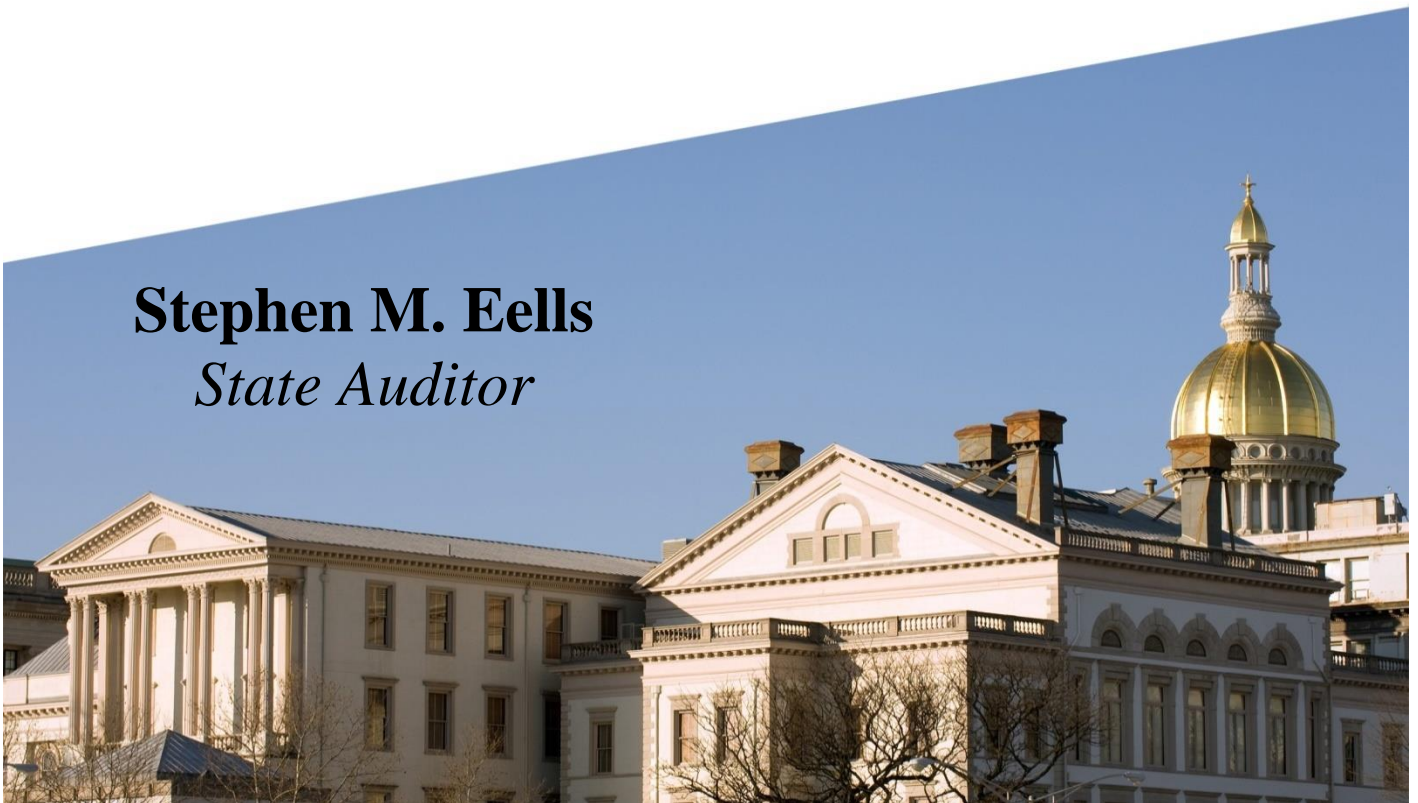


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

State of New Jersey
State Health Benefit Program Fund – State Retired
Report on a Specific Element of a Financial Statement
Schedule of Benefit Claim Payments and Expenses

For the Year Ended June 30, 2018

Stephen M. Eells
State Auditor



SENATE

CHRISTOPHER J. CONNORS
KRISTIN M. CORRADO
NIA H. GILL
LINDA R. GREENSTEIN
THOMAS H. KEAN, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
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New Jersey State Legislature

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(609) 847-3901

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 Schedule of Benefit Claim Payments and Expenses for the State of New Jersey, State Health Benefit Program Fund – State Retired, for the year ended June 30, 2018. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells
State Auditor
June 28, 2019

State of New Jersey
State Health Benefit Program Fund – State Retired
Report on a Specific Element of a Financial Statement
Schedule of Benefit Claim Payments and Expenses
For the Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Schedule

We have audited the accompanying Schedule of Benefit Claim Payments and Expenses made for the State of New Jersey, State Health Benefit Program Fund – State Retired, for the year ended June 30, 2018, and the related note.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

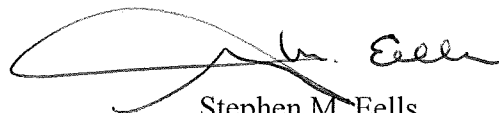
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule referred to above presents fairly, in all material respects, the benefit claim payments and expenses made for the State of New Jersey, State Health Benefit Program Fund – State Retired, for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2018, which collectively comprise the state's basic financial statements, and have issued our report thereon dated April 30, 2019, which contained an unmodified opinion on those financial statements.



Stephen M. Eells
State Auditor
June 28, 2019

State of New Jersey
State Health Benefit Program Fund – State Retired
Report on a Specific Element of a Financial Statement
Schedule of Benefit Claim Payments and Expenses
For the Year Ended June 30, 2018

EXPENDITURES

Current:

Government direction, management, and control

| | |
|--|-----------------------------|
| Benefit Payments | \$644,869,739 |
| Net Accruals | <u>44,572,111</u> |
| Gross Benefit Claim Payments | \$689,441,850 |
| | |
| Administrative expense | <u>868,745</u> |
| Total Benefit Claim Payments and Expenses | <u>\$690,310,595</u> |

State of New Jersey
State Health Benefit Program Fund – State Retired
Note to Report on a Specific Element of a Financial Statement
Schedule of Benefit Claim Payments and Expenses
For the Year Ended June 30, 2018

NOTE 1 – Measurement Focus, Basis of Accounting and Benefit Claim Payments Presentation

The State Health Benefit Program Fund – State Retired was reported as a governmental fund for the fiscal year ended June 30, 2018. The Schedule of Benefit Claim Payments and Expenses is a report on a specific element of the fund's financial statements and is presented using the same measurement focus and basis of accounting as the fund's financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Expenses are recognized when they become both measurable and payable or payable soon thereafter.