

CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

**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, 2021 AND 2020**

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, 2021 and 2020. 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 \$17,812,662 or 12.1% and \$17,387,072 or 13.4% as of December 31, 2021, and 2020, respectively. The increase was primarily due to a higher return on the Plan's investments for the years ended December 31, 2021, and 2020.

	December 31, 2021	December 31, 2020	December 31, 2019
Cash	\$ 4,123,480	\$ 3,262,302	\$ 2,664,292
Receivables	5,492	5,740	42,194
Investments	158,784,567	141,712,528	124,631,041
Participant Loans	2,296,460	2,420,134	2,799,644
Liabilities	<u>(207,832)</u>	<u>(211,199)</u>	<u>(334,738)</u>
Net position restricted for pensions	<u>\$ 165,002,167</u>	<u>\$ 147,189,505</u>	<u>\$ 129,802,433</u>

Year ended 12-31-2021 compared to year ended 12-31-2020 Net Assets held in Trust have increased dramatically, from December 31, 2020, by \$17,072,039 or 12.05%. This was due to large investment gains of the Plan's various investment managers.

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.

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021 AND 2020**

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Contributions	\$ 15,200,628	\$ 14,840,751	\$ 13,018,238
Net Investment Income (Loss)	18,541,850	17,997,441	19,455,098
Total Additions (Reductions)	33,742,478	32,838,192	32,473,336
Benefit Payments	15,198,013	14,947,790	13,406,450
Other Deductions	731,803	503,330	689,606
Total Deductions	15,929,816	15,451,120	14,096,056
Net Increase (Decrease)	<u>\$ 17,812,662</u>	<u>\$ 17,387,072</u>	<u>\$ 18,377,280</u>

Fiscal year 12-31-2021 compared to 12-31-2020 Total additions to net position increase by \$425,588 from the prior year primarily from continued strong investment returns, which accelerated during 2021, 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; however that growth has slowed significantly in the last year.

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.

Investment Allocation

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

	December 31, 2021		December 31, 2020		December 31, 2019	
	%	%	%	%	%	%
Cash	\$ 4,123,480	2.5%	\$ 3,262,302	2.3%	\$ 2,664,292	2.1%
Money Market Mutual Funds	-		-		2,410,547	
Variable Share Price Money Market Fund	1,350,995	0.8%	601,240	0.4%	3,171,597	3.1%
Equities, Equity Mutual Funds and Equity ETF's	80,517,863	49.4%	77,817,172	53.7%	66,335,309	52.1%
Fixed Income Mutual Funds	50,470,087	31.0%	44,519,433	30.7%	38,131,382	30.0%
Real Estate and Hedge Fund	22,610,448	13.9%	17,340,019	12.0%	14,284,058	11.2%
International Private Equity	3,830,599	2.4%	1,427,539	1.2%	288,649	0.3%
Corporate Obligations	4,575	0.00%	7,125	0.00%	9,499	0.01%
Total Cash and Investments	<u>\$ 162,908,047</u>	<u>100%</u>	<u>\$ 144,974,830</u>	<u>100%</u>	<u>\$ 127,295,333</u>	<u>99%</u>

**CITY OF JERSEY CITY EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021 AND 2020**

Investment Allocation (Continued)

The Plans' percentage of investments held in cash and fixed income held steady, while the fund decrease its position in equities and continued its increase focus on alternative investments such as real estate, hedge and private equity funds. The plan had very strong overall performance in the last two years.

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 to ldisbrow@jcnj.org.

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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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

Opinions

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, 2021 and 2020 and the related statements of changes in fiduciary net position for the years then ended, and the notes to the financial statements, which collectively comprise the City of Jersey City Employees' Retirement System financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 30, 2021, and 2020, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section below of this report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.


We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


DONOHUE, GIRONDA, DORIA & TOMKINS LLC
Certified Public Accountants

Bayonne, New Jersey
August 4, 2022

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 4,123,480	\$ 3,262,302
Receivables		
Accrued Interest and Dividends Receivable	5,492	5,740
Investments at Fair Value		
Variable Rate Money Market Fund	1,350,995	601,240
Equities	16,618,278	15,032,127
Equity Mutual Funds	63,899,585	62,785,045
Fixed Income Mutual Funds	50,470,087	44,519,433
Real Estate Investment Trust and Mutual Fund	10,689,746	6,501,074
Hedge Funds	11,920,702	10,838,945
International Private Equity Fund	3,830,599	1,427,539
Corporate Obligations	4,575	7,125
Total Investments	<u>158,784,567</u>	<u>141,712,528</u>
Participants' Loans	2,296,460	2,420,134
Total Assets	<u>165,209,999</u>	<u>147,400,704</u>
Liabilities		
Accounts Payable	56,790	53,517
Benefits Payable	151,042	157,682
Total Liabilities	<u>207,832</u>	<u>211,199</u>
Net Position Restricted for Pensions	<u>\$ 165,002,167</u>	<u>\$ 147,189,505</u>

See Accompanying Notes to Financial Statements.

CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Additions		
Contributions		
Employer	\$ 12,491,051	\$ 12,127,234
Employees	2,709,577	2,713,517
Total Contributions	15,200,628	14,840,751
Investment Income		
Net appreciation (depreciation) in fair value of investments	17,586,410	16,881,557
Interest	2,051,429	1,972,009
Dividends	118,808	100,535
Insurance from employee loans	10,668	9,799
	19,767,315	18,963,900
Less: investment expense	1,225,465	966,459
Net investment Income	18,541,850	17,997,441
Total Additions	33,742,478	32,838,192
Deductions		
Benefits	15,198,013	14,947,790
Refunds of contributions	550,744	368,533
Administrative expense	181,059	134,797
	15,929,816	15,451,120
Total Deductions	15,929,816	15,451,120
Net Increase	17,812,662	17,387,072
Net Position Restricted For Pensions		
Beginning of year	147,189,505	129,802,433
End of year	\$ 165,002,167	\$ 147,189,505

See Accompanying Notes to Financial Statements.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2022. 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, 2021 AND 2020**

NOTE 1: PLAN DESCRIPTION (Continued)

Plan Membership

	1/1/2022	1/1/2020
Retired members and eligible survivors	418	418
Inactive members entitled to but not yet receiving benefits	22	19
Active members	950	948
	1,390	1,385

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, 2021 AND 2020**

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, 2021 and 2020, respectively was 2.5% and 1.0%. 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, 2021 AND 2020**

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, 2021 and 2020, 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
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

The following tables illustrate the recurring fair value measurements as of December 31, 2021:

	12/31/2021	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				
Equities	\$ 16,618,278.00	\$ 16,618,278.00	\$ -	\$ -
Equities Mutual Funds	63,899,585	63,899,585	-	-
Fixed Income Mutual Funds	50,470,087	50,470,087	-	-
Real Estate Investment Trust and Mutual Funds	10,689,746	10,689,746	-	-
International Private Equity Fund	3,830,599	-	3,830,599	-
Corporate Obligations	4,575	-	4,575	-
Total Investments by Fair Value Level	\$ 145,512,870	\$ 141,677,696	\$ 3,835,174	\$ -
Investments measured at the net asset value (NAV)				
Variable Rate Money Market Fund ^{1,2}	\$ 1,350,995			
Equity long/short hedge fund ^{1,2}	11,920,702			
Total investments measured at Fair Value	\$ 158,784,567			

¹ 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.

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.

² 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, 2021 AND 2020**

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

The following tables illustrates 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)
Investments by fair value level				
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	-	-
Internatioanl Private Equity Fund	1,427,539	-	1,427,539	-
Corporate Obligations	7,125	-	7,125	-
Total Investments by Fair Value Level	\$ 130,272,343	\$ 128,837,679	\$ 1,434,664	\$ -
Investments measured at the net asset value (NAV)				
Variable Rate Money Market Fund ^{1,2}	\$ 601,240			
Equity long/short hedge fund ^{1,2}	10,838,945			
Total investments measured at Fair Value	\$ 141,712,528			

¹ 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.

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.

² 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, 2021 AND 2020**

NOTE 4: INVESTMENTS

The value of investments at December 31, 2021 and 2020, consist of the following:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Market	Cost	Market	Cost
Investments determined by quoted market price:				
Equities and Equity Mutual Funds	\$ 80,517,863	\$ 52,274,643	\$ 77,817,172	\$ 55,397,901
Fixed Income Mutual Funds	50,470,087	47,492,813	44,519,433	41,359,805
Real Estate Investment Trust and Mutual Funds	10,689,746	9,248,082	6,501,074	6,497,109
International Private Equity Fund	3,830,599	3,304,774	1,427,539	1,384,235
Corporate Obligations	4,575	8,166	7,125	8,166
Total	145,512,870	112,328,478	130,272,343	104,647,216
Investments valued at the NAV:				
Variable Rate Money Market Fund	1,350,995	1,350,995	601,240	601,240
Equity Long/Short Hedge Fund	11,920,702	4,949,767	10,838,945	-
Total Investments	\$ 158,784,567	\$ 118,629,240	\$ 141,712,528	\$ 105,248,456

During the years ended December 31, 2021 and 2020, the Plan's investments increased in value by \$17,586,409 and \$16,881,557 respectively, due to the changes in unrealized gains and (losses) and realized gains and (losses) as follows:

	2021	2020
Investments determined by quoted market price:		
Equities and Equity Mutual Funds	\$ 5,823,948	\$ 10,924,118
Fixed Income Mutual Funds	(182,341)	2,069,487
Hedge Funds, Real Estate Investment Trust and Mutual Funds	3,001,432	1,600,038
Unrealized gains (losses) on investments	8,643,039	14,593,643
Realized gains (losses) on investments	8,943,370	2,287,914
Net appreciation (depreciation) on investments	\$ 17,586,409	\$ 16,881,557

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, 2021 and 2020, each year. The Plan has received a total of \$2,121 and \$1,088 for the years ended December 31, 2021 and 2020, respectively from the bankruptcy administrator related to the Lehman Brothers bankruptcy settlement. The Plan has received total cumulative payments in the amounts of \$304,049 and \$301,968 for the years ended December 31, 2021 and 2020, respectively. Yearly settlement distributions are classified as interest income in the statement of changes in fiduciary net position for the years ended December 31, 2021 and 2020.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5. CASH AND CASH EQUIVALENTS

DEPOSITS

The Plan's deposits of cash and cash equivalents at December 31, 2021 and 2020 are summarized in the following table.

	2021	2020
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	3,873,480	3,012,302
	\$ 4,123,480	\$ 3,262,302

All cash and cash equivalents on deposit as of the years ended December 31, 2021 and 2020 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, 2021 and 2020 are held in foreign currency.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021, the Plan has collected \$356,104 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, 2021 and 2020, 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, 2021 and 2020, the City contributed \$12,491,051 and \$12,127,234, 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, 2021 and 2020, respectively, were provided by the City through budget appropriations.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9: NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS

Net Pension Liability

The components of the net pension liability as of December 31, 2021 and 2020, were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total Pension Liability	\$ 278,757,343	\$ 268,305,894
Plan Fiduciary Net Position	(165,002,167)	(147,172,476)
City's Net Pension Liability	<u>\$ 113,755,176</u>	<u>\$ 121,133,418</u>
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	59.2%	54.9%

Actuarial Assumptions

The total pension liability as of December 31, 2021 were determined by use of update procedures to roll forward the plan's total pension liability as of January 1, 2020 to December 31, 2021 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, 2021. 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, 2021 AND 2020**

**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, 2021 AND 2020**

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

Deaths after retirement:

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

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, 2021 AND 2020**

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, 2021 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 2.25% and 1.93% as of December 31, 2021 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, 2021 AND 2020**

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

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>
Large Growth	5.70%	N/A
Large Value	5.93%	N/A
SMID Core	6.17%	N/A
International Core	6.64%	N/A
Intermediate Bond	2.10%	N/A
TIPS	2.01%	N/A
Domestic Equity	5.70%	6.60%
International Equity	5.93%	6.80%
Domestic Fixed Income	1.75%	1.75%
High Yield	3.51%	4.35%
Real Estate	6.40%	5.75%
Private Equity	9.19%	8.00%
Hedge Funds	4.08%	4.00%
Cash	N/A	1.00%

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 6.40%	Current Discount Rate 7.40%	1% Increase to 8.40%
Net Pension Liability	\$ 147,321,557	\$ 113,755,178	\$ 85,808,758

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, 2021 AND 2020**

NOTE 11: CONTINGENCIES

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.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 4, 2022; the date this report was available to be issued.

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014 AND 2013

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Total Pension Liability									
Service cost	3,526,990	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	19,543,328	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 ¹	-	-	-	-	-	-	-	(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 ^{7, 6,5,4,3,2}	3,129,886	-	19,411,353	3,783,161	-	(760,257) ⁴	4,391,896 ³	747,983 ²	-
Benefit payments	(15,748,755)	(15,316,321)	(13,919,269)	(12,801,852)	(11,939,763)	(11,411,089)	(10,911,238)	(11,144,477)	(5,351,277)
Net change in total pension liability	10,451,449	6,073,465	27,203,958	14,836,867	7,765,608	2,759,102	11,790,415	(17,509,044)	4,439,893
Total pension liability—beginning—**	268,305,894	262,232,429	235,028,471	220,191,604	212,425,996	209,666,894	197,876,479	215,385,523	210,945,630
Total pension liability—ending (a)	278,757,343	268,305,894	262,232,429	235,028,471	220,191,604	212,425,996	209,666,894	197,876,479	215,385,523
Plan fiduciary net position									
Contributions—employer	12,491,051	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	2,709,577	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	18,558,878	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	(15,748,755)	(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	(181,062)	(134,801)	(176,787)	(207,327)	(201,869)	(233,635)	(151,631)	(235,049)	(116,739)
Other	-	-	-	-	-	-	282	-	-
Net change in plan fiduciary net position	17,829,689	17,370,043	18,377,280	(7,442,595)	14,664,021	4,259,938	(2,390,987)	2,104,670	9,179,573
Plan fiduciary net position—beginning – **	147,172,476	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)	165,002,165	147,172,476	129,802,433	111,425,153	118,867,748	104,203,727	99,943,789	102,334,776	100,230,106
Plan's net pension liability—ending (a)-(b)	113,755,178	121,133,418	132,429,996	123,603,318	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	59.19%	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	40,051,342	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	284.02%	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.

¹ Chapter 282 P.L. 2013, 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.

⁵ 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

⁶ 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

⁷ The total Pension Liability as of December 31, 2021 was prepared using demographic assumptions recommended on the basis of the January 1, 2016 - December 31, 2020 Experience Study and adopted by the Pension Commission on October 11, 2021.

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS-10 Years
DECEMBER 31, 2021 AND 2020**

<u>Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 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%
December 31, 2021	12,491,051	12,491,051	-	36,917,718	33.8%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2021 AND 2020**

	Annual Money-Weighted Rate of Return, Net of Investment Expense
	<u>Return, Net of Investment Expense</u>
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%
January 1, 2021 thru December 31, 2021	12.6%

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021 AND 2020**

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, 2021

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, 2021 and December 31, 2020 were determined by the January 1, 2022 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, 2021 and 2020.

Interest rate for accounting calculations:

7.40% (7.25% plus .15% for admin. Expenses), per annum, compounded annually as of December 31, 2021 and 2020.

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, 2021 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, 2021

Description	# of Shares	Investment at Cost	Market Value
Acuity Brands Inc	1,121	49,898	237,338
Advance Drainage	809	89,556	110,129
Affiliated Managers	3,094	338,604	508,994
Aptargroup Inc	3,057	149,211	374,421
Aramark	14,263	273,161	525,592
Bio-Techne Corp	586	62,296	303,161
Black Night Inc	3,375	241,800	279,754
Blackbaud Inc	3,393	96,731	267,979
Booz Allen Hamilton	2,568	183,105	217,741
Broadridge Finl Solu	1,235	87,683	225,783
Brown & Brown Inc	7,544	370,358	530,192
Burlington Stores	566	88,624	164,995
C A C I INC	1,000	255,693	269,210
Carlisle Co	3,188	226,834	791,006
Caseys Gen Stores	1,033	204,977	203,862
Choice Hotels Intl	2,772	181,003	432,404
Columbia Sportswear	2,789	111,982	271,760
Deckers Outdoor Corp	467	137,529	171,068
Dentsply Sirona Inc	3,185	96,690	177,691
Dolby Laboratories	4,229	353,964	402,685
Envista Holdings Corp	11,713	243,509	527,787
Factset Research SYS	409	31,234	198,778
Gartner Inc	788	44,238	263,444
Graco Inc	2,633	24,676	212,272
Go Daddy Group, Inc	2,321	165,942	196,960
Henry Jack & Assoc	822	19,482	137,265
Hexcel Corp	4,607	214,332	238,643
IAA Inc	5,695	270,733	288,281
Idex Corp	1,211	36,277	286,184
J B Hunt Transport	2,716	177,498	555,150
Jones Lang Lasalle	1,466	186,803	394,852
Kirby Corp	3,192	172,446	189,668
Landstar Sys Inc	2,312	211,650	413,894
Lennox Interntl	1,157	191,573	375,284
LKQ Corp	5,689	223,934	341,510
Manhattan Associates	1,525	55,908	237,122
Markel Corp	365	245,559	450,410
Morningstar Inc	1,132	83,907	387,133
Nordson Corp	1,072	126,138	273,649
Pool Corp	324	50,783	183,384
Prosperity Bancshare	2,954	200,818	213,574
RPM Interntl	5,181	344,374	523,281
S E I Investments	6,161	255,623	375,451
Schein Henry Inc	1,698	92,826	131,645
Service Corp Intl	3,318	161,375	235,375
Teleflex Incorporate	675	202,382	221,754
Terminix Global Holdings	7,557	278,582	341,853
Trimble Inc	1,635	45,605	142,556
Ultra Beauty Inc	806	144,076	332,396
UMPQUA Holdings Corp	8,743	96,528	168,235
W R Berkley Corp	10,083	452,318	830,758
Wex Inc	2,620	253,558	367,828
Woodward Inc	1,061	123,245	116,137
Total Equities		\$ 9,027,631	\$ 16,618,278

**CITY OF JERSEY CITY
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENTS
MUTUAL FUNDS, CORPORATE OBLIGATIONS AND ALTERNATIVE INVESTMENTS
December 31, 2021**

DESCRIPTION	MATURITY	RATE/ YIELD (%)	UNITS	INVESTMENT AT COST	INVESTMENT AT MARKET
Equity Funds:					
Invesco Intl DVRS			972,882	\$ 17,524,512	\$ 21,345,037
Vanguard Russell 100 - Growth			34,255	9,933,071	20,691,723
Vanguard Russell 100 - Value			75,994	15,789,429	21,862,825
Total Equity Mutual Funds				<u>\$ 43,247,012</u>	<u>\$ 63,899,585</u>
Real Estate Trust and Mutual Funds:					
Clarion Lion Properties Fund			2,382	\$ 3,643,319	\$ 4,394,409
Principal Global Real Estate			529,910	5,604,763	6,295,337
Total Real Estate Trust and Mutual Funds				<u>\$ 9,248,082</u>	<u>\$ 10,689,746</u>
Fixed Income Mutual Funds:					
Pimco Income Institutional Income Fund			1,454,367	\$ 17,474,822	\$ 17,365,142
Pimco Internatioanl Bond			572,175	6,209,717	6,239,661
Vanguard Inflation - Prote			143,069	4,453,161	4,812,531
Pioneer Bond Fund CIT			1,836,199	19,355,113	22,052,752
Total Fixed Income Mutual Funds				<u>\$ 47,492,813</u>	<u>\$ 50,470,086</u>
Corporate Obligations:					
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2015	5.25	250,000	200,159	1,500
Lehman Brothers Holdings, Inc. (Defaulted)	2/22/2023	6.25	250,000	197,678	1,500
Lehman Brothers Holdings, Inc. (Defaulted)	4/22/2053	6.00	10,000	250,000	75
Lehman Brothers Holdings, Inc. (Defaulted)	2/11/2013	5.00	250,000	200,170	1,500
Total Corporate Obligations				<u>\$ 848,007</u>	<u>\$ 4,575</u>
International Private Equity Fund:					
Icapital Vintage III			688,755	\$ 1,509,602	\$ 1,496,165
Icapital Vintage IV			695,479	1,795,172	2,334,434
Total International Private Equity				<u>\$ 3,304,774</u>	<u>\$ 3,830,599</u>
Alternative Investments:					
Schwab Variable Share Price Money Fund	N/A	Variable	1,350,589	1,350,995	\$ 1,350,995
Millenium International Hedge Fund	N/A	N/A	11,290,869	4,949,767	11,557,525
Prisma Spectrum Fund LTD Adv Class E 2010 - Hedge Fund	N/A	N/A	323.00	N/A	363,177
Total Alternative Investments (Valued at NAV)				<u>\$ 6,300,762</u>	<u>\$ 13,271,697</u>