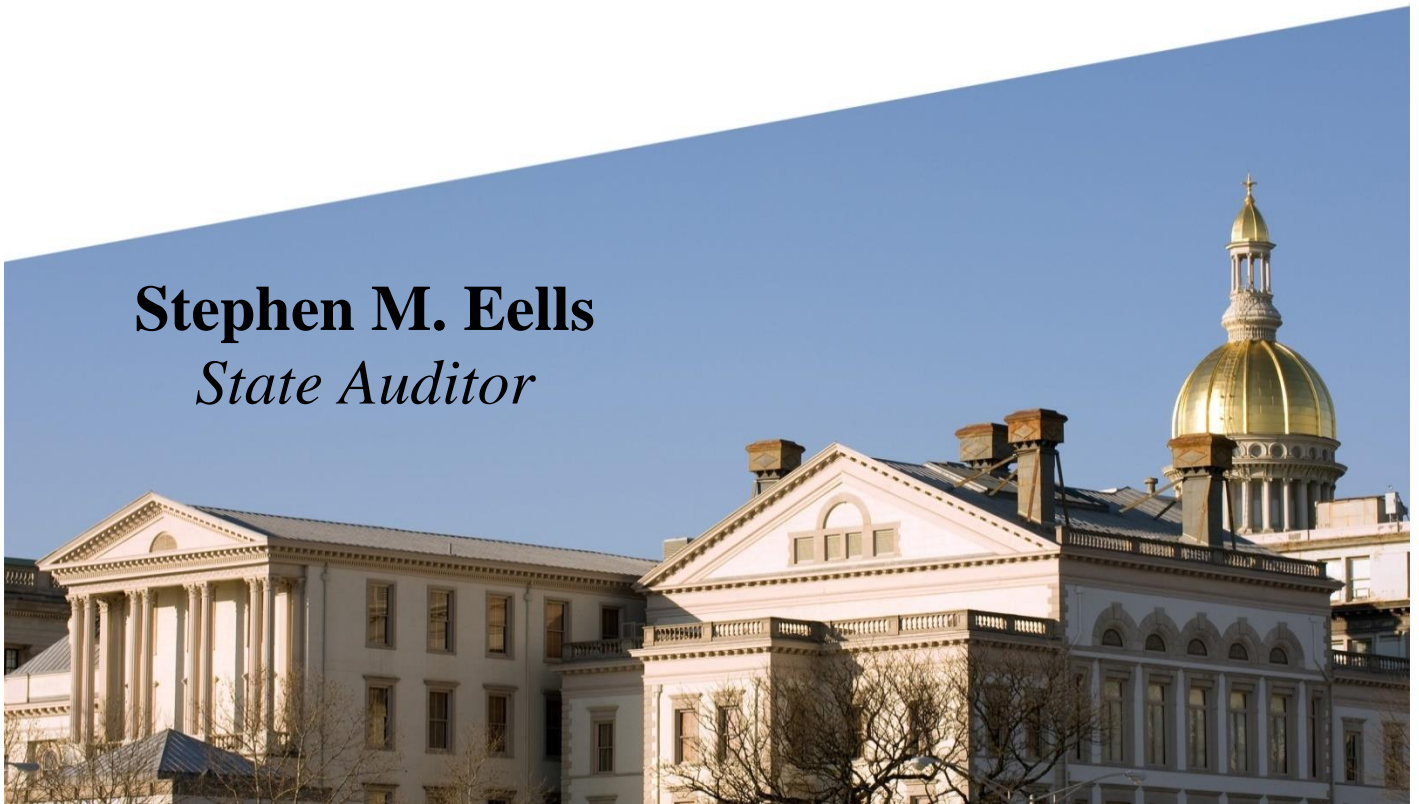


*New Jersey Legislature*  
★ *Office of* **LEGISLATIVE SERVICES** ★  
**OFFICE OF THE STATE AUDITOR**

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, 2017

**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  
LORETTA WEINBERG

GENERAL ASSEMBLY

JON M. BRAMNICK  
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NANCY F. MUNOZ



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR  
125 SOUTH WARREN STREET  
PO BOX 067  
TRENTON NJ 08625-0067

OFFICE OF THE STATE AUDITOR  
(609) 847-3470  
FAX (609) 633-0834

STEPHEN M. EELLS  
*State Auditor*

DAVID J. KASCHAK  
*Assistant State Auditor*

THOMAS TROUTMAN  
*Assistant State Auditor*

PERI A. HOROWITZ  
*Executive Director*  
(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 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, 2017. If you would like a personal briefing, please call me at (609) 847-3470.

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

Stephen M. Eells  
State Auditor  
March 12, 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**  
**Table of Contents**  
**For the Year Ended June 30, 2017**

Independent Auditor’s Report on the Schedule of Benefit Claim Payments and Expenses.....	1
Schedule of Benefit Claim Payments and Expenses.....	3
Note to the Schedule of Benefit Claim Payments and Expenses.....	4

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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, 2017, 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 of Benefit Claim Payments and Expenses 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.

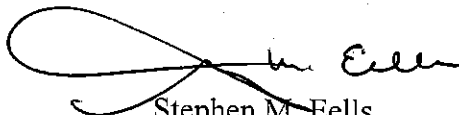
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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, 2017, 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, 2017, which collectively comprise the state's basic financial statements, and have issued our report thereon dated March 29, 2018, which contained an unmodified opinion on those financial statements.



Stephen M. Eells  
State Auditor  
March 12, 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, 2017**

**EXPENDITURES**

**Current:**

Government direction, management, and control

Benefit payments	\$671,682,687
Net accruals	<u>12,585,993</u>
<b>Gross Benefit Claim Payments</b>	<b>\$684,268,680</b>

Administrative expense	<u>1,032,505</u>
<b>Total Benefit Claim Payments and Expenses</b>	<b><u><u>\$685,301,185</u></u></b>

**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, 2017**

**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, 2017. 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.