

CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Management's Discussion and Analysis	1-3
Independent Auditor's Report	4-5
Statement of Fiduciary Net Position December 31, 2016 and 2015	6
Statement of Changes in Fiduciary Net Position for the Years ended December 31, 2016 and 2015	7
Notes to Financial Statements	8-20
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios	21
Schedule of Employer Contributions	22
Schedule of Investment Returns	23
Notes to Required Supplementary Schedules	24-25
 SUPPLEMENTARY INFORMATION	
Schedule of Investments-Equities	26-28
Schedule of Investments-Equity Exchange Traded Funds (ETF's)	29
Schedule of Investments-Fixed Income Mutual Funds, and Alternative Investments	30

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2017 AND 2016

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, 2017 and 2016. 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 \$14,664,021 or 14.1% and \$4,259,938 or 4.3% as of December 31, 2017 and 2016, 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, <u>2017</u>	December 31, <u>2016</u>	December 31, <u>2015</u>
Cash and Short-term Investments	\$ 7,025,195	\$ 8,209,941	\$ 8,037,777
Receivables	30,314	141,146	132,664
Investments	109,296,316	93,078,059	88,751,444
Participant Loans	2,741,826	2,954,879	3,166,502
Liabilities	<u>(225,903)</u>	<u>(180,298)</u>	<u>(144,598)</u>
Net Assets Held in Trust	<u>\$ 118,867,748</u>	<u>\$ 104,203,727</u>	<u>\$ 99,943,789</u>

Year ended 12-31-2017 compared to year ended 12-31-2016 Net Assets held in Trust have increased dramatically, from December 31, 2016, by \$14,664,021 or 14.1%. This was due to large investment gains of the Plan's various investment managers.

Year ended 12-31-2016 compared to year ended 12-31-2015 Net Assets held in Trust have increased moderately, from December 31, 2015, by \$4,259,938 or 4.3%. This was due to moderate investment gains of the Plan's various investment managers.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2017 AND 2016

Statement of Changes in Fiduciary Net Position

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Contributions	\$ 11,766,150	\$ 11,318,117	\$ 10,109,758
Net Investment Income (Loss)	15,039,503	4,586,545	(1,437,876)
Total Additions	26,805,653	15,904,662	8,671,882
Benefit Payments	11,693,899	10,999,774	10,662,174
Other Deductions	447,733	644,950	889,111
Total Deductions	12,141,632	11,644,724	11,062,869
Net Increase (Decrease)	\$ 14,664,021	\$ 4,259,938	\$ (2,390,987)

Fiscal year 12-31-2017 compared to 12-31-2016 Total additions to net assets increased by \$10,900,991 from the prior year primarily from continued strong investment returns, which accelerated during 2017, 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 12-31-2016 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.

Investment Allocation

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

	December 31, 2017	%	December 31, 2016	%	December 31, 2015	%
Cash and Short-term Investments	\$ 7,025,195	6.0%	\$ 8,209,941	8.1%	\$ 8,037,777	8.3%
U.S. Government Obligations	-	0.0%	1,821,220	1.8%	2,225,043	2.3%
Corporate Obligations	34,350	0.0%	23,200	0.0%	55,593	0.1%
Fixed Income Mutual Funds	32,526,906	28.0%	23,994,155	23.7%	24,404,193	25.2%
Equities, Equity Mutual Funds and Equity ETF's	63,281,705	54.4%	54,849,072	54.2%	50,424,265	52.1%
Real Estate and Hedge Fund	13,453,355	11.6%	12,390,412	12.2%	11,642,350	12.0%
Total Cash and Investments	\$ 116,321,511	100%	\$ 101,288,000	100%	\$ 96,789,221	100%

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2017 AND 2016

The plan's percentage of investments held in fixed income increased from 25.5 to 28.0 percent, additionally equities increased very slightly from 54.2% to 54.4% percent. The allocation percentages reflected the Plan's investment manager recognizing that yields on fixed income are increasing, thus cash on hand gets invested. 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, One Journal Square Plaza, Jersey City, New Jersey 07306 or by phone at (201) 547-5135.

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, 2017 and 2016, and the related statements of changes in fiduciary net position for the years ended December 31, 2017 and 2016 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, 2017 and 2016, 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 26, 2018

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION**

DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Cash and Short-term investments	\$ 7,025,195	\$ 8,209,941
Receivables		
Accrued Interest and Dividends Receivable	30,314	141,146
Total Receivables	30,314	141,146
Investments at Fair Value		
U.S. Government Obligations	-	1,821,220
Corporate Obligations	34,350	23,200
Fixed Income Mutual Funds	32,526,906	23,994,155
Equity Mutual Funds	9,831,508	6,640,809
Equities	34,838,825	33,833,921
Equity ETF's	18,611,372	14,374,342
Real Estate Mutual Funds	3,523,403	3,071,674
Hedge Fund	9,929,952	9,318,738
Total Investments	109,296,316	93,078,059
Participants' Loans	2,741,826	2,954,879
Total Assets	119,093,651	104,384,025
Liabilities		
Accounts Payable	98,235	45,218
Benefits Payable	127,668	135,080
Total Liabilities	225,903	180,298
Net Position Restricted for Pensions	\$118,867,748	\$104,203,727

See Accompanying Notes to the Financial Statements.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Additions		
Contributions		
Employer	\$ 9,054,000	\$ 8,841,332
Employees	2,712,150	2,476,785
Total Contributions	<u>11,766,150</u>	<u>11,318,117</u>
Investment Income (Loss)		
Net appreciation in fair value of Investments	13,242,770	3,451,577
Interest	2,048,956	1,374,647
Dividends	661,981	585,046
Insurance from employee loans	14,550	14,693
	<u>15,968,257</u>	<u>5,425,963</u>
Less: investment expense	928,754	839,418
Net investment Income	<u>15,039,503</u>	<u>4,586,545</u>
Total Additions	<u>26,805,653</u>	<u>15,904,662</u>
Deductions		
Benefits	11,693,899	10,999,774
Refunds of contributions	245,864	411,315
Administrative expense	201,869	233,635
	<u>12,141,632</u>	<u>11,644,724</u>
Net Increase	14,664,021	4,259,938
Net Position Restricted For Pensions		
Beginning of year	<u>104,203,727</u>	<u>99,943,789</u>
End of year	<u>\$ 118,867,748</u>	<u>\$ 104,203,727</u>

See Accompanying Notes to the Financial Statements.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

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, US Bankcorp and Charles Schwab are designated custodians of the Plan's investments. The most recent completed actuarial evaluation was as of January 1, 2018. 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, 2017 AND 2016

NOTE 1: PLAN DESCRIPTION (Continued)

Plan Membership

The following table represents the participants in the Plan:

	1/1/2018	1/1/2016
Retired members and eligible survivors	362	346
Inactive members entitled to but not yet receiving benefits	22	19
Active members	780	745
	1,164	1,110

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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 1: PLAN DESCRIPTION (Continued)

Pension Benefits (Continued)

For members electing early retirement, prior to age 60 (65 for employees hired after January 17, 2014), with 25 (30 years for employees hired after January 17, 2014) years of credited service, benefits under the Plan equal 55% of final salary reduced by 1/12 of 1% for each month that the member is less than age 60 (3/12 of 1% for each month that the member is less than age 65 for employees hired after January 17, 2014). The minimum annual pension is \$3,600.

Pension benefits partially vest after 10 years of credited service. If a member has completed 10 years of credited service, and is separated from service either voluntarily or involuntarily, prior to age 60 (65 for employees hired after January 17, 2014), the member may elect to receive a lump-sum distribution of their own contributions, or to receive a deferred pension commencing at age 60 (65 for employees hired after January 17, 2014). The deferred pension is equal to 50% of the member's final salary multiplied by the ratio of years of credited service to years of credited service which would have been attained had the member continued to age 60 (65 for employees hired after January 17, 2014). The minimum annual pension is \$3,600.

Disability and Death Benefits

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

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

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

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

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 1: PLAN DESCRIPTION (Continued)

Cost of Living Adjustment

Beginning in the year 1990, the Plan instituted a cost of living adjustment on all benefits equal to 60% of the U.S. Labor Department Consumer Price Index ("CPI") beginning on the 25th month following retirement and receipt of a pension or survivorship benefit. On June 12, 2003 the New Jersey State Senate passed a bill S357 which increased the rate of pension adjustment from "3/5 of the 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, 2017 and 2016, respectively was .2083% and .002%. Effective January 17, 2014 the cost of living adjustment was decreased to 50% of the change in the CPI, which is assumed to increase at 3% per year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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, which 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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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: INVESTMENTS

The fair-value of investments at December 31, 2017 and 2016, consist of the following:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
U.S. Government Obligations	\$ -	\$ -	\$ 1,821,220	\$ 1,769,179
Corporate Obligations	34,350	34,350	23,200	868,226
Equities, Equity Mutual Funds and Equity ETF's	63,281,705	44,162,895	54,849,072	43,864,726
Fixed Income Mutual Funds	32,526,906	32,482,751	23,994,155	24,581,195
R.E. Mutual Funds and Hedge Fund	13,453,355	12,764,008	12,390,412	12,622,393
Totals	<u>109,296,316</u>	<u>89,444,004</u>	<u>93,078,059</u>	<u>83,705,719</u>

During the year ended December 31, 2017 and 2016, the Plan's investments increased in value by \$13,242,770 and \$3,451,577 decreased, respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	December 31, 2017	December 31, 2016
Investments determined by quoted market price:		
U.S. Government Obligations	\$ (52,041)	\$ 89,287
Corporate Obligations	845,026	(32,393)
Equities, Equity Mutual Funds and Equity ETF's	8,134,464	1,549,679
Fixed Income Mutual Funds and ETF's	631,195	1,747,106
Commodity and R.E. Mutual Funds and Hedge Fund	921,328	531,132
Unrealized gains (losses) on investments	<u>10,479,972</u>	<u>3,884,811</u>
Realized gains (losses) on investments	2,762,798	(433,234)
Net appreciation (depreciation) on investments	<u>\$ 13,242,770</u>	<u>\$ 3,451,577</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 4: Fair Value Measurements

The Plan's investments are accounted for at fair market value at December 31, 2017 and 2016, 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.

The following tables illustrate the recurring fair value measurements as of December 31, 2017:

	12/31/2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
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	-	-
Total Investments by Fair Value Level	\$ 83,759,321	\$ 81,914,901	\$ 1,844,420	\$ -
Investments measured at the net asset value (NAV)				
Equity long/short hedge fund ^{1,2}	9,318,738			
Total investments measured at Fair Value	\$ 93,078,059			

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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

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

	12/31/2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
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	-	-
Total Investments by Fair Value Level	\$ 83,759,321	\$ 81,914,901	\$ 1,844,420	\$ -
Investments measured at the net asset value (NAV)				
Equity long/short hedge fund ^{1,2}	9,318,738			
Total investments measured at Fair Value	\$ 93,078,059			

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 5: PENSION BENEFITS PAYABLE

Pension benefits payable at December 31, 2017 and 2016, 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, 2017 and 2016.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

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 \$314,625 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: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS

Net Pension Liability

The components of the net pension liability as of December 31, 2017 and 2016, were as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 220,191,604	\$ 212,425,996
Plan Fiduciary Net Position	(118,867,748)	(104,203,727)
City's Net Pension Liability	<u>\$ 101,323,856</u>	<u>\$ 108,222,269</u>

Plan's Fiduciary Net Position as a percentage of the Total Pension Liability:

	<u>2017</u>	<u>2016</u>
Pension Liability	54.0%	49.1%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**NOTE 7: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS
(Continued)**

Actuarial Assumptions

The total pension liability as of December 31, 2017 were determined by use of update procedures to roll forward the plan's total pension liability as of December 31, 2016 to December 31, 2017 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 20
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 2015projection scale.

Deaths before retirement:

The table below 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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**NOTE 7: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS
(Continued)**

<u>Age</u>	<u>Ordinary Death*</u>		<u>Accidental</u>	<u>Ordinary</u>	<u>Accidental</u>
	<u>Male</u>	<u>Female</u>	<u>Death</u>	<u>Disability</u>	<u>Disability</u>
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%	0.001%	0.090%	0.007%
50	0.19%	0.09%	0.001%	0.150%	0.007%
55	0.26%	0.14%	0.001%	0.350%	0.007%
60	0.40%	0.21%	0.001%		0.008%
62	0.49%	0.25%	0.001%		0.009%
65	0.65%	0.33%	0.001%		0.009%
69	0.86%	0.47%	0.001%		0.010%

* 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:

The table below 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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**NOTE 7: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS
(Continued)**

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.

<u>Age</u>	<u>Service Retirements and Beneficiaries</u>		<u>Age</u>	<u>Disability Retirements</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
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%

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 3.16% as of December 31, 2016 and 2017, 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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

**NOTE 7: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS
(Continued)**

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.

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):

Asset Class	Long-Term Expected Rate of Return	
	12/31/2016	12/31/2017
Domestic equity	7.50%	8.30%
International equity	8.50%	8.45%
Fixed income	3.50%	3.05%
Real estate	8.50%	6.90%
Cash	2.50%	2.25%

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	Current	1% Increase to
	7.25%	Discount Rate 8.25%	9.25%
Net Pension Liability	\$ 127,620,597	\$ 101,323,856	\$ 79,546,215

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

NOTE 8: 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, 2017 and 2016, the City contributed \$9,054,000 and \$8,841,332, 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, 2017 and 2016, respectively, were provided by the City through budget appropriations.

NOTE 9: 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 10: PENDING LITIGATION

There is no litigation of any significant amount pending against the Plan.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 26, 2018, 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, 2017, 2016, 2015, 2014 AND 2013

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total Pension Liability					
Service cost	\$ 2,460,030	\$ 2,459,701	\$ 2,241,217	\$ 2,323,134	\$ 1,369,200
Interest	17,245,341	17,039,064	16,068,540	17,510,364	8,421,970
Changes of benefit terms ¹	-	-	-	(24,863,782)	-
Effect of economic/demographic (gains) or losses	-	(4,568,317)	-	(2,082,266)	-
Changes of assumptions ^{4,3,2}	-	(760,257) ⁴	4,391,896 ³	747,983 ²	-
Benefit payments	(11,939,763)	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
Net change in total pension liability	<u>7,765,608</u>	<u>2,759,102</u>	<u>11,790,415</u>	<u>(17,509,044)</u>	<u>4,439,893</u>
Total pension liability—beginning—**	212,425,996	209,666,894	197,876,479	215,385,523	210,945,630
Total pension liability—ending (a)	220,191,604	212,425,996	209,666,894	197,876,479	215,385,523
Plan fiduciary net position					
Contributions—employer	9,054,000	8,841,332	7,782,323	7,483,003	4,252,190
Contributions—employee	2,712,150	2,476,785	2,327,155	2,243,945	1,105,853
Net investment income	15,039,503	4,586,545	(1,437,878)	3,757,248	9,289,546
Benefit payments, including refunds of employee contributions	(11,939,763)	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
Administrative expense	(201,869)	(233,635)	(151,631)	(235,049)	(116,739)
Other	-	-	282	-	-
Net change in plan fiduciary net position	<u>\$ 14,664,021</u>	<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 – **	104,203,727	99,943,789	102,334,776	100,230,106	91,050,533
Plan fiduciary net position—ending (b)	118,867,748	104,203,727	99,943,789	102,334,776	100,230,106
Plan's net pension liability—ending (a)-(b)	101,323,856	108,222,269	109,723,105	95,541,703	115,155,417
Plan fiduciary net position as a percentage of the total pension liability	53.98%	49.05%	47.67%	51.72%	46.54%
Covered-employee payroll as of 1-1-2018 actuarial valuation	37,488,883	33,421,968	33,421,968	30,901,289	30,895,626
Net pension liability as a percentage of covered-employee payroll	270.28%	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.

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.

⁴ The Total Pension Liability as of December 31, 2016 was prepared using demographic assumptions recommended on the basis of the January 1, 2011 – December 31, 2015 Experience Study and adopted by the Pension Commission on December 21, 2016. Please see Section III of the report for a summary of the revised demographic and economic assumptions.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS-10 Years**

DECEMBER 31, 2017 AND 2016

Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
December 31, 2016	8,841,332	8,841,332	-	33,421,968	26.5%
December 31, 2017	9,054,000	9,054,000	-	37,488,883	24.2%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2017 AND 2016**

	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%
January 1, 2016 thru December 31, 2016	4.4%
January 1, 2017 thru December 31, 2017	14.2%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2017 AND 2016

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, 2017 and December 31, 2016 were determined by the January 1, 2018 and January 1, 2016 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%

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.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2017 AND 2016

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

Salary increases:

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

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

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 years 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, 2017**

Description	# of Shares	Investment at Cost	Market Value
Acuity Brands Inc	1,461	\$ 88,473	\$ 257,136
AES Corp	22,080	267,560	239,126
Affiliated Managers Group	1,719	199,861	352,825
Allianz SE ADR	9,190	147,648	211,048
Amadeus IT Holdings SA ADR	2,356	65,160	170,409
Amcor LTD ADR	4,318	175,432	207,350
American International Group	2,220	138,024	132,268
Ansys Inc	3,545	288,502	523,207
Aptargroup Inc	2,988	142,687	257,805
Aramark Holdings Corp	8,934	298,028	381,839
Artisan Partners Asset Management Inc	1,863	93,698	73,589
AT&T Inc	5,430	171,615	211,118
Baidu Inc ADR	502	81,263	117,573
Baker Hughes A GE Co	8,765	384,189	277,325
Banco Bradesco	20,621	202,886	211,159
Berkley WR Corp	4,506	277,340	322,855
Bio Rad Laboratories Inc CI A	1,421	128,333	339,150
Bio Techne Corp Com	1,592	169,732	206,244
Blackbaud Inc	3,666	76,748	346,400
Brambles LTD ADR	12,737	196,476	201,499
British American Tobacco PLC ADR	3,455	185,502	231,450
Broadcom Corp CI A	904	84,161	232,238
Broadridge Financial Solutions Inc	2,462	134,846	223,008
Canadian Natl Railway F	1,503	68,189	123,998
Carlisle Cos Inc	2,969	150,936	337,427
Carlsberg A/S ADR	7,409	140,858	178,409
Cardinal Health Inc	3,640	262,769	223,023
CDW Corp	5,359	203,772	372,397
Centene Corp	1,960	139,399	197,725
Cenovus Energy Inc CAD	9,129	135,970	83,348
CGI Group Inc	3,737	140,293	203,031
Chevron Corp	3,155	247,362	394,974
Church and Dwight Corp	3,551	60,734	178,154
Cielo SA ADR	26,378	193,376	187,811
Citigroup Inc	7,845	285,528	583,746
Cigna Corp Com	673	48,378	136,680
Cisco Systems Inc	12,695	267,487	486,219
CK Hutchison Holdings LTD	17,985	206,399	225,802
Columbia Sportswear Co	3,386	139,837	243,386
Comcast Corp	11,246	140,313	450,402
Compagnie Financiere Richemont AG ADR	14,715	101,237	132,582
Compass Group PLC ADR	8,172	119,614	179,416
Copart Inc	4,772	51,386	206,103
Corning Inc	11,782	205,822	376,906
CSL LTD ADR	1,460	53,793	80,548
Cypress Semiconductor Corp	24,450	261,866	372,618
Dana, Inc.	9,535	159,187	305,215
Dentsply Intl Inc	3,964	141,157	260,950
Deutsche Borse AG F	8,622	97,976	99,455
Deutsche Post AG ADR	3,398	107,308	161,694
Donaldson Inc	3,226	119,901	157,913
Dowdupont Inc	3,460	176,530	246,421
Essilor Intl S A	1,878	111,823	129,544

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2017**

Description	# of Shares	Investment at Cost	Market Value
Factset Resh Systems Inc	1,400	154,527	269,864
Fair Isaac Corp	2,135	67,174	327,082
Fanuc LTD ADR	3,197	53,699	76,856
Flir Systems Inc	3,886	107,285	181,165
First Data Corp Class A	12,450	208,994	208,040
Fomento Economico Mexicano S.A.B. DE ADR	2,501	207,650	234,844
Freeport-McMoran Inc	14,303	194,547	271,185
Gartner Inc	1,888	126,777	232,507
GEA Group AG	2,672	123,264	128,229
General Elec Co Com	15,856	375,807	276,687
Gilead Sciences Inc	5,040	435,879	361,066
Graco Inc	4,026	41,793	182,056
Hartford Financial Svcs Grp	6,757	218,274	380,284
Henry Jack & Assoc Inc	2,669	82,130	312,166
Idex Corp	2,698	88,357	356,055
Impax Laboratories Inc	5,550	107,958	92,408
Informa PLC SPO ADR	7,232	122,234	142,181
ING Groep NV	5,897	102,585	108,859
Intel Corp	3,947	88,169	182,194
Intercontinental Echange Inc	5,290	265,379	373,262
Intensa SanPaolo Spa	5,583	87,094	111,409
Invesco Ltd Common Stock	4,500	149,128	164,430
Japan Tobacco Inc Un-sponsored ADR	5,839	100,128	93,833
JB Hunt Transport	3,639	259,300	418,412
Johnson Controls Internation	6,169	200,548	235,101
Jones Lang Lasalle Inc	3,546	414,985	528,105
JP Morgan Chase & Co	5,422	241,995	579,829
Julius Baer Group LTD ADR	15,818	131,251	192,980
KAO Corp ADR	1,212	57,235	81,901
Kasikornbank PC Un-sponsored ADR	5,860	139,259	173,339
Kirby Corporation	4,524	305,423	302,203
Kroton Educacional	31,285	173,094	172,068
Landstar Systems	1,934	121,155	201,329
Las Vegas Sands Corp	2,243	128,905	155,866
Lennar Corp	6,132	140,857	386,377
Lennox International Inc	1,466	251,608	305,309
Lloyds Banking Group PLC	47,037	203,053	176,389
Manhattan Associates Inc	7,226	339,404	357,976
Markel Corp	477	221,019	543,365
Mediobanca	8,039	91,939	91,725
Medtronic PLC	1,676	136,288	135,337
Merck & Co Inc New	6,810	390,890	383,199
Metlife Inc	1,890	100,510	95,558
Miscrosoft	4,335	163,118	370,816
Molina Healthcare Inc	1,210	92,640	92,783
Mondelez Intl	2,285	98,043	97,798
Morningstar Inc	2,499	161,118	242,328
Newfield Exploration Co	4,450	145,985	140,309
Nordson Corp	1,799	213,522	263,374
Novartis AG ADR	1,303	96,227	109,400
Open Text Corp	5,025	165,492	178,719
On Semiconductor Corp	8,649	123,205	181,110
Paddy Pwd Betfari	2,580	133,402	156,477

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITIES
December 31, 2017**

Description	# of Shares	Investment at Cost	Market Value
Pentair PLC	2,547	123,117	179,869
Pepisco Inc,	2,320	182,555	278,214
Pernod Ricard SA ADR	6,173	160,735	195,252
Prada S P A ADR	6,501	92,944	47,457
Proctor & Gamble Co	3,170	285,223	291,260
PT Bk Mandiri Persero TBK ADR	15,338	123,885	180,835
Reckitt Benckise GP	8,038	150,476	152,802
Relx PLC SPON ADR	10,648	138,882	252,358
Royal Dutch Shell PLC ADS Cl B Ord ADR	1,823	117,108	124,493
RPM International Inc	2,606	131,795	136,607
SAP SE SPON ADR	2,531	178,250	284,383
Sally Beauty Co Inc	12,796	275,513	240,053
Schein Henry Inc	1,614	59,359	112,786
Schneider Elec SA ADR	15,342	227,566	259,970
SEI Investments Co	7,406	303,089	532,195
Servicemaster Global Hldgs Inc	5,252	197,309	269,270
Smith & Nephew PLC ADR	3,683	47,961	55,350
State Street Corp	3,125	146,931	305,031
Synchrony Financial	6,479	201,690	250,154
Suncor Energy Inc CAD	3,691	117,137	135,534
Taiwan Semiconductor LTD ADR	5,231	107,421	207,409
Tapestry, Inc.	4,859	187,999	214,914
Technpfmc PLC	1,950	60,929	61,055
Teleflex Inc	2,280	303,597	567,310
Terex Corp New	6,463	149,055	311,646
Textron Inc	9,295	237,979	526,004
Transunion	8,567	325,708	470,842
UBS Group AG CHF	4,504	74,414	82,829
Umpqua Holdings Corp Or	8,925	111,811	185,640
Unilever NV ADR	2,291	78,047	129,029
UTD Overseas	5,232	175,720	207,370
Varian Medical Systems Inc	1,168	66,365	129,823
Vinci SA	2,803	69,340	71,477
Westamerica Bancorp	1,889	81,717	112,490
Western Digital Corp Del Com	4,090	215,098	325,278
Wex Inc	2,499	197,276	352,934
WH Group LTD	10,405	129,653	235,153
Wolters Kluwer Netherlands ADR	4,233	176,361	220,878
Yahoo! Inc	16,036	248,153	388,890
Zions Bancorp	5,810	172,005	295,322
Total Equities	598,344	\$ 23,917,839	\$ 34,838,825

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
EQUITY EXCHANGE TRADED FUNDS**

December 31, 2017

<u>DESCRIPTION</u>	<u>NUMBER OF SHARES</u>	<u>INVESTMENT AT COST</u>	<u>INVESTMENT AT MARKET</u>
Ishares Russell 1000 Growth	138,190	\$ 11,979,867	\$ 18,611,372
Total Equity Exchange Traded Funds		<u>\$ 11,979,867</u>	<u>\$ 18,611,372</u>

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS
December 31, 2017**

<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			688,963	\$ 8,207,526	\$ 9,831,508
Total Equity Mutual Funds				<u>\$ 8,207,526</u>	<u>\$ 9,831,508</u>
Principal Global Real Estate Securities Fund Class P			37,010,542	\$ 3,434,008	\$ 3,523,404
Total Real Estate Mutual Funds				<u>\$ 3,434,008</u>	<u>\$ 3,523,404</u>
Direyfus Standish Global			225,029	4,813,170	4,811,116
Janus Henderson Flexible			1,164,396	12,309,897	12,051,495
Pimco Commodity Real			986,345	11,886,463	12,240,539
Vanguard Inflation			133,741	3,473,220	3,423,757
Total Commodity Mutual Funds				<u>\$ 32,482,751</u>	<u>\$ 32,526,906</u>
Corporate Obligations:					
Leh Brothers Hlfd PDF	4/22/1953	6.00	10,000	250,000	600
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2015	5.25	250,000	200,159	11,250
Lehman Brothers Holdings, Inc. (Defaulted)	2/22/2023	6.25	250,000	197,678	11,250
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2013	5.00	250,000	200,170	11,250
Total Corporate Obligations				<u>\$ 848,007</u>	<u>\$ 34,350</u>
Alternative Investments (Hedge Fund):					
Prisma Spectrum Fund LTD Adv Class E 2010	N/A	N/A	6,813.90	N/A	9,049,551
Prisma Spectrum Fund LTD Adv Class E 2015	N/A	N/A	835.63	N/A	880,401.16
Total Alternative Investments (Hedge Fund)				<u>N/A</u>	<u>\$ 9,049,551</u>