

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

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## **FINANCIAL SECTION**

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019. 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 \$17,387,072 or 13.4% and \$18,377,279 or 16.5% as of December 31, 2020, and 2019, respectively. The increase was primarily due to a higher return on the Plan's investments for the years ended December 31, 2020, and 2019.

	December 31, 2020	December 31, 2019	December 31, 2018
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash	\$ 3,262,302	\$ 2,664,292	\$ 2,233,745
Receivables	5,740	42,194	5,215
Investments	141,712,528	124,631,041	106,963,968
Participant Loans	2,420,134	2,799,644	2,445,009
Liabilities	<u>(211,199)</u>	<u>(334,738)</u>	<u>(222,784)</u>
Net position restricted for pensions	<u>\$ 147,189,505</u>	<u>\$ 129,802,433</u>	<u>\$ 111,425,153</u>

*Year ended 12-31-2020 compared to year ended 12-31-2019* Net Assets held in Trust have increased dramatically, from December 31, 2019, by \$17,387,072 or 13.4%. This was due to large investment gains of the Plan's various investment managers.

*Year ended 12-31-2019 compared to year ended 12-31-2018* Net Assets held in Trust have increased dramatically, from December 31, 2018, by \$18,377,279 or 16.5%. This was due to large investment gains of the Plan's various investment managers.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2020 AND 2019**

	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>
Contributions	\$ 14,840,751	\$ 13,018,238	\$ 11,868,605
Net Investment Income (Loss)	17,980,413	19,455,098	(6,302,021)
Total Additions (Reductions)	32,821,164	32,473,336	5,566,584
Benefit Payments	14,947,790	13,406,450	12,511,107
Other Deductions	503,331	689,606	498,072
Total Deductions	15,451,121	14,096,056	13,009,179
Net Increase (Decrease)	<u>\$ 17,370,043</u>	<u>\$ 18,377,280</u>	<u>\$ (7,442,595)</u>

*Fiscal year 12-31-2020 compared to 12-31-2019* Total additions to net position decreased by (\$1,007,237) primarily attributed to an increase in benefit payments in the approximate amount of \$1,500,000 a reduction in net investment income of (\$1,400,000) year over year deductions to net assets were offset by a year over year increase in contributions in the approximate amount of \$1,822,000.

*Fiscal year 12-31-2019 compared to 12-31-2018* Total additions to net position increased by \$25,819,875 from the prior year primarily from continued strong investment returns, which accelerated during 2019, but also increased contributions from the city as well. Benefit payments have continued to 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:

	<b>December 31, 2020</b>		<b>December 31, 2019</b>		<b>December 31, 2018</b>	
	\$	%	\$	%	\$	%
Cash	3,262,302	2.3%	2,664,292	2.1%	2,233,745	2.0%
Money Market Mutual Funds	-	0.0%	2,410,547	1.9%	-	0.0%
Variable Share Price Money Market Fund	601,240	0.4%	3,171,597	2.5%	2,934,784	2.9%
Equities, Equity Mutual Funds and Equity ETF's	77,817,172	53.7%	66,335,309	52.1%	58,333,695	53.4%
Fixed Income Mutual Funds	44,519,433	30.7%	38,131,382	30.0%	32,398,713	29.7%
Real Estate and Hedge Fund	17,340,019	12.0%	14,284,058	11.2%	13,282,091	12.2%
International Private Equity	1,427,539	1.0%	288,649	0.2%	-	0.0%
Corporate Obligations	7,125	0.00%	9,499	0.01%	14,685	0.01%
Total Cash and Investments	<u>\$ 144,974,830</u>	<u>100%</u>	<u>\$ 127,295,333</u>	<u>100%</u>	<u>\$ 109,197,713</u>	<u>100%</u>

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2020 AND 2019**

**Investment Allocation (Continued)**

The plan percentage of investment held in equities increase from 52.1% to 53.7%, additionally real state investments also increase slightly from 11.2% to 12.0%. The plan has strong overall performance in 2020 and 2019.

**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, 280 Grove Street, Room 106, Jersey City, New Jersey 07302 or by email @ ldisbrow@jcnj.org.

# 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, 2020 and 2019, and the related statements of changes in fiduciary net position for the years ended December 31, 2020 and 2019 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.

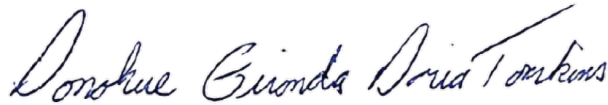
***Opinion***

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, 2020 and 2019, 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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary schedules of changes in net pension liability and related ratios, schedule of employer contributions and schedule of investment returns as well as the supplementary schedules of investments and participant's 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  
September 7, 2021



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>Assets</b>		
Cash	\$ 3,262,302	\$ 2,664,292
Receivables		
Accrued Interest and Dividends Receivable	5,740	42,194
Investments at Fair Value		
Money Market Mutual Funds	-	2,410,547
Variable Rate Money Market Fund	601,240	3,171,597
Equities	15,032,127	12,521,468
Equity Mutual Funds	62,785,045	53,813,841
Fixed Income Mutual Funds	44,519,433	38,131,382
Real Estate Investment Trust and Mutual Fund	6,501,074	6,610,547
Hedge Fund	10,838,945	7,673,511
International Private Equity Fund	1,427,539	288,649
Corporate Obligations	7,125	9,499
Total Investments	141,712,528	124,631,041
Participants' Loans	2,420,134	2,799,644
Total Assets	147,400,704	130,137,171
<b>Liabilities</b>		
Accounts Payable	53,517	120,895
Benefits Payable	157,682	213,843
Total Liabilities	211,199	334,738
<b>Net Position Restricted for Pensions</b>	<b>\$ 147,189,505</b>	<b>\$ 129,802,433</b>

See Accompanying Notes to Financial Statements.

**CITY OF JERSEY CITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Additions</b>		
Contributions		
Employer	\$ 12,127,234	\$ 10,396,753
Employees	2,713,517	2,621,485
Total Contributions	<u>14,840,751</u>	<u>13,018,238</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	16,881,557	17,704,882
Interest	1,972,009	2,452,272
Dividends	100,535	125,402
Insurance from employee loans	9,799	18,405
	<u>18,963,900</u>	<u>20,300,961</u>
Less: investment expense	966,459	845,863
Net investment Income	<u>17,997,441</u>	<u>19,455,098</u>
 Total Additions	 <u>32,838,192</u>	 <u>32,473,336</u>
 <b>Deductions</b>		
Benefits	14,947,790	13,406,450
Refunds of contributions	368,533	508,601
Administrative expense	134,797	181,005
	<u>15,451,120</u>	<u>14,096,056</u>
 Net Increase	 17,387,072	 18,377,280
 <b>Net Position Restricted For Pensions</b>		
Beginning of year	<u>129,802,433</u>	<u>111,425,153</u>
End of year	<u><u>\$ 147,189,505</u></u>	<u><u>\$ 129,802,433</u></u>

See Accompanying Notes to Financial Statements.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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. Charles Schwab and Wilmington Trust are designated custodians of the Plan's investments. The most recent completed actuarial evaluation was as of January 1, 2020. 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, 2020 AND 2019**

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

**Plan Membership**

	<b>1/1/2020</b>	<b>1/1/2018</b>
Retired members and eligible survivors	418	364
Inactive members entitled to but not yet receiving benefits	19	22
Active members	948	889
	<b>1,385</b>	<b>1,275</b>

**Pension Benefits**

For the purpose of this section "final salary" for benefit purposes is to be defined as the average annual salary during the member's final 3 years of service or for any 3 fiscal years of membership providing the largest possible benefit to the member or beneficiary. Final Salary for employees hired after January 17, 2014 is changed to be the average annual compensation for any five fiscal years of membership providing the largest benefit.

On August 19, 1996, the Plan was amended. Participants are eligible to receive normal retirement benefits upon completion of 20 years (25 years for employees hired after January 17, 2014) of service and attainment of age 60 (age 65 for employees hired after January 17, 2014). Benefits under the Plan are calculated on the basis of 55% of final salary, plus 1% of the final salary for each year in excess of 20 (25 years for employees hired after January 17, 2014) years. The minimum annual pension is \$3,600.

Participants are eligible for retirement benefits upon attaining age 60 (65 for employees hired after January 17, 2014) with less than 20 (25 years for employees hired after January 17, 2014) years of service. Benefits under the Plan are calculated on the basis of 2% of the retirant's final salary for each year of creditable service. The minimum annual pension is \$3,600.

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

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**Pension Benefits (Continued)**

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.

**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 percent 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, 2020 and 2019, respectively was 1.0% and .9580%. Effective January 17, 2014 the cost of living adjustment was decreased to 50% of the change in the CPI, which is assumed to increase at 3% per year.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

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

The Plan 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. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements.

**Reclassifications**

Certain amounts have been reclassified to conform to current year presentation.

**NOTE 3: Fair Value Measurements**

The Plan's investments are accounted for at fair market value at December 31, 2020 and 2019, in accordance with generally accepted accounting principles, and the provisions of GASB Statements No. 67 and 72. Equity securities as well as debt and equity mutual 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. Level 2 debt securities consist of governmental obligations. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Hedge funds and variable rate money market fund are measured at net asset value (NAV).

**CITY OF JERSEY CITY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

The following tables illustrate the recurring fair value measurements as of December 31, 2020:

	12/31/2020	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)
<b>Investments by fair value level</b>				
Money Market Mutual Funds	\$ -	\$ -	\$ -	\$ -
Equities	15,032,127	15,032,127	-	-
Equities Mutual Funds	62,785,045	62,785,045	-	-
Fixed Income Mutual Funds	44,519,433	44,519,433	-	-
Real Estate Investment Trust and Mutual Funds	6,501,074	6,501,074	-	-
International Private Equity Fund	1,427,539	-	1,427,539	-
Corporate Obligations	7,125	-	7,125	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 130,272,343</b>	<b>\$ 128,837,679</b>	<b>\$ 1,434,664</b>	<b>\$ -</b>
<b>Investments measured at the net asset value (NAV)</b>				
Variable Rate Money Market Fund <sup>1,2</sup>	\$ 601,240			
Equity long/short hedge fund <sup>1,2</sup>	10,838,945			
<b>Total investments measured at Fair Value</b>	<b>\$ 141,712,528</b>			

<sup>1</sup> The ERS of Jersey City has assets 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*. The Schwab Variable Rate does not have any unfunded commitments and can be redeemed with 2 days notice.

<sup>2</sup> 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.

<sup>2</sup> The Schwab Variable Rate Money Market Fund implements a high quality short -term money market investments issued by U.S. and foreign issuers including commercial paper, promissory notes, certificate and time deposits, variable and floating rate debt securities and mortgage backed securities.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

The following tables illustrates the recurring fair value measurements as of December 31, 2019:

	12/31/2019	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)
<b>Investments by fair value level</b>				
Money Market Mutual Funds	\$ 2,410,547	\$ 2,410,547	\$ -	\$ -
Equities	12,521,468	12,521,468	-	-
Equities Mutual Funds	53,813,841	53,813,841	-	-
Fixed Income Mutual Funds	38,131,382	38,131,382	-	-
Real Estate Investment Trust and Mutual Funds	6,610,547	6,610,547	-	-
International Private Equity Fund	288,649	-	288,649	-
Corporate Obligations	9,499	-	9,499	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 113,785,933</b>	<b>\$ 113,487,785</b>	<b>\$ 298,148</b>	<b>\$ -</b>
<b>Investments measured at the net asset value (NAV)</b>				
Variable Rate Money Market Fund <sup>1,2</sup>	\$ 3,171,597			
Equity long/short hedge fund <sup>1,2</sup>	7,673,511			
<b>Total investments measured at Fair Value</b>	<b>\$ 124,631,041</b>			

<sup>1</sup> The ERS of Jersey City has assets 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**. The Schwab Variable Rate does not have any unfunded commitments and can be redeemed with 2 days notice.

<sup>2</sup> 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.

<sup>2</sup> The Schwab Variable Rate Money Market Fund implements a high quality short -term money market investments issued by U.S. and foreign issuers including commercial paper, promissory notes, certificate and time deposits, variable and floating rate debt securities and mortgage backed securities.



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 4: INVESTMENTS**

The value of investments at December 31, 2020 and 2019, consist of the following:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
Money Market Funds	\$ -	\$ -	\$ 2,410,547	\$ 2,410,547
Equities and Equity Mutual Funds	77,817,172	55,397,901	66,335,309	55,613,876
Fixed Income Mutual Funds	44,519,433	41,359,805	38,131,382	37,038,701
Real Estate Investment Trust and Mutual Funds	6,501,074	6,497,109	6,610,547	6,318,068
International Private Equity Fund	1,427,539	1,384,235	288,649	288,649
Corporate Obligations	7,125	8,166	9,499	9,499
<b>Total</b>	<b>130,272,343</b>	<b>104,647,216</b>	<b>113,785,933</b>	<b>101,679,340</b>
Investments valued at the NAV:				
Variable Rate Money Market Fund	601,240	601,240	3,171,597	3,170,329
Equity Long/Short Hedge Fund	10,838,945	-	7,673,511	-
<b>Total Investments</b>	<b>\$ 141,712,528</b>	<b>\$ 105,248,456</b>	<b>\$ 124,631,041</b>	<b>\$ 104,849,669</b>

During the years ended December 31, 2020 and 2019, the Plan's investments increased in value by \$16,881,557 and \$17,704,882d respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	2020	2019
Investments determined by quoted market price:		
Money Market Funds	\$ -	\$ 1,268
Equities and Equity Mutual Funds	10,924,118	8,704,955
Fixed Income Mutual Funds	2,069,487	(300,552)
Hedge Funds, Real Estate Investment Trust and Mutual Funds	1,600,038	6,979,756
Unrealized gains (losses) on investments	14,593,643	15,384,159
Realized gains (losses) on investments	2,287,914	2,320,723
Net appreciation (depreciation) on investments	<b>\$ 16,881,557</b>	<b>\$ 17,704,882</b>

The plan currently is the holder of various Lehman Brothers senior notes with a total cost basis of \$848,007 for the years ended December 31, 2020 and 2019, each year. The Plan has received a total of \$1,088 and \$4,668 for the years ended December 31, 2020 and 2019, respectively from the bankruptcy administrator related to the Lehman Brothers bankruptcy settlement. The Plan has received total cumulative payments in the amounts of \$301,986 and \$300,898 for the years ended December 31, 2020 and 2019, respectively. Yearly settlement distributions are classified as interest income in the statement of changes in fiduciary net position for the years ended December 31, 2020 and 2019.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 5. CASH AND CASH EQUIVALENTS**

**DEPOSITS**

The Plan's deposits of cash and cash equivalents at December 31, 2020 and 2019 are summarized in the following table.

	2020	2019
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	3,012,302	2,414,292
	\$ 3,262,302	\$ 2,664,292

All cash and cash equivalents on deposit as of the years ended December 31, 2020 and 2019 are totally insured by the FDIC up to \$250,000 for each depository. There are no deposits in excess of FDIC limits, as noted below are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the GUDPA. Under GUDPA, financial institutions are not required to pledge collateral amounts covered by FDIC insurance.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Plan will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Plan does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized.
- b. Collateralized with securities held by the pledging financial institution.
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Plan's name.

**Concentration of Credit Risk** – The Plan places no formal limit on the amount the Plan may invest in any one financial institution. All the Plan's deposits are with one financial institution.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the Plan's deposits as of December 31, 2020 and 2019 are held in foreign currency.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020, the Plan has collected \$345,436 of premiums on loans issued and exonerated \$354,010 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. The net of premiums collected, and loans exonerated are reviewed periodically to determine if insurance premiums should be increased to absorb the deficit.

**NOTE 7: PENSION BENEFITS PAYABLE**

Pension benefits payable at December 31, 2020 and 2019, 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 each year.

**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, 2020 and 2019, the City contributed \$12,127,234 and \$10,396,753, 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, 2020 and 2019, respectively, were provided by the City through budget appropriations.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS**

**Net Pension Liability**

The components of the net pension liability as of December 31, 2020 and 2019, were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total Pension Liability	\$ 268,305,894	\$ 262,232,429
Plan Fiduciary Net Position	(147,172,476)	(147,172,476)
City's Net Pension Liability	<u>\$ 121,133,418</u>	<u>\$ 115,059,953</u>
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	54.9%	56.1%

**Actuarial Assumptions**

The total pension liability as of December 31, 2020 were determined by use of update procedures to roll forward the plan's total pension liability as of December 31, 2019 to December 31, 2018 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:	7.40%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00%, a real rate of return of 4.25% and .15% for administrative expenses. The Commission (Pension), during its December 18, 2019 meeting adopted a change in the long-term rate of investment return assumptions from 7.95% per annum to 7.25% per annum, effective with the fiscal year beginning January 1, 2020. The 7.25% rate is net of both investment and administrative expenses. The 7.40% noted above is net of investment expenses only.
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**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS  
(Continued)**

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.

Deaths before retirement:

<u>Age</u>	<u>Ordinary Death*</u>		<u>Accidental Death</u>	<u>Ordinary Disability</u>	<u>Accidental Disability</u>
	<u>Male</u>	<u>Female</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.

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.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS (Continued)**

Deaths after retirement:

<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%

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.

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS (Continued)**

**Salary Increase.** 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

**Discount rate.** The discount rate used to measure the total pension liability was 7.40% as of December 31, 2019 and 2020. 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 1.93% and 3.26% as of December 31, 2019 and 2020, 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 assumed discount rates have been determined in accordance with the method prescribed by GASB Statement No. 67.

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):

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Domestic Equity	6.60%	7.15%
International Equity	6.80%	7.25%
Domestic Fixed Income	1.75%	2.75%
High Yield	4.35%	4.65%
Real Estate	5.75%	6.25%
Private Equity	8.00%	8.50%
Hedge Funds	4.00%	5.00%
Cash	1.00%	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 7.409%, 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 (6.40%) or 1- percentage-point higher (8.40%) than the current rate:

	1% Decrease to <u>6.40%</u>	Current Discount Rate <u>7.40%</u>	1% Increase to <u>8.40%</u>
Net Pension Liability	\$ 153,824,903	\$ 121,133,418	\$ 93,913,362

**NOTE 10: 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.



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 11: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 7, 2021; the date this report was available to be issued. During the year 2021 the COVID-19 pandemic continues to develop due to the rise of the Delta variant causing significant market volatility through the world. As of the date of this report the Plan's investments have not been significantly impacted, however it can be presumed market volatility will continue along with the pandemic, the extent and duration of which is unclear. Management continues to monitor the overall Plan's investment performance to mitigate financial and market risk associated with the pandemic.

## **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, 2020, 2019, 2018, 2017, 2016, 2015, 2014 AND 2013**

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
<b>Total Pension Liability</b>								
Service cost	3,407,720	2,985,498	2,788,066	2,460,030	2,459,701	2,241,217	2,323,134	1,369,200
Interest	19,023,699	18,726,376	18,121,274	17,245,341	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	(1,041,633)	-	2,946,218	-	(4,568,317)	-	(2,082,266)	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-
Changes of assumptions <sup>6,5,4,3,2</sup>	-	19,411,353	3,783,161	-	(760,257) <sup>4</sup>	4,391,896 <sup>3</sup>	747,983 <sup>2</sup>	-
Benefit payments	(15,316,321)	(13,919,269)	(12,801,852)	(11,939,763)	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
<b>Net change in total pension liability</b>	<b>6,073,465</b>	<b>27,203,958</b>	<b>14,836,867</b>	<b>7,765,608</b>	<b>2,759,102</b>	<b>11,790,415</b>	<b>(17,509,044)</b>	<b>4,439,893</b>
<b>Total pension liability—beginning—**</b>	<b>262,232,429</b>	<b>235,028,471</b>	<b>220,191,604</b>	<b>212,425,996</b>	<b>209,666,894</b>	<b>197,876,479</b>	<b>215,385,523</b>	<b>210,945,630</b>
<b>Total pension liability—ending (a)</b>	<b>268,305,894</b>	<b>262,232,429</b>	<b>235,028,471</b>	<b>220,191,604</b>	<b>212,425,996</b>	<b>209,666,894</b>	<b>197,876,479</b>	<b>215,385,523</b>
<b>Plan fiduciary net position</b>								
Contributions—employer	12,127,234	10,396,753	9,123,059	9,054,000	8,841,332	7,782,323	7,483,003	4,252,190
Contributions—employee	2,713,517	2,621,485	2,745,546	2,712,150	2,476,785	2,327,155	2,243,945	1,105,853
Net investment income	17,980,414	19,455,098	(6,302,021)	15,039,503	4,586,545	(1,437,878)	3,757,248	9,289,546
Benefit payments, including refunds of employee contributions	(15,316,321)	(13,919,269)	(12,801,852)	(11,939,763)	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
Administrative expense	(134,801)	(176,787)	(207,327)	(201,869)	(233,635)	(151,631)	(235,049)	(116,739)
Other	-	-	-	-	-	282	-	-
<b>Net change in plan fiduciary net position</b>	<b>17,370,043</b>	<b>18,377,280</b>	<b>(7,442,595)</b>	<b>14,664,021</b>	<b>4,259,938</b>	<b>(2,390,987)</b>	<b>2,104,670</b>	<b>9,179,573</b>
Plan fiduciary net position—beginning — **	129,802,433	111,425,153	118,867,748	104,203,727	99,943,789	102,334,776	100,230,106	91,050,533
Plan fiduciary net position—ending (b)	147,172,476	129,802,433	111,425,153	118,867,748	104,203,727	99,943,789	102,334,776	100,230,106
<b>Plan's net pension liability—ending (a)-(b)</b>	<b>121,133,418</b>	<b>132,429,996</b>	<b>123,603,318</b>	<b>101,323,856</b>	<b>108,222,269</b>	<b>109,723,105</b>	<b>95,541,703</b>	<b>115,155,417</b>
Plan fiduciary net position as a percentage of the total pension liability	54.85%	49.50%	47.41%	53.98%	49.05%	47.67%	51.72%	46.54%
Covered-employee payroll as of 1-1-2020 actuarial valuation	36,917,718	37,488,883	37,488,883	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	328.12%	353.25%	329.71%	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.

<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.

<sup>4</sup> 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.

<sup>5</sup> The Plans total pension liability reflects the change to the discount rate from 8.25% as of December 31, 2017 to 8.10% as of December 31, 2018

<sup>6</sup> The Plans total pension liability reflects the change to the discount rate from 8.10% as of December 31, 2018 to 7.4% as of December 31, 2019

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS-10 Years  
DECEMBER 31, 2020 AND 2019**

<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess/ (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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	-	30,901,000	24.2%
December 31, 2015	7,782,323	7,782,323	-	30,901,000	25.2%
December 31, 2016	8,841,332	8,841,332	-	33,422,000	26.5%
December 31, 2017	9,054,000	9,054,000	-	33,422,000	27.1%
December 31, 2018	9,123,059	9,123,059	-	37,488,883	24.3%
December 31, 2019	10,396,753	10,396,753	-	37,488,883	27.7%
December 31, 2020	12,127,234	12,127,234	-	36,917,718	32.8%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
DECEMBER 31, 2020 AND 2019**

	<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%
January 1, 2017 thru December 31, 2017	14.2%
January 1, 2018 thru December 31, 2018	-5.5%
January 1, 2019 thru December 31, 2019	17.4%
January 1, 2020 thru December 31, 2020	13.8%

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2020 AND 2019**

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

There were no changes in benefits or in assumptions used to calculate the Net Pension Liability for the year ended December 31, 2020

**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, 2020 and December 31, 2019 were determined by the January 1, 2020 actuarial valuation. In accordance with Chapter 282, P.L. 2013 and the Commission's administrative procedure, the contributions calculated by each valuation assume that 100% of CPI COLA provision of the Plan in effect prior to January 17, 2014 is still in effect for future valuations. The additional contributions will be used to accelerate the funding of the System's unfunded accrued liability.

**Methods and assumptions used to determine contributions:**

Actuarial cost method: Projected Unit Credit

Asset valuation method: Five year moving market average of value of assets.

Inflation: 3.00%

Interest rate for funding calculations:

7.25% , respectively, per annum, net of investment and administrative expenses (compounded annually) as of December 31, 2020 and 2019.

Interest rate for accounting calculations:

7.40% (7.25% plus .15% for admin. Expenses), per annum, compounded annually as of December 31, 2020 and 2019.

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

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2020 AND 2018**

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

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

Investment rate of return: 7.40%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00%, a real rate of return of 4.25% and .15% for administrative expenses.

The Commission (Pension), during its December 18, 2019 meeting adopted a change in the long-term rate of investment return assumptions from 7.95% per annum to 7.25% per annum, effective with the fiscal year beginning January 1, 2020. The 7.25% rate is net of both investment and administrative expenses. The 7.40% noted above is net of investment expenses only.

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 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 Buck 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 Buck Modified MP2015.

## **SUPPLEMENTARY INFORMATION**



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
EQUITIES**

**December 31, 2020**

Description	# of Shares	Investment at Cost	Market Value
Acuity Brands Inc	1,461	88,473	176,912
Affiliated Managers	2,793	114,327	284,048
Aptargroup Inc	3,057	149,211	418,473
Aramark	17,572	362,142	676,171
Bio-Rad Labs Inc	319	53,615	185,958
Bio-Techne Corp	966	124,400	306,753
Blackbaud Inc	3,967	67,153	228,341
Booz Allen Hamilton	1,705	110,671	148,642
Broadridge Finl Solu	2,038	79,071	312,222
Brown & Brown Inc	5,433	229,915	257,579
Burlington Stores	1,081	173,652	282,736
C A C I INC	1,000	19,669	249,330
Carlisle Co	3,237	94,579	505,555
CDW Corp	789	136,799	103,982
Choice Hotels Intl	2,772	220,258	295,856
Columbia Sportswear	2,789	82,313	243,703
Deckers Outdoor Corp	195	49,668	55,922
Dentsply Sirona Inc	6,514	154,219	341,073
Dolby Laboratories	1,936	135,681	188,044
Donaldson Co	2,828	62,847	158,029
Envista Holdings Corp	14,762	331,227	497,922
Factset Research SYS	409	45,918	135,993
Fair Isaac Intl Corp	274	10,495	140,025
Flir System Inc	3,886	107,285	170,323
Frontdoor Inc	2,840	103,213	142,596
Gartner Inc	2,226	102,078	356,583
Graco Inc	2,633	24,676	190,498
Henry Jack & Assoc	822	33,513	133,156
Hexcel Corp	5,716	142,761	277,169
IAA Inc	5,695	211,759	370,061
Idex Corp	1,211	36,277	241,231
J B Hunt Transport	3,161	259,300	431,951
Jones Lang Lasalle	1,466	186,803	217,510
Kirby Corp	3,192	172,446	165,441
Landstar Sys Inc	1,934	121,155	260,432
Lennox Interntl	1,157	232,295	316,983
LKQ Corp	4,040	126,874	142,370
Manhattan Associates	2,754	156,412	289,666
Markel Corp	276	72,678	285,191
Morningstar Inc	1,361	63,923	315,167
Nordson Corp	1,488	175,837	299,014
Pool Corp	474	116,617	176,565
Prosperity Bancshare	2,954	200,818	204,889
RPM Interntl	4,463	139,152	405,151
S E I Investments	5,104	179,204	293,327
Schein Henry Inc	1,698	321,911	113,528
Service Corp Intl	2,428	100,922	119,215
Teleflex Incorporate	305	132,477	125,529
Terminix Global Holdings	10,112	390,473	515,813
Transunion	1,703	197,725	168,972
Trimble Inc	5,081	84,624	339,258
Ultra Beauty Inc	930	169,000	267,059
UMPQUA Holdings Corp	11,381	111,811	172,308
W R Berkley Corp	10,083	328,127	669,713
Wex Inc	2,620	142,409	533,249
Woodward Inc	1,061	142,410	128,943
Total Equities		<u>\$ 7,983,268</u>	<u>\$ 15,032,130</u>

**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENTS  
MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS  
December 31, 2020**

DESCRIPTION	MATURITY	RATE/ YIELD (%)	UNITS	INVESTMENT AT COST	INVESTMENT AT MARKET
Equity Funds:					
Invesco Intl DVRS			977,617	\$ 17,420,052	\$ 22,309,240
Vanguard Russell 100 - Growth			44,149	12,780,370	21,050,934
Vanguard Russell 100 - Value			82,966	17,214,211	19,424,871
Total Equity Mutual Funds				<u>\$ 47,414,633</u>	<u>\$ 62,785,045</u>
Real Estate Trust and Mutual Funds:					
Clarion Lion Properties Fund			2,334	\$ 3,545,048	#REF!
Principal Global Real			297,768	2,952,061	2,935,993
Total Real Estate Trust and Mutual Funds				<u>\$ 6,497,109</u>	<u>#REF!</u>
Fixed Income Mutual Funds:					
Pimco Income Institutional Income Fund			1,013,816	\$ 12,162,719	\$ 12,277,318
Pimco Internatioanl Bond			572,175	6,114,038	6,345,417
Vanguard Inflation - Prote			143,069	3,714,559	4,051,739
Pioneer Bond Fund CIT			1,837,468	19,368,489	21,844,958
Total Fixed Income Mutual Funds				<u>\$ 41,359,805</u>	<u>\$ 44,519,432</u>
Corporate Obligations:					
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2015	5.25	250,000	200,159	2,375
Lehman Brothers Holdings, Inc. (Defaulted)	2/22/2023	6.25	250,000	197,678	2,375
Lehman Brothers Holdings, Inc. (Defaulted)	4/22/2053	6.00	10,000	250,000	1,040
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2013	5.00	250,000	200,170	2,375
Total Corporate Obligations				<u>\$ 848,007</u>	<u>\$ 8,165</u>
International Private Equity Fund:					
Icapital Vintage III			688,755	N/A	\$ 688,755
Icapital Vintage IV			695,479	N/A	737,743
Total Corporate Obligations				<u>\$ -</u>	<u>\$ 1,426,498</u>
Alternative Investments:					
Schwab Variable Share Price Money Fund	N/A	Variable	403,951	N/A	\$ 601,240
Millenium International Hedge Fund	N/A	N/A	5,863,137	N/A	6,789,445
Prisma Spectrum Fund LTD Adv Class E 2010 - Hedge Fund	N/A	N/A	2,689.00	N/A	4,049,499
Total Alternative Investments (Valued at NAV)				<u>N/A</u>	<u>\$ 11,440,184</u>