City of Jacksonville

Police and Fire Pension Fund

FISCAL YEAR 2022

ANNUAL REPORT

Table of Contents

Letter from the Executive Director

Dear Shareholders of the Police and Fire Pension Fund:

I am writing to you to update you on the performance of the PFPF over the fiscal year. Despite the challenges posed by the current market conditions, our main focus remains on maximizing returns while effectively managing risks, in order to provide secure and safe retirement benefits to our members.

As of this fiscal year, we had 5,290 members and beneficiaries, with benefits payments totaling $247,585,520, and an economic impact of $346,619,728. This year was particularly challenging due to the strong economic growth that was followed by tremendous financial market volatility, which resulted in the PFPF having an actuarial accrued liability of $4.92 billion and an actuarial value of assets of $2.26 billion.

The market instability led to the PFPF's first investment loss in seven years, with our investments having a negative return of -16.78% as of September 30, 2022. Poor performance by certain managers, economic turmoil, and inflation all contributed to the erosion of the value of our investments. However, it is important to note that there are always ups and downs in investing, and despite a difficult year, the PFPF has consistently made positive investment returns over the past six years, with a return of 66.4%.

As the political, economic, and demographic landscape changes, funds must adapt their design and assumptions to respond and maintain their sustainability. To this end, the PFPF began executing certain practices this past year, including the Money Manager watch list, Smoothing the Pension Liability Surtax, and a reduced assumed rate of 6.25%. The combined impact of smoothing and the assumed rate change will increase the employer contribution by $8 million.

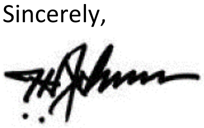
In addition, we are pleased to report that allocations to private assets exceeded $115 million, including a $25 million allocation to Artemis - a diverse and majority women-owned firm managing approximately $6 billion of investor equity across core plus, value-add, and opportunistic strategies. We also paid $112,627 in trading commissions to MWBE & SDVOB broker/dealers, by PFPF's equity managers.

Looking ahead, the PFPF will work with members to enhance financial planning beyond pension and DROP benefits. We are also keeping a close eye on the US economic outlook, with many expecting persistently high inflation and rising interest rates to tip the economy into a brief and mild recession. Additionally, there are city elections in Jacksonville, Florida in 2023, which will include elections for mayor, city council, supervisor of elections, property appraiser, sheriff, and tax collector.

Lastly, I would like to mention some exits and enlistments. Rodney Van Pelt was appointed as a member of the Police and Fire Pension Fund Financial Investment and Advisory Committee by the Jacksonville City Council in June 2016. He served for 5 years and provided exceptional contributions and guidance to the Fund. The Board and I urge you to join us in recognizing his dedication and outstanding service to the Committee, the Fund, and its Members. We also have some new leadership enlistments, including Steve Glenn replacing Rodney Van Pelt on the FIAC, Brian Chappell replacing James Mattera on the FIAC, Councilman Randy White appointed as the new City Council Liaison, and Mia Jones replacing Richard Patsy on the Board of Trustees.

Thank you for your continued support and trust in the PFPF.

Sincerely,



Timothy H. Johnson, Executive Director – Plan Administrator

Independent Auditors' Report

The Board of Trustees of the Police and Fire Pension Fund
City of Jacksonville, Florida

Opinion

We have audited the accompanying combined financial statements of the City of Jacksonville, Florida Police and Fire Pension Fund and Senior Staff Voluntary Retirement Plan (collectively the "Fund"), which comprise the statement of fiduciary net position as of September 30, 2022, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of September 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 opinion.

Responsibility of Management for the Combined Financial Statements

The Fund's management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of combined 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 Fund'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.

Auditors' Responsibility for the Audit of the Combined 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 and Government 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 and Government 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 Fund'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 Fund'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.

Emphasis of Matter

As discussed In Note 1 to the combined financial statements, the accompanying combined financial statements present only the City of Jacksonville, Florida Police and Fire Pension Fund and do not purport to, and do not, present fairly the net position restricted for pension benefits of the City of Jacksonville, Florida, as of September 30, 2022, or the City's changes in net position restricted for pension benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined 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 combined financial statements in 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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 Fund's basic financial statements. The supplementary information as listed in the table of contents is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated April 21, 2023 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
April 21, 2023

FY 2022 Fund Audit

City of Jacksonville, Florida
Police and Fire Pension Fund
Combined Statement of Fiduciary Net Position
September 30, 2022

2022 FINANCIAL HIGHLIGHTS:

FY 2022 Fund Audit

ASSETS		
Investments		
Long-term investments		
Fixed incomes securities	$	211,493,584
Domestic and international equities		1,284,566,586
Real estate		334,610,244
Short-term investments		18,542,690
Total investments		1,972,305,277
Receivables		
Other receivable		81,351
Interest and dividends receivable		1,985,159
Due from City		27,290
Total receivables		2,093,800
Cash		25,366,384
Other assets		399,075
Securities lending collateral		82,803,809
Total assets		2,082,968,345
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension, net		70,447
LIABILITIES		
Accounts payable		2,531,466
Compensated absences – current		40,096
Compensated absences – long-term		93,558
Net pension liability – SSVRP		142,225
Other liabilities		66,143
Securities lending obligations		82,803,809
Total liabilities		85,677,297
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension, net		544,680
Fiduciary net position available for pension benefits	$	1,996,816,815

City of Jacksonville, Florida
Police and Fire Pension Fund
Combined Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

ADDITIONS		
Contributions		
Employer		157,520,476
Plan member		17,362,646
Plan member buybacks and pension transfers		914,588
Total contributions		175,797,710
Other contributions		
Court fines and other penalties		666,933
State insurance contributions		15,797,724
Miscellaneous		259,815
Total other additions		16,724,472
Securities lending activities		
Lending revenue		294,206
Less lending expense		(73,506)
Total securities lending activities		220,700
Total additions		192,742,882
DEDUCTIONS		
Benefit-related expenses		
Pension benefits remitted (including DROP)		221,912,405
Refunds of contributions		1,579,603
Total benefit-related expenses		223,492,008
Administrative expenses		
Personnel services		1,261,247
Professional services - non investment		275,688
Building rent - office space		258,000
Central services		88,226
Supplies		5,903
Other services and changes		207,848
Total administrative expenses		2,096,912
Investment loss		
Net depreciation in value of investments		464,281,326
Interest and dividends received		(43,130,680)
Rental and parking revenue		(598,765)
Less investment expenses		12,313,970
Less rental expenses		194,274
Total investment loss		433,060,125
Other expenses		
GASB 68 SSVRP Pension expense		49,031
Reserve reduction disbursements		24,127,888
Total other expenses		24,176,919
Total deductions		682,825,964
Net decrease		(490,083,082)
Fiduciary net position available for benefits - beginning of year		2,486,899,897
Fiduciary net position available for benefits - end of year	$	1,996,816,815

2022 FINANCIAL HIGHLIGHTS:

FY 2022 Fund Audit

Actuarial Certification

Board of Trustees
Jacksonville Police and Fire Pension Fund
One West Adams Street, Suite 100

Jacksonville Police and Fire Pension Fund Actuarial Valuation as of October 1, 2022 and Actuarial Disclosures

Dear Trustees:

The results of the October 1, 2022 Annual Actuarial Valuation of the Jacksonville Police and Fire Pension Fund are presented in this report.

The computed contribution rates shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the Fund in excess of those presented in this report be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions, as the assessment of these risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the Fund's financial condition.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the Fund's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2024, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data through July 1, 2022 and financial information through September 30, 2022. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Fund's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The actuarial information for GASB Statement No. 67 is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes. Our calculation of the Net Pension Liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 67. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results.

The valuation was based upon information furnished by the Executive Director concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Executive Director.

In addition, this report was prepared using certain assumptions and methods approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Methods. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Assumptions and Cost Methods section in accordance with Florida House Bill 1309 (codified in Chapter 2015-157). The prescribed methods include the use of an initial 30-year amortization period for amortizing the unfunded liability as required under Florida Statute 112.64(6)(a), the recognition of the present value of future Pension Liability Surtax proceeds as required by Florida Statute 112.64(6), and the use of a payroll growth assumption to amortize the unfunded liability as required under Florida Statute 112.64(6)(b). Additional information and disclosures regarding these prescribed methods can be found on pages 4 and 5 of this actuarial valuation report.

This report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Jacksonville Police and Fire Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices, with some exceptions noted on pages 4 and 5 under the section entitled "Disclosures Regarding the Pension Liability Surtax and Florida Statute 112.64(6)." There is no benefit or expense to be provided by the plan and/or paid from the Fund's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

Pete Strong

Peter N. Strong, FSA, FCA, MAAA
Enrolled Actuary No. 23-6975
Senior Consultant & Actuary

Jeff Amrose

Jeffrey Amrose, FCA, MAAA
Enrolled Actuary No. 23-6599
Senior Consultant & Actuary

FY 2022 Actuarial Valuation Report

Jacksonville Police and Fire Pension Fund
Calculation of City Minimum Required Contribution as of October 1, 2022

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)				
A. Valuation Date	October 1, 2022 *After Method and Assumption Changes*	October 1, 2022 *After Assumption Changes*	October 1, 2022 *Before Changes*	October 1, 2021
B. ADC to Be Paid During Fiscal Year Ending	9/30/2024	9/30/2024	9/30/2024	9/30/2023
C. Assumed Date of Employer Contributions	12/1/2023	12/1/2023	12/1/2023	12/1/2022
D. Expected Covered Payroll for the Year Beginning on the Valuation Date	$ 162,885,451	$ 162,885,451	$ 162,885,451	$ 161,835,740
E. Annual Payment to Amortize Unfunded Actuarial Liability	97,631,905	94,325,284	91,992,542	86,469,709
F. Employer Normal Cost	72,464,672	72,464,672	69,925,194	66,937,017
G. ADC if Paid on the Valuation Date: E + F	170,096,577	166,789,956	161,917,736	153,406,726
H. Contributions from Other Sources	0	0	0	0
I. City Contribution: G - H as % of Covered Payroll	170,096,577 104.43 %	166,789,956 102.40 %	161,917,736 99.41 %	153,406,726 94.79 %
J. Actuarially Determined Contribution (ADC) in Contribution Year*	174,039,920	170,656,641	165,703,861	156,993,838

* = City Contribution (item G.) x (1+payroll growth of 1.25%) x (1+interest rate) ^ (2/12)

Jacksonville Police and Fire Pension Fund
Actuarial Value of Benefits and Assets

ACTUARIAL VALUE OF BENEFITS AND ASSETS				
A. Valuation Date	October 1, 2022 *After Method and Assumption Changes*	October 1, 2022 *After Assumption Changes*	October 1, 2022 *Before Changes*	October 1, 2021
B. Actuarial Present Value of All Projected Benefits for				
1. Active Members				
a. Service Retirement Benefits	$ 1,653,499,309	1,653,499,309	1,605,601,021	$ 1,590,230,118
b. Vesting Benefits	54,759,818	54,759,818	53,127,084	53,699,356
c. Disability Benefits	18,380,897	18,380,897	17,941,480	19,018,805
d. Preretirement Death Benefits	9,475,791	9,475,791	9,250,454	9,489,410
e. Return of Member Contributions	518,626	518,626	514,926	569,198
f. Total	1,736,634,441	1,736,634,441	1,686,434,965	1,673,006,887
2. Inactive Members				
a. Service Retirees	2,808,281,422	2,808,281,422	2,770,494,107	2,668,073,504
b. DROP Retirees	614,704,274	614,704,274	603,257,976	499,795,047
c. Disability Retirees	31,524,337	31,524,337	31,089,283	31,134,438
d. Beneficiaries	256,722,957	256,722,957	254,045,678	230,704,556
e. Terminated Vested Members	29,955,474	29,955,474	29,277,936	25,785,262
f. Total	3,741,188,464	3,741,188,464	3,688,164,980	3,455,492,807
3. Total for All Members	5,477,822,905	5,477,822,905	5,374,599,945	5,128,499,694
C. Actuarial Accrued (Past Service) Liability				
1. Active Members	1,175,204,361	1,175,204,361	1,147,228,203	1,118,840,768
2. Inactive Members	3,741,188,464	3,741,188,464	3,688,164,980	3,455,492,807
3. Total for All Members	4,916,392,825	4,916,392,825	4,835,393,183	4,574,333,575
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	4,770,822,161	4,770,822,161	4,690,987,131	4,433,476,462
E. Plan Assets				
1. Gross Market Value of Assets	1,996,816,815	1,996,816,815	1,996,816,815	2,487,628,465
2. Reserve Accounts, including Share Plan	(17,069,210)	(17,069,210)	(17,069,210)	(22,458,814)
3. Sr. Staff Plan Assets	(3,538,585)	(3,538,585)	(3,538,585)	(4,605,550)
4. Net Market Value of Assets	1,976,209,020	1,976,209,020	1,976,209,020	2,460,564,101
5. Actuarial Value of Assets	2,259,229,842	2,259,229,842	2,259,229,842	2,198,634,746
F. Total Unfunded Actuarial Accrued Liability: C3 - E5	2,657,162,983	2,657,162,983	2,576,163,341	2,375,698,829
G. Net Present Value of Total Pension Liability Surtax Proceeds According to Pro Rata Share	1,260,338,181	1,308,460,932	1,275,691,839	1,129,798,018
H. Net Unfunded Actuarial Accrued Liability: F - G	1,396,824,802	1,348,702,051	1,300,471,502	1,245,900,811
I. Actuarial Present Value of Projected Covered Payroll	1,217,880,794	1,217,880,794	1,210,688,956	1,244,602,525
J. Funded Ratio: E5 / C3	45.95%	45.95%	46.72%	48.06%
K. Percent of Actuarial Accrued Liability Covered by Assets and Total Pension Liability Surtax Proceeds: (G + E5) / C3	71.59%	72.57%	73.11%	72.76%
L. Liquidity Ratio				
1. DROP Balance as of Valuation Date	400,612,610	400,612,610	400,612,610	380,688,717
2. Net Market Value (Net of DROP): E4 - L1	1,575,596,410	1,575,596,410	1,575,596,410	2,079,875,384
3. Annual Benefit Payments in Pay Status	207,162,959	207,162,959	207,162,959	194,043,694
4. Ratio: L2 : L3	7.61 : 1	7.61 : 1	7.61 : 1	10.72 : 1

*Inactive members liabilities include DROP Account Balances, split based on status as of June 1.

Jacksonville Police and Fire Pension Fund
Liquidation of the Unfunded Actuarial Accrued Liability

Before Changes

UAAL AMORTIZATION PERIOD AND PAYMENTS							
Original UAAL				Current UAAL*			
Date Established	Type of Amortization Base	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/2016	Fresh Start	30	$ 1,243,587,908	24	$ 1,153,848,928	$ 81,805,951
10/1/2017	Experience (Gain)/Loss	30	(102,449,877)	25	(99,463,964)	(6,910,251)
10/1/2017	Assumption Changes	30	67,640,845	25	65,669,446	4,562,379
10/1/2018	Experience (Gain)/Loss	30	(19,072,874)	25	(18,562,606)	(1,289,636)
10/1/2018	Method Change	29	15,507,222	25	15,092,348	1,048,540
10/1/2019	Experience (Gain)/Loss	28	33,690,255	25	32,742,727	2,274,798
10/1/2019	Benefit Change	28	2,158,327	25	2,097,626	145,732
10/1/2020	Experience (Gain)/Loss	27	84,589,421	25	82,620,735	5,740,069
10/1/2020	Assumption Changes	27	36,384,579	25	35,537,786	2,468,985
10/1/2021	Experience (Gain)/Loss	26	(147,822,021)	25	(145,114,375)	(10,081,809)
10/1/2021	Assumption Changes	26	98,517,513	25	96,712,974	6,719,126
10/1/2022	Experience (Gain)/Loss	25	79,289,877	25	79,289,877	5,508,658
			1,392,021,175		1,300,471,502	91,992,542

After Assumption Changes

UAAL AMORTIZATION PERIOD AND PAYMENTS						
Original UAAL				Current UAAL*		
Date Established	Type of Amortization Base	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/2016	Fresh Start	30	$ 1,243,587,908	24	$ 1,153,848,928	$ 80,936,495
10/1/2017	Experience (Gain)/Loss	30	(102,449,877)	25	(99,463,964)	(6,834,389)
10/1/2017	Assumption Changes	30	67,640,845	25	65,669,446	4,512,293
10/1/2018	Experience (Gain)/Loss	30	(19,072,874)	25	(18,562,606)	(1,275,478)
10/1/2018	Method Change	29	15,507,222	25	15,092,348	1,037,029
10/1/2019	Experience (Gain)/Loss	28	33,690,255	25	32,742,727	2,249,825
10/1/2019	Benefit Change	28	2,158,327	25	2,097,626	144,133
10/1/2020	Experience (Gain)/Loss	27	84,589,421	25	82,620,735	5,677,053
10/1/2020	Assumption Changes	27	36,384,579	25	35,537,786	2,441,880
10/1/2021	Experience (Gain)/Loss	26	(147,822,021)	25	(145,114,375)	(9,971,130)
10/1/2021	Assumption Changes	26	98,517,513	25	96,712,974	6,645,362
10/1/2022	Experience (Gain)/Loss	25	79,289,877	25	79,289,877	5,448,183
10/1/2022	Assumption Changes	25	48,230,549	25	48,230,549	3,314,028
			1,440,251,724		1,348,702,051	94,325,284

*Reflects an offset equal to the net present value of the total pension liability surtax proceeds based on a pro rata share of 58.9%.

Jacksonville Police and Fire Pension Fund
Pension Liability Surtax Estimates

PENSION LIABILITY SURTAX ESTIMATES 4.25% GROWTH			
Fiscal Year	Projected Total 1/2-Penny Sales Tax	Projected Pension Liability Surtax	58.9% of Revenue for Police and Fire Pension Fund
2022	$ 112,840,490		
2023	117,636,211		
2024	122,635,750		
2025	127,847,769		
2026	133,281,299		
2027	138,945,755		
2028	144,850,949		
2029	151,007,114		
2030	157,424,917		
2031	164,115,476	$ 123,086,607	$ 72,498,011
2032	171,090,384	171,090,384	100,772,236
2033	178,361,725	178,361,725	105,055,056
2034	185,942,098	185,942,098	109,519,896
2035	193,844,637	193,844,637	114,174,491
2036	202,083,034	202,083,034	119,026,907
2037	210,671,563	210,671,563	124,085,551
2038	219,625,105	219,625,105	129,359,187
2039	228,959,172	228,959,172	134,856,952
2040	238,689,937	238,689,937	140,588,373
2041	248,834,259	248,834,259	146,563,378
2042	259,409,715	259,409,715	152,792,322
2043	270,434,628	270,434,628	159,285,996
2044	281,928,099	281,928,099	166,055,651
2045	293,910,044	293,910,044	173,113,016
2046	306,401,220	306,401,220	180,470,319
2047	319,423,272	319,423,272	188,140,307
2048	332,998,761	332,998,761	196,136,270
2049	347,151,209	347,151,209	204,472,062
2050	361,905,135	361,905,135	213,162,125
2051	377,286,103	377,286,103	222,221,515
2052	393,320,763	393,320,763	231,665,929
2053	410,036,895	410,036,895	241,511,731
2054	427,463,463	427,463,463	251,775,980
2055	445,630,660	445,630,660	262,476,459
2056	464,569,964	464,569,964	273,631,709
2057	484,314,187	484,314,187	285,261,056
2058	504,897,540	504,897,540	297,384,651
2059	526,355,685	526,355,685	310,023,499
2060	548,725,802	548,725,802	323,199,497
2061	572,046,649	143,011,662	84,233,869
Total Proceeds from 2031-2061:		**$ 9,700,363,329**	**$ 5,713,514,001**
Net Present Value of Proceeds as of 10/1/22:			
After Method Change (at 6.5% interest):		**$ 2,139,793,177**	**$ 1,260,338,181**

Market Commentary for Fiscal Year 2022

To the City of Jacksonville Police & Fire Pension Fund

Perhaps the most notable aspect of Fiscal Year 2022 was the sudden and substantial surge in inflation, both in the U.S. and globally. It had significant effects on the capital markets generally and on the portfolios of institutional investors, including the City of Jacksonville Police and Fire Pension Fund. FY 2022 began on the heels of an impressive post-pandemic recovery in which the PFPF realized a one-year net of fees return of 23.4% (for FY 2021), with all the major asset classes in the Fund showing positive absolute returns. However, by the Fall of 2022, the start of the current Fiscal Year, the economic recovery was impeded by a surge in COVID-19 infections as a new variant (delta) spread around the world, while simultaneously inflation was on the rise.

Fast forward to January 2022, with inflation at a multi-decade high and Russia-Ukraine concerns mounting, U.S. equity markets posted their worst week since March 2020. The following months saw inflation continue to increase as Russia waged war on Ukraine, new COVID fears arose, lockdowns in China persisted, a tight labor market in the US endured, and the Federal Reserve Open Market Committee ("FOMC") began hiking interest rates in March 2022. By June 2022, despite the FOMC's best attempts to quell inflation, inflation in the U.S. hit a 40-year high when consumer prices jumped by 9.1%. By Fiscal Year-End, the FOMC had increased the Federal Funds Rate to a range of 3.00%-3.25%, reached via five consecutive rate hikes and a third consecutive 75 basis points ("bps") hike since March 2022.

All of this translated into a very challenging and most unusual year for institutional investors. For the Fiscal Year, ended September 30, 2022, the PFPF realized a one-year return of -16.7% (net of fees), which resulted in a Total Fund ending market value of just under $2 billion. Longer-term annualized rates of return are 6.5% for the seven-year period and 6.6% for the ten-year period (both net of fees). Despite recent-term challenges, over the ten-year period, the Fund ranks slightly above the median return for public fund peers ranging from $1 billion to $5 billion,[1] specifically falling at the 46th percentile.

For the Fiscal Year 2022, we saw broad market declines in both Global Equities and Fixed Income. While the Great Financial Crisis was more extreme for a variety of reasons (and recorded a larger percentage decline for equity), the market declines in this most recent downturn, since the beginning of 2022, have eroded more dollar value given the unusually broad decline seen across almost every asset class, particularly in both stocks and bonds, including assets perceived to be normally quite stable such as Treasury bonds. It is highly unusual to witness a major decline in both stocks and bonds, an event significantly driven by the surge in inflation.

Global Equities posted declines for the three consecutive quarters to end the Fiscal Year. Emerging Markets, as measured by the MSCI Emerging Market Index, was the worst performing major equity sub-asset class, returning 28.1% for the one-year. International Developed Markets, as measured by the MSCI EAFE Index, ended the Fiscal Year down -25.1%, while U.S. Equities, as measured by the Russell 3000 Index, also finished in negative territory, down -17.6% for the one-year.

As noted above, it was also a challenging year for Fixed Income. Bonds globally posted negative returns amid concerns about inflation and the expectation of higher interest rates. The Treasury yield curve shifted up and inverted in FY 2022, with yields at the shorter end of the curve increasing more than yields at the longer end. As of September 30, 2022, the yield on the 1-year was 4.0%, while the yield on the 30-year was 3.8%. Government/Treasury bonds outperformed corporate bonds as spreads widened, and long-duration bonds underperformed shorter-duration bonds. Investment-grade bonds also had negative returns, but those declines, while material, were not as great as those observed in equities. The Bloomberg US Aggregate Index returned -14.6%, for Fiscal Year 2022.

Much like the market, the PFPF's Equity exposure, more specifically, International Equities, was the greatest absolute detractor to Total Fund performance. The PFPF's International Equity and U.S. Equity composites returned -30.2% and -21.1%, respectively, over the one-year period (net of fees). Actively managed mandates within the Fund's equity allocation saw mixed results during this period, although we did observe that the majority of the PFPF's active equity managers did outperform respective median peers.[2] While it was a challenging year for Fixed Income, the majority of the PFPF's active fixed income managers also added value over their respective benchmarks and bested respective median peers, with the PFPF's Fixed Income composite returning -14.2% (net of fees), outperforming its benchmark by nearly 70 bps. The PFPF's Core Real Estate allocation, which typically acts as a moderate hedge in inflationary environments, was a bright spot for the year, boosting absolute total fund performance, returning 19.3% (net of fees) for the year, benefitting from both positive income and appreciation.

Worth noting is the added diversification benefits sought from the two new asset classes that were introduced to the PFPF's asset allocation, as approved by the Board in Fiscal Year 2020. Though early in their life as part of the Fund's asset allocation, Non-Core Real Estate and Private Credit, provided additional layers of return diversification and added positively to performance over the period. As of September 30, 2022, the composite multiple for Private Credit stood at 1.03, which means for every $1 the PFPF has committed to the asset class to date, 3 cents of value has been created. For Non Core Real Estate, that multiple was 1.16. The build out of these two asset classes is still in its infancy, and we expect these numbers to further improve over time, but early indications around the inclusions of these asset classes, and the managers thus far selected to implement them, is positive.

From a portfolio construction standpoint, it was a year that saw meaningful progress as Staff and RVK worked diligently to present the Board and FIAC opportunities, which sought to bring the Fund closer to its long-term stated policy targets. Of significance was the Board's approval of two new Non-Core Real Estate Fund Commitments – Hammes Partners Fund IV and Artemis Healthcare Fund II. Consistent with the Board's objectives to identify and promote diversity within the investment managers it chooses to engage, the latter commitment represents the PFPF's first private market approval and commitment to a majority women and minority-owned firm. Further, within Private Credit, the Board also approved a commitment to The Victory Park Capital Asset-Backed Opportunistic Credit Fund, which will complement the PFPF's anchor commitment to Ares Pathfinder Core in the prior Fiscal Year. The RVK team expects to bring forward multiple opportunities for consideration each year, for both Private Credit and Non-Core Real Estate, consistent with the Board approved annual pacing studies, which will allow the Fund to reach its targeted allocations in a prudent manner that achieves both diversification and efficiency. As of our latest pacing analysis, completed in early 2023, we expect the Fund to hit its respective asset class targets by 2025/2026.

In closing, while FY 2022 was a challenging year for all institutional investors and the path forward in the investment markets in the coming year is characterized by many significant unknowns. Among those many uncertainties, two stand out: (1) the path of inflation in the U.S. and globally, and (2) and whether the economies of the U.S. and the world can avoid a recession given the effects of higher interest rates. We continue to believe in a disciplined and diversified approach to investing, a prudent and deliberate strategy that can weather short-term challenges, staying focused on the long-term, and benefiting from opportunities as they emerge over time.

RVK, Inc.

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[1] RVK utilizes the Mellon Analytical Solutions Trust Universe along with the Investment Metrics Plan Sponsor Universe.

[2] RVK utilizes Investment Metrics' Peer Groups for investment manager peer comparison and ranking.

Jacksonville Police and Fire Pension Fund 2022

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