



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

State of New Jersey
Schedule of Benefit Claim Payments
and Expenses for the State of New Jersey
State Health Benefit Program Fund – Local Education Retired

For the Year Ended June 30, 2019



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NEW JERSEY STATE LEGISLATURE

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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 Schedule of Benefit Claim Payments and Expenses for the State of New Jersey, State Health Benefit Program Fund – Local Education Retired, for the 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

Handwritten signature of Thomas Troutman in cursive.

Thomas Troutman
Assistant State Auditor

State of New Jersey
State Health Benefit Program Fund – Local Education Retired
Report on a Specific Element of the Financial Statement
Schedule of Benefit Claim Payments and Expenses
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For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Philip D. Murphy
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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 – Local Education Retired, for the year ended June 30, 2019, 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 – Local Education Retired, for the year ended June 30, 2019, 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, 2019, which collectively comprise the state's basic financial statements, and have issued our report thereon dated March 31, 2020, which contained an unmodified opinion on those financial statements.



David J. Kaschak
Assistant State Auditor



Thomas Troutman
Assistant State Auditor

State of New Jersey
State Health Benefits Program Fund – Local Education Retired
Report on a Specific Element of the Financial Statement
Schedule of Benefit Claim Payments and Expenses
For the Year Ended June 30, 2019

DEDUCTIONS:

Accounts payable and accruals

Benefit Claim Payments	\$1,280,958,373
Administrative Expense	<u>3,873,151</u>
Total Benefit Claim Payments and Expenses	<u>\$1,284,831,524</u>

State of New Jersey
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Note to the Schedule of Benefit Claim Payments and Expenses
For the Year Ended June 30, 2019

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

The State Health Benefits Program Fund - Local Education Retired was reported as a fiduciary fund for the fiscal year ended June 30, 2019. 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. Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.