

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

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## **FINANCIAL SECTION**

# DONOHUE, GIRONDA & DORIA

*Certified Public Accountants*

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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"), which comprise the statements of fiduciary net position as of December 31, 2014 and 2013, and the related statements of changes in fiduciary net position for the twelve months ended December 31, 2014 and the six months ended December 31, 2013, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Plan management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2014 and 2013, and the changes in its financial status for the twelve months ended December 31, 2014 and the six months ended December 31, 2013, 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 changes in net pension liability and related ratios, schedule of employer contributions and schedule of investment returns 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.



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DONOHUE, GIRONDA & DORIA  
Certified Public Accountants

Bayonne, New Jersey  
August 18, 2015

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2014 AND 2013**

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 twelve months ended December 31, 2014 and the six months ended December 31, 2013. 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 position restricted for pensions increased by \$2,104,670 or 2.1% and \$9,179,573 or 10.1% as of December 31, 2014 and 2013, respectively. The increase was primarily due to a higher return on the Plan's investments and the slight decrease was due to increases in benefit payments and refunds of contributions.

**Statement of Fiduciary Net Position**

	December 31, 2014	December 31, 2013	June 30, 2013
Cash and Short-term Investments	\$ 8,759,247	\$ 7,552,086	\$ 8,457,080
Receivables	2,891,481	295,302	1,901,600
Investments	93,585,177	92,647,967	82,616,473
Liabilities	<u>(2,901,129)</u>	<u>(265,249)</u>	<u>(1,924,620)</u>
Net Assets Held in Trust	<u>\$ 102,334,776</u>	<u>\$ 100,230,106</u>	<u>\$ 91,050,533</u>

*Calendar Year Ended 12/31/2014 compared to Six Months Ended 12/31/2013:* Cash and investments have increased moderately, from December 31, 2013, by \$2,144,371 or 2.1%. This was due to moderate investment returns of the Plan's various investment managers.

*Six Months Ended 12/31/2013 compared to Fiscal Year Ended 6/30/2013:* Cash and investments have increased dramatically, from the six months ended June 30, 2013, by \$9,126,500 or 10.0%. This was due to strong investment returns of the Plan's various investment managers.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2014 AND 2013**

**Statement of Changes in Fiduciary Net Position**

	Twelve Months Ended December 31, 2014	Six Months Ended December 31, 2013	Twelve Months Ended June 30, 2013
Contributions	\$ 9,726,948	\$ 5,358,043	\$ 10,400,398
Net Investment Income (Loss)	3,757,248	9,289,546	8,733,287
Total Additions (Reductions)	<u>13,484,196</u>	<u>14,647,589</u>	<u>19,133,685</u>
Benefit Payments	10,490,415	5,064,374	9,824,208
Other Deductions	889,111	403,642	567,849
Total Deductions	<u>11,379,526</u>	<u>5,468,016</u>	<u>10,392,057</u>
Net Increase (Decrease)	<u>\$ 2,104,670</u>	<u>\$ 9,179,573</u>	<u>\$ 8,741,628</u>

*Calendar Year Ended 12/31/2014 compared to Six Months Ended 12/31/2013:* Total additions to net assets were \$13,484,196 for the twelve months ended December 31, 2014 due to moderation in investment income and the total deductions continued to increase because benefit payments have continued to increase as people are living longer and the salaries at retirement continue to increase.

*Six Months Ended 12/31/2013 compared to Fiscal Year Ended 6/30/2013:* Total additions to net assets were \$14,687,589 for the six months ended December 31, 2013 due to strong investment income and also continued increases in the amount the City is contributing to the plan.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2014 AND 2013**

**Investment Allocation**

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

	December 31, 2014		December 31, 2013		June 30, 2013	
	\$	%	\$	%	\$	%
Cash and Short-term Investments	8,759,247	8.6%	7,552,086	7.5%	8,457,080	9.3%
U.S. Government Obligations	2,310,357	2.3%	3,606,499	3.6%	4,905,749	5.4%
Mortgage and Asset Backed Securities	-	0.0%	807,039	0.8%	1,133,979	1.2%
Corporate Obligations	240,914	0.2%	401,583	0.4%	622,422	0.7%
Fixed Income ETF's and Mutual Funds	20,354,861	19.9%	21,146,684	21.1%	18,635,731	20.5%
Equities and Equity ETF's	60,617,946	59.2%	58,486,023	58.4%	50,456,036	55.4%
Real Estate, Commodity and Hedge Fund	6,868,281	6.7%	5,324,745	5.3%	3,790,494	4.1%
Participants' Loans	3,192,818	3.1%	2,875,394	2.9%	3,072,062	3.4%
<b>Total Cash and Investments</b>	<b>\$102,344,424</b>	<b>100.0%</b>	<b>\$100,200,053</b>	<b>100.0%</b>	<b>\$ 91,073,553</b>	<b>100.0%</b>

The plan continued to decrease its percentage of investments held in fixed income from 25.9 to 22.4 percent, additionally equities increased from 58.4 to 59.2 percent. The plan had strong investment performance, especially from its equity managers and the small (less than one percent of net plan assets) hedge fund investment.

**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 FIDUCIARY NET POSITION  
DECEMBER 31, 2014 AND 2013**

	<u>12/31/2014</u>	<u>12/31/2013</u>
<b>Assets</b>		
Cash and Short-term investments	\$ 8,759,247	\$ 7,552,086
Receivables		
Due from Broker for Investments Sold	2,736,323	85,343
Accrued Interest and Dividends Receivable	154,237	207,184
Employee Receivable	921	2,775
Total Receivables	<u>2,891,481</u>	<u>295,302</u>
Investments at Fair Value		
U.S. Government Obligations	2,310,357	3,606,499
Fixed Income ETF's	3,318,740	7,057,480
Mortgage Backed Securities	-	807,039
Corporate Obligations	240,914	401,583
Fixed Income Mutual Funds	17,036,121	14,089,204
Equities	36,355,090	35,176,754
Equity ETF's	24,262,856	23,309,269
Real Estate Mutual Funds	2,045,149	1,805,449
Commodity Mutual Fund	1,130,195	1,162,857
Hedge Fund	3,692,937	2,356,439
Participants' Loans	3,192,818	2,875,394
Total Investments	<u>93,585,177</u>	<u>92,647,967</u>
Total Assets	<u>105,235,905</u>	<u>100,495,355</u>
<b>Liabilities</b>		
Due to Broker for Investments Purchased	2,736,296	43,219
Accounts Payable	42,562	15,289
Benefits Payable	122,271	206,741
Total Liabilities	<u>2,901,129</u>	<u>265,249</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 102,334,776</u>	<u>\$ 100,230,106</u>

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

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**  
**AND SIX MONTHS ENDED DECEMBER 31, 2013**

	12 Months Ended 12/31/2014	6 Months Ended 12/31/2013
<b>Additions</b>		
Contributions		
Employer	\$ 7,483,003	\$ 4,252,190
Employees	2,243,945	1,105,853
Total Contributions	<u>9,726,948</u>	<u>5,358,043</u>
Investment Income		
Net appreciation		
in fair value of investments	2,265,081	8,324,501
Interest	1,261,271	757,676
Dividends	1,032,929	480,916
Insurance from employee loans	21,747	7,409
	<u>4,581,028</u>	<u>9,570,502</u>
Less: investment expense	823,780	280,956
Net investment Income (loss)	<u>3,757,248</u>	<u>9,289,546</u>
Total Additions (Reductions)	<u>13,484,196</u>	<u>14,647,589</u>
<b>Deductions</b>		
Benefits	10,490,415	5,064,374
Refunds of contributions	654,062	286,903
Administrative expense	201,134	109,622
Employee loan exonerated - deceased member	33,915	7,117
	<u>11,379,526</u>	<u>5,468,016</u>
Net Increase (Decrease)	2,104,670	9,179,573
<b>Net Position Restricted For Pensions</b>		
Beginning of year	<u>100,230,106</u>	<u>91,050,533</u>
End of year	<u>\$ 102,334,776</u>	<u>\$ 100,230,106</u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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.

The Plan Commission voted in November of 2013 to change the plan year end to December 31<sup>st</sup>, (from June 30<sup>th</sup>) so these financial statements are presented with a twelve months ended December 31, 2014 and six months ended December 31, 2013.

**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. Chapter 128, P.L. 2003 allowed 39 employees to retire with enhanced benefits. Chapter 167, P.L. 2003 increased retirement allowances by 100% of the calculated increase in the CPI instead of the previous 60%. Chapter 247, P.L. 2005 decreased the early retirement factor from 2/12 of 1% to 1/12 of 1% per month for retirees prior to age 60. Chapter 282, P.L. 2013 ("ch 282"), which was not approved until January 17, 2014, made numerous changes to the requirements for retirement and the benefits eligible to retiree's, and all of them were savings to the plans. See Plan Benefits section where each of these changes is discussed.

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 most recent completed actuarial evaluation was as of January 1, 2014. Under Governmental Accounting Standards Board (GASB) Statement 67, the Plan is required to have an actuarial valuation performed at least biennially.

The Plan is a single-employer 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 NJ.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 1: PLAN DESCRIPTION (Continued)**

Under the existing statute, the Plan is intended to comply with Internal Revenue Code Section 414 (d) and as such is exempt from both federal and state taxes. The Plan has made amendments to the Plan and has received a favorable IRS Determination Letter ruling dated October 6, 2014. This IRS Determination Letter expires January 31, 2019. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

**Plan Membership**

	<b>1/1/2014</b>	<b>1/1/2012</b>
Inactive plan members or beneficiaries currently receiving bene	350	351
Inactive members entitled to but not yet receiving benefits	27	27
Active members, including 50 former members in 2014 and 87 former members in 2013 with balances (generally small) still payable from the plan	771	736

**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. For employees hired after January 17, 2014 final salary is changed to any five years.

On August 19, 1996, the Plan was amended. Participants are eligible to receive normal retirement benefits upon completion of 20 years (25 years for employees hired after January 17, 2014) of service and attainment of age 60 (age 65 for employees hired after January 17, 2014). 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 (25 years for employees hired after January 17, 2014) years. The minimum annual pension is \$3,600.

Participants are eligible for retirement benefits upon attaining age 60 (65 for employees hired after January 17, 2014) with less than 20 (25 years for employees hired after January 17, 2014) 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.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 1: PLAN DESCRIPTION (Continued)**

For members electing early retirement, prior to age 60 (65 for employees hired after January 17, 2014), with 25 (30 years for employees hired after January 17, 2014) 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 (3/12 of 1% for each month that the member is less than age 65 for employees hired after January 17, 2014). 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 (65 for employees hired after January 17, 2014), the member may elect to receive a lump-sum distribution of their own contributions, or to receive a deferred pension commencing at age 60 (65 for employees hired after January 17, 2014). The deferred pension is equal to 50% 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 (65 for employees hired after January 17, 2014). The minimum annual pension is \$3,600.

**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.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 1: PLAN DESCRIPTION (Continued)**

**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 ("CPI") 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 CPI for each year from the retirement year index." The bill changes the rate of the pension adjustment to equal the percent change of the CPI 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, 2014 and 2013 was 1.6% and 2.7%, respectively. Effective January 17, 2014 the cost of living adjustment was decreased to 50% of the change in the CPI, which is assumed to increase at 3% per year.

**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.

The Plan has adopted GASB 67, Financial Reporting for Pension Plans, which is an amendment of GASB 25. It was required for plans with fiscal years beginning after June 15, 2013.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment Valuations and Income Recognition**

The Plan's investments are accounted for at fair market value at December 31, 2014 and 2013, in accordance with generally accepted accounting principles, and the provisions of GASB 67. 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.

**NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS**

**Net Pension Liability**

The components of the net pension liability as of December 31, 2014 and 2013, were as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total Pension Liability	\$ 197,876,479	\$ 215,385,523
Plan Fiduciary Net Position	<u>(102,334,776)</u>	<u>(100,230,106)</u>
City's Net Position Liability	<u>\$ 95,541,703</u>	<u>\$ 115,155,417</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	51.7%	46.5%

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS  
(Continued)**

**Actuarial Assumptions**

The total pension liability as of December 31, 2014 and 2013 were determined by use of update procedures to roll forward the plan's total pension liability as of January 1, 2014 to December 31, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method: Entry Age Normal

Inflation: 3.00% per annum

Salary increases: Salaries are assumed to increase as noted in the following table:

Age	Annual Rate of Salary Increase
20	4.91%
25	5.00
30	4.86
35	4.50
40	4.23
45	3.85
50	3.57
55	3.09
60	2.74
62	2.57
65	2.30
69	1.86

Investment rate of return: 8.25%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 5.25%.

Mortality rates among healthy and disabled annuitants were based in the 2014 IRS Static Annuitant mortality tables. These tables use the RP2000 Combined Healthy mortality tables as the base mortality tables adjusted for projected mortality improvements to the valuation date and further projected 7 years from the valuation date.



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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS**  
**(Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table (note that the rates shown below include the inflation component):

<b>Asset Class</b>	<b>Long-Term Expected Rate of Return</b>	
	<b>December 31, 2013</b>	<b>December 31, 2014</b>
Domestic equity	7.59%	7.50%
International equity	8.79%	8.50%
Fixed income	3.46%	3.50%
Real estate	8.52%	8.50%
Cash	2.50%	2.50%

**Discount Rate.** The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed that Jersey City contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. In the event for benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 3.34% and 4.55% as of December 31, 2014 and 2013, respectively, are to be used to discount the benefit payments not covered by the pension plan's fiduciary net position. The rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index. However, since the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return of 8.25% per annum was used to reflect the expected asset allocation.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability, calculated using the discount rate of 8.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1- percentage-point higher (9.25%) than the current rate:

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS  
(Continued)**

	1% Decrease to 7.25%	Current Discount Rate 8.25%	1% Increase to 9.25%
Net Pension Liability	\$ 118,625,270	\$ 95,541,703	\$ 76,033,891

**NOTE 4: 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 twelve months ended December 31, 2014 and the six months ended December 31, 2013, the City contributed \$7,483,003 and \$4,252,190, 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 twelve months ended December 31, 2014 and the six months ended 2013 were provided by the City through budget appropriations.

**NOTE 5: 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 6: PENSION BENEFITS PAYABLE**

Pension benefits payable at December 31, 2014 and December 31, 2013, 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 December 31, 2014 and 2013.

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 7: INVESTMENTS**

The fair-value of investments at December 31, 2014 and 2013, consist of the following:

	Twelve Months Ended December 31, 2014		Six Months Ended December 31, 2013	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
U.S. Government and Mortgaged Backed Securities	\$ 2,310,357	\$ 2,383,848	\$ 4,413,538	\$ 4,720,030
Corporate Obligations (Including Preferred Equities)	240,914	1,006,390	401,583	1,049,017
Equities and Equity ETF's	60,617,946	46,789,193	58,486,023	42,153,183
Fixed Income Mutual Funds and ETF's	20,354,861	21,273,159	21,146,684	21,553,615
Commodity and R.E. Mutual Funds and Hedge Fund	6,868,281	6,609,368	5,324,745	5,066,990
Investments determined at estimated fair-value				
Participants' Loans Receivable	3,192,818	3,192,818	2,875,394	2,875,394
Totals	<u>\$ 93,585,177</u>	<u>\$ 81,254,776</u>	<u>\$ 92,647,967</u>	<u>\$ 77,418,229</u>

During the twelve months ended December 31, 2014 and six months ended December 31, 2013, the Plan's investments increased in value by \$2,265,081 and \$8,324,501, respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	Twelve Months December 31, 2014	Six Months December 31, 2013
Investments determined by quoted market price:		
U.S. Government and Agency Obligations	\$ 233,001	\$ (80,983)
Corporate Obligations	(118,042)	51,967
Common Stocks	(2,504,087)	7,125,179
Fixed Income Mutual Funds and ETF's	(511,367)	(152,691)
Commodity and R.E. Mutual Funds and Hedge Fund	1,158	55,485
Unrealized gains (losses) on investments	(2,899,337)	6,998,957
Add: Realized gains on investments	5,164,418	1,325,544
Net appreciation (depreciation) on investments	<u>\$ 2,265,081</u>	<u>\$ 8,324,501</u>

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 8: 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 December 31, 2014 the Plan has collected \$268,369 of premiums on loans issued and exonerated \$338,968 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 9: SUBSEQUENT EVENTS/PENDING LITIGATION**

Subsequent events have been evaluated through August 18, 2015, the date of this report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
CURRENT YEAR\***

**DECEMBER 31, 2013 AND JUNE 30, 2013**

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 2,323,134	\$ 1,369,200
Interest	17,510,364	8,421,970
Changes of Benefit Terms	(24,863,782)	-
Effect of Economic/Demographic (Gains) or Losses	(2,082,266)	-
Changes of Assumptions	747,983	-
Benefit Payments	(11,144,477)	(5,351,277)
<b>Net Change in Total Pension Liability</b>	<u>\$ (17,509,044)</u>	<u>\$ 4,439,893</u>
<b>Total Pension Liability-Beginning-<sup>**</sup></b>	\$ 215,385,523	\$ 210,945,630
<b>Total Pension Liability-Ending (a)</b>	197,876,479	215,385,523
<b>Plan Fiduciary Net Position</b>		
Contributions-Employer	7,483,003	4,252,190
Contributions-Employee	2,243,945	1,105,853
Net Investment Income	3,757,248	9,289,546
Benefit Payments, Including Refunds of Employee Contributions	(11,144,477)	(5,351,277)
Administrative Expense	(235,049)	(116,739)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>\$ 2,104,670</u>	<u>\$ 9,179,573</u>
Plan Fiduciary Net Position-Beginning – <sup>**</sup>	100,230,106	91,050,533
Plan Fiduciary Net Position-Ending (b)	102,334,776	100,230,106
<b>Plan's Net Pension Liability-Ending (a)-(b)</b>	95,541,703	115,155,417
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.72%	46.54%
Covered-Employee Payroll as of January 1, 2014 Actuarial Valuation	30,901,289	30,901,289
Net Pension Liability as a Percentage of Covered-Employee Payroll	309.18%	372.66%

\* Additionally, in accordance with GASB 67, Paragraph 50, such information was not readily available for periods prior to June 30, 2013.

\*\* December 31, 2013 beginning balance is as of July 1, 2013, due to the Plan's change of fiscal year during the year ended June 30, 2013 to December 31, 2013.

<sup>1</sup> Chapter 282 P.L. 213, which was approved January 17, 2014, decreased the percentage of adjustment in the retirement allowances, pensions and survivorship benefits to 50% of the calculated increases in the CPI instead of the previous 100%.

<sup>2</sup> The mortality tables used to calculate benefit obligations were changed from the IRS 2012 Static Mortality Table to the IRS 2014 Static Mortality Table.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS-10 YEARS  
DECEMBER 31, 2014 AND 2013**

<u>Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2006	\$ 3,680,819	\$ 2,490,940	\$ (1,189,879)	\$ 28,743,034	8.7%
June 30, 2007	5,039,020	2,570,955	(2,468,065)	28,743,034	8.9%
June 30, 2008	5,151,443	4,841,949	(309,494)	32,926,273	14.7%
June 30, 2009	5,826,552	5,230,349	(596,203)	32,926,273	15.9%
June 30, 2010	7,838,082	5,655,937	(2,182,145)	34,444,082	16.4%
June 30, 2011	7,309,283	7,307,923	(1,360)	34,444,082	21.2%
June 30, 2012	7,280,689	7,699,153	418,464	30,895,626	24.9%
June 30, 2013	8,416,177	8,206,999	(209,178)	30,895,626	26.6%
Dec. 31, 2013	4,043,704	4,252,190	208,486	30,901,289	27.5%
Dec. 31, 2014	7,483,083	7,483,083	-	30,901,289	24.2%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
DECEMBER 31, 2014 AND 2013**

	<b>Annual Money-Weighted Rate of Return, Net of Investment Expense Return, Net of Investment Expense</b>
July 1, 2012 thru June 30, 2013	10.4%
January 1, 2013 thru December 31, 2013	14.7%
January 1, 2014 thru December 31, 2014	3.7%



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2014 AND 2013**

**NOTE 1: NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

Changes of Benefit Terms	Chapter 282 P.L. 213, which was approved on January 17, 2014, decreased the percentage of adjustment in the retirement allowances, pensions and survivorship benefits to 50% of the calculated increases in CPI instead of the previous 100%
Changes of assumptions	The mortality tables used to calculate benefit obligations were changes from the IRS 2012 Static Mortality Table to the IRS 2014 Static Mortality Table

**NOTE 2: METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

Actuarially determined contributions are calculated as of the most recent January 1 actuarial valuation which precedes the fiscal year in which contributions are made. Section 15 of City Ordinance G-145 governing the operation of the Employees' Retirement System of Jersey City provides that an actuarial valuation of the system be performed every two years. The contribution calculated to be payable during the fiscal years ended December 31, 2014 and December 31, 2013 were determined by the January 1, 2014 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method: Projected Unit Credit

Amortization method: The unfunded accrued liability (surplus) is determined as the difference between the accrued liability and the actuarial value of assets. If there was no unfunded accrued liability for the valuation period immediately preceding the current valuation period, the current year's accrued liability contribution is determined as a level percentage of pay required to liquidate the unfunded accrued liability in annual payments, increasing at 4% per year, for 30 years. Thereafter, any increase or decrease in the unfunded accrued liability as a result of actuarial losses or gains for subsequent valuation years will increase or decrease the unfunded accrued liability contribution.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2013 AND JUNE 30, 201**

**NOTE 2: METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS (Continued)**

Asset valuation method: The market value of assets.

Inflation: 3.00%

Salary increases: Representative values of the assumed annual rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increase</u>
20	4.91%
25	5
30	4.86
35	4.5
40	4.23
45	3.85
50	3.57
55	3.09
60	2.74
62	2.57
65	2.3
69	1.86

Investment rate of return: 8.25%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 5.25%.

Retirement age: Assumed to occur between the age first eligible and 70.

Mortality: According to the 2014 IRS Static Annuitant mortality tables. These tables use the RP2000 Combined Healthy mortality tables as the base mortality tables adjusted for projected mortality improvements to the valuation date and further projected 7 years from the valuation date for annuitants and 15 years for non- annuitants.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2014**

Description	Number of Shares	Investment at Cost	Market Value
ABB LTD ADR	5,358	\$ 125,561	\$ 113,322
Aberdeen Asset Mgmt PLC	6,607	95,098	88,600
Acuity Brands Inc	2,137	92,044	299,330
ADT Corp	3,512	104,629	127,240
Adidas AG ADR	2,157	70,191	74,427
AES Corp	13,610	163,282	187,410
Affiliated Managers Group	1,361	88,387	288,859
Airgas Inc	1,728	159,660	199,031
Allegheny Technology, Inc	5,010	178,468	174,198
Allianz SE ADR	4,521	66,865	74,913
Amadeus IT Hldgs SA ADR	2,012	39,156	79,575
Amcort LTD ADR	3,344	130,087	147,771
America Movil S.A.B. DE C.V. Ser L ADR	2,207	47,990	48,951
American Electric Power Inc	3,400	134,821	206,448
Ameriprise Financial Inc	2,665	130,395	352,446
Anhui Conch Cem LTD ADR	8,727	158,592	163,884
Ansys Inc	5,407	301,545	443,374
Anthem Inc	1,985	171,900	249,455
Applied Materials, Inc	8,470	106,531	211,072
Aptargroup Inc	4,022	185,360	268,830
Artisan Partners Asset MGMT INC	2,971	164,790	150,125
Australia & New Zealand Bkg ADR	4,722	112,532	122,772
Avago Technologies LTD	1,559	56,500	156,820
AT & T Inc	4,200	127,968	141,078
Axis Capital Hldgs LTD Shs	3,385	114,332	172,940
BAE Systems PLC ADR	5,286	98,834	154,113
Baidu Inc ADR	527	54,125	120,140
Baker Hughes, Inc.	3,085	134,475	172,976
Banco Bradesco S.A. ADR	21,237	310,314	283,939
Barclays PLC ADR	4,670	66,636	70,097
Beach Energy LTD ADR	2,359	75,186	39,537
Belle International Holdings LTD ADR	934	10,326	10,414
Bio Rad Laboratories Inc Cl A	2,149	188,567	259,083
Blackbaud Inc	5,910	123,722	255,667
BOC Hong Kong LTD ADR	2,579	167,019	172,819
Brambles LTD ADR	4,919	69,254	84,656
BRF SA SPON ADR	2,631	54,249	61,434
British American Tobacco PLC ADR	1,448	122,188	156,123
British Sky Broadcstng Grp PLC ADR	4,746	253,495	264,447
Broadcom Corp Cl A	1,400	59,564	60,662
Broadridge Financial Solutions INC	290	13,264	13,392
Bunzl PLC New ADR	3,624	46,237	98,247
Cap Gemini SA ADR	2,046	37,754	73,196

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2014**

Description	Number of Shares	Investment at Cost	Market Value
Carlisle Cos Inc	3,354	\$ 105,416	\$ 302,665
Carlsberg A/S ADR	13,305	252,491	204,764
Catamaran Corp	3,535	150,514	182,936
CDN Natl Railway Co CAD	1,480	52,685	101,987
Cenovus Energy Inc CAD	1,788	52,458	36,869
Centrica PLC ADR	11,298	246,078	195,004
Chesapeake Energy Corp	2,830	56,506	55,383
Cheung Kong Holdings LTD ADR	13,766	211,997	230,167
Chevron Corp	2,195	161,365	246,235
China Construction Bank Corp ADR	10,035	149,437	165,076
China Mobile LTD ADR	3,093	159,542	181,930
China Petroleum & Chemical Corp ADR	1,506	114,522	122,001
Church and Dwight Corp	2,788	91,824	219,722
Cia Paranaense Energi ADR	9,698	167,613	127,723
Cielo SA ADR	3,965	35,109	62,330
Cigna Corp	2,208	131,100	227,225
Cisco Systems Inc	10,605	205,224	294,978
Citigroup Inc	6,315	207,187	341,705
City National	3,891	201,269	314,432
Clarcor Inc	3,643	169,445	242,770
CNOOC LTD ADR	215	38,538	29,120
Coca Cola Amatil Australia ADR	4,178	45,206	31,690
Columbia Sportswear Co	3,380	81,185	150,545
Comcast Corp	7,110	150,037	412,451
Companhia De Saneamento Basico Sao Paulo ADR	2,407	22,233	15,140
Compass Group PLC ADR	7,173	68,549	122,228
Copart Inc	4,435	85,532	161,833
Corning Inc	7,865	116,996	180,344
Cullen Frost Bankers Inc	2,348	145,602	165,863
Dana Holding Corp	11,120	169,146	241,749
Denso ADR	2,974	50,055	69,324
Dentsply Intl Inc	7,687	232,340	409,486
Deutsch Boerse ADR	22,132	126,173	156,695
Deutsche Post AG ADR	2,094	53,162	67,950
DNB ASA ADR	280	42,069	41,728
Donaldson Inc	3,675	135,698	141,965
Dril-Quip Inc	1,088	57,389	83,482
Encana CAD	5,895	117,618	81,764
EnSCO PLC	3,660	169,322	109,617
Equifax Inc	4,211	138,936	340,544
Ericsson SEK ADR	8,750	106,290	105,875
Factset Resh Systems Inc	1,745	147,342	245,609
Fair Isaac Corp	4,442	100,251	321,157

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2014**

Description	Number of Shares	Investment at Cost	Market Value
FANUC LTD ADR	4,081	\$ 97,459	\$ 112,350
Flir Systems Inc	5,433	142,215	175,540
Fomento Economico Mexicano S.A.B. DE ADR	524	34,008	46,128
Forest City Enterprises Inc Cl A	8,677	98,759	184,820
GAP Inc Com	5,945	124,320	250,344
Galaxy Entertainment Grp HKD	1,800	90,337	101,079
Gartner Inc	2,317	130,959	195,115
General Electric	14,320	300,264	361,866
Gentex Corp	6,568	142,044	237,302
Golden Agri Resources LTD ADR	3,342	165,547	114,163
Graco Inc	2,514	70,753	201,573
Great Wall MTR CO LTD	2,186	89,937	124,886
Groupe CGI Inc SV CL A CAD	3,502	91,993	133,636
Grupo Televisa SA Global Dep Rct Ord Mex. ADR	3,284	69,199	111,853
Hartford Finl Svcs Group Inc	5,255	150,021	219,081
HCC Insurance Hldgs Inc	9,609	288,861	382,522
Henry Jack & Assoc Inc	4,245	119,483	263,784
Hitachi Japan ADR	2,052	136,780	152,997
Home Depot	3,160	101,147	331,705
HSBC Holdings GB ADR	4,464	219,980	210,835
Hunt JB Trans Svc Inc	2,447	95,921	206,160
Hutchison Whampoa LTD Hong Kong ADR	6,413	126,444	147,486
IDEX Corp	4,123	131,045	320,934
Idexx Labs	1,390	123,878	206,095
Imperial Tobacco Group PLC ADR	1,668	139,396	145,950
Industrial & Coml Bk China ADR	7,206	101,013	105,208
Intel Corp	6,133	141,971	222,567
Israel Chemicals ADR	969	6,865	7,042
Isuzu Motor Co LTD ADR	11,180	137,654	136,676
Jacobs Engineering Group Inc	1,941	71,860	86,743
JC Penney Co. INC	12,490	113,076	80,935
Johnson & Johnson	1,795	114,856	187,703
Jones Lang Lasalle INC	920	132,027	137,936
JPMorgan Chase & Co	5,192	209,773	324,915
Julius Baer Group LTD ADR	9,237	66,987	83,687
Kasikornbank PC Unsponsored	3,368	71,707	94,708
Keppel Corp LTD ADR	6,578	82,167	88,112
Kingfisher PLC ADR	9,636	83,251	102,093
Kirby Corporation	4,441	255,135	358,566
KOC Hldgs ADR	3,026	53,435	79,856
Komatsu LTD ADR	7,344	172,716	162,670
Landstar Systems INC	1,758	125,628	127,508
Lennar Corp	5,600	117,256	250,936

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2014**

Description	Number of Shares	Investment at Cost	Market Value
LKQ Corp	3,696	\$ 100,187	\$ 103,932
Lukoil ADR	2,506	152,998	96,105
Magna Intl Inc CAD	728	32,186	79,126
Manhattan Assoc INC	4,072	141,193	165,812
Manulife Financial CAD	7,933	101,638	151,441
Markel Corp	882	317,362	602,265
Marks & Spencer ADR	10,275	127,354	151,248
Methanex Corp	1,068	70,863	48,946
Merck Inc	3,870	205,895	219,777
Mettler-Toledo Intl	564	62,619	170,587
Microsoft Corp	5,755	204,731	267,320
Mitsui & Co Japan ADR	467	143,779	125,270
Mizuho Financial ADR	37,042	121,173	125,943
Mondelez International Inc.	6,545	171,285	237,747
Morningstar Inc	6,467	322,958	418,480
Mylan, Inc	3,370	80,011	189,967
Nabors Industries LTD	6,849	140,655	88,900
Navient Corp	8,489	111,239	183,447
Netapp INC	2,130	86,399	88,289
Novartis AG ADR	1,093	60,693	101,277
Novo Nordisk Denmark ADR	1,505	29,700	63,692
Oceaneering Intl Inc	2,270	56,886	133,499
Open Text Corp CAD	1,315	62,414	76,612
Orange Spon ADR	4,290	46,762	72,587
Pall Corp	1,542	68,362	156,066
Pentair LTD	1,757	79,117	116,700
Pepsico Inc	3,050	233,076	288,408
Persimmon ADR	3,323	146,974	161,797
Pfizer Inc Com Stk	8,205	160,165	255,586
Prada S P A ADR	5,562	85,714	62,917
Prosiebensat 1MEDIA ADR	7,278	76,241	76,528
PT Bk Mandiri Persero TBK ADR	10,801	64,940	93,753
PT Bk Rakyat ADR	4,068	69,220	74,811
Publicis Groupe SA ADR	8,382	115,242	149,535
Reed Elsevier Ord SHS ADR	2,398	86,599	163,184
Renaissance RE Holdings LTD	619	46,765	60,179
RIO Tinto PLC ADR	2,819	151,541	129,843
Roche Holding LTD Switz ADR	5,101	104,082	173,383
Royal Dutch Shell PLC Cl A ADR	2,733	185,150	182,974
Royal Dutch Shell PLC ADS Cl B Ord ADR	1,666	105,439	115,887
SAP AG ADR	2,442	139,902	170,085
Sage Group PLC ADR	2,937	55,113	84,597
Sally Beauty Co Inc	13,263	207,399	407,705

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2014**

Description	Number of Shares	Investment at Cost	Market Value
Sasol ADR	4,102	\$ 187,702	\$ 155,753
Schein Henry Inc	2,843	151,782	387,074
Schneider Elec SA ADR	7,175	101,760	103,392
Sealed Air Corp	6,200	132,983	263,066
SEI Investments Co	8,623	184,093	345,265
Shire PLC ADR	353	48,109	75,027
Siemens AG ADR	1,121	90,924	125,552
SLM Corp.	13,218	102,801	134,691
Smith & Nephew PLC ADR	2,640	64,377	96,994
Smurfit Kappa Group PLC ADR	3,158	71,647	71,213
State Street Corp	4,375	183,097	343,438
Statoil ASA ADR	4,857	130,115	85,532
Steris Corp	1,547	96,301	100,323
Suncor Energy Inc CAD	4,430	157,862	140,785
Svenska Cellulosa AB ADR	3,392	53,191	72,894
Syngenta AG ADR	1,548	84,650	99,444
Sysco Corp	3,450	129,227	136,931
Taiwan Semiconductor LTD ADR	9,447	129,444	211,424
Tata Motors ADR	2,004	57,600	155,460
Technip SA Spon ADR	3,403	70,267	121,077
Teleflex INC	1,744	186,639	200,246
Telenor ASA ADR	896	60,942	54,247
Terex Corp	5,823	146,523	162,345
Teva Pharmaceuticals Ind Israel ADR	7,795	365,699	448,290
Textron Inc	8,515	193,558	358,567
Toronto Dominion Bk CAD	2,929	125,930	139,948
Toyota Motor Corp Japan ADR	1,074	100,744	134,766
Transdigm Group Inc	1,024	113,784	201,062
Travelers Cos Inc	2,775	122,774	293,734
Tyco International LTD	4,355	116,843	191,010
UBS AG Regs Ord	5,070	96,900	86,444
Umpqua Holdings Corp Or	10,995	116,808	187,025
Unilever NV ADR	2,074	62,817	80,967
United Overseas Bank Singapore ADR	7,644	249,981	282,598
Vale SA ADR	8,691	140,023	71,092
Valero Energy Corp	2,290	53,640	113,355
Varian Medical Systems Inc	1,798	96,191	155,545
Western Digital Corp	2,420	99,963	267,894
Wex Inc	1,600	78,681	158,272
WPP Plc ADR	1,808	115,366	188,213
Yahoo! Inc	12,235	89,395	87,970
Zurich Ins Group ADR	7,540	183,436	235,248
Total Equities		<u>\$ 26,034,077</u>	<u>\$ 36,355,090</u>



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITY EXCHANGE TRADED FUNDS (ETF's)  
DECEMBER 31, 2014**

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
Ishares TR Russell 1000 Grwth Indx ETF	115,340	\$ 7,642,184	\$ 11,027,657
SPDR Select Consumer Staples ETF	66,657	2,977,995	3,239,593
SPDR Select Financial ETF	135,380	3,353,417	3,347,947
SPDR Select Technology ETF	80,200	3,378,793	3,375,313
SPDR Select Utilities ETF	69,300	3,319,165	3,272,346
Total Equity ETF's		<u>\$ 20,671,554</u>	<u>\$ 24,262,856</u>

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
U.S. GOVERNMENT AND MORTGAGE BACKED SECURITIES  
DECEMBER 31, 2014**

<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	4/15/2018	0.125	329,000	\$ 337,936	\$ 332,998
US Treasury Inflation Protection Note	7/15/2021	0.625	1,266,000	1,453,971	1,350,573
US Treasury Inflation Protection Bond	4/15/2029	3.875	203,000	398,556	419,667
US Treasury Note	2/15/2044	1.375	183,000	193,385	207,119
Total U.S Government and Mortgage Backed Securities				<u>\$ 2,383,848</u>	<u>\$ 2,310,357</u>

**CITY OF JERSEY CITY  
EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
FIXED INCOME MUTUAL FUNDS, ETF's, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS  
DECEMBER 31, 2014**

DESCRIPTION	MATURITY	RATE/ YIELD (%)	UNITS	INVESTMENT AT COST	INVESTMENT AT MARKET
Fixed Income Mutual Funds:					
Alliance Bernstein High Income A	N/A	N/A	434,996	\$ 4,140,392	\$ 3,893,215
Allianz Fixed Income Shares Series R	N/A	N/A	192,040	2,071,856	1,872,390
FT Templeton Global Bond A	N/A	N/A	390,749	5,332,815	4,868,728
Janus Flexible Bond Fund A	N/A	N/A	606,230	6,396,353	6,401,788
Fixed Income Mutual Funds				\$ 17,941,416	\$ 17,036,121
Fixed Income ETF's:					
Guggenheim Bullet shares 2016 Corp Bd ETF	N/A	N/A	34,220	\$ 751,158	\$ 756,262
Guggenheim Bullet shares 2015 Corp Bd ETF	N/A	N/A	118,250	2,580,585	2,562,478
Fixed Income ETF's				\$ 3,331,743	\$ 3,318,740
Corporate Obligations:					
Lehman Bros Hldgs Cap Tr Pfd	4/22/2053	6.000	10,000	\$ 250,000	\$ 1,350
Lehman Brothers Holdings, Inc (Defaulted)	2/11/2013	5.000	250,000	212,885	35,938
Lehman Brothers Holdings, Inc (Defaulted)	2/11/2015	5.250	250,000	212,877	35,937
Lehman Brothers Holdings, Inc (Defaulted)	2/22/2023	6.250	250,000	210,391	35,937
Corporate Obligations				\$ 886,153	\$ 109,162
Alternative Investments:					
PIMCO Commodity Real Return					
Strategy Mutual Fund Class A	N/A	N/A	256,863	\$ 1,638,840	\$ 1,130,195
Prisma Spectrum Fund LTD Adv Class E	N/A	N/A	N/A	3,430,000	3,692,937
Alternative Investments:				\$ 5,068,840	\$ 4,823,132

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
PARTICIPANT LOANS RECEIVABLE  
December 31, 2014**

Amount	Amount	Amount	Amount	Amount	Amount	Amount
\$ 1,237.74	\$ 6,391.54	\$ 20,866.70	\$ 18,253.73	\$ 13,417.21	\$ 8,948.79	\$ 16,975.39
3,953.33	9,674.56	5,588.07	14,576.00	13,795.20	3,822.19	11,011.44
7,314.68	16,663.04	7,646.30	6,205.96	6,220.22	8,499.90	614.81
669.58	339.96	1,684.12	1,679.00	6,996.48	12,690.76	8,526.54
2,516.27	10,875.60	14,295.77	1,532.50	6,949.00	3,786.87	1,674.61
412.12	16,567.53	11,099.08	10,946.58	3,435.55	5,176.51	5,528.73
1,537.03	25,353.16	5,421.00	7,329.77	22,253.01	9,694.58	130.84
1,133.75	17,230.54	7,353.46	6,657.93	7,330.67	1,410.68	1,047.65
3,256.37	5,774.92	7,230.21	3,033.19	18,531.95	11,789.34	21,866.99
4,492.82	31,408.52	6,937.93	1,980.21	1,064.56	2,861.40	10,211.79
4,164.43	16,063.87	2,561.84	13,690.30	5,556.62	4,502.91	352.70
2,315.29	1,043.74	6,854.16	55.55	27,706.29	15,855.28	1,975.52
6,002.72	1,156.25	1,697.70	4,912.17	2,340.26	10,493.38	93.28
960.48	25,757.88	1,555.02	1,570.43	11,564.93	9,801.84	12,515.78
2,133.63	3,343.80	1,463.75	5,160.13	12,490.20	29,692.35	143.78
8,033.85	1,047.73	7,530.97	6,597.90	5,057.07	19,649.64	3,653.77
5,935.30	368.39	12,920.50	3,092.77	10,787.36	20,385.04	1,647.00
2,448.75	18,684.55	11,869.57	7,990.31	46,034.72	13,244.10	5,486.42
1,202.81	21,908.08	5,278.71	15,434.61	4,402.56	7,731.50	1,320.54
4,127.87	3,830.00	20,131.52	1,783.07	11,655.29	4,246.20	2,459.80
7,548.93	6,729.55	2,608.98	26,586.36	16,283.53	13,128.31	6,616.09
6,897.09	4,482.55	37,956.92	8,115.29	26,153.40	11,488.45	22,126.51
22,274.67	2,978.40	5,304.95	2,145.66	25,705.85	17,556.69	3,431.96
11,779.81	2,220.22	8,521.67	39,879.00	17,028.55	20,080.55	7,350.80
3,386.02	1,359.59	7,609.80	4,877.38	5,548.13	10,391.61	4,797.06
2,730.89	28,502.39	1,872.59	16,690.68	38,771.96	7,717.03	2,839.36
15,512.30	545.22	3,203.93	18,540.48	25,817.29	18,696.43	2,668.12
5,130.50	648.17	10,895.34	16,599.27	6,208.66	2,918.58	30,583.07
11,565.95	784.46	17,964.39	4,705.91	10,582.35	7,065.27	1,133.39
234.49	17,972.78	2,416.50	7,662.87	10,324.56	3,546.30	8,276.28
8,078.19	1,141.48	3,765.12	3,936.84	4,818.74	12,871.01	3,488.46
7,869.50	5,391.47	15,973.36	4,724.81	984.86	6,969.03	9,214.79
2,000.47	2,025.11	2,256.84	6,660.62	2,427.15	10,286.76	20,692.78
18,444.49	3,409.02	20,605.85	2,559.18	8,731.89	2,425.15	13,516.62
4,726.16	9,277.30	6,500.30	16,787.06	25,273.71	12,342.35	9,274.47
3,935.77	13,444.05	22.08	4,933.55	9,445.47	12,545.77	9,260.35
38,561.59	11,408.61	8,364.26	9,681.49	2,905.30	15,052.45	29,926.20
841.16	18,253.76	20,698.76	19,125.69	1,930.72	17,517.87	20,555.22
2,781.22	5,972.25	6,462.22	3,281.24	1,338.29	4,176.60	9,932.61
24,885.27	6,477.83	9,050.08	22,338.76	20,139.62	15,977.89	28,911.71
34.62	7,495.41	13,158.73	5,586.80	1,985.72	8,920.47	10,196.68
16,325.41	1,316.53	7,878.70	12,546.86	23,184.93	6,990.33	28,680.71
2,142.34	6,142.26	5,155.17	1,320.87	40,339.22	7,491.73	14,050.50
4,656.15	2,682.01	16,466.39	5,257.14	2,630.00	9,024.59	7,446.52
10,032.49	2,375.35	12,517.13	6,674.72	4,738.87	21,759.31	
33,826.86	2,807.41	18,586.53	9,332.71	7,010.29	13,404.80	
6,080.80	11,471.90	15,456.95	1,648.78	6,570.15	32,926.18	
7,028.57	5,705.96	3,317.94	1,509.91	9,866.59	8,053.35	
4,102.70	5,628.05	4,737.21	2,252.39	11,373.46	2,137.93	
<u>347,263.23</u>	<u>422,132.75</u>	<u>449,315.07</u>	<u>418,444.43</u>	<u>605,708.41</u>	<u>537,746.05</u>	<u>412,207.64</u>
						<u>\$ 3,192,818</u>