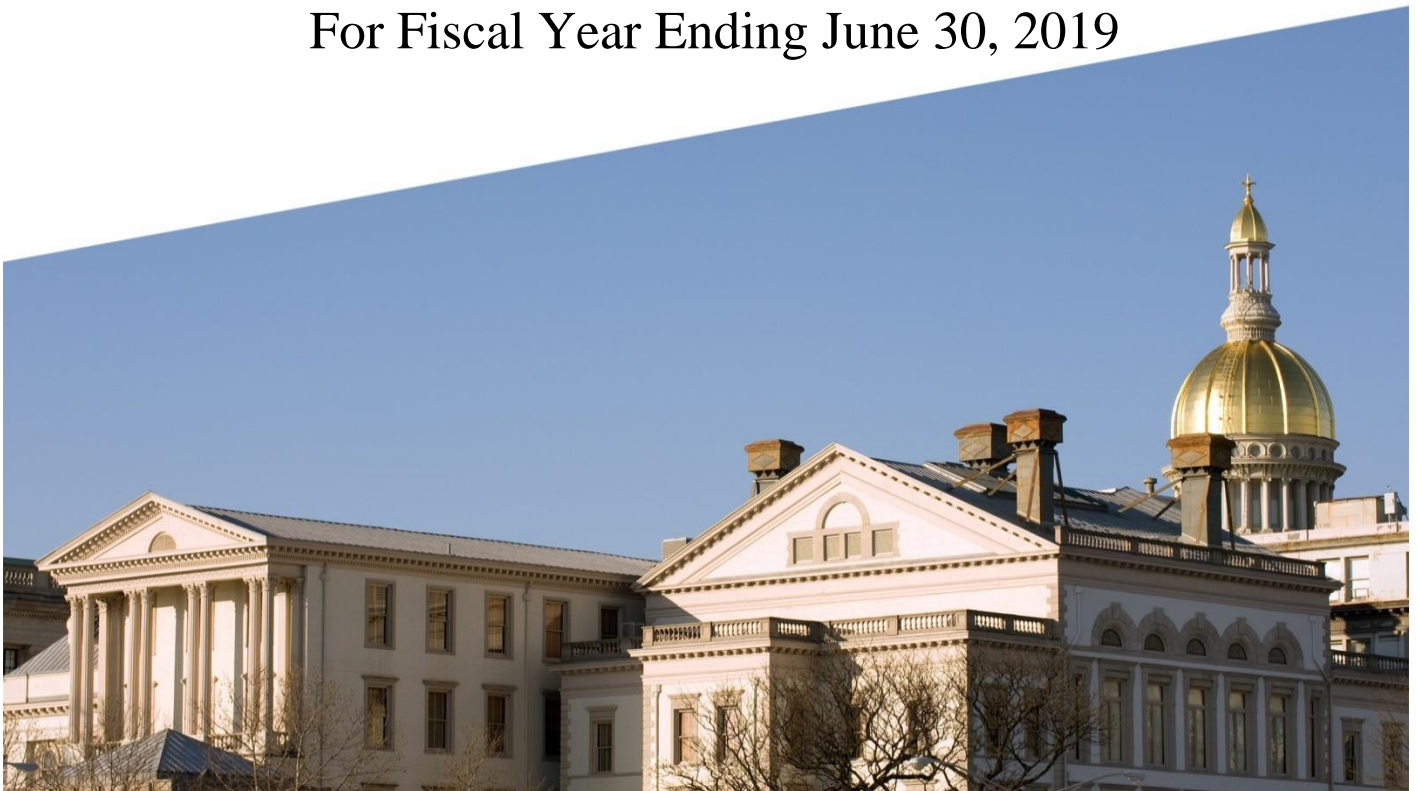


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised

For Fiscal Year Ending June 30, 2019



LEGISLATIVE SERVICES COMMISSION

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Vacant
State Auditor

David J. Kaschak
Assistant State Auditor

Thomas Troutman
Assistant State Auditor

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Peri A. Horowitz
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the State of New Jersey, Department of Community Affairs, Section 8 Housing Program, Financial Data Schedules – Revised for the fiscal year ended June 30, 2019. If you would like a personal briefing, please call (609) 847-3470.

Handwritten signature of David J. Kaschak in cursive.

David J. Kaschak
Assistant State Auditor
September 17, 2020

Handwritten signature of Thomas Troutman in cursive.

Thomas Troutman
Assistant State Auditor
September 17, 2020

**State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019**

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State Auditor

David J. Kaschak
Assistant State Auditor

Thomas Troutman
Assistant State Auditor

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL DATA SCHEDULES - REVISED

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Peri A. Horowitz
Executive Director
Office of Legislative Services

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of New Jersey, as of and for the year ended June 30, 2019, which collectively comprise the state's basic financial statements, and have issued our report thereon dated March 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 30, 2020.

The accompanying Financial Data Schedules – Revised for the State of New Jersey, Department of Community Affairs, Section 8 Housing Program, are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. Such information is the responsibility of the Department of Community Affairs' management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We did not audit the schedules for completeness. In our opinion, the amounts included on the Financial Data Schedules – Revised are fairly stated in all material respects in relation to the basic financial statements as a whole. The Financial Data Schedules were revised due to facts discovered subsequent to our report dated April 7, 2020. See Note 2 for further details.



David J. Kaschak
Assistant State Auditor
September 17, 2020



Thomas Troutman
Assistant State Auditor
September 17, 2020

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
111 Cash - Unrestricted *	\$ -	\$ 427,703	\$ 80,182	1,795,714	\$ 2,303,599
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted *	60,664	1,145,468	683,955		1,890,087
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$ 60,664	\$ 1,573,171	\$ 764,137	\$ 1,795,714	\$ 4,193,686
121 Accounts Receivable - PHA Projects	\$ -	\$ 184,555	\$ -	\$ -	\$ 184,555
122 Accounts Receivable - HUD Other Projects				147,784	147,784
124 Accounts Receivable - Other Government		15,705	14,668		30,373
125 Accounts Receivable - Miscellaneous		3,681,919			3,681,919
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other		(3,681,919)			(3,681,919)
127 Notes, Loans, and Mortgages Receivable - Current					
128 Fraud Recovery		2,755,032			2,755,032
128.1 Allowance for Doubtful Accounts - Fraud		(2,755,032)			(2,755,032)
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ -	\$ 200,260	\$ 14,668	\$ 147,784	\$ 362,712
131 Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					

See the accompanying Notes to the Financial Data Schedules – Revised.

* Housing Choice Vouchers Cash totaling \$850,475 was reclassified from Cash – Unrestricted to Cash – Other Restricted. See Note 2 – Explanation of Revised Report for further details.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
142 Prepaid Expenses and Other Assets		19,623,336		177,200	19,800,536
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Interprogram Due - From		1,052,496			1,052,496
145 Assets Held for Sale					
150 Total Current Assets	\$ 60,664	\$ 22,449,263	\$ 778,805	\$ 2,120,698	\$ 25,409,430
161 Land	\$ -	\$ -	\$ -	\$ -	\$ -
162 Buildings					
163 Furniture, Equipment, and Machinery - Dwellings					
164 Furniture, Equipment, and Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation					
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
171 Notes, Loans, and Mortgages Receivable - Noncurrent	\$ -	\$ -	\$ -	\$ -	\$ -
172 Notes, Loans, and Mortgages Receivable - Noncurrent - Past Due					
173 Grants Receivable - Noncurrent					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Noncurrent Assets	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
200 Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -
290 Total Assets and Deferred Outflows of Resources	\$ 60,664	\$ 22,449,263	\$ 778,805	\$ 2,120,698	\$ 25,409,430
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ 2,137	\$ 2,137
312 Accounts Payable <= 90 Days Past Due					
313 Accounts Payable > 90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs		11,228	42,025	238,246	291,499
332 Accounts Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue	60,664				60,664
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Interprogram - Due To			52,540	999,956	1,052,496
348 Loan Liability - Current					
310 Total Current Liabilities	\$ 60,664	\$ 11,228	\$ 94,565	\$ 1,240,339	\$ 1,406,796

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Noncurrent Liabilities - Other		283,766			283,766
354 Accrued Compensated Absences - Noncurrent					
355 Loan Liability - Noncurrent					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Noncurrent Liabilities	\$ -	\$ 283,766	\$ -	\$ -	\$ 283,766
300 Total Liabilities	\$ 60,664	\$ 294,994	\$ 94,565	\$ 1,240,339	\$ 1,690,562
400 Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -
508.4 Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
511.4 Restricted Net Position		850,475	683,955		1,534,430
512.4 Unrestricted Net Position		21,303,794	285	880,359	22,184,438
513 Total Equity - Net Assets/Position	\$ -	\$ 22,154,269	\$ 684,240	\$ 880,359	\$ 23,718,868
600 Total Liabilities, Deferred Inflows of Resources, and Equity - Net	\$ 60,664	\$ 22,449,263	\$ 778,805	\$ 2,120,698	\$ 25,409,430

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70600 HUD PHA Operating Grants	\$ 42,757	\$257,325,102	\$ 1,230,613	\$ 4,488,634	\$263,087,106
70610 Capital Grants	\$ -	\$ -	\$ -	\$ -	\$ -
70710 Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -
70720 Asset Management Fees					
70730 Bookkeeping Fees					
70740 Front Line Service Fees					
70750 Other Fees					
70700 Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70800 Other Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -
71100 Investment Income - Unrestricted		343,384			343,384
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		214,512		1,262	215,774
71500 Other Revenue		1,343,325			1,343,325
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$ 42,757	\$259,226,323	\$ 1,230,613	\$ 4,489,896	\$264,989,589

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
91100 Administrative Salaries	\$ -	\$ 8,434,611	\$ 23,366	\$ 363,869	\$ 8,821,846
91200 Auditing Fees					
91300 Management Fees					
91310 Bookkeeping Fees					
91400 Advertising and Marketing					
91500 Employee Benefit Contributions - Administrative		4,090,714	11,332	176,473	4,278,519
91600 Office Expenses		4,337,282	12,016	187,112	4,536,410
91700 Legal Expense		34,777	96	1,499	36,372
91800 Travel		50,053	139	2,159	52,351
91810 Allocated Overhead		1,812,074	5,020	78,175	1,895,269
91900 Other		174,038	482	7,504	182,024
91000 Total Operating - Administrative	\$ -	\$ 18,933,549	\$ 52,451	\$ 816,791	\$ 19,802,791
92000 Asset Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -
92100 Tenant Services - Salaries	28,513				28,513
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	14,244				14,244
92400 Tenant Services - Other					
92500 Total Tenant Services	\$ 42,757	\$ -	\$ -	\$ -	\$ 42,757
93100 Water	\$ -	\$ -	\$ -	\$ -	\$ -
93200 Electricity					
93300 Gas					

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
94100 Ordinary Maintenance and Operations - Labor	\$ -	\$ -	\$ -	\$ -	\$ -
94200 Ordinary Maintenance and Operations - Materials and Other					
94300 Ordinary Maintenance and Operations - Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
95100 Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -
95200 Protective Services - Other Contract Costs		31,924	89	1,379	33,392
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$ -	\$ 31,924	\$ 89	\$ 1,379	\$ 33,392
96110 Property Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
96120 Liability Insurance					
96130 Worker's Compensation					
96140 All Other Insurance					
96100 Total Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
96200 Other General Expenses	\$ -	\$ 107,635	\$ -	\$ 11,139	\$ 118,774
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad Debt - Tenant Rents					
96500 Bad Debt - Mortgages					
96600 Bad Debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$ -	\$ 107,635	\$ -	\$ 11,139	\$ 118,774
96710 Interest on Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -	\$ -
96720 Interest on Notes Payable (Short and Long-Term)					
96730 Amortization of Bond Issuance Costs					
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
96900 Total Operating Expenses	\$ 42,757	\$ 19,073,108	\$ 52,540	\$ 829,309	\$ 19,997,714
97000 Excess of Operating Revenue over Operating Expenses	\$ -	\$240,153,215	\$ 1,178,073	\$ 3,660,587	\$244,991,875
97100 Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		236,153,106	494,118	3,670,464	240,317,688
97350 HAP Portability - In		1,248,276			1,248,276
97400 Depreciation Expense					

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$ 42,757	\$256,474,490	\$ 546,658	\$ 4,499,773	\$261,563,678
10010 Operating Transfers - In	\$ -	\$ -	\$ -	\$ -	\$ -
10020 Operating Transfers - Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Units					
10050 Proceeds from Notes, Loans, and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items (Net Gain/Loss)					
10080 Special Items (Net Gain/Loss)					
10091 Interproject Excess Cash Transfers - In					
10092 Interproject Excess Cash Transfers - Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ -	\$ 2,751,833	\$ 683,955	\$ (9,877)	\$ 3,425,911
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Financial Data Schedules – Revised
For the Year Ended June 30, 2019

	CFDA 14.896 Family Self - Sufficiency Program	CFDA 14.871 Section 8 Housing Choice Vouchers	CFDA 14.879 Mainstream Vouchers	CFDA 14.856 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	Total
11030 Beginning Equity	\$ -	\$ 19,402,436	\$ 285	\$ 890,236	\$ 20,292,957
11040 Prior Period Adjustments, Equity Transfers, and Correction of Errors					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$ -	\$ 21,303,794	\$ -	\$ -	\$ 21,303,794
11180 Housing Assistance Payments Equity	\$ -	\$ 850,475	\$ -	\$ -	\$ 850,475
11190 Unit Months Available		283,326	1,188	7,566	292,080
11210 Number of Unit Months Leased		277,931	605	7,566	286,102
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture and Equipment - Dwelling Purchases					
11640 Furniture and Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

See the accompanying Notes to the Financial Data Schedules – Revised.

State of New Jersey
Department of Community Affairs
Section 8 Housing Program
Notes to the Financial Data Schedules – Revised
For the Year Ended June 30, 2019

NOTE 1 – Measurement Focus, Basis of Accounting, and Financial Data Schedules Presentation

The financial data schedules are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The Section 8 Housing Program presented in the financial data schedules is accounted for in the state's General Fund which is reported using the current financial resources measurement focus and the modified accrual basis of accounting.

NOTE 2 – Explanation of Revised Report

The Fiscal Year 2019 Audited Financial Data Schedules submission into the HUD REAC system was rejected for various reasons. Among those was the amount in the Housing Choice Vouchers, Housing Assistance Payments Equity account did not appear to be supported by restricted cash and investments. As a result, \$850,475 needed to be reclassified from Cash – Unrestricted to Cash – Other Restricted. This reclassification was necessary due to The Department of Community Affairs' (DCA) prepayment of its July 1, 2019 Housing Assistance Payments (HAP) which depleted all excess HAP related cash and also used a portion of its unrestricted cash to cover the prepayment. DCA fully understands the Restricted Net Position should be supported by restricted cash and its investments. However, in this case, there was no effect on the financial data schedules since the cash was correct but was not properly classified. Upon receipt of the revised data, DCA reclassified the cash to the appropriate account.