

CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

**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"), which comprise the statements of fiduciary net position as of December 31, 2015 and 2014, and the related statements of changes in fiduciary net position for the year ended December 31, 2015 and 2014, 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.

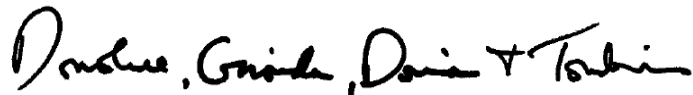
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015 and 2014, and the changes in its financial status for the year ended December 31, 2015 and 2014, 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.

A handwritten signature in black ink, appearing to read "Donohue, Gironde, Doria & Tomkins".

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Bayonne, New Jersey
July 15, 2016

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2015 AND 2014**

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 years ended December 31, 2015 and 2014. 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 decreased by \$2,101,791 or 2.1% and increased by \$2,104,670 or 2.1% as of December 31, 2015 and 2014, 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,		
	2015	2014	2013
Cash and Short-Term Investments	\$ 8,037,777	\$ 8,759,247	\$ 7,552,086
Receivables	132,664	2,891,481	295,302
Investments	91,917,946	93,585,177	92,647,967
Net Assets Held in Trust	144,598	(2,901,129)	(265,249)
	<u>\$ 100,232,985</u>	<u>\$102,334,776</u>	<u>\$ 100,230,106</u>

Year ended 12-31-2015 compared to year ended 12-31-2014. Cash and investments have decreased moderately, from December 31, 2014, by \$2,388,701 or 2.6%. This was due to moderate investment losses of the Plan's various investment managers.

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.

Statement of Changes in Fiduciary Net Position

	Year Ended	Year Ended	Six Months Ended
	December 31, 2015	December 31, 2014	December 31, 2013
Contributions	\$ 10,109,758	\$ 9,726,948	\$ 5,358,043
Net Investment Income (Loss)	(1,437,876)	3,757,248	9,289,546
Total Additions (Reductions)	<u>8,671,882</u>	<u>13,484,196</u>	<u>14,647,589</u>
Benefits Payments	10,662,174	10,490,415	5,064,374
Other Deductions	400,695	889,111	403,642
Total Deductions	<u>11,062,869</u>	<u>11,379,526</u>	<u>5,468,016</u>
Net Increase (Decrease)	<u>\$ (2,390,987)</u>	<u>\$ 2,104,670</u>	<u>\$ 9,179,573</u>

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2015 AND 2014**

Statement of Changes in Fiduciary Net Position (Continued)

Fiscal year 12-31-2015 compared to 12-31-2014. Total additions to net assets were only \$8,671,882 for the year ended December 31, 2015 due to a “net” investment loss for the year 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.

Fiscal year twelve months 12-31-2014 compared to six months 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.

Investment Allocation

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

	December 31,					
	2015		2014		2013	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Cash and Short-Term Investments	\$ 8,037,777	8.0%	\$ 8,759,247	8.6%	\$ 7,552,086	7.5%
U.S. Government Obligations	2,225,043	2.2%	2,310,357	2.3%	3,606,499	3.6%
Mortgage Backed Securities	-	0.0%	-	0.0%	807,039	0.8%
Corporate Obligations	55,593	0.1%	240,914	0.2%	401,583	0.4%
Fixed Income ETF's and Mutual Funds	24,404,193	24.4%	20,354,861	19.9%	21,146,684	21.1%
Equities, Equity Mutual Funds and Equity ETF's	50,424,265	50.5%	60,617,946	59.2%	58,486,023	58.4%
Real Estate, Commodity and Hedge Fund	11,642,350	11.6%	6,868,281	6.7%	5,324,745	5.3%
Participant's Loans	3,166,502	3.2%	3,192,818	3.1%	2,875,394	2.9%
Total Cash and Investments	<u>\$ 99,955,723</u>	<u>100%</u>	<u>\$ 102,344,424</u>	<u>100%</u>	<u>\$ 100,200,053</u>	<u>100%</u>

The plan’ percentage of investments held in fixed income increased from 22.4 to 26.7 percent, additionally equities decreased from 59.2 to 50.5% percent, additionally the plan increased its investment in alternative investments (Hedge Fund) from 6.7 to 11.6%. mostly due to moderate losses in the equity markets and shifting assets into the Hedge Fund. The plan had strong 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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets		
Cash and Short-Term Investments	\$ 8,037,777	\$ 8,759,247
Receivables		
Due from Broker for Investments Sold	-	2,736,323
Accrued Interest and Dividends Receivable	132,664	154,237
Employee Receivable	-	921
Total Receivables	<u>132,664</u>	<u>2,891,481</u>
Investments at Fair Value		
U.S. Government Obligations	2,225,043	2,310,357
Fixed Income Exchange Traded Funds	755,578	3,318,740
Corporate Obligations	55,593	109,162
Fixed Income Mutual Funds	23,648,615	17,036,121
Equity Mutual Funds	6,055,885	-
Equities	30,341,004	36,486,842
Equity Exchange Traded Funds	14,027,376	24,262,856
Real Estate Mutual Funds	2,083,714	2,045,149
Commodity Mutual Fund	837,061	1,130,195
Hedge Fund	8,721,575	3,692,937
Participants' Loans	3,166,502	3,192,818
Total Investments	<u>91,917,946</u>	<u>93,585,177</u>
Total Assets	<u>100,088,387</u>	<u>105,235,905</u>
Liabilities		
Due to Broker for Investments Purchased	-	2,736,296
Accounts Payable	31,925	42,562
Benefits Payable	112,673	122,271
Total Liabilities	<u>144,598</u>	<u>2,901,129</u>
Net Position Restricted for Pensions	<u>\$ 99,943,789</u>	<u>\$ 102,334,776</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
FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Additions		
Contributions		
Employer	\$ 7,782,323	\$ 7,483,003
Employees	2,327,435	2,243,945
Total Contributions	10,109,758	9,726,948
Investment Income (Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments	(2,996,245)	2,265,081
Interest	1,363,092	1,261,271
Dividends	984,871	1,032,929
Insurance from Employee Loans	17,013	21,747
	(631,269)	4,581,028
Less: Investment Expense	806,607	823,780
Net Investment Income (Loss)	(1,437,876)	3,757,248
Total Additions (Reductions)	8,671,882	13,484,196
Deductions		
Benefits	10,662,174	10,490,415
Refunds of Contributions	249,064	654,062
Administrative Expense	151,631	201,134
Employee Loan Exonerated - Deceased Member	-	33,915
Total Deductions	11,062,869	11,379,526
Net (Decrease) Increase	(2,390,987)	2,104,670
Net Position Restricted For Pensions		
Beginning of Year	102,334,776	100,230,106
End of Year	\$ 99,943,789	\$ 102,334,776

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

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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. 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, 2016. 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.

Under the existing statute, the Plan is intended to comply with Internal Revenue 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 received a favorable IRS Determination Letter ruling dating April 15, 2013. The Plan is **NOT** subject to the provisions of the Employee Retirement Income Security Act of 1974.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1: PLAN DESCRIPTION (Continued)

Plan Membership

	1/1/2016	1/1/2014
Retired Members and Eligible Survivors	346	350
Inactive Members Entitled to But Not Yet Receiving Benefits	19	27
Active Members	754	684

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. Final Salary for employees hired after January 17, 2014 is changed to be the average annual compensation for any five fiscal years of membership providing the largest benefit.

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.

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

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1: PLAN DESCRIPTION (Continued)

Pension Benefits (Continued)

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.

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, 2015 was an increase of .0002 from February 1, 2014. The Cost of Living Adjustment as of February 1, 2014 was 1.6%. 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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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.

Investment Valuations and Income Recognition

The Plan's investments are accounted for at fair market value at December 31, 2015 and 2014, in accordance with generally accepted accounting principles, and the provisions of GASB No. 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. GASB 72, Fair Value Measurement and Application has not been adopted and is not required to be adopted until the fiscal year ending December 31, 2016.

NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS

Net Pension Liability

The components of the net pension liability as of December 31, 2015 and 2014, were as follows:

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

	<u>12/31/15</u>	<u>12/31/14</u>
Total Pension Liability	\$ 209,666,894	\$ 197,876,479
Plan Fiduciary Net Position	<u>(99,943,789)</u>	<u>(102,334,776)</u>
City's Net Pension Liability	<u>\$ 109,723,105</u>	<u>\$ 95,541,703</u>
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	47.7%	51.7%

Actuarial Assumptions

The total pension liability as of December 31, 2015 and 2014 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 and 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal, Level Percentage of Pay
Inflation:	3% per annum
Salary Increases:	Salaries are assumed to increase as noted in the notes to RSI at page 6
Investment Rate of Return:	8.25% net pension plan investment expenses. This is based on an average inflation rate of 3% and a real rate of return of 5.25%.

Mortality rates among healthy and disabled annuitants were previously based on the 2014 IRS Static Annuitant mortality tables. These tables use the mortality tables specified in IRS Regulation 1.430(h)(3)-1, applied on a projected 7 years from the valuation date for annuitants and 15 years for non-annuitants. Effective January 1, 2016, the Pension Commission adopted new mortality assumptions for the actuarial valuation. The new mortality assumptions are the same assumptions used for the Public Employees Retirement System of New Jersey – Local Employers and are outlined below. The Total Pension Liability as of December 31, 2015 reflects this new mortality assumption.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 3: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS (Cont.)

Deaths before retirement:

Age	Ordinary Death*		Accidental Death
	Male	Female	
20	0.03%	0.02%	0.001%
25	0.04%	0.02%	0.001%
30	0.04%	0.02%	0.001%
35	0.06%	0.02%	0.001%
40	0.10%	0.04%	0.001%
45	0.13%	0.06%	0.002%
50	0.19%	0.09%	0.002%
55	0.26%	0.14%	0.002%
60	0.40%	0.21%	0.002%
62	0.49%	0.25%	0.002%
65	0.65%	0.33%	0.002%
69	0.86%	0.47%	0.002%

*Based on the RP2000 Employee Preretirement Mortality Table for male and female active participants set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on Buck Modified MP2015. Rates shown above are unadjusted for Buck Modified MP2015.

Deaths after retirement:

Age	Service Retirements and Beneficiaries		Age	Disability Retirements	
	Male	Female		Male	Female
55	0.31%	0.24%	35	2.26%	0.75%
60	0.59%	0.44%	40	2.26%	0.75%
65	1.11%	0.86%	45	2.26%	0.82%
70	1.95%	1.48%	50	2.51%	1.25%
75	3.34%	2.53%	55	3.16%	1.76%
80	5.73%	4.12%	60	3.80%	2.29%
85	9.91%	6.90%	65	4.50%	2.96%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

**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):

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	
	<u>12/31/15</u>	<u>12/31/14</u>
Domestic equity	7.59%	7.50%
International equity	8.79%	8.50%
Fixed income	2.71%	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 3.20% and 3.34% as of December 31, 2015 and 2014, 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, 2015 AND 2014**

**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	\$ 134,533,353	\$ 109,723,105	\$ 88,942,460

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 years ended December 31, 2015 and 2014, the City contributed \$7,782,323 and \$7,483,003, 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 December 31, 2015 and 2014, respectively, 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, 2015 and 2014, 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, 2015 and 2014.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7: INVESTMENTS

The fair-value of investments at December 31, 2015 and 2014, consist of the following:

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
U.S. Government and Mortgaged Backed Securities	\$ 2,225,043	\$ 2,262,289	\$ 2,310,357	\$ 2,383,848
Corporate Obligations (Including Preferred Equities)	55,593	868,226	240,914	1,006,390
Equities and Equity ETF's	50,424,265	40,989,598	60,617,946	46,789,193
Fixed Income Mutual Funds and ETF's	24,404,193	26,738,339	20,354,861	21,273,159
Commodity and R.E. Mutual Funds and Hedge Fund	11,642,350	12,405,463	6,868,281	6,609,368
Investments determined at estimated fair-value				
Participants' Loans Receivable	3,166,502	3,166,502	3,192,818	3,192,818
Totals	<u>\$ 91,917,946</u>	<u>\$ 86,430,417</u>	<u>\$ 93,585,177</u>	<u>\$ 81,254,776</u>

During the year ended December 31, 2015 and 2014, the Plan's investments decreased in value by \$2,996,245 and increased in value by \$2,265,081, respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	December 31, 2015	December 31, 2014
Investments determined by quoted market price:		
U.S. Government and Agency Obligations	\$ 36,245	\$ 233,001
Corporate Obligations	(47,157)	(118,042)
Common Stocks	(4,394,086)	(2,504,087)
Fixed Income Mutual Funds and ETF's	(1,415,848)	(511,367)
Commodity and R.E. Mutual Funds and Hedge Fund	(1,022,026)	1,158
Unrealized gains (losses) on investments	<u>(6,842,872)</u>	<u>(2,899,337)</u>
Realized gains (losses) on investments	3,846,627	5,164,418
Net appreciation (depreciation) on investments	<u>\$ (2,996,245)</u>	<u>\$ 2,265,081</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015 the Plan has collected \$285,382 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 July 15, 2016, 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
DECEMBER 31, 2015, 2014 AND 2013**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total Pension Liability			
Service cost	2,241,217	2,323,134	1,369,200
Interest	16,068,540	17,510,364	8,421,970
Changes of benefit terms ¹	-	(24,863,782) ¹	-
Effect of economic/demographic (gains) or losses	-	(2,082,266)	-
Differences between expected and actual experience	-	-	-
Changes of assumptions ^{3,2}	4,391,896 ³	747,983 ²	-
Benefit payments	(10,911,238)	(11,144,477)	(5,351,277)
Net change in total pension liability	<u>11,790,415</u>	<u>(17,509,044)</u>	<u>4,439,893</u>
Total pension liability-beginning-***	197,876,479	215,385,523	210,945,630
Total pension liability-ending (a)	209,666,894	197,876,479	215,385,523
Plan fiduciary net position			
Contributions-employer	7,782,323	7,483,003	4,252,190
Contributions-employee	2,327,155	2,243,945	1,105,853
Net investment income	(1,437,878)	3,757,248	9,289,546
Benefit payments, including refunds of employee contributions	(10,911,238)	(11,144,477)	(5,351,277)
Administrative expense	(151,631)	(235,049)	(116,739)
Other	-	-	-
Net change in plan fiduciary net position	<u>(2,391,269)</u>	<u>2,104,670</u>	<u>9,179,573</u>
Plan fiduciary net position-beginning – **	102,334,776	100,230,106	91,050,533
Plan fiduciary net position-ending (b)	99,943,507	102,334,776	100,230,106
Plan's net pension liability-ending (a)-(b)	109,723,387	95,541,703	115,155,417
Plan fiduciary net position as a percentage of the total pension liability	47.67%	51.72%	46.54%
Covered-employee payroll as of 1-1-2016 actuarial valuation	33,421,968	30,901,289	30,895,626
Net pension liability as a percentage of covered-employee payroll	328.30%	309.18%	372.72%

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

** 12-31-2013 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 31st.

¹ 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%

² The mortality tables used to calculate benefit obligations were changed from the IRS 2012 Static Mortality Table to the IRS 2014 Static Mortality Table

³ The mortality tables used to calculate benefit obligations were changed from the IRS 2014 Static Mortality Table to the mortality assumptions used by the PERS of NJ-Local Employers and is outlined in Footnote 2 Notes to Required Supplementary Schedules.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS-10 Years
DECEMBER 31, 2015 AND 2014**

<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, 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%
December 31, 2013	4,043,704	4,043,704	-	30,895,626	26.2%
December 31, 2014	7,483,083	7,483,083	-	30,895,626	24.2%
December 31, 2015	7,782,323	7,782,323	-	33,421,968	23.3%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2015 AND 2014**

	Annual Money-Weighted Rate of Return, Net of Investment Expense Return, Net of Investment Expense
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%
January 1, 2015 thru December 31, 2015	-1.4%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015 AND 2014**

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

Changes of assumptions: The mortality assumption changed from the 2014 IRS Static Annuitant and Non Annuitant Mortality Tables to the mortality assumptions used by the Public Employers Retirement System of New Jersey-Local Employers detailed in Note 2 below.

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, 2015 and December 31, 2014 were determined by the January 1, 2014 actuarial valuation. In accordance with Chapter 282, P.L. 2013 and the Commission's administrative procedure, the contributions calculated by each valuation assume that 100% of CPI COLA provision of the Plan in effect prior to January 17, 2014 is still in effect for future valuations. The additional contributions will be used to accelerate the funding of the System's unfunded accrued liability.

Methods and assumptions used to determine contributions:

- Actuarial cost method: Projected Unit Credit
- 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>	<u>Age</u>	<u>Annual Rate of Salary Increase</u>	<u>Age</u>	<u>Annual Rate of Salary Increase</u>
20	4.91%	40	4.23%	60	2.74%
25	5.00%	45	3.85%	62	2.57%
30	4.86%	50	3.57%	65	2.30%
35	4.50%	55	3.09%	69	1.86%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015 AND 2014**

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%.

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

Mortality: Pre-Retirement is based on the RP2000 Employee Preretirement Mortality Table for male and female active participants set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on Buck Modified MP2015. Post-Retirement is based on RP2000 Employee Preretirement Mortality Table for male and female active participants set back 1 year for males and females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on Buck Modified MP2015.

SUPPLEMENTARY INFORMATION

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2015**

Description	# of Shares	Investment at Cost	Market Value
Aberdeen Asset Management PLC	10,074	\$ 143,151	\$ 85,327
Acuity Brands Inc	1,576	70,260	368,469
ADT Corp	4,152	130,053	136,933
AES Corp	17,110	207,696	163,743
Affiliated Managers Group	1,426	142,102	227,818
Airgas Inc	1,837	171,030	254,094
Allegheny Technologies Inc.	6,380	212,031	71,775
Allianz SE ADR	9,984	157,368	175,918
Amadeus IT Hldgs SA ADR	2,561	64,111	113,145
Arcor LTD ADR	4,794	190,633	187,254
American Electric Power Inc	2,410	99,174	140,431
Ameriprise Financial Inc	2,655	140,416	282,545
Ansys Inc	5,306	321,467	490,805
Anthem Inc	2,105	202,264	293,521
Applied Materials, Inc	9,930	134,289	185,393
Aptargroup Inc	3,958	182,719	287,549
Artisan Partners Asset Management	3,642	194,227	131,331
Avago Technologies LTD	1,263	77,794	183,324
AT & T Inc	4,330	132,450	148,995
Baidu Inc ADR	523	67,617	98,868
Baker Hughes, Inc.	3,685	166,936	170,063
Baxter International Inc.	680	25,985	25,942
Bio Rad Laboratories Inc Cl A	1,979	174,502	274,408
Bio Techne Corporation COM	1,251	133,448	112,590
Blackbaud Inc	5,514	115,432	363,152
Brambles LTD ADR	4,517	66,483	75,863
Broadridge Financial Solutions	3,089	153,458	165,972
Brf SA Sponsor ADR	4,667	91,682	64,498
British American Tobacco PLC ADR	1,846	166,402	203,891
Bunzl PLC New ADR	2,928	49,973	81,750
Carlisle Cos Inc	3,694	140,566	327,621
Carlsberg A/S ADR	9,337	182,669	166,292
CDN Natl Railway Co CAD	1,885	76,336	105,334
CDW Corp	4,845	166,845	203,684
Cenovus Energy Inc CAD	4,838	96,574	61,056
Chesapeake Energy Corp	13,907	150,527	62,582
Chevron Corp	3,115	246,275	280,225
Church and Dwight Corp	2,414	80,340	204,900
Cielo SA ADR	8,904	90,849	73,992
Cigna Corp	1,618	110,493	236,762
Cisco Systems Inc	11,155	223,751	302,914

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2015**

Description	# of Shares	Investment at Cost	Market Value
Citigroup Inc	6,945	240,667	359,404
CK Hutchison Holdings LTD	15,895	258,721	213,629
Clarcor Inc	4,064	195,864	201,900
Coca Cola Amatil Australia ADR	5,643	56,580	38,090
Columbia Sportswear Co	2,305	55,738	112,392
Comcast Corp	7,393	173,474	417,187
Compagnie Financiere Richemont	13,482	100,699	95,992
Compass Group PLC ADR	8,869	98,398	156,272
Conagra Foods Inc	1,130	47,271	47,641
Copart Inc	4,435	85,532	168,574
Corning Inc	9,525	152,306	174,117
Cullen Frost Bankers Inc	2,560	161,422	153,600
Cypress Semiconductor Corp	10,020	93,346	98,296
Dana Holding Corp	12,760	203,560	176,088
Denso ADR	2,829	55,126	67,641
Dentsply Intl Inc	7,951	263,728	483,818
Deutsch Boerse ADR	19,225	132,735	168,219
Deutsche Post AG ADR	3,472	91,285	96,452
Donaldson Inc	4,375	161,216	125,388
Dril-Quip Inc	1,238	68,948	73,327
Equifax Inc	3,489	117,554	388,570
Ericsson SEK ADR	16,505	193,920	158,613
Factset Resh Systems Inc	1,334	117,086	216,868
Fair Isaac Corp	3,967	89,531	373,612
Fanuc Corporate LTD ADR	2,577	70,811	74,230
Flir Systems Inc	6,062	162,098	170,160
Fomento Economico Mexicano S.A.B. DE ADR	812	59,251	74,988
Forest City Enterprises Inc Cl A	8,677	98,759	190,287
GAP Inc Com	8,395	209,497	207,357
Gartner Inc	2,190	123,835	198,633
General Electric	15,256	309,564	475,224
Gentex Corp	14,631	168,121	234,242
Getinge AB ADR	5,936	142,833	155,048
Gilead Sciences Inc.	1,640	170,018	165,952
Graco Inc	2,602	77,219	187,526
Great Wall Motor Co Ltd.	9,259	135,495	107,404
Groupe CGI Inc SV CL A CAD	5,922	186,319	237,058
Grupo Televisa SA Global Dep Rct Ord Mex. ADR	5,516	141,784	150,090
Hartford Finl Svcs Group Inc	6,097	187,939	264,976
Henry Jack & Assoc Inc	3,923	111,851	306,229
Home Depot	1,980	75,689	261,855

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2015**

Description	# of Shares	Investment at Cost	Market Value
Hunt JB Trans Svc Inc	3,871	208,723	283,977
Idex Corp	4,045	128,709	309,887
Idexx Labs	3,615	181,723	263,606
Industrial & Coml Bk China ADR	7,055	103,943	84,378
Intel Corp	5,263	126,023	181,310
Intercontinental Exchange Inc.	741	171,422	189,889
Japan Tobacco Inc. Unsponsored	8,351	130,309	155,120
JC Penney Co. Inc.	25,279	220,640	168,358
Johnson & Johnson	1,885	123,679	193,627
Jones Lang LaSalle Inc.	746	106,976	119,256
JPMorgan Chase & Co	5,832	250,179	385,087
Julius Baer Group LTD ADR	11,750	94,386	113,975
Kasikornbank PC Unsponsored	6,801	160,637	111,706
Kingfisher PLC ADR	14,611	138,384	141,946
Kirby Corporation	3,166	208,007	166,595
Komatsu LTD ADR	5,333	113,163	87,088
Landstar Systems Inc.	2,292	160,843	134,426
Lennar Corp	5,660	131,552	276,831
Lloyds Banking Group PLC	27,182	133,968	118,514
Markel Corp	705	259,934	622,762
Manhattan Associates Inc.	3,449	120,892	228,220
Merck Inc	4,130	221,592	218,147
Mettler-Toledo Intl	482	53,515	163,461
Microsoft Corp	6,885	259,032	381,980
Morningstar Inc	4,019	223,009	323,168
Nabors Industries LTD	9,979	179,973	84,921
Netapp Inc. Com	2,790	105,629	74,019
Novartis AG ADR	1,045	69,502	89,912
Novo Nordisk Denmark ADR	1,536	48,770	89,211
Oceaneering Intl Inc	2,270	56,886	85,170
Pentair LTD	2,467	121,802	122,191
Pepsico Inc	2,990	234,666	298,761
Pfizer Inc Com Stk	8,665	177,030	279,706
Prada S P A ADR	7,076	102,383	44,083
Prosiebensat.1 Media	9,251	99,819	114,990
PT Bk Mandiri Persero TBK ADR	10,720	79,433	70,087
Publicis Groupe SA ADR	10,658	160,671	178,308
Relx PLC Sponsored ADR	13,787	155,214	245,822
Roche Holding LTD Switz ADR	6,003	164,173	206,923
Royal Dutch Shell PLC ADS Cl B Ord ADR	2,995	186,247	137,890
RPM International Inc. (DELA)	3,142	158,969	138,437

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2015**

Description	# of Shares	Investment at Cost	Market Value
SAP AG ADR	2,344	150,439	185,410
Sally Beauty Co Inc	15,727	278,351	438,626
Schein Henry Inc	2,247	119,977	355,453
Schneider Elec SA ADR	14,449	199,360	163,924
Sealed Air Corp	6,482	150,343	289,097
SEI Investments Co	8,166	220,663	427,898
Servicemaster Global Holdings Inc.	4,719	173,206	185,174
Sky PLC SPON ADR	4,748	260,626	312,798
Smith & Nephew PLC ADR	4,448	130,206	158,349
State Street Corporation	4,315	184,294	286,343
Suncor Energy Inc CAD	5,172	175,325	133,438
Swatch Group	4,443	95,148	76,953
Sysco Corporation	5,510	208,420	225,910
Synchrony Financial	1,869	43,613	56,836
Syngenta AG ADR	1,972	123,165	155,256
Taiwan Semiconductor LTD ADR	7,859	128,674	178,792
Teleflex Inc.	1,960	220,052	257,642
Terex Corp	7,153	173,068	132,187
Teva Pharmaceuticals Ind Israel ADR	4,704	241,446	308,771
Textron Inc	8,365	199,545	351,414
Toyota Motor Corp Japan ADR	982	108,777	120,825
Travelers Cos Inc	2,315	112,159	261,271
Tyco International LTD	4,495	121,950	143,345
UBS AG Regs Ord	8,150	158,144	157,866
Umpqua Holdings Corp Or	12,758	151,474	202,852
Unilever NV ADR	2,640	87,031	114,365
United Overseas Bank Singapore ADR	4,442	156,034	122,377
Varian Medical Systems Inc	2,188	130,253	176,790
Westamerica Bancorp	590	26,773	27,583
Western Digital Corp	2,900	141,980	174,145
Wex Inc	1,758	102,029	155,400
WH Group Limited	15,875	213,907	178,119
WPP Plc ADR	2,047	161,745	234,873
Yahoo Japan Corporation	21,767	165,075	176,204
Zions Bancorporation	4,150	127,059	113,295
Total Equities		<u>\$ 22,968,886</u>	<u>\$ 30,341,004</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITY EXCHANGE TRADED FUNDS
December 31, 2015**

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
Ishares Russell 1000 Growth	141,007	\$ 12,020,712	\$ 14,027,376
Total Equity Exchange Traded Funds		<u>\$ 12,020,712</u>	<u>\$ 14,027,376</u>
Guggenheim Bulletshares	34,220	\$ 751,158	\$ 755,578
Total Fixed Income Exchange Traded Funds		<u>\$ 751,158</u>	<u>\$ 755,578</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
U.S. GOVERNMENT OBLIGATIONS
December 31, 2015**

<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	7/15/2021	0.625	1,266,000	\$ 1,332,292	\$ 1,305,684
US Treasury Inflation Protection Bond	4/15/2029	3.875	203,000	399,208	398,986
US Treasury Inflation Protection Note	4/15/2018	0.125	329,000	338,488	334,151
US Treasury Note	2/15/2044	1.375	183,000	<u>192,301</u>	<u>186,222</u>
Total U.S. Government Obligations				<u>\$ 2,262,289</u>	<u>\$ 2,225,043</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS
December 31, 2015**

<u>DESCRIPTION</u>	<u>MATURITY</u>	<u>RATE/ YIELD (%)</u>	<u>UNITS</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
Jhancock Disciplined			508,044	\$ 6,000,000	\$ 6,055,885
Total Equity Mutual Funds				<u>\$ 6,000,000</u>	<u>\$ 6,055,885</u>
Principal Global Real Estate Securities Fund Class P			233,600	\$ 2,187,636	\$ 2,083,714
Total Real Estate Mutual Funds				<u>\$ 2,187,636</u>	<u>\$ 2,083,714</u>
Pimco Commodity Real			132,656	\$ 1,687,827	\$ 837,061
Total Commodity Mutual Funds				<u>\$ 1,687,827</u>	<u>\$ 837,061</u>
Allianz Fixed Income Shares Series R	N/A	N/A	204,230	\$ 2,183,170	\$ 1,825,816
AB High Income Fund			617,544	5,781,198	4,958,875
Janus Flexible Bond			1,184,769	12,544,314	12,203,122
Templeton Global Bond			404,233	5,478,498	4,660,802
Total Fixed Income Mutual Funds				<u>\$ 25,987,180</u>	<u>\$ 23,648,615</u>
Corporate Obligations:					
Lehman Bros Holdings Cap Tr Pfd	4/22/2053	6.00	10,000	250,000	1,221
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2013	5.00	250,000	206,910	18,124
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2015	5.25	250,000	206,901	18,124
Lehman Brothers Holdings, Inc. (Defaulted)	2/22/2023	6.25	250,000	204,417	18,124
Total Corporate Obligations				<u>\$ 868,228</u>	<u>\$ 55,593</u>
Alternative Investments (Hedge Fund):					
Prisma Spectrum Fund LTD Adv Class E	N/A	N/A		\$ 8,530,000	\$ 8,721,575
Total Alternative Investments (Hedge Fund)				<u>\$ 8,530,000</u>	<u>\$ 8,721,575</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
PARTICIPANT LOANS RECEIVABLE
December 31, 2015**

Amount	Amount	Amount	Amount	Amount	Amount	Amount
\$ 0.07	\$ 2,077.61	\$ 3,624.26	\$ 6,044.70	\$ 9,564.03	\$ 12,780.61	\$ 18,505.05
71.58	2,096.69	3,643.80	6,114.25	9,636.96	12,838.90	18,551.46
164.39	2,212.35	3,653.77	6,117.67	9,680.91	13,070.50	18,620.21
232.16	2,241.32	3,677.66	6,118.06	9,795.00	13,100.66	18,837.79
261.41	2,274.11	3,703.85	6,204.85	9,954.09	13,181.91	19,140.34
282.83	2,298.55	3,755.82	6,404.10	10,062.46	13,354.15	19,190.77
322.42	2,347.47	3,759.12	6,413.44	10,123.89	13,436.28	19,227.99
334.96	2,351.83	3,836.64	6,577.87	10,173.97	13,617.00	19,261.60
341.26	2,392.05	3,852.12	6,663.54	10,187.22	13,640.16	19,391.71
346.00	2,400.77	3,897.82	6,731.11	10,252.10	13,721.82	19,554.27
402.06	2,424.74	3,912.51	6,865.79	10,307.30	13,777.77	19,561.33
406.65	2,510.89	3,912.60	6,899.82	10,421.25	14,073.70	19,671.19
449.34	2,522.64	3,945.50	6,944.63	10,554.66	14,109.02	19,712.07
481.51	2,526.95	3,976.90	6,977.37	10,735.30	14,150.96	19,826.86
508.69	2,527.35	3,997.17	7,171.40	10,766.58	14,313.74	20,184.54
552.85	2,565.18	4,006.76	7,320.48	10,776.46	14,313.82	20,284.61
685.76	2,619.26	4,027.19	7,360.07	10,787.68	14,574.62	20,728.39
774.43	2,679.51	4,068.06	7,527.06	11,011.27	14,589.77	20,945.55
827.23	2,803.52	4,117.28	7,723.11	11,033.24	14,615.06	21,504.89
837.83	2,851.84	4,138.59	7,733.81	11,203.40	14,693.58	22,000.94
972.55	2,875.86	4,150.05	7,823.21	11,441.27	14,812.12	22,089.38
1,058.02	2,881.01	4,225.88	8,136.46	11,460.59	15,034.68	22,396.19
1,078.58	2,887.61	4,235.10	8,261.84	11,467.30	15,063.73	22,600.58
1,085.07	2,893.42	4,269.56	8,265.15	11,469.89	15,069.22	23,789.17
1,112.47	2,905.40	4,313.98	8,389.49	11,557.21	15,156.36	23,982.36
1,120.38	2,950.83	4,334.77	8,398.01	11,608.66	15,158.80	24,112.43
1,182.87	2,985.03	4,350.46	8,421.48	11,639.08	15,316.08	24,409.94
1,284.68	2,986.23	4,571.93	8,437.38	11,694.30	15,477.38	24,483.94
1,304.55	3,030.75	4,582.34	8,571.24	11,704.58	15,512.30	25,176.97
1,336.57	3,045.16	4,642.32	8,645.42	11,749.26	15,645.21	25,321.00
1,401.52	3,176.89	4,728.25	8,703.26	11,759.00	15,843.37	26,030.61
1,417.05	3,200.91	4,772.98	8,719.81	11,796.08	16,185.50	26,640.72
1,438.21	3,204.58	4,793.66	8,774.76	11,837.54	16,187.29	26,666.79
1,453.08	3,206.98	4,814.16	8,814.68	11,890.93	16,411.74	26,839.33
1,480.32	3,221.51	4,935.42	8,820.36	11,942.72	16,572.44	27,633.50
1,511.23	3,238.28	5,066.87	8,956.76	12,031.49	16,724.51	28,795.30
1,536.82	3,241.89	5,112.54	9,017.66	12,032.95	16,834.46	29,160.32
1,549.05	3,309.11	5,203.81	9,041.58	12,163.45	16,841.99	30,233.16
1,565.17	3,352.84	5,374.59	9,193.25	12,209.56	17,268.52	31,038.21
1,723.22	3,357.83	5,464.54	9,196.16	12,216.81	17,345.78	34,667.16
1,778.49	3,393.12	5,497.87	9,216.02	12,273.30	17,813.43	35,373.11
1,789.85	3,402.54	5,542.97	9,243.51	12,314.86	17,843.11	38,840.17
1,823.04	3,425.06	5,562.95	9,282.68	12,358.65	17,905.15	41,952.39
1,988.66	3,489.46	5,678.81	9,290.83	12,666.85	17,911.30	42,090.02
2,004.10	3,521.98	5,691.03	9,298.57	12,685.95	18,159.10	42,108.66
2,023.10	3,532.40	5,736.87	9,463.88	12,754.68	18,196.93	57,163.53
2,047.42	3,571.16	5,841.38	9,545.90	-	-	-
<u>\$ 48,350</u>	<u>\$ 135,012</u>	<u>\$ 211,003</u>	<u>\$ 373,842</u>	<u>\$ 517,755</u>	<u>\$ 702,245</u>	<u>\$ 1,178,297</u>
						<u>\$ 3,166,502</u>