

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

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

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**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2016 AND 2015**

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, 2016 and 2015. 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 \$4,584,834 or 4.6% and decreased by \$2,390,987 or 2.3% as of December 31, 2016 and 2015, 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	December 31, 2015	December 31, 2014
Cash and Short-term Investments	\$ 8,209,941	\$ 8,037,777	\$ 8,759,247
Receivables	141,146	132,664	2,891,481
Investments	93,078,059	88,751,444	90,392,359
Participant's Loans	2,954,879	3,166,502	3,192,818
Liabilities	<u>144,598</u>	<u>(144,598)</u>	<u>(2,901,129)</u>
Net Assets Held in Trust	<u>\$ 104,528,623</u>	<u>\$ 99,943,789</u>	<u>\$ 102,334,776</u>

*Year ended 12-31-2016 compared to year ended 12-31-2015* Cash and investments have increased moderately, from December 31, 2015, by \$4,584,834 or 5.0%. This was due to moderate investment gains of the Plan's various investment managers.

*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.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2016 AND 2015**

**Statement of Changes in Fiduciary Net Position**

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Contributions	\$ 11,318,117	\$ 10,109,758	\$ 9,726,948
Net Investment Income (Loss)	4,586,545	(1,437,876)	3,757,248
Total Additions (Reductions)	15,904,662	8,671,882	13,484,196
Benefit Payments	10,999,774	10,662,174	10,490,415
Other Deductions	644,950	400,695	889,111
Total Deductions	11,644,724	11,062,869	11,379,526
Net Increase (Decrease)	\$ 4,259,938	\$ (2,390,987)	\$ 2,104,670

*Fiscal year 12-31-2016 compared to 12-31-2015* Total additions to net assets increased by \$7,232,780 from the prior year mainly from increased investment returns but also increased contributions from the City as well. Benefit payments have continued to slowly grow over time as retirees have larger pensions at retirement and beneficiaries generally are living longer.

*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.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2016 AND 2015**

**Investment Allocation**

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

	December 31, 2016		December 31, 2015		June 30, 2014	
	\$	%	\$	%	\$	%
Cash and Short-term Investments	8,209,941	8.1%	8,037,777	8.3%	8,759,247	8.6%
U.S. Government Obligations	1,821,220	1.8%	2,225,043	2.3%	2,310,357	2.3%
Corporate Obligations	23,200	0.0%	55,593	0.1%	240,914	0.2%
Fixed Income ETF's and Mutual Funds	23,994,155	23.7%	24,404,193	25.2%	20,354,861	19.9%
Equities and Equity ETF's	54,849,072	54.2%	50,424,265	52.1%	60,617,946	59.2%
Real Estate, Commodity and Hedge Fund	12,390,412	12.2%	11,642,350	12.0%	6,868,281	6.7%
Participants' Loans					3,192,818	3.1%
<b>Total Cash and Investments</b>	<b>\$ 101,288,000</b>	<b>100.0%</b>	<b>\$ 96,789,221</b>	<b>100.0%</b>	<b>\$ 102,344,424</b>	<b>100.0%</b>

The plan's percentage of investments held in fixed income decreased from 27.6 to 25.5 percent, additionally equities increased from 52.1 to 54.2% percent. The changes were primarily due to moderate gains in the equity markets and losses in fixed income markets. The plan had strong performance, especially from its equity managers.

**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, 394 Central Avenue, Jersey City, New Jersey 07307 or by phone at (201) 547-5135.

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*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, 2016 and 2015, and the related statements of changes in fiduciary net position for the years ended December 31, 2016 and 2015 and the related notes to the financial statements.

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

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 from 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 policies 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 opinion.

## 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, 2016 and 2015, and the changes in its financial status for the years then ended 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 supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of 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 supplemental schedules of investments and participants' loans receivable, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DONOHUE, GIRONDA, DORIA & TOMKINS LLC  
Certified Public Accountants

Bayonne, New Jersey  
June 22, 2017

## **FINANCIAL SECTION**



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

**STATEMENT OF FIDUCIARY NET POSITION**

**DECEMBER 31, 2015 AND 2016**

	2016	2015
<b>Assets</b>		
Cash and Short-term investments	\$ 8,209,941	\$ 8,037,777
Receivables		
Accrued Interest and Dividends Receivable	141,146	132,664
Total Receivables	141,146	132,664
Investments at Fair Value		
Equity ETF's	33,833,921	30,341,004
Fixed Income Mutual Funds	23,994,155	23,648,615
Real Estate Mutual Funds	14,374,342	14,027,376
Hedge Fund	9,318,738	8,721,575
Equities	6,640,809	6,055,885
Commodity Mutual Fund	3,071,674	2,083,714
U.S. Government Obligations	1,821,220	2,225,043
Corporate Obligations	23,200	55,593
Fixed Income ETF's	-	755,578
Commodity Mutual Funds	-	837,061
Participants' Loans	2,954,879	3,166,502
Total Investments	96,032,938	91,917,946
Total Assets	104,384,025	100,088,387
<b>Liabilities</b>		
Accounts Payable	45,218	31,925
Benefits Payable	135,080	112,673
Total Liabilities	180,298	144,598
<b>Net Position Restricted for Pensions</b>	<b>\$ 104,203,727</b>	<b>\$ 99,943,789</b>

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>Additions</b>		
Contributions		
Employer	\$ 8,841,332	\$ 7,782,323
Employees	2,476,785	2,327,435
Total Contributions	11,318,117	10,109,758
Investment Income		
Net appreciation (depreciation) in fair value of investments	3,451,577	(2,996,245)
Interest	1,374,647	1,363,092
Dividends	585,046	984,871
Insurance from employee loans	14,693	17,013
	5,425,963	(631,269)
Less: investment expense	839,418	806,607
Net investment Income (loss)	4,586,545	(1,437,876)
Total Additions (Reductions)	15,904,662	8,671,882
<b>Deductions</b>		
Benefits	10,999,774	10,662,174
Refunds of contributions	411,315	249,064
Administrative expense	233,635	151,631
	11,644,724	11,062,869
Net Increase (Decrease)	4,259,938	(2,390,987)
<b>Net Position Restricted For Pensions</b>		
Beginning of year	99,943,789	102,334,776
End of year	\$ 104,203,727	\$ 99,943,789

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

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

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

**Plan Membership**

	<u>1/1/2014</u>	<u>1/1/2012</u>
Inactive plan members or beneficiaries currently receiving benefits	345	348
Inactive members entitled to but not yet receiving benefits	27	27
Active members, including 50 former members in both periods with balances (generally small) still payable from the plan	734	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. 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 retiree'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

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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

**Pension Benefits (Continued)**

(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.

**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 per centum 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, 2016 and 2015, respectively was .02%. 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  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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.

During the fiscal year ending December 31, 2016, the Plan adopted Government Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB 72 requires the Plan to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the Plans' financial statements as a result of the implementation of GASB 72.

**NOTE 3: Fair Value Measurements**

The Plan's investments are accounted for at fair market value at December 31, 2016 and 2015, in accordance with generally accepted accounting principles, and the provisions of GASB Statements No. 67 and 72. Debt and equity securities as well as debt and equity mutual funds and exchange traded funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Hedge funds, including the Plans investment in a hedge fund are measured at net asset value (NAV) which is considered a fair value measurement. However see notes 1 and 2 below the fair value hierarchy table for pertinent information on the liquidity restrictions placed on the investment.

**CITY OF JERSEY CITY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3: FAIR VALUE MEASUREMENTS (Continued)**

The following tables illustrates the recurring fair value measurements as of December 31, 2016:

	Balance 12/31/16	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
U.S. Government Obligations	\$ 1,821,220	\$ -	\$ 1,821,220	\$ -
Corporate Obligations	23,200	-	23,200	-
Fixed Income Mutual Funds	23,994,155	23,994,155	-	-
Equity Mutual Funds	6,640,809	6,640,809	-	-
Equities	33,833,921	33,833,921	-	-
Equity ETF's	14,374,342	14,374,342	-	-
Real Estate Mutual Funds	3,071,674	3,071,674	-	-
<b>Total Investments by Fair Value Level</b>	<b>83,759,321</b>	<b>81,914,901</b>	<b>1,844,420</b>	<b>-</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Equity Long/Short Hedge Fund	1,2	<u>9,318,738</u>		
<b>Total Investments Measured at Fair Value</b>	<b>\$</b>	<b><u>93,078,059</u></b>		

1 The ERS of Jersey City has one asset measured at NAV, an investment in Prisma Spectrum Fund Ltd. Advisory Class E which does not have any unfunded commitments and can be redeemed on a quarterly basis with 60 days notice.

2 The Prisma Hedge Fund implements a long/short strategy in which it holds a combination of long and short positions, primarily in publicly traded equity securities.

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DECEMBER 31, 2016 AND 2015**

**NOTE 3: FAIR VALUE MEASUREMENTS (Continued)**

The following tables illustrates the recurring fair value measurements as of December 31, 2015:

	Balance 12/31/15	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
U.S. Government Obligations	\$ 2,225,043	\$ -	\$ 2,225,043	\$ -
Fixed Income ETF's	755,578		755,578	
Corporate Obligations	55,593	-	55,593	-
Fixed Income Mutual Funds	23,648,615	23,648,615	-	-
Equity Mutual Funds	6,055,885	6,055,885	-	-
Equities	30,341,004	30,341,004	-	-
Equity ETF's	14,027,376	14,027,376	-	-
Real Estate Mutual Funds	2,083,714	2,083,714	-	-
Commodity Mutual Fund	837,061	837,061		
<b>Total Investments by Fair Value Level</b>	<b>80,029,869</b>	<b>76,993,655</b>	<b>3,036,214</b>	<b>-</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Equity Long/Short Hedge Fund	1,2	8,721,575		
<b>Total Investments Measured at Fair Value</b>	<b>\$</b>	<b>88,751,444</b>		

1 The ERS of Jersey City has one asset measured at NAV, an investment in Prisma Spectrum Fund Ltd. Advisory Class E which does not have any unfunded commitments and can be redeemed on a quarterly basis with 60 days notice.

2 The Prisma Hedge Fund implements a long/short strategy in which it holds a combination of long and short positions, primarily in publicly traded equity securities.

**NOTE 4: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS**

**Net Pension Liability**

The components of the net pension liability as of December 31, 2016 and 2015, were as follows:



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EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS  
(Continued)**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Total Pension Liability	\$ 212,425,996	\$ 209,666,894
Plan Fiduciary Net Position	<u>(104,203,727)</u>	<u>(99,943,789)</u>
Net Pension Liability	<u>\$ 108,222,269</u>	<u>\$ 109,723,105</u>
 Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	 49.1%	 47.7%

**Actuarial Assumptions**

The total pension liability as of December 31, 2016 were determined by use of update procedures to roll forward the plan's total pension liability as of December 31, 2015 to December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry Age Normal, Level Percentage of Pay
Inflation:	3.00% per annum
Salary increases:	Salaries are assumed to increase as noted in the notes to RSI at page 23
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 annuitants were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) with a one year static projection based on mortality improvement scale AA and further projected from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale. Mortality rates among disabled annuitants were based he RP- 2000 Disabled Mortality Tables (set back 3 years for males and set forward 1 year for females) and further projected from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS**  
(Continued)

Deaths before retirement:

Age	Ordinary Death		Accidental Death	Ordinary Disability	Accidental Disability
	Male	Female			
20	0.03%	0.02%	0.001%	0.010%	0.001%
25	0.04%	0.02%	0.001%	0.010%	0.001%
30	0.04%	0.02%	0.001%	0.020%	0.001%
35	0.06%	0.02%	0.001%	0.030%	0.002%
40	0.10%	0.04%	0.001%	0.080%	0.007%
45	0.13%	0.06%	0.002%	0.090%	0.007%
50	0.19%	0.09%	0.002%	0.150%	0.007%
55	0.26%	0.14%	0.002%	0.350%	0.007%
60	0.40%	0.21%	0.002%		0.008%
62	0.49%	0.25%	0.002%		0.009%
65	0.65%	0.33%	0.002%		0.009%
69	0.86%	0.47%	0.002%		0.010%

The above table was based on the 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 Conduent Modified MP2015. Rates shown above are unadjusted for Conduent Modified MP2015.

Deaths after retirement:

Age	Service Retirement 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, 2016 AND 2015**

**NOTE 4: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS  
(Continued)**

The above table was prepared used the following actuarial tables and assumptions.

Service: The RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a one year static projection based on mortality improvement scale AA. In addition, the tables for service retirement provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale.

Beneficiaries: The RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a one year static projection based on mortality improvement scale AA. In addition, the tables for beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale.

Disability: The RP-2000 Disabled Mortality Tables (set back 3 years for males and set forward 1 year for females) are used to value disabled retirees. In addition, the tables for disability retirement provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale.

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>12/31/16</b>	<b>12/31/15</b>
Domestic equity	7.50%	7.59%
International equity	8.50%	8.79%
Fixed income	3.50%	3.46%
Real estate	8.50%	8.52%
Cash	2.50%	2.50%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS (Continued)**

**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 3.71% and 3.20% as of December 31, 2016 and 2015, 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 based on the expected asset allocation. The assumed discount rates have been determined in accordance with the method prescribed by GASB Statement No. 67. We believe this assumption is reasonable for the purposes of the measurements required by the Statement.

**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:

	1% Decrease to 7.25%	Current Discount Rate 8.25%	1% Increase to 9.25%
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Pension Liability	\$ 134,039,810	\$ 108,222,269	\$ 86,853,297

**NOTE 5: 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.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5: FUNDING POLICY (Continued)**

During the years ended December 31, 2016 and 2015, the City contributed \$8,841,332 and \$7,782,323, 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, 2016 and 2015, respectively, were provided by the City through budget appropriations.

**NOTE 6: 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, 2016 the Plan has collected \$300,075 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 7: PLAN TERMINATION**

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

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

**NOTE 8: PENSION BENEFITS PAYABLE**

Pension benefits payable at December 31, 2016 and 2015, 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, 2016 and 2015.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 9: INVESTMENTS**

The fair-value of investments at December 31, 2016 and 2015, consist of the following:

	Year Ended		Year Ended	
	December 31, 2016		December 31, 2015	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
U.S. Government and Mortgaged Backed Securities	\$ 1,821,220	\$ 1,769,179	\$ 2,225,043	\$ 2,262,289
Corporate Obligations (Including Preferred Equities)	23,200	868,226	55,593	868,226
Equities and Equity ETF's	54,849,072	43,864,726	50,424,265	40,989,598
Fixed Income Mutual Funds and ETF's	23,994,155	24,581,195	24,404,193	26,738,339
Commodity and R.E. Mutual Funds and Hedge Fund	12,390,412	12,622,393	11,642,350	12,405,463
Investments determined at estimated fair-value				
Participants' Loans Receivable	2,954,879	2,954,879	3,166,502	3,166,502
Totals	<u>96,032,938</u>	<u>86,660,598</u>	<u>91,917,946</u>	<u>86,430,417</u>

During the year ended December 31, 2016 and 2015, the Plan's investments increased in value by \$3,451,577 and decreased in value by \$2,996,245, respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	Year Ended	
	December 31,	December 31,
	2016	2015
Investments determined by quoted market price:		
U.S. Government and Agency Obligations	\$ 89,287	\$ 36,245
Corporate Obligations	(32,393)	(47,157)
Common Stocks	1,549,679	(4,394,086)
Fixed Income Mutual Funds and ETF's	1,747,106	(1,415,848)
Commodity and R.E. Mutual Funds and Hedge Fund	531,132	(1,022,026)
Unrealized gains (losses) on investments	<u>3,884,811</u>	<u>(6,842,872)</u>
Realized gains (losses) on investments	<u>(433,234)</u>	<u>3,846,627</u>
Net appreciation (depreciation) on investments	<u>\$ 3,451,577</u>	<u>\$ (2,996,245)</u>

**NOTE 10: SUBSEQUENT EVENTS/PENDING LITIGATION**

Subsequent events have been evaluated through June 22, 2017, 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, 2016, 2015, 2014 AND 2013**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
<b>Total Pension Liability</b>				
Service cost	2,459,701	2,241,217	2,323,134	1,369,200
Interest	17,039,064	16,068,540	17,510,364	8,421,970
Changes of benefit terms <sup>1</sup>	-	-	(24,863,782)	-
Effect of economic/demographic (gains) or losses	(4,568,317)	-	(2,082,266)	-
Differences between expected and actual experience	-	-	-	-
Changes of assumptions <sup>4,3,2</sup>	(760,257) <sup>4</sup>	4,391,896 <sup>3</sup>	747,983 <sup>2</sup>	-
Benefit payments	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
<b>Net change in total pension liability</b>	<u>2,759,102</u>	<u>11,790,415</u>	<u>(17,509,044)</u>	<u>4,439,893</u>
<b>Total pension liability-beginning-<sup>**</sup></b>	209,666,894	197,876,479	215,385,523	210,945,630
<b>Total pension liability-ending (a)</b>	212,425,996	209,666,894	197,876,479	215,385,523
<b>Plan fiduciary net position</b>				
Contributions-employer	8,841,332	7,782,323	7,483,003	4,252,190
Contributions-employee	2,476,785	2,327,155	2,243,945	1,105,853
Net investment income	4,586,545	(1,437,878)	3,757,248	9,289,546
Benefit payments, including refunds of employee contributions	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
Administrative expense	(233,635)	(151,631)	(235,049)	(116,739)
Other	-	282	-	-
<b>Net change in plan fiduciary net position</b>	<u>4,259,938</u>	<u>(2,390,987)</u>	<u>2,104,670</u>	<u>9,179,573</u>
Plan fiduciary net position-beginning – <sup>**</sup>	99,943,789	102,334,776	100,230,106	91,050,533
Plan fiduciary net position-ending (b)	104,203,727	99,943,789	102,334,776	100,230,106
<b>Plan's net pension liability-ending (a)-(b)</b>	108,222,269	109,723,105	95,541,703	115,155,417
Plan fiduciary net position as a percentage of the total pension liability	49.05%	47.67%	51.72%	46.54%
Covered-employee payroll as of 1-1-2016 actuarial valuation	33,421,968	33,421,968	30,901,289	30,895,626
Net pension liability as a percentage of covered-employee payroll	323.81%	328.30%	309.18%	372.72%

\* Additionally, in accordance with GASB 67, paragraph 50, such information was not readily available for periods prior to December 31, 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.

<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

<sup>3</sup> 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, 2016 AND 2015**

<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the</b>		<b>Contribution Excess/ (Deficiency)</b>	<b>Contributions as a Percentage of Covered Payroll</b>
		<b>Actuarially Determined Contribution</b>	<b>Covered Payroll</b>		
June 30, 2008	5,151,443	4,841,949	32,926,273	(309,494)	14.7%
June 30, 2009	5,826,552	5,230,349	32,926,273	(596,203)	15.9%
June 30, 2010	7,838,082	5,655,937	34,444,082	(2,182,145)	16.4%
June 30, 2011	7,309,283	7,307,923	34,444,082	(1,360)	21.2%
June 30, 2012	7,280,689	7,699,153	30,895,626	418,464	24.9%
June 30, 2013	8,416,177	8,206,999	30,895,626	(209,178)	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%
December 31, 2016	8,841,332	8,841,332	33,421,968	-	26.5%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
DECEMBER 31, 2016 AND 2015**

	<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%
January 1, 2015 thru December 31, 2015	-1.4%
January 1, 2016 thru December 31, 2016	4.4%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2016 AND 2015**

**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, 2016 and December 31, 2015 were determined by the January 1, 2016 and January 1, 2014 actuarial valuation, respectively. 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 Increases</u>	<u>Age</u>	<u>Annual Rate of Salary Increases</u>	<u>Age</u>	<u>Annual Rate of Salary Increases</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, 2016 AND 2015**

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

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 Conduent Modified MP2015. Post-Retirement is based on RP2000 Combined Healthy Male and Female Mortality Tables 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 Conduent Modified MP2015. Mortality based on the disability retirements use the RP2000 Disabled Mortality Tables set back 3 years for males and set forward 1 year for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on Conduent Modified MP2015.

## **SUPPLEMENTARY INFORMATION**

CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2016

Description	# of Shares	Investment at Cost	Market Value
Aberdeen Asset Management PLC	10,709	\$ 148,421	\$ 67,231
Acuity Brands Inc	1,576	70,260	363,835
AES Corp	18,090	222,096	210,206
Affiliated Managers Group	2,317	259,361	336,660
Allianz SE ADR	15,196	239,070	250,430
Amadeus IT Holdings SA ADR	2,715	71,337	124,157
Amcor LTD ADR	4,968	201,577	213,624
Ansys Inc	5,381	361,922	497,688
Anthem Inc	1,015	98,422	145,927
Applied Materials, Inc	8,670	116,105	279,781
Aptargroup Inc	3,958	182,719	290,715
Aramark Holdings Corp	9,090	288,577	324,695
Artisan Partners Asset Management Inc	3,642	194,227	108,349
AT & T Inc	4,420	134,881	187,983
Baidu Inc ADR	564	94,067	92,727
Baker Hughes, Inc.	5,705	271,471	370,654
Berkley WR Corp	3,626	204,913	241,165
Bio Rad Laboratories Inc Cl A	1,979	174,501	360,732
Bio Techne Corp Com	1,251	133,448	128,640
Blackbaud Inc	5,514	115,432	352,896
Brambles LTD ADR	5,037	80,212	89,810
British American Tobacco PLC ADR	1,504	147,605	169,455
Broadcom Corp Cl A	1,317	99,857	232,806
Broadridge Financial Solutions Inc	3,850	201,624	255,255
Bunzl PLC New ADR	3,111	55,486	80,264
Cardinal Health Inc COM	1,680	126,792	120,909
Carlisle Cos Inc	3,111	123,647	343,112
Carlsberg A/S ADR	9,882	193,400	170,563
CDN Natl Railway Co CAD	1,699	74,196	114,512
CDW Corp	5,421	188,851	282,380
Cenovus Energy Inc CAD	6,730	123,674	101,825
Chevron Corp	3,155	245,367	371,343
Church and Dwight Corp	4,828	80,340	213,349
Cielo SA ADR	9,758	87,932	83,284
Cigna Corp	968	57,852	129,121
Cisco Systems Inc	12,085	247,811	365,209
Citigroup Inc	7,155	243,145	425,222
CK Hutchison Holdings LTD	22,647	244,760	257,043
Clarcor Inc	3,438	169,069	283,532
Coach Inc Common Stock	4,119	156,530	144,247
Coca Cola Amatil Australia ADR	5,643	56,580	40,855
Columbia Sportswear Co	4,394	163,698	256,170
Comcast Corp	6,513	162,522	449,722
Compagnie Financiere Richemont AG ADR	21,469	152,519	140,836
Compass Group PLC ADR	7,916	95,539	147,871

CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2016

Description	# of Shares	Investment at Cost	Market Value
Conagra Brands Inc	3,310	112,177	130,910
Copart Inc	3,564	71,017	197,481
Corning Inc	11,275	187,388	273,644
CSL LTD ADR	1,660	61,295	60,208
Cypress Semiconductor Corp	17,800	167,718	203,632
Dana Inc	9,910	159,703	188,092
Dentsply Intl Inc	6,964	236,142	402,032
Deutsche Post AG ADR	3,667	97,175	120,057
Donaldson Inc	4,375	161,217	184,100
Dow Chemical	3,260	163,078	186,537
Dril-Quip Inc	1,238	68,948	74,342
Ericsson SEK ADR	9,125	99,814	53,199
Factset Resh Systems Inc	1,630	159,812	266,391
Fair Isaac Corp	2,963	66,871	353,249
FANUC LTD ADR	4,295	70,811	71,512
First Data Corp	2,030	29,853	28,806
Flir Systems Inc	6,062	162,098	219,384
Fomento Economico Mexicano S.A.B. DE ADR	2,423	197,031	184,657
Freeport McMoran Inc	9,610	128,751	126,756
Gartner Inc	2,727	174,279	275,618
General Electric	14,066	337,890	444,486
Getinge AB ADR	7,034	165,250	113,247
Gilead Sciences Inc	3,891	354,559	278,635
Graco Inc	2,602	77,218	216,200
Groupe CGI Inc SV CL A CAD	5,094	172,594	244,665
Grupo Televisa SA Global Dep Rct Ord Mex. ADR	4,968	139,251	103,781
Hartford Finl Svcs Group Inc	6,337	197,048	301,958
Henry Jack & Assoc Inc	3,923	111,851	348,284
Home Depot	1,360	42,110	182,349
Hunt JB Trans Svc Inc	4,350	247,364	422,254
IDEX Corp	4,045	128,708	364,293
Idexx Labs	3,204	164,015	375,733
Informa PLC SPO ADR	4,346	71,284	73,013
Intel Corp	5,273	117,790	191,252
Intercontinental Exchange Inc	4,640	222,354	261,789
Japan Tobacco Inc Un-sponsored ADR	12,934	230,951	211,277
JC Penney Cp Inc COM	31,709	273,916	263,502
Johnson Controls Inc	5,379	169,864	221,561
Jones Lang Lasalle Inc	1,466	186,802	148,124
Jones Lang Lasalle Inc COM	1,750	187,302	176,820
JPMorgan Chase & Co	5,552	247,797	479,082
Julius Baer Group LTD ADR	18,199	147,954	161,061
KAO Corp ADR	1,264	59,716	59,888
Kasikornbank PC Un-sponsored ADR	6,801	160,637	133,980
Kingfisher PLC ADR	10,489	108,882	89,681
Kirby Corporation	4,981	305,565	331,236

CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2016

Description	# of Shares	Investment at Cost	Market Value
Komatsu LTD ADR	4,722	99,811	107,095
Landstar Systems	2,479	160,141	211,459
Lennar Corp	620	141,291	266,166
Lennox International Inc	888	139,045	136,015
Lloyds Banking Group PLC	28,645	140,010	88,799
Manhattan Associates Inc	7,554	342,985	400,589
Markel Corp	725	301,483	655,762
Medtronic Inc	650	50,684	46,300
Merck Inc	4,950	271,861	291,407
Mettler-Toledo Intl	482	53,515	201,746
Micron Technology Inc COM	7,630	91,001	167,250
Microsoft Corp	6,015	226,334	373,772
Morningstar Inc	4,019	223,008	295,638
Nabors Industries LTD	9,476	176,684	155,406
Newfield Exploration CO	3,020	100,273	122,310
Novartis AG ADR	1,110	74,787	80,852
Novo Nordisk Denmark ADR	1,338	50,966	47,980
Oceaneering Intl Inc	2,270	56,886	64,037
On Semiconductor Corp	2,460	30,209	31,390
Pentair LTD	2,647	127,950	148,417
Pepsico Inc	2,440	182,303	255,297
Pernod Ricard SA ADR	2,128	44,484	45,911
Pfizer Inc Com Stk	5,895	135,790	191,470
Prada S P A ADR	7,076	102,383	49,107
Prosiebensat 1 Media SE ADR	23,574	267,652	226,074
PT Bk Mandiri Persero TBK ADR	14,127	103,500	119,514
Publicis Groupe SA ADR	15,397	244,907	264,751
Ralph Lauren	430	45,994	38,837
Relx PLC SPON ADR	15,905	192,927	285,813
Roche Holding LTD Switz ADR	8,033	228,657	229,181
Royal Dutch Shell PLC ADS Cl B Ord ADR	2,100	136,177	121,737
RPM International Inc	3,142	158,969	169,134
SAP SE SPON ADR	3,081	208,497	266,291
Sally Beauty Co Inc	16,790	310,897	443,592
Sandvik AB SPON ADR	4,457	49,540	54,643
Schein Henry Inc	1,444	93,352	219,069
Schneider Elec SA ADR	10,638	153,994	146,911
Sealed Air Corp	3,932	87,875	178,277
SEI Investments Co	10,098	344,346	498,437
Servicemaster Global Hldgs Inc	5,341	196,823	201,195
SLM Corp.	6,253	335,281	306,522
Smith & Nephew PLC ADR	4,227	133,807	127,148
State Street Corp	5,479	183,930	179,108
Suncor Energy Inc CAD	3,205	139,594	249,092



CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES  
December 31, 2016

Description	# of Shares	Investment at Cost	Market Value
Syngenta AG ADR	306	27,796	24,189
Synchrony Financial	4,609	141,884	167,168
Sysco Corp	2,900	109,609	160,573
Taiwan Semiconductor LTD ADR	8,261	154,381	237,504
Teleflex Inc	3,169	384,720	510,684
Terex Corp	7,093	163,585	223,642
Teva Pharmaceuticals Ind Israel ADR	6,111	312,479	221,524
Textron Inc	8,865	215,835	430,484
Toyota Motor Corp Japan ADR	606	76,011	71,023
Transunion	7,084	229,577	219,108
Trimble Inc Com	6,104	171,217	184,035
UBS Group AG CHF	10,236	189,132	160,398
Umpqua Holdings Corp Or	12,578	151,474	239,595
Unilever NV ADR	2,799	94,406	114,927
United Overseas Bank Singapore ADR	2,771	95,632	77,984
Varian Medical Systems Inc	2,188	130,253	196,439
Western Digital Corp	4,400	216,138	298,980
Westamerica Bancorp	2,895	127,053	182,182
Westrock Co	2,220	99,062	112,709
Wex Inc	2,596	166,191	289,718
WH Group LTD	14,572	194,298	233,516
Wolters Kluwer Netherlands ADR	2,576	99,425	93,509
WPP Plc ADR	1,984	164,125	219,549
Yahoo! Inc	19,526	148,946	147,116
Zions Bancorp	5,630	163,308	242,316
Total Equities		<u>\$ 25,332,805</u>	<u>\$ 33,833,921</u>

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENTS**  
**EQUITY EXCHANGE TRADED FUNDS**  
**December 31, 2016**

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
Ishares Russell 1000 Growth	137,029	\$ 11,834,306	\$ 14,374,342
Total Equity Exchange Traded Funds		<u>\$ 11,834,306</u>	<u>\$ 14,374,342</u>

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
U.S. GOVERNMENT OBLIGATIONS  
December 31, 2016**

<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	7/15/2020	0.125	229,000	\$ 270,958	\$ 268,054
US Treasury Inflation Protection Note	7/15/2022	0.125	1,010,000	1,028,603	1,064,277
US Treasury Inflation Protection Note	4/15/2029	3.875	161,000	316,272	323,644
US Treasury Inflation Protection Note	2/15/2044	1.375	146,000	<u>153,346</u>	<u>165,246</u>
Total U.S. Government Obligations				<u>\$ 1,769,179</u>	<u>\$ 1,821,221</u>

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS  
December 31, 2016**

<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			567,106	\$ 6,697,614	\$ 6,640,809
Total Equity Mutual Funds				<u>\$ 6,697,614</u>	<u>\$ 6,640,809</u>
Principal Global Real Estate Securities Fund Class P			355,517	\$ 9,990,007	\$ 9,712,483
Total Real Estate Mutual Funds				<u>\$ 9,990,007</u>	<u>\$ 9,712,483</u>
Pimco Commodity Real			456,461	\$ 5,428,679	\$ 5,504,930
Total Commodity Mutual Funds				<u>\$ 5,428,679</u>	<u>\$ 5,504,930</u>
Allianz Fixed Income Shares Series R	N/A	N/A	159,710	\$ 1,688,932	\$ 1,458,152
Dreyfus/Standish Global Fixed Income Fund			213,785	4,575,000	4,502,313
Janus Flexible Bond			1,217,567	12,888,584	12,528,760
Total Fixed Income Mutual Funds				<u>\$ 19,152,516</u>	<u>\$ 18,489,225</u>
Corporate Obligations:					
Lehman Bros Holdings Cap Tr Pfd	4/22/2053	6.00	10,000	\$ 250,000	\$ 700
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2013	5.00	250,000	200,170	7,500
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2015	5.25	250,000	200,159	7,500
Lehman Brothers Holdings, Inc. (Defaulted)	2/22/2023	6.25	250,000	197,678	7,500
Total Corporate Obligations				<u>\$ 848,007</u>	<u>\$ 23,200</u>
Alternative Investments (Hedge Fund):					
Prisma Spectrum Fund LTD Adv Class E	N/A	N/A		\$ 9,330,000	\$ 9,318,738
Total Alternative Investments (Hedge Fund)				<u>\$ 9,330,000</u>	<u>\$ 9,318,738</u>

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
PARTICIPANT LOANS RECEIVABLE  
December 31, 2016**

Amount	Amount	Amount	Amount	Amount	Amount	Amount
\$ 45,526	\$ 18,075	\$ 11,495	\$ 8,579	\$ 6,107	\$ 3,532	\$ 1,836
40,871	17,827	11,468	8,296	6,053	3,531	1,811
39,564	17,824	11,397	8,283	5,909	3,484	1,785
36,706	17,586	11,372	8,240	5,866	3,449	1,693
32,961	17,399	11,320	8,226	5,830	3,380	1,690
31,240	17,110	11,219	8,112	5,771	3,373	1,679
29,745	16,416	10,767	8,048	5,769	3,344	1,675
29,102	16,299	10,656	7,974	5,634	3,321	1,607
29,086	15,914	10,636	7,972	5,386	3,313	1,583
28,599	15,826	10,614	7,827	5,375	3,255	1,574
27,625	15,811	10,568	7,781	5,357	3,153	1,523
27,421	15,755	10,553	7,774	5,346	3,147	1,503
26,902	15,512	10,418	7,750	5,330	3,124	1,466
26,140	15,492	10,417	7,675	5,308	3,113	1,464
25,009	15,455	10,370	7,669	5,297	3,075	1,384
24,918	15,417	10,363	7,583	5,252	3,068	1,373
24,851	15,349	10,353	7,557	5,236	3,034	1,313
23,709	15,073	10,334	7,556	5,146	3,016	1,301
23,348	14,986	10,334	7,495	5,076	2,994	1,252
23,259	14,671	10,229	7,488	5,002	2,992	1,200
23,252	14,621	10,211	7,470	4,918	2,901	1,112
22,937	14,589	10,196	7,368	4,814	2,863	1,030
22,924	14,444	10,093	7,349	4,741	2,830	1,028
22,731	14,443	10,050	7,340	4,741	2,823	997
22,625	14,207	9,994	7,280	4,698	2,711	904
22,318	14,205	9,899	7,178	4,691	2,700	892
22,297	14,182	9,888	7,140	4,680	2,650	821
22,228	13,893	9,886	7,058	4,595	2,633	812
21,998	13,784	9,738	6,958	4,528	2,617	795
21,156	13,480	9,723	6,938	4,427	2,602	771
21,073	13,218	9,706	6,898	4,358	2,598	665
20,820	13,208	9,484	6,866	4,284	2,572	625
20,586	13,174	9,480	6,848	4,169	2,377	540
20,213	12,921	9,379	6,842	4,127	2,372	513
20,159	12,827	9,260	6,796	4,106	2,350	510
20,157	12,684	9,229	6,730	4,071	2,251	472
20,082	12,572	9,177	6,648	4,042	2,221	438
20,024	12,519	9,061	6,641	4,038	2,182	424
19,913	12,458	8,991	6,545	3,947	2,059	336
19,877	12,077	8,922	6,365	3,685	2,031	270
19,651	11,990	8,791	6,353	3,658	2,017	157
19,117	11,957	8,737	6,341	3,654	1,928	78
19,027	11,853	8,701	6,271	3,646	1,906	71
18,801	11,600	8,657	6,218	3,641	1,878	30
18,723	11,522	8,604	6,172	3,548	1,872	16
18,627						
<u>\$ 1,137,900</u>	<u>\$ 652,227</u>	<u>\$ 450,741</u>	<u>\$ 328,494</u>	<u>\$ 215,856</u>	<u>\$ 124,643</u>	<u>\$ 45,017</u>
						<u>\$ 2,954,879</u>