

CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Pension Commission
City of Jersey City
Jersey City, New Jersey

We have audited the accompanying financial statements of the City of Jersey City Employees' Retirement System ("the Plan") as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the commissioners, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2012 and 2011, and the changes in its financial status for the years ended June 30, 2012 and 2011 in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the Plan's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of this information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary schedules of funding progress and schedule of employer contributions as well as the supplementary schedules of investments and participants' loans receivable, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Bayonne, New Jersey
December 4, 2012

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2012 AND 2011**

This narrative and analysis of the City of Jersey City's Employees' Retirement System's ("The Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2012 and 2011. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

The Plan's net assets held in trust decreased by \$767,651 (.9%) and increased by \$14,754,237 (21.6%) as of June 30, 2012 and June 30, 2011, respectively. The slight decrease was due to increases in benefit payments and refunds of contributions, while the prior year's increase was primarily due to a higher return on the Plan's investments.

Statement of Plan Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash and Short-term Investments	\$ 8,806,217	\$ 8,651,299	\$ 11,338,870
Receivables	216,758	898,839	101,277
Investments	74,123,664	74,309,983	57,644,972
Liabilities	<u>(837,734)</u>	<u>(783,565)</u>	<u>(762,800)</u>
Net Assets Held in Trust	<u><u>\$ 82,308,905</u></u>	<u><u>\$ 83,076,556</u></u>	<u><u>\$ 68,322,319</u></u>

Fiscal Year 2012 compared to 2011 Cash and investments remained "flat" year over year, decreasing by \$31,401 (.04%). This is good when taken into consideration that the last two years have produced strong gains.

Fiscal Year 2011 compared to 2010 Cash and investments increased by \$13,977,440 (20.3%), which is due to the better performing equity markets for the year ended June 30, 2011. In 2010, the Plan rebalanced its investments, changing to a "managed" fixed income portfolio. During 2011, the Plan continued with this approach and added additional money management styles.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2012 AND 2011**

Statement of Changes in Plan Net Assets

	2012	2011	2010
Contributions	\$ 9,879,121	\$ 9,702,047	\$ 8,175,012
Net Investment Income (Loss)	(244,496)	14,182,063	8,197,346
Total Additions (Reductions)	9,634,625	23,884,110	16,372,358
Benefit Payments	9,414,268	8,669,873	7,912,525
Other Deductions	988,008	460,000	463,494
Total Deductions	10,402,276	9,129,873	8,376,019
Net Increase (Decrease)	\$ (767,651)	\$ 14,754,237	\$ 7,996,339

Fiscal Year 2012 compared to 2011 Total additions to net assets of \$9,634,625 for the year ended June 30, 2012 decreased by \$14,249,485, due almost entirely to the net investment loss for the prior year turning from a significant investment gain to a basically “flat” performance. Benefit payments continued to increase significantly (8.6%) from the year ended June 30, 2011 due to an increase in the number of retirees and higher individual pensions.

Fiscal Year 2011 compared to 2010 Total additions to net assets of \$23,884,110 for the year ended June 30, 2011 increased by \$7,511,752, due almost entirely to the net investment loss for the prior year turning to a significant investment gain. Benefit payments continued to increase significantly (9.6%) from the year ended June 30, 2010 due to an increase in the number of retirees and higher individual pensions.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2012 AND 2011**

Investment Allocation

The table below summarizes the Plan's cash and investment allocations:

	2012	%	2011	%	2010	%
Cash and Short-term Investments	\$ 8,806,217	10.6%	\$ 8,651,299	10.4%	\$ 11,338,870	16.4%
U.S. Government Obligations, CD's	4,507,912	5.4%	6,810,408	8.2%	7,310,832	10.6%
Mortgage and Asset Backed Securities	1,551,967	1.9%	3,068,151	3.7%	3,265,844	4.7%
Corporate Obligations	353,176	0.4%	1,633,721	2.0%	863,649	1.3%
Fixed Income ETF's and Mutual Funds	18,626,099	22.5%	12,243,622	14.7%	8,116,078	11.8%
Equities	41,508,696	50.0%	47,084,955	56.8%	34,938,837	50.6%
Real Estate, Commodity and Hedge Fund	4,048,373	4.9%	-	0.0%	-	0.0%
Participants' Loans	3,527,441	4.3%	3,469,126	4.2%	3,149,732	4.6%
Total Cash and Investments	\$ 82,929,881	100.0%	\$ 82,961,282	100.0%	\$ 68,983,842	100.0%

The plan increased its percentage of investments held in fixed income slightly from 28.6 to 30.2 percent, additionally created new "alternative" investment portfolio's investing in a hedge, real estate and commodity funds. The plan utilized equity investments to make these changes. The plan is utilizing mutual fund managers and professional money managers now for its fixed income investments.

CONTACTING RETIREMENT SYSTEM FINANCIAL MANAGEMENT

This financial report is designed to provide our members, beneficiaries, investors and other interested parties with a general overview of the Plan's finances. If you have questions about this report or need additional financial information, contact Lori Disbrow, Chief Investment Officer at the Jersey City Employees' Retirement System, One Journal Square Plaza, Jersey City, New Jersey 07306 or by phone at (201) 547-5135.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011**

	2012	2011
Assets		
Cash and Short-term investments	\$ 8,806,217	\$ 8,651,299
Receivables		
Employer Contribution Receivable	45,191	653,962
Securities Receivable, Net	-	103,609
Accrued Interest and Dividends Receivable	162,299	141,268
Employee Receivable	9,268	-
Total Receivables	216,758	898,839
Investments at Fair Value		
U.S. Government and Agency Obligations	4,507,912	6,810,408
Fixed Income ETF's	9,007,798	-
Mortgage and Asset Backed Securities	1,551,967	3,068,151
Corporate Obligations	353,176	1,633,721
Fixed Income Mutual Funds	9,618,301	12,243,622
Equities	41,508,696	47,084,955
Real Estate Mutual Funds	1,764,513	-
Commodity Mutual Fund	1,497,061	-
Hedge Fund	786,799	-
Participants' Loans	3,527,441	3,469,126
Total Investments	74,123,664	74,309,983
 Total Assets	 83,146,639	 83,860,121
Liabilities		
Accounts Payable	18,676	21,574
Benefits Payable	813,142	761,991
Securities Payable, Net	5,916	-
Total Liabilities	837,734	783,565
Net Assets Held in Trust for Pension Benefits (A schedule of funding progress is presented on page 16)	 \$ 82,308,905	 \$ 83,076,556

The Accompanying Notes are an Integral Part of the Financial Statements.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Additions		
Contributions		
Employer	\$ 7,699,153	\$ 7,307,924
Employees	2,179,968	2,394,123
Total Contributions	9,879,121	9,702,047
Investment Income (Loss)		
Net appreciation (depreciation) in fair value of investments	(1,796,417)	12,617,566
Interest	1,212,621	1,208,653
Dividends	828,328	745,710
Insurance from employee loans	18,214	17,875
	262,746	14,589,804
Less: investment expense	507,242	407,741
Net investment Income (loss)	(244,496)	14,182,063
Total Additions (Reductions)	9,634,625	23,884,110
Deductions		
Benefits	9,414,268	8,669,873
Refunds of contributions	704,844	242,806
Administrative expense	228,810	211,261
Employee loan exonerated - deceased member	54,354	5,933
Total Deductions	10,402,276	9,129,873
Net Increase (Decrease)	(767,651)	14,754,237
Net assets held in trust for pension benefits		
Beginning of year	83,076,556	68,322,319
End of year	\$ 82,308,905	\$ 83,076,556

The Accompanying Notes are an Integral Part of the Financial Statements.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 1: PLAN DESCRIPTION

The following brief description of the City of Jersey City Employees' Retirement System ("the Plan"), is provided for the purpose of general information only. Participants should refer to the Plan agreement for more complete information.

General

The City of Jersey City Employees' Retirement System became effective February 22, 1965, under N.J.S.A. 43:13-22.50, et.seq. Legislation was approved amending the Employees' Retirement System on May 9, 1990. The Plan was also amended on August 19, 1996 to increase pension benefits.

The Plan is supported by joint contributions of the members and the City of Jersey City ("the City"). The Plan's activities are administered by a Pension Commission, which consists of the Mayor, Chief Financial Officer, two elected employee representatives, and one appointed citizen member. UBS and Trust Company of the West are designated custodians of the Plan's investments. The Plan is required by State Statute to have an actuarial evaluation of its financial condition at least once every five years. The most recent completed actuarial evaluation was as of January 1, 2012. Under Governmental Accounting Standards Board (GASB) Statement # 25, the Plan is required to have an actuarial valuation performed at least biennially.

The Plan is a defined benefit pension plan covering certain employees of the City. Employees who were members of the former pension systems prior to the effective date of the Plan automatically became members. All permanent employees (except police, fire and board of education employees) hired after February 22, 1965, and under the age of 40 at the date of employment must become members of the Plan. In addition, temporary employees hired after October 7, 1984, with one year's temporary service, under the age of 40 at the date of employment, must also become members of the Plan. Employees of the City who are not eligible to become members of the Plan are covered under the Public Employees' Retirement System which is managed by the State of New Jersey.

Under the existing statute, the Plan is intended to comply with Internal Revenue

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 1: PLAN DESCRIPTION (Continued)

Code Section 414 (h) and as such is exempt from both federal and state taxes. The Plan has made amendments to the Plan and has submitted the necessary documentation to the IRS and is awaiting a favorable IRS Determination Letter ruling. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Pension Benefits

For the purpose of this section "final salary" for benefit purposes is to be defined as the average annual salary during the member's final 3 years of service or for any 3 fiscal years of membership providing the largest possible benefit to the member or beneficiary.

On August 19, 1996, the Plan was amended. Participants are eligible to receive normal retirement benefits upon completion of 20 years of service and attainment of age 60. Benefits under the Plan are calculated on the basis of 55% of final salary, plus 1% of the final salary for each year in excess of 20 years. The minimum annual pension is \$3,600.

Participants are eligible for retirement benefits upon attaining age 60 with less than 20 years of service. Benefits under the Plan are calculated on the basis of 2% of the retirant's final salary for each year of creditable service. The minimum annual pension is \$3,600.

For members electing early retirement, prior to age 60, with 25 years of credited service, benefits under the Plan equal 55% of final salary reduced by 1/12 of 1% for each month that the member is less than age 60. The minimum annual pension is \$3,600.

Pension benefits partially vest after 10 years of credited service. If a member has completed 10 years of credited service, and is separated from service either voluntarily or involuntarily, prior to age 60, the member may elect to receive a lump-sum distribution of their own contributions, or to receive a deferred pension commencing at age 60. The deferred pension is equal to 55% of the member's final salary multiplied by the ratio of years of credited service to years of credited service which would have been attained had the member continued to age 60. The minimum annual pension is \$3,600.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 1: PLAN DESCRIPTION (Continued)

Disability and Death Benefits

Any member who has 5 or more years of creditable service and has become permanently disabled may retire on a disability pension computed on the basis of 50% of their final salary plus 1% for each year of creditable service in excess of 20 years. The minimum annual pension is \$3,600.

Any member who becomes permanently disabled as a result of the performance of their regular duties during employment may retire on a disability pension. The pension is equal to two-thirds of final salary. The minimum annual pension is \$3,600.

In the event of the member's death, there is a survivorship benefit to the member's surviving spouse of 50% of the member's final salary provided the member was employed by the City for a period of five years. In the case of no surviving spouse, other dependents receive a benefit to a lesser extent.

Death of a retirant will result in the surviving spouse, minor children or dependent parents, receiving a survivorship benefit equal to 50% of the retirant's pension at retirement, not less than \$3,600.

Cost of Living Adjustment

Beginning in the year 1990, the Plan instituted a cost of living adjustment on all benefits equal to 60% of the U.S. Labor Department Consumer Price Index beginning on the 25th month following retirement and receipt of a pension or survivorship benefit. On June 12, 2003 the New Jersey State Senate passed a bill S357 which increased the rate of pension adjustment from "3/5 of the percentum of change in the Consumer Price Index for each year from the retirement year index." The bill changes the rate of the pension adjustment to equal the percent change of the Consumer Price Index using 1988 as the index for all retirees prior to 1989. The cost of living adjustment effective February 1, 2004 was various amounts depending on the year of retirement. It ranged from a cumulative amount of 52.735 % for pensioners retiring in 1988 and prior to 1.592% for pensioners retiring in 2002. The effective rate as of February 1, 2012 and 2011, respectively was 2.9% and 2.27%.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. The plan has adopted Governmental Accounting Standards Board (GASB) Statement No. 34.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuations and Income Recognition

The Plan's investments are accounted for at fair market value at June 30, 2012 and 2011, in accordance with generally accepted accounting principles, and the provisions of GASB No. 25. Portfolio securities' for which market quotations are not readily available, are valued at fair value. Many factors are considered in arriving at that fair market value. In general, however, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If a quoted price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiple of similar companies based on current market prices. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service that employees have rendered. Accumulated plan benefits are expected to be paid to (a) retired or terminated employees, or their beneficiaries; (b) beneficiaries of employees who have died; and (c) present employees or their beneficiaries. Benefits under the Plan are based

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits (Continued)

on employees' compensation during their last three years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the three years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances, retirement, death, disability, and termination of employment, are included to the extent that they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of the Plan benefits is determined by Buck Consultants, and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits, to reflect the time value of money (through discounts for interest), and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Significant actuarial assumptions underlying the actuarial present value of accumulated plan benefits at January 1, 2012 the period covered by the latest actuarial report, are as follows:

Interest Rate

8.25% per annum, compounded annually.

Mortality Basis

According to the 2012 IRS Static Annuitant Mortality Tables.

Retirement

A retirement scale which varies by attained age, based on the experience of the Plan.

Withdrawal Age

A withdrawal scale which varies by attained age, based on plan experience.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits (Continued)

The foregoing actuarial assumptions are based on the presumptions that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Unfunded Accrued Liability

Based on the actuary report prepared for January 1, 2012, there was an unfunded accrued liability of \$ 107,343,094. On the basis of this valuation, it was recommended that the City contribute to the Plan for the plan year commencing January 1, 2012, 26.19% of the salaries of the members or an estimated \$8,090,382. See Schedule of Funding Progress on Page 16.

Payment of Benefits

Benefits payments to participants are recorded upon distribution.

NOTE 3: FUNDING POLICY

Each member, from the period prior to the effective date of the Plan, is required to contribute 6% to 8.5% of gross payroll. The contribution percentage varies with the member's age at the time of appointment.

Each active member, who became a member after the effective date of the Plan, is required to contribute from 6.2% to 10.15% of their salary. The contribution percentage varies with the member's age on the date of entry to the Plan.

During the years ended June 30, 2012 and 2011, the City contributed \$7,699,153 and \$7,307,924, respectively to the Plan. Although it has not expressed any intention to do so, the City has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to legislation.

The City's funding practice is to fund current costs, annually. The service costs for the years ended June 30, 2012 and 2011, were provided by the City through budget appropriations.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 4: PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated to provide benefits in the following order:

- Benefits attributable to employee contributions.
- Benefits the retirees or their beneficiaries have been receiving.
- Benefits vested.
- All other non-vested benefits.

NOTE 5: PENSION BENEFITS PAYABLE

Pension benefits payable at June 30, 2012 and 2011, are due to payments which are made on the first of each month representing the benefits payment for the preceding month. Accordingly, these amounts have been accrued at June 30, 2012 and 2011.

NOTE 6: INVESTMENTS

The fair-value of investments at June 30, 2012 and 2011, consist of the following:

	2012		2011	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
U.S. Government and Agency Obligations and Asset Backed Securities	6,059,879	5,866,347	9,878,559	9,835,219
Corporate Obligations	353,176	1,140,393	1,633,721	2,447,288
Common Stocks	41,508,696	37,026,931	47,084,955	40,361,979
Fixed Income Mutual Funds and ETF's	18,626,099	18,578,124	12,243,622	11,944,366
Commodity and R.E. Mutual Funds and Hedge Fund	4,048,373	3,916,014	-	-
Investments determined at estimated fair-value				
Participants' Loans Receivable	3,527,441	3,527,441	3,469,126	3,469,126
Totals	<u>74,123,664</u>	<u>70,055,250</u>	<u>74,309,983</u>	<u>68,057,978</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 6: INVESTMENTS (Continued)

During the years ended June 30, 2012 and 2011, the Plan's investments decreased and increased, respectively, in value by \$1,796,417 and \$12,617,566, respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	2012	2011
Investments determined by quoted market price:		
U.S. Government and Agency Obligations	\$ 150,192	\$ (9,901)
Corporate Obligations	26,350	34,485
Common Stocks	(2,241,211)	10,716,781
Fixed Income Mutual Funds and ETF's	(251,281)	128,379
Commodity and R.E. Mutual Funds and Hedge Fund	132,359	-
Unrealized gains (losses) on investments	(2,183,591)	10,869,744
Realized gains (losses) on investments	387,174	1,747,822
Net appreciation (depreciation) on investments	\$ (1,796,417)	\$12,617,566

NOTE 7: PENSION LOANS

Effective September 1, 1987, a pension loan program was made available to qualified participants. The loans are secured by the participants' vested contributions. On June 12, 2003 the New Jersey State Senate passed a bill S357 which amended the rate at which pension participants paid back loans taken against their pension accounts. Prior to this legislation the rate was the greater of the current U.S. Treasury Bills or 10%. The bill would require the rate "to be fixed annually, as of January 1 of each calendar year, equal to the average of the daily rates of interest based on daily trades paid on 30-year U.S. Treasury bonds for the preceding November, or 10%, whichever is less." Additionally, an insurance fee, which is charged to each member granted a loan under the program, is recognized as income when the loan originates. If the borrower dies while there is an outstanding loan balance, the loan is forgiven and is charged against current deductions. As of June 30, 2012 the Plan has collected \$223,370 of premiums on loans issued and exonerated \$269,040 of loans. The Plan increased the insurance premium rate it charges on loans from 1% of the loan to 1.1% at the June 20, 2007 meeting effective July 1, 2007.

NOTE 8: SUBSEQUENT EVENTS/PENDING LITIGATION

There are no subsequent events or litigation of any significant amount pending against the Plan. Subsequent events have been evaluated through December 4, 2012, the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2012 and 2011**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
December 31,1998	\$ 74,891,384	\$ 71,818,448	\$ (3,072,936)	104.3%	\$27,273,116	-11.3%
June 30, 2001	65,681,958	77,899,103	12,217,145	84.3%	23,506,648	52.0%
January 1, 2006	69,884,505	133,378,060	63,493,555	52.4%	28,743,034	220.9%
January 1, 2008	76,388,275	147,333,583	70,945,308	51.8%	32,926,273	215.5%
January 1, 2010	68,971,589	161,239,508	92,267,919	42.8%	34,444,082	267.9%
January 1, 2012	77,619,541	184,962,635	107,343,094	42.0%	30,895,626	347.4%

NOTE: The December 31, 1998 actuarial valuation performed by Buck with different actuarial assumptions, showed the plan as being fully funded with no unfunded actuarial accrued liability. Due to investment performance under the assumed rate, increased early retirements and changes in actuarial valuation methods and assumptions the plan now shows a significant unfunded actuarial accrued liability.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2012 and 2011**

Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage Contributed
2000	\$ 370,915	100.00%
2001	350,000	100.00%
2002	1,979,260	100.00%
2003	2,080,000	100.00%
2004	2,185,000	100.00%
2005	2,310,195	100.00%
2006	3,680,819	67.67%
2007	5,039,020	51.02%
2008	5,151,443	93.99%
2009	5,826,552	89.77%
2010	7,838,082	72.16%
2011	7,309,283	99.98%
2012	7,280,689	105.75%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
JUNE 30, 2012 AND 2011**

NOTE 1: ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS USED FOR THE 1-1-2012 ACTUARIAL VALUATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the January 1, 2012 actuarial valuation follows.

Valuation date	January 1, 2012
Actuarial cost method	<i>Projected Unit Credit</i>
Amortization method	Level Percent, Open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment and rate of return	8.25%
Projected salary increases	4.0%
Cost-of-living adjustments	100% of the assumed CPI increases of 3.0%
Inflation rate	3.0%

SUPPLEMENTARY INFORMATION

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
JUNE 30, 2012**

Description	# of Shares	Investment at Cost	Market Value
ABB LTD ADR	3,465	\$ 79,697	\$ 56,549
Aarons Inc Cl A	4,400	72,250	124,564
Acuity Brands Inc	3,102	129,514	157,923
Adidas AG ADR	2,334	60,615	83,697
Aeon Co ADR	8,272	101,806	105,054
AES Corp	16,600	202,453	212,978
Affiliated Managers Group	2,694	174,955	294,858
Agrium Inc CAD	611	51,529	54,055
Amadeus IT Hldgs SA ADR	2,651	47,092	56,360
Ametek Inc.	8,672	362,015	432,820
America Movil S.A.B. DE C.V. Ser L ADR	4,177	101,660	108,853
American Electric Power Inc	6,950	248,292	277,305
American Express	5,975	213,322	347,805
Ameriprise Financial Inc	5,475	209,988	286,124
Ansys Inc	3,801	149,023	239,881
Apple Inc	1,602	473,488	935,568
Aptargroup Inc	3,207	132,352	163,717
Asahi Glass, Inc ADR	6,879	51,872	46,089
ASML Hldg NV	1,063	52,165	54,659
Astrazeneca PLC ADR	3,549	171,153	158,818
Australia & New Zealand Bkg ADR	4,722	112,532	106,859
AT & T Inc	8,875	244,161	316,483
Axis Capital Hldgs LTD Shs	2,900	92,852	94,395
BAE Systems PLC ADR	5,726	107,211	104,099
Baidu Inc ADR	53	5,916	6,094
Baker Hughes, Inc.	6,700	305,994	275,370
Banco Bradesco S.A. ADR	13,892	228,708	206,574
BG Group PLC ADR	4,508	79,428	92,594
BHP Billiton LTD ADR	1,041	70,708	67,977
Biogen Idec Inc	2,496	338,223	360,372
Bio Rad Laboratories Inc Cl A	2,149	188,567	214,921
Blackbaud Inc	6,814	142,645	174,915
Brambles LTD ADR	4,575	68,104	59,018
Broadcom Corp Cl A	6,990	273,011	235,982
British American Tobacco PLC ADR	861	58,987	87,925
British Sky Broadcastng Grp PLC ADR	999	43,879	43,876
Bunzl PLC New ADR	1,322	72,252	109,025
CA Inc.	6,650	129,386	180,149
Canon Inc Japan ADR	2,455	107,070	98,053
Cap Gemini SA ADR	5,042	110,114	93,025
Carlisle Cos Inc	4,120	127,647	218,442
Carmax Inc	3,659	74,531	94,914
CBS Corp	6,280	100,702	205,858
CDN Natl Railway Co CAD	690	46,282	58,222
Cenovus Energy Inc CAD	898	23,702	28,556
Centrica PLC ADR	3,159	63,707	63,496
Cheung Kong Holdings LTD ADR	5,520	70,139	67,344
Chevron Corp	4,275	297,777	451,013
China Mobile LTD ADR	903	42,974	49,367
China Petroleum & Chemical Corp ADR	527	55,146	47,003
Chipotle Mexican Grill, Inc.	746	294,710	283,443
Church and Dwight Corp	2,788	91,824	154,650
Cia Paranaense Energi ADR	6,719	161,190	145,668
Cielo SA ADR	1,538	29,350	45,556
Cisco Systems Inc	14,750	240,547	253,258
Citigroup Inc	6,925	204,893	189,814
Citrix Systems, Inc.	2,999	230,530	251,736
City National	3,535	173,911	171,730
Clarcor Inc	3,643	169,445	175,447
Cliffs Natural Resources, Inc	2,225	134,005	109,670
CNOOC LTD ADR	529	90,352	106,461
Coca Cola Hellenic Bottling Co SA ADR	1,848	43,023	32,728
Coca Cola Amatil Australia ADR	3,260	70,313	89,780
Columbia Sportswear Co	1,690	81,185	90,618
Comcast Corp	24,995	548,230	799,090

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
JUNE 30, 2012**

Description	# of Shares	Investment at Cost	Market Value
Companhia De Saneamento Basico Sao Paulo ADR	2,862	217,147	217,111
Compass Group PLC ADR	12,001	97,081	128,051
Copart Inc	3,718	62,048	88,079
Covidien PLC	7,771	422,058	415,749
Cullen Frost Bankers Inc	1,414	72,845	81,291
CVS Caremark Corp	9,717	413,104	454,075
Dana Holding Corp	13,000	213,253	166,530
Danone ADR	4,971	56,945	61,541
Dell Inc	20,425	331,476	255,721
Densco ADR	4,579	70,409	77,980
Dentsply Intl Inc	6,681	190,202	252,609
Deutsch Boerse ADR	20,856	110,771	111,162
Devon Energy Corp	3,350	217,090	194,267
Diageo PLC ADR	1,065	107,726	109,770
Dril-Quip Inc	1,088	57,389	71,362
Dupont De Nemours	6,952	320,192	351,563
EMC Corp	13,756	331,676	352,566
Energizer Holdings Inc	2,950	211,729	221,988
EnSCO PLC	6,450	296,143	302,957
Equifax Inc	4,211	138,936	196,233
Ericsson SEK ADR	5,466	66,184	49,905
Estee Lauder, Inc.	6,388	356,576	345,719
Factset Resh Systems Inc	1,147	84,436	106,602
Fair Isaac Corp	5,007	113,002	211,696
FANUC LTD ADR	1,850	34,135	50,690
Flir Systems Inc	6,401	166,599	124,820
Fomento Economico Mexicano S.A.B. DE ADR	899	52,441	80,236
Forest City Enterprises Inc Cl A	8,677	98,759	126,684
France Telecom SA ADR	8,178	107,995	107,214
Fresenius Medical Care AG ADR	832	47,121	58,731
Fuji Heavy Industries ADR	6,434	95,031	103,652
GAP Inc Com	10,250	182,288	280,440
Galaxy Entertainment Grp HKD	1,308	40,206	32,700
General Electric	19,275	541,719	401,691
Gentex Corp	7,032	196,716	146,758
Glaxo Smithkline PLC ADR	926	40,318	42,198
Google Inc Class A	776	435,481	450,134
Graco Inc	2,514	70,753	115,845
Groupe CGI Inc SV CL A CAD	2,213	48,978	53,090
Grupo Televisa SA Global Dep Rct Ord Mex. ADR	3,933	77,111	84,481
Hang Seng Bk ADR	3,709	49,992	51,110
HCC Insurance Hldgs Inc	9,260	251,104	290,764
Heineken NV ADR	1,897	52,760	49,588
Henry Jack & Assoc Inc	3,717	88,221	128,311
Hitachi Japan ADR	1,661	108,180	101,985
Hologic Inc	14,365	268,244	259,145
Home Depot	15,200	520,084	805,448
Honeywell Intl Inc	12,174	573,491	679,796
Hunt JB Trans Svc Inc	2,447	95,921	145,841
Hutchison Whampoa LTD Hong Kong ADR	3,197	48,550	55,340
IBM Corp	1,778	358,258	347,741
IDEX Corp	4,873	153,512	189,950
Imperial Tobacco Group PLC ADR	2,888	195,550	223,358
Industrial & Coml Bk China ADR	6,714	94,804	75,063
Intel Corp	14,225	267,055	379,096
Intl Power PLC ADR	517	30,461	33,631
Israel Chemicals ADR	4,892	50,096	52,785
Jacobs Engineering Group Inc	5,293	188,695	200,393
Johnson & Johnson	2,850	173,188	192,546
JPMorgan Chase & Co	10,352	383,759	369,877
Julius Baer Group LTD ADR	9,159	65,020	65,945
KDDI Corp ADR	6,538	104,358	105,916
Keppel Corp LTD ADR	4,735	56,055	77,465
Kimberly Clark Corp	1,950	125,466	163,352
Kingfisher PLC ADR	8,859	58,083	79,199

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
JUNE 30, 2012**

Description	# of Shares	Investment at Cost	Market Value
Kirby Corporation	4,167	166,917	196,182
KOC Hldgs ADR	3,026	53,435	58,069
Komatsu LTD ADR	4,343	105,350	102,973
Koninkluka Ahold NV ADR	2,748	33,816	34,048
Kraft Foods Inc	18,463	644,430	713,042
Lam Research Corp	3,075	129,585	116,051
Las Vegas Sands Corp.	6,143	297,244	267,159
Lennar Corp	10,800	119,128	333,828
LKQ Corp	8,429	181,859	281,234
Loreal Co FR ADR	1,970	38,531	46,098
Magna Intl Inc CAD	1,184	52,764	46,721
Manulife Financial CAD	9,113	117,473	99,241
Markel Corp	877	293,830	387,371
Marks & Spencer ADR	4,476	51,888	45,834
Meadwestvaco Corp	3,975	98,876	114,281
Medtronic Inc	3,950	151,788	152,984
Mettler-Toledo Intl	564	62,619	87,899
Microsoft Corp	15,668	442,554	479,284
Mitsui & Co Japan ADR	350	108,810	104,811
Mizuho Financial ADR	34,592	106,917	115,191
Morningstar Inc	5,024	219,556	290,588
Mylan, Inc	9,400	180,471	200,878
Nabors Industries LTD	8,425	232,584	121,320
Natl-Oilwellvarco Inc.	2,659	197,694	171,346
Nestle Switz ADR	1,483	76,559	88,594
Nexen Inc CAD	6,260	110,458	105,731
Nidec Corp ADR	2,583	57,590	49,568
Nitto Denko ADR	2,515	104,071	107,617
Novartis AG ADR	1,019	54,019	56,962
Novo Nordisk Denmark ADR	455	39,214	66,130
OAO Gazprom Russia ADR	4,609	47,968	43,786
O Reilly Automotive Inc	1,658	78,229	138,891
Oceanering Intl Inc	2,270	56,886	108,642
Pall Corp	1,542	68,362	84,517
Pearson PLC ADR	2,217	41,925	44,007
Pepsico Inc	7,775	517,452	549,382
Petroleo Brasileiro SA ADR	2,486	57,289	46,662
Pfizer Inc Com Stk	20,550	488,373	472,650
Posco ADR	1,248	103,953	100,389
Potash Corp CAD	1,315	54,328	57,452
Precision Castparts Corp	2,123	302,115	349,212
PT Bk Rakyat ADR	233	2,866	3,150
Publicis Groupe SA ADR	2,986	73,674	68,499
Reed Elsevier Ord SHS ADR	7,602	208,901	201,571
Renaissance RE Holdings LTD	619	46,765	47,050
RIO Tinto PLC ADR	2,216	119,914	105,947
Roche Holding LTD Switz ADR	1,853	62,999	80,087
Royal Dutch Shell PLC Cl A ADR	2,401	163,199	161,899
Royal Dutch Shell PLC ADS Cl B Ord ADR	1,230	73,254	86,014
SAP AG ADR	2,046	108,763	121,451
Sage Group PLC ADR	3,090	55,121	53,890
Sally Beauty Co Inc	8,445	85,229	217,374
Sanofi ADR	2,911	86,016	109,978
Sasol ADR	3,497	161,937	148,448
Schein Henry Inc	3,161	168,752	248,107
Schlumberger LTD	3,532	235,577	229,262
Schneider Elec SA ADR	4,111	48,337	45,632
Seadrill LTD US Line	1,236	46,694	43,903
Sega Sammy Hldg ADR	10,657	54,356	54,457
SEI Investments Co	7,784	136,170	154,824
Shire PLC ADR	551	36,151	47,601
SK Telecom LTD ADR	8,329	131,870	100,781
Smith & Nephew PLC ADR	992	47,939	49,590
Solera Hldgs Inc	2,323	123,038	97,078
State Street Corp	7,375	296,938	329,220

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
JUNE 30, 2012**

Description	# of Shares	Investment at Cost	Market Value
Statoil ASA ADR	4,231	110,729	100,952
Suncor Energy Inc CAD	2,653	95,339	76,804
Svenska Cellulosa AB ADR	3,392	53,191	50,744
Swedbank AB ADR	4,235	70,896	66,998
Symantec Corp Inc	8,425	138,335	123,089
Syngenta AG ADR	1,404	69,445	96,090
Taiwan Semiconductor LTD ADR	8,760	100,673	122,290
Target Corp	6,348	356,376	369,390
Tata Motors ADR	2,004	57,600	44,008
TE Connectivity LTD	8,650	209,342	276,022
Telestra Corp ADR	2,674	46,873	50,405
Terex Corp	11,178	251,466	199,304
Tesco PLC ADR	1,598	30,332	23,331
Teva Pharmaceuticals Ind Israel ADR	4,167	196,317	164,346
Textron Inc	15,450	327,222	384,242
Thermo Fisher Scientific Inc	2,100	102,708	109,011
Time Warner Inc Com	4,366	169,735	168,091
Toronto Dominion Bk CAD	1,275	106,515	99,743
Total S.A. France ADR	920	43,943	41,354
Toyota Motor Corp Japan ADR	567	40,556	45,632
Transcanada Corp CAD	2,120	75,487	88,828
Transdigm Group Inc	825	85,844	110,798
Travelers Cos Inc	6,075	262,704	387,828
Tyco International LTD	6,300	251,416	332,955
Umpqua Holdings Corp Or	10,995	116,808	144,694
Unilever PLC ADR	5,700	179,567	191,300
United Overseas Bank Singapore ADR	3,554	104,849	105,980
United Parcel Service Inc Cl B	4,546	342,037	358,043
Vale SA ADR	5,475	119,336	108,679
Valero Energy Corp	7,300	156,427	176,295
Varian Medical Systems Inc	1,798	96,191	109,264
Verisk Analytics Inc Cl A	2,784	89,866	137,140
Vimpelcom LTD ADR	2,963	44,167	24,030
Visa Inc Cl A	3,043	366,782	376,206
Volkswagen AG ADR	2,473	84,880	78,023
Volvo Aktiebolaget ADR	2,685	48,208	30,609
Walt Disney Co	7,255	314,214	351,868
Weatherford Int LTD	5,150	83,045	65,045
Wells Fargo & Co	11,385	285,948	380,714
Western Digital Corp	1,950	57,304	59,436
Wiley John & Sons	5,012	194,133	245,538
Woori Fin Hldgs ADR	1,832	56,498	60,914
Worleyparson LTD ADR	2,987	90,791	77,961
WPP Plc ADR	1,309	66,784	79,666
Wright Express Corp	1,600	78,681	98,752
Yahoo! Inc	9,225	147,951	146,032
Yamada Denki LTD JPY	669	56,113	33,999
Yamana Gold CAD	7,345	104,666	113,113
Yanzhou Coal Mining ADR	2,850	58,774	43,634
Yum Brands Inc	5,081	328,488	327,318
Zurich Ins Group ADR	7,131	171,076	161,018
Ishares TR Russell 1000 Grwth Indx ETF	8,413	522,853	531,949
Total Equities		<u>\$ 37,026,931</u>	<u>\$ 41,508,696</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
U.S. GOVERNMENT, U.S. GOVERNMENT AGENCY
AND MORTGAGE BACKED SECURITIES
June 30, 2012**

<u>DESCRIPTION</u>	<u>MATURITY</u>	<u>RATE (%)</u>	<u>UNITS</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
U. S. Government Obligations:					
US Treasury Inflation Protection Note	7/15/2012	3.000	127,000	172,828	162,548
United States Treasury Note	5/31/2013	0.500	53,000	53,062	53,122
United States Treasury Note	9/30/2013	0.125	124,000	123,802	123,763
United States Treasury Note	1/31/2014	0.250	132,000	131,886	131,882
United States Treasury Note	2/15/2015	0.250	132,000	131,439	131,536
US Treasury Inflation Protection Note	7/15/2015	1.875	260,000	339,106	334,398
United States Treasury Note	10/31/2016	1.000	69,000	69,297	70,051
US Treasury Inflation Protection Note	7/15/2017	2.625	257,000	342,120	338,822
United States Treasury Note	10/31/2018	1.750	68,000	69,217	71,150
United States Treasury Bond Zero Coupon	2/15/2019	0.000	59,000	44,539	55,043
United States Treasury Note	2/28/2019	1.375	146,000	145,316	149,079
United States Treasury Note	5/15/2019	3.125	83,000	82,620	94,334
United States Treasury Note	2/15/2020	3.625	37,000	38,142	43,524
US Treasury Inflation Protection Note	7/15/2021	0.625	1,126,000	1,246,689	1,279,978
United States Treasury Note	8/15/2021	2.125	139,000	140,872	146,102
United States Treasury Note	11/15/2021	2.000	265,000	267,999	274,752
United States Treasury Note	2/15/2022	2.000	113,000	112,860	116,805
US Treasury Inflation Protection Bond	4/15/2029	3.875	193,000	365,289	436,372
United States Treasury Bond	11/15/2039	4.375	25,000	25,661	33,301
United States Treasury Bond	2/15/2040	4.625	25,000	26,726	34,582
				\$ 3,929,470	\$ 4,081,144
U. S. Government Agencies					
Federal Home Loan Mortgage Corp (FHLMC)	11/15/2013	4.875	82,000	90,656	87,175
Federal National Mortgage Assoc (FNMA)	12/18/2013	0.75	116,000	114,672	116,767
Federal National Mortgage Assoc (FNMA)	10/30/2014	0.625	82,000	82,375	82,363
FHLMC Notes	12/29/2014	0.625	61,000	61,148	61,234
Federal National Mortgage Assoc (FNMA)	1/30/2017	1.25	78,000	78,732	79,229
				\$ 427,583	\$ 426,768
U.S. Government and U.S. Government Agencies:					
				\$ 4,357,053	\$ 4,507,912
Mortgage (MBS) and Asset Backed Securities (ABS):					
Federal National Mortgage Association Pool	3/1/2018	5.500	3,552	3,887	3,871
Federal National Mortgage Association Pool	2/1/2023	5.500	32,634	35,540	35,687
Federal National Mortgage Association Pool	11/1/2033	5.000	32,212	34,255	35,052
Federal National Mortgage Association Pool	12/1/2035	5.500	128,742	138,834	141,430
Federal National Mortgage Association Pool	2/1/2036	5.000	5,041	5,458	5,482
Federal National Mortgage Association Pool	2/1/2036	5.000	81,245	85,689	88,355
Federal National Mortgage Association Pool	3/1/2036	5.000	6,094	6,570	6,627
Federal Home Loan Mortgage Corporation Pool	5/1/2036	5.000	82,054	88,573	88,449
Federal National Mortgage Association Pool	12/1/2036	5.500	18,229	19,724	19,915
Federal Home Loan Mortgage Corporation Pool	11/1/2037	5.500	102,503	109,869	111,537
Federal Home Loan Mortgage Corporation Pool	3/1/2038	5.000	13,878	14,854	14,936
Federal National Mortgage Association Pool	12/1/2040	4.000	109,067	106,354	116,266
Federal Home Loan Mortgage Corporation Pool	2/1/2041	4.000	17,385	18,244	18,472
Federal National Mortgage Association Pool	2/1/2041	3.500	39,022	40,583	41,057
Federal Home Loan Mortgage Corporation Pool	2/1/2041	4.500	162,596	163,497	174,183
Federal Home Loan Mortgage Corporation Pool	2/1/2041	4.500	121,419	122,220	130,071
Federal National Mortgage Association Pool	2/1/2041	4.000	210,616	222,659	224,515
Federal National Mortgage Association Pool	1/1/2042	3.500	135,474	139,686	142,540
Federal National Mortgage Association Pool	6/1/2042	3.500	145,567	152,798	153,522
				\$ 1,509,294	\$ 1,551,967

CITY OF JERSEY CITY
EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
FIXED INCOME MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS

JUNE 30, 2012

DESCRIPTION	MATURITY	RATE/ YIELD (%)	UNITS	INVESTMENT AT COST	INVESTMENT AT MARKET
Fixed Income Mutual Funds:					
Allianz Fixed Income Shares Series C	N/A	N/A	83,605	\$ 1,072,939	\$ 1,119,471
Allianz Fixed Income Shares Series M	N/A	N/A	100,510	1,008,608	1,096,564
Allianz Fixed Income Shares Series R	N/A	N/A	165,840	1,795,519	1,913,794
FT Templeton Global Bond A	N/A	N/A	331,952	4,596,461	4,291,280
Blackrock Bond Allocation Target Shares Series C	N/A	N/A	62,352	622,726	668,418
Blackrock Bond Allocation Target Shares Series M	N/A	N/A	49,418	469,474	528,774
Fixed Income Mutual Funds				<u>\$ 9,565,727</u>	<u>\$ 9,618,301</u>
Fixed Income ETF's:					
Claymore Bullet shares 2016 Corp Bd ETF	N/A	N/A	21,037	\$ 450,613	\$ 459,238
Guggenheim Bullet shares 2015 C Bd ETF	N/A	N/A	21,037	449,140	452,716
Guggenheim Bullet shares 2014 Corp Bd ETF	N/A	N/A	64,309	1,351,775	1,362,708
Guggenheim Bullet shares 2013 Corp Bd ETF	N/A	N/A	86,566	1,802,304	1,811,826
Guggenheim Bullet shares 2012 Corp Bd ETF	N/A	N/A	240,357	4,958,565	4,921,310
Fixed Income ETF's				<u>\$ 9,012,397</u>	<u>\$ 9,007,798</u>
Corporate Obligations:					
Lehman Bros Hldgs Cap Tr Pfd	4/22/2053	6.000	10,000	\$ 250,000	\$ 800
General Electric Cap Corp.	10/19/2012	5.250	27,000	28,763	27,378
Lehman Brothers Holdings, Inc (Defaulted)	2/11/2013	5.000	250,000	234,946	54,375
JP Morgan Chase & Co	5/1/2013	4.750	22,000	23,354	22,682
Anheuser Busch Inbev	1/15/2015	4.125	25,000	27,142	26,943
Lehman Brothers Holdings, Inc (Defaulted)	2/11/2015	5.250	250,000	234,942	54,375
JP Morgan Chase & Co	7/5/2016	3.150	27,000	26,847	27,767
American Express Crd Corp	3/24/2017	2.375	27,000	27,745	27,673
International Paper Co	8/15/2021	7.500	22,000	26,639	28,062
Verizon Communications	11/1/2021	3.500	27,000	27,567	28,746
Lehman Brothers Holdings, Inc (Defaulted)	2/22/2023	6.250	250,000	232,448	54,375
Corporate Obligations				<u>\$ 1,140,393</u>	<u>\$ 353,176</u>
Alternative Investments:					
Guggenheim Long/Short Commodities Strategy Mutual Fund Class A	N/A	N/A	64,224	1,560,000	1,497,061
ING Global Real Estate Fund Class A	N/A	N/A	104,595	1,576,014	1,764,513
Prisma Spectrum Fund LTD Adv Class E	N/A	N/A	N/A	780,000	786,799
Alternative Investments:				<u>\$ 3,916,014</u>	<u>\$ 4,048,373</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
PARTICIPANT LOANS RECEIVABLE
June 30, 2012**

Amount	Amount	Amount	Amount	Amount	Amount	Amount
\$ 9,986	\$ 490	\$ 10,495	\$ 1,548	\$ 2,004	\$ 3,900	\$ 5,536
2,573	2,645	6,163	1,011	199	3,906	14,573
6,956	6,253	5,537	8,539	1,958	1,999	10,729
23,256	2,700	11,760	4,261	6,422	7,921	8,334
14,286	969	2,640	7,917	5,120	2,796	218
11,173	5,775	3,665	9,374	3,217	1,203	4,562
12,115	22,732	15,085	18,927	2,658	257	27,598
4,527	10,023	4,000	2,378	9,026	1,632	4,634
21,523	19,381	2,026	1,158	8,055	3,327	9,140
3,088	755	3,033	16,731	9,314	2,877	1,930
10,290	18,402	13,033	11,642	2,239	562	9,119
32,868	7,822	22,939	8,741	1,005	1,366	12,250
2,684	9,330	538	4,924	5,423	7,681	7,932
19,904	37,041	14,568	7,220	4,217	2,872	824
4,764	7,777	6,502	25,145	9,267	6,958	11,837
6,582	14,115	2,192	1,678	10,866	312	3,399
4,036	8,284	30,399	2,765	13,575	4,291	369
1,039	21,064	1,996	6,285	1,023	9,558	1,455
13,234	27,734	5,949	22,868	3,885	18,061	1,356
26,112	2,965	8,390	1,141	7,921	4,529	8,449
192	16,426	3,005	6,426	8,660	5,186	2,123
1,915	2,780	14,003	7,646	13,106	29	681
8,111	3,030	17,895	5,992	22,516	9,766	6,936
1,496	722	5,229	6,071	18,158	3,575	17,120
29,692	930	11,588	13,680	10,104	2,481	8,930
5,799	11,997	10,211	405	12,872	2,260	3,032
3,224	1,919	4,249	1,034	2,698	851	3,539
13,662	5,341	2,720	16,339	8,393	10,396	7,291
17,840	7,269	10,913	19,568	8,516	6,193	11,511
2,868	3,750	20,767	9,891	5,560	10,942	14,506
6,844	24,319	1,414	15,788	44,906	6,030	4,485
4,561	9,252	4,572	7,521	11,403	13,628	9,762
2,206	10,259	18,657	8,216	28,480	1,896	3,171
1,992	4,473	12,863	18,848	17,968	1,377	3
1,804	6,293	4,742	7,631	4,526	19,658	3,749
6,312	19,232	8,037	5,644	5,175	9,718	14,589
27,784	6,998	19,870	4,289	7,789	8,900	4,241
9,103	2,040	3,997	3,361	235	5,247	12,596
2,956	45,130	21,589	7,248	15,784	11,731	9,429
5,169	11,054	8,344	8,454	7,315	4,178	17,586
7,051	5,503	2,835	5,767	2,576	3,516	3,766
26,015	31,258	2,997	1,931	12,276	1,606	29,567
31,956	5,920	23,080	19,808	22,228	3,844	13,666
19,563	35,689	559	6,536	1,686	11,945	12,365
5,159	25,850	25,275	498	6,447	14,370	20,492
1,172	11,786	1,633	2,372	5,389	1,365	4,561
7,287	34,258	3,441	1,527	5,417	2,295	18,664
6,856	8,733	16,099	26,217	3,481	8,284	8,042
1,454	15,115	17,523	17,559	3,492	3,761	15,296
18,539	14,476	2,205	4,924	5,494	18,189	11,768
3,206	7,834	14,080	12,753	10,127	1,283	9,338
35,630	11,824	31,298	982	18,750	10,725	2,205
11,483	9,796	6,761	2,561	26,856	2,076	9,545
35,269	1,152	4,971	955	10,176	4,060	25,685
204	4,472	4,948	9,587	14,606	960	
<u>\$ 595,370</u>	<u>\$ 643,137</u>	<u>\$ 533,280</u>	<u>\$ 452,282</u>	<u>\$ 510,559</u>	<u>\$ 308,329</u>	<u>\$ 484,484</u>
						<u>\$ 3,527,441</u>