FIRE & POLICE

Employees' Retirement System
City of Baltimore, Maryland

Annual Comprehensive Financial Report

A Component Unit of the City of Baltimore, Maryland

Year Ended June 30, 2023

Baltimore City Fire Department

http://fire.baltimorecity.gov/

For more than 160 years the Baltimore City Fire Department has provided fire protection and emergency medical services to the citizens of the City of Baltimore. The department serves a geographic area of 92 square miles and a population of more than 550,000 residents. The Baltimore City Fire Department prides itself on being a diverse and evolving extension of the community, committed to providing excellent service to all they serve, in a professional and humanitarian way. The members of the Baltimore City Fire Department are dedicated to professionalism, integrity, accountability, and respect for all.

Baltimore Police Department

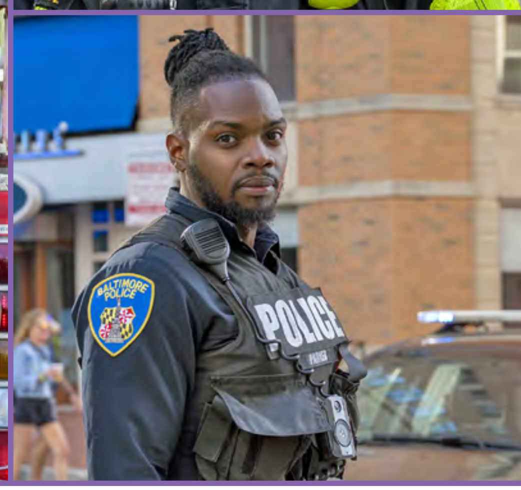
www.baltimorepolice.org

The Baltimore Police Department is the 8th largest municipal police force in the United States. It is staffed by nearly 3,100 civilian and sworn personnel. The men and women of the Baltimore Police Department are dedicated to upholding the Constitution and enforcing laws in a fair, impartial, and ethical manner. The Baltimore Police Department's mission is to create and maintain a culture of service that builds trust and legitimacy in all communities, values the sanctity of human life, and provides for the safety and well-being of all.

The F&P would like to give special thanks to the Baltimore Police Department's Office of Public Information and freelance photographer Stan Jaworski for the use of the photographs in the Annual Comprehensive Financial Report.

FIRE & POLICE

Employees' Retirement System
City of Baltimore, Maryland



Annual Comprehensive Financial Report

A Component Unit of the City of Baltimore, Maryland

Year Ended June 30, 2023

Prepared by:

Robert Q. Holley, Executive Director

Howard I. Mossovitz, Deputy Executive Director

Venerando E. Ignacio III, Accounting Manager

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fire and Police Employees' Retirement System
City of Baltimore, Maryland

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF BALTIMORE
BRANDON M. SCOTT, Mayor

FIRE AND POLICE EMPLOYEES' RETIREMENT SYSTEM
Robert Q. Holley, Executive Director
7 E. Redwood Street
18th Floor
Baltimore, Maryland 21202

November 21, 2023

The Honorable Members of the Board of Trustees
Fire and Police Employees' Retirement System
Baltimore, Maryland

The Fire and Police Employees' Retirement System of the City of Baltimore (F&P, Plan, System) has just completed sixty-one years of service to the uniformed officers of the Baltimore City Fire and Police Departments. On behalf of the dedicated staff that serves the System's membership, I am pleased to submit the Annual Comprehensive Financial Report of the F&P for the fiscal year ended June 30, 2023. The System's administration is responsible for both the accuracy of the data and the completeness of the presentation, including all disclosures. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the F&P. The F&P is a component unit of the City of Baltimore.

Established July 1, 1962, by City ordinance, the F&P is a defined benefit plan that covers all uniformed officers of the Baltimore City Fire and Police Departments. The Plan also covers certain Maryland Aviation Administration firefighter/paramedics. These State of Maryland employees were grandfathered into F&P plan coverage by State law.

All System-related administrative and benefit provisions are established by City ordinance, as contained in Article 22 of the Baltimore City Code, and may be amended only by the Mayor and City Council. The F&P provides normal service retirement benefits for members who attain the required age and/or service requirements, and now due to plan amendments passed in June 2010, early service retirement benefits. Coverage for line-of-duty disability benefits is immediate upon entry into the System. Disability benefits for non-duty-related injury or illness are provided after the attainment of five years of membership. Line-of-duty death benefits are provided upon membership for any member whose death results from an injury occurring in the actual performance of duty. After one year of System service, members are also covered for non-duty-related death benefits. Members who do not reach normal or early service retirement benefit eligibility remain vested only in their accumulated member contributions and interest credits which are payable to the member upon termination from employment. A Deferred Retirement Option Plan (DROP) is available to members who entered the F&P prior to July 1, 2003, and who attained twenty or more years of service as of December 31, 2009. Members who do not meet the eligibility requirements for DROP may become eligible to participate in DROP 2 that commenced January 1, 2010. More information concerning the benefit provisions, DROP, and DROP 2, can be found in the Summary of Plan Provisions in the Actuarial Section of this report.

Major Initiatives

The F&P has adjusted well to the "new normal" work schedule of the post pandemic world. While there is not a one-size-fits-all solution, the F&P continues a hybrid work schedules with employees in the office a minimum of three days per week. In that regards, I have sent all new supervisors to management training to provide them with the tools and skills necessary to manage effectively. The F&P staff continues to maintain the highest standards to ensure an uninterrupted level of service to our members.

Furthermore, I continue to improve the F&P's online services and resources to allow members the ability to have information at their fingertips anytime day or night. The F&P creates and updates publications to aid in the overall education of the members as well as giving them an easy to access resource tool to help them understand their benefits and options. The F&P recently created the pamphlet *How Divorce May Affect Your F&P Benefits* for members navigating divorce.

The F&P is moving closer to its goal of significantly reducing the backlog of disability case rulings. The legal team has already reduced the backlog by ~20% in the first half of 2023, and has significant tailwinds in further reduction. This is being accomplished with the hiring of a new attorney, who is specifically specializing in disability cases.

The current state of the economy and the Federal Reserve's increasing interest rate policy have prompted me to improve our cash management options. Re-opening a dormant short-term fixed income account has allowed the plan to take advantage of rising interest rates, as we reserve additional cash to satisfy our retirement payroll and recurring expenses. Likewise, we are cross-training staff members to document and shore up procedures for capital calls and disbursements to ensure no payments to our limited partners are late, and that we recognize all distributions in timely fashion and apply them correctly to our general cash reserve account.

The F&P administration and Board conducted an RFP search for Investment Advisory Consulting Services. After an extensive search and interview process of many outstanding firms the Board voted to retain NEPC as its investment consultant.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) has given the Award for Outstanding Achievement in Popular Annual Financial Reporting to the Fire and Police Employees' Retirement System for the City of Baltimore for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. This was the eighth time that the F&P has submitted a PAFR for review. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

Financial Information

This report has been prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenues are recorded when earned, regardless of the date of collection. Expenses are recorded when liabilities are incurred, regardless of when payment is made.

Accounting principles generally accepted in the United States require that management provide a narrative introduction, an overview, and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A begins on page 19 immediately following the report of the independent auditor in the Financial Section of this report.

The System's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the F&P are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by the System's management. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and the fair presentation of the financial statements and supporting schedules.

Investments

As provided for in the plan provisions, the Board of Trustees is authorized to invest the System's assets and to take appropriate action regarding the investment, management, and custodianship of plan assets. The investment responsibilities of the Board include establishing reasonable investment objectives, developing investment policy guidelines, selecting investment managers, and evaluating performance results to assure adherence to guidelines and the achievement of objectives.

The portfolio's time-weighted rate of return of 7.2% was above the median of 6.9% which ranked the F&P portfolio in the 78th percentile of the Investment Metrics Public Defined Benefit > $1 Billion Universe at June 30, 2023. The three-year, five-year, and ten-year performance numbers for the portfolio were 8.5% which ranked in the 43rd percentile, 6.2% which ranked in the 55th percentile, and 6.8% which ranked in the 71st percentile, respectively.

Plan Funding

As of June 30, 2023, the date of the F&P's last actuarial valuation, the System's funded ratio was 71.7% on an actuarial value of assets basis, compared to a 72.5% actuarial value basis at June 30, 2022. As of June 30, 2023, the market funded ratio was 69.6%, compared to a 69.0% market funded ratio at June 30, 2022. As required by GASB 67, the market funding ratio is calculated using the Entry Age Normal cost method. The required supplementary information that follows immediately after the notes to the basic financial statements provides new information and schedules due to the GASB 67 implementation. The schedules beginning on page 42 show the changes in net pension liability and related ratios as well as the schedule of investment returns. These schedules will have ten years of information as of June 30, 2023. Also provided is the schedule of required contributions made by the employer and a schedule of funding progress for each of the ten most recent years.

As a result of the actuarial valuation performed for the fiscal year ended June 30, 2021, a total City and State contribution due to the F&P for fiscal year 2023 was $154.8 million which was paid in full.

Independent Audit

The Baltimore City Code stipulates that the Board of Estimates shall select an independent auditor for the F&P and that the auditor shall report their findings annually to the Board of Estimates and to the Board of Trustees. The Board of Estimates elected to have CliftonLarsonAllen, LLP render an opinion on the System's financial statements. The auditor's report is contained in the Financial Section of this report.

Professional Services

The Board of Trustees appoints consultants and investment managers subject to approval by the City's policy making and approval body, the Board of Estimates. These professionals have been chosen based on their ability to provide services that are essential to the effective and efficient operation of the System. All of the professionals who provide service to the Board of Trustees are listed in the Introductory Section on page 14 and in the Investment Section on pages 64 to 68.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire and Police Employees' Retirement System, City of Baltimore, Maryland for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fortieth consecutive year (fiscal years 1983-2022) that the F&P has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that this current report continues to meet the Certificate of Achievement Program requirements. I am submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not be accomplished without the dedicated efforts of the System's accounting and communication support staff, investment consultant, and actuarial consultant. I would like to express my appreciation to all who assisted and contributed to its preparation.

This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the members and the City of Baltimore.

This report is being forwarded to the Mayor, the President of the City Council, the Comptroller, and other members of the Board of Estimates, to all members of the City Council, and to the Fire and Police Departments so that all members of the F&P will have the opportunity to review it. Hopefully, the administration of the City and the membership of the System will find this report both informative and helpful.

The Board of Trustees
Fire and Police Employees' Retirement System
Baltimore, Maryland

November 21, 2023

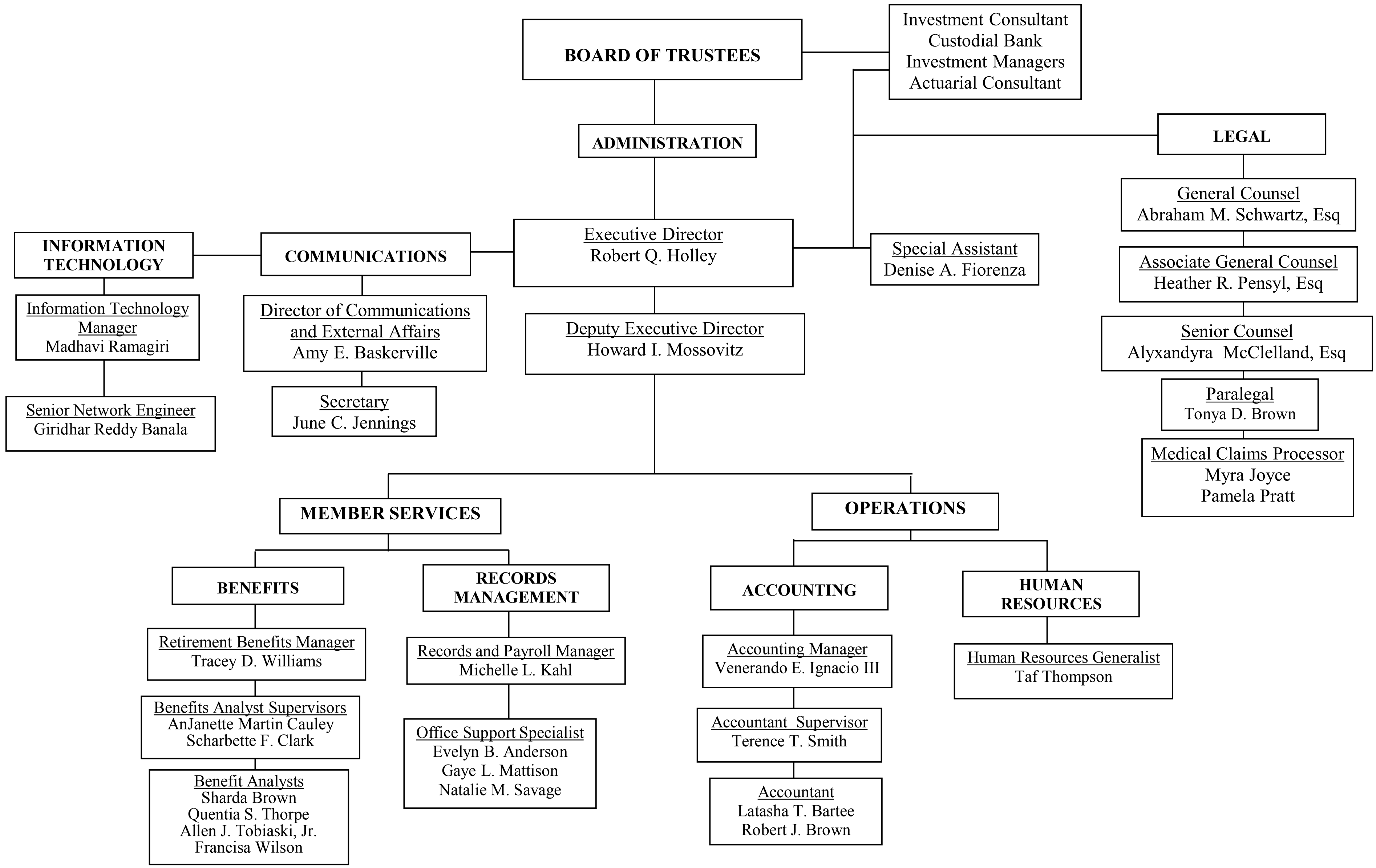
On a final note, I wanted to thank my predecessor, N. Anthony Calhoun, for his decade of dedicated service as F&P's Executive Director. Under Mr. Calhoun's leadership, the F&P flourished into a modern and efficient organization that provided the best possible service to its members. I hope to continue that tradition, and inspire the confidence of our City's first responders over the future months and years of my service as Executive Director.

Respectfully submitted,

Robert Q. Holley

Robert Q. Holley
Executive Director

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
ORGANIZATION CHART



Fire and Police Employees' Retirement System
City of Baltimore, Maryland
BOARD OF TRUSTEES

The ex-officio members to the Board are the City Comptroller, the Director of Finance, the Police Commissioner and the Fire Chief, all of whom may appoint a Deputy to represent her or him on the Board. Trustees appointed by the Mayor serve terms concurrent with the Mayor's term. Appointed Trustees continue to serve until replaced by the Mayor, or until the expiration of two consecutive full terms. Elected active and retired member Trustees serve four-year terms. There are no term limits for Trustees elected by the active or retired members.

CITY OF BALTIMORE

BRANDON M. SCOTT, Mayor

FIRE AND POLICE EMPLOYEES' RETIREMENT SYSTEM

Robert Q. Holley, Executive Director
7 E. Redwood Street
18th Floor
Baltimore, Maryland 21202

October 25, 2023

To All Members, Retirees, and Beneficiaries
Fire and Police Employees' Retirement System
Baltimore, Maryland

This annual comprehensive financial report covers the fiscal year ending June 30, 2023.

This past year has been one of transition for the F&P. Our long-time Executive Director, Mr. N. Anthony Calhoun, retired this fall. The F&P Board conducted a national search for his replacement, resulting in the promotion of Mr. Robert Q. Holley to the Executive Director position. The F&P Board is confident that Mr. Holley will continue the progress we have made in protecting your retirement benefits and providing quality service to all our members, retirees and beneficiaries. We welcome Mr. Holley to his new position, and we thank Mr. Calhoun for his dedicated service to the F&P over the past decade.

The past fiscal year's return positively impacted our plan from a financial perspective. Over the past year our highly-diversified investment portfolio earned a 7.2% return, which exceeded our actuarial assumed rate of return. As a result, during the year our funded status based on the market value of assets increased, from 69.0% to 69.6%. The value of our portfolio as of June 30, 2023 was approximately $3.07 billion. During the fiscal year the F&P paid nearly $285.2 million in benefits to our retired members and their beneficiaries, the highest amount ever. In addition, the average retirement benefit ($41,442) paid during the year was the highest ever.

As you are aware, the stock and bond markets continue to be volatile due to inflation, rising interest rates and geopolitical tensions involving Ukraine, the Middle East and China. The F&P Board continues to act conservatively in managing the retirement portfolio, and with support from the City we expect our funded status to continue to improve over the next decade. The financial markets are unpredictable, as demonstrated by our investment returns over the past several years:

2016 – 0.6%	2020 – (0.2%)
2017 – 12.1%	2021 – 29.3%
2018 – 8.5%	2022 – (8.0%)
2019 – 5.7%	2023 – 7.2%

We also continue to face demographic challenges, based upon a reduced number of active employees contributing to our system, the increased number of retirees, and longer life spans. Over the past year we again experienced a significant decline in the number of our active members (from 3,648 to 3,482) and an increase in our number of retirees (now 6,487). Despite these challenges, through careful planning the F&P remains in a strong position.

To All Members, Retirees, and Beneficiaries
Fire and Police Employees' Retirement System
Baltimore, Maryland
October 25, 2023
Page 2

The City contributed $154.0 million to the F&P for the fiscal year ending June 30, 2023. This was one of the largest annual contributions ever made by the City. The annual City contribution is expected to continue to grow over the next few years and it will be challenging for the City to fund these contributions. Our principal long-term goal continues to be to make our plan fully-funded, so that our active members, retirees and beneficiaries will continue to receive their full benefits in the years to come.

Our new Executive Director, Mr. Robert Q. Holley; our Deputy Executive Director, Mr. Howard Mossovitz; and the F&P staff appreciate the privilege of working with you. The F&P staff will continue to do its best to serve you well. Hopefully you have visited the website for the F&P at www.bcfpers.org, where you will find useful information about your retirement, including the Active Member Benefits Advanced Estimator to help you calculate your future benefits.

On behalf of the F&P Board of Trustees and the F&P staff, thank you for your dedicated service to the City. We will continue to work hard to protect your retirement benefits.

Sincerely,

Peter E. Keith

Peter E. Keith, Esq.
Chairman
Board of Trustees

LEGAL AND GENERAL COUNSEL, ACTUARY, AND INDEPENDENT AUDITOR

LEGAL COUNSEL

Law Department
City of Baltimore
Ebony Thompson, Esq.

GENERAL COUNSEL

Fire and Police Employees' Retirement System
City of Baltimore
Abraham M. Schwartz, Esq.

ACTUARY

Cheiron
Fiona E. Liston, F.S.A.
McLean, Virginia

INDEPENDENT AUDITOR

CliftonLarsonAllen
Cheri Amoss, CPA
Timonium, Maryland

See page 63 in the Investment Section for a list of fees and commissions.
See pages 64 to 68 in the Investment Section for a list of investment professionals.

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

The Honorable Bill Henry, Comptroller,
Other Members of the Board of Estimates of the City of Baltimore and the
Board of Trustees of the Fire and Police Employees' Retirement System
Baltimore, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Fire and Police Employees' Retirement System of the City of Baltimore (the System), a component unit of the City of Baltimore, Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic 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 fiduciary net position of the System as of June 30, 2023, and the respective 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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.

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 System'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' 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 auditors' 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 GAAS 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 GAAS 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 System'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 System'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 and the schedules of changes in net pension liability and related ratios, investment returns and employer contributions and related notes 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 GAAS, 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 an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses, investment expenses and payments to consultants 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 GAAS. In our opinion, the schedules of administrative expenses, investment expenses and payments to consultants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the System's internal control over financial reporting and on 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 System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering System's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
November 14, 2023

The following overview and analysis of the financial activities of the Fire and Police Employees' Retirement System (F&P, Plan, System) is provided for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Transmittal Letter, which begins on page 5 of this report.

Financial Summary

- The net position restricted for pension benefits increased by $118.7 million during the fiscal year from $2,956.1 million at June 30, 2022, to $3,074.8 million at June 30, 2023. The increase in fiscal year 2023 was mainly due to the strong performance across the entire investment portfolio except for private equity and real estate.

- Additions to Net Position (Revenues) for the year were $409.3 million, an increase of $497.3 million from the prior year loss of $88.0 million. The increase in revenues was caused by higher investment earnings that were uniformly up across all asset classes for fiscal year 2023 compared to the prior year.

- Deductions from Net Position (Expenses) were $290.5 million in the current year, an increase of $5.7 million from the prior year expenses of $284.8 million. The increase in expenses was driven by post-retirement benefit increases, effective January 2023, and increased retirement allowance payments.

- The investment portfolio's total time-weighted rate of return of 7.2% for the one year period ended June 30, 2023, was above the median public fund performance of 6.9%. The performance placed the F&P in the 78th percentile of the Investment Metrics Public Defined Benefit $1-5 Billion Universe.

- The portfolio performance for the three year period ended June 30, 2023, was 8.5% which was below the median public plan performance of 9.9%.

- The System's real estate portfolio composite performance had a return of negative 2.8% for fiscal year 2023. The real estate composite outperformed the NCREIF Property Index of negative 6.6%.

- The U.S. equity composite provided a 15.2% rate of return which ranked lower than the median 19.0% rate of return for the Investment Metrics Public Defined Benefit > $1 Billion US Equity Gross.

- The international equity composite provided a 16.1% rate of return which outperformed the MSCI All Country World Ex-U.S. Index by 3.4%.

- The System's fixed income composite portfolio provided a 0.9% rate of return which ranked above the 0.0% median portfolio performance of the Investment Metrics Public Defined Benefit > $1 Billion Fixed Income Gross.

- The System's private equity fund-of-funds portfolio composite and the direct hedge funds portfolio composite provided returns of negative 7.6% and positive 8.2%, respectively, for fiscal year 2023.

- Employer contributions made to the F&P were $154.8 million in fiscal year 2023, down from the employer contribution made in fiscal year 2022.

- Member contributions to the F&P increased by $0.6 million in fiscal year 2023 due to the increase in the member's covered payroll.

- The F&P's funding objective is to meet benefit obligations through investment income, employer contributions, and member contributions. The earnings assumption rate for FY 2023 was 6.90%.

- As of June 30, 2023, the date of the F&P's last actuarial valuation, the System's funded ratio is 71.7% on an actuarial value of assets basis compared to 72.5% at June 30, 2022. The System's Plan Fiduciary Net Position as a percentage of the Total Pension Liability at June 30, 2023 is 69.6% compared to 69.0% at June 30, 2022. Both ratios are calculated using the Entry Age Normal cost method.

- Capital assets are recorded at cost, net of depreciation, and include leasehold improvements, computer equipment, and office furniture.

Overview of Financial Statements

The following discussion and analysis is intended to serve as an introduction to the F&P financial statements and the Financial Section of this report. The statements and the notes are in conformity with accounting principles generally accepted in the United States. These principles require certain financial statement presentations and disclosures including the use of the accrual basis of accounting to record assets and liabilities, and revenues and expenses.

The **Statement of Fiduciary Net Position** provides a snapshot of the financial position of the F&P at June 30, 2023, the end of the plan's financial year. It indicates the total assets, current liabilities, and the net position available for future payment of retirement benefits and operating expenditures at June 30, 2023. The assets comprise cash and cash equivalents, which are fixed income instruments with a maturity date of three months or less; receivables, which are primarily from investment activity; investments at fair value; securities lending collateral; and capital assets, which includes leasehold improvements, computer equipment, and office furniture. Securities traded on national or international exchanges are valued at the last reported sale price at current exchange rates. Purchases and sales of investments are recorded on a trade date basis. The current liabilities comprise of payables for securities lending collateral, certain investment activity, retirement benefits, lump sums payable to members, and administrative expenses.

The **Statement of Changes in Fiduciary Net Position** summarizes the F&P financial activities that occurred during the plan's fiscal year from July 1, 2022, through June 30, 2023. Employer contributions are recognized when a formal commitment has been made by the employer to provide the contributions. Member contributions are recognized in the period in which the contributions are due. The net appreciation (depreciation) in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized increase or decrease is computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and dividend income is recorded on the ex-dividend date. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan provisions.

The **Notes to Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements.

The **Required Supplementary Information** that follows immediately after the notes to the basic financial statements provides information and schedules required by GASB 67 and 68. The schedules on page 42-45 show the changes in net pension liability and related ratios as well as the schedule of investment return. Also provided is the schedule of required contributions made by the employer. See the Required Supplementary Information Section of this report.

The remaining supplemental schedules provide additional detailed information concerning operating expenses, investment expenses and payments to consultants. All of this information is considered useful in understanding and evaluating the financial activities of the F&P.

Financial Analysis

The examination of fiduciary net position over time may serve as a useful indicator of the financial position of the F&P. At June 30, 2023, assets, as displayed below, exceeded current liabilities by $3.07 billion, an increase of $118.8 million over the prior year. Prior to the passage of Ordinance 10-306 of June 2010, it was mandated that the total assets of two reserves, the Paid-Up Benefit Reserve and the Contingency Reserve, were to be segregated and separately invested from the general plan assets.

As required, the assets of these two reserves were dedicated to the payment of certain post-retirement benefit increases. With the passage of Ordinance 10-306, the assets of the two aforementioned reserves are to be included in the general asset pool as there is no longer a requirement to maintain those reserves and invest those assets separately. As of June 30, 2023, total assets increased by 3.7% from the prior year mainly due to the increase in investments at fair value. Total current liabilities were lower at June 30, 2023, from the prior fiscal year, mainly due to a decrease in investments purchased and securities lending collateral.

Summary of the Statement of Fiduciary Net Position
June 30, 2023 and 2022

	2023	2022	Increase (Decrease)	Percentage Change
Cash and receivables	$ 57,878,123	$ 90,678,848	$ (32,800,725)	(36.2)
Investments	3,045,198,725	2,902,724,246	142,474,479	4.9
Capital assets	176,144	220,240	(44,096)	(20.0)
Total Assets	**3,103,252,992**	**2,993,623,334**	**109,629,658**	3.7
Current liabilities	28,394,876	37,538,887	(9,144,011)	(24.4)
Total Liabilities	**28,394,876**	**37,538,887**	**(9,144,011)**	**(24.4)**
Net Position	**$ 3,074,858,116**	**$ 2,956,084,447**	**$ 118,773,669**	4.0

Investment Assets

The asset portfolio is invested in domestic and foreign fixed income, domestic and international equities, real estate limited partnerships, direct hedge funds, private equity fund-of-funds. All assets are managed by external investment management firms selected by the Board of Trustees and approved by the City's policy making body, the Board of Estimates. BNY Mellon Asset Servicing, the F&P's custodian bank, holds in custody all marketable securities except securities held in commingled management accounts, direct hedge funds, private equity fund-of-funds, and the assets held by the real estate portfolios. The System participates in a securities lending program that is managed by BNY Mellon Asset Servicing. The Board of Trustees retains the services of NEPC, an investment consulting services firm that provides investment allocation advice, manager selection advice, manager and portfolio performance calculations and peer comparisons, performance analytics, asset-liability studies, and other related services. As the result of an asset-liability study concluded in fiscal year 2019, the Board expanded its investment opportunity set to include target allocations for direct hedge fund investments. The Board filled its direct hedge funds allocation targets and restructured the dedicated variable benefit portfolios.

All investments are stated at fair value and include the recognition of unrealized gains and losses in the current period. The time-weighted rate of return on the total assets for the year ended June 30, 2023, was 7.2%. The median public plan performance was 6.9%. The portfolio annualized rates of return for the last three-year, five-year, and ten-year periods ended June 30, 2023, were 8.5%, 6.2%, and 6.8%, respectively.

The Board has diversified the assets across multiple classes and strategies as it seeks to maximize investment opportunities and return at an acceptable level of investment risk. However, as evidenced by the variation in rates of return from year to year, the Board's investment allocation plan is not immune to market volatility. The F&P's long-term actuarial investment return assumption was 6.9% for fiscal year 2023, as the result of an actuarial experience study concluded in fiscal year 2020, and as recommended and adopted by the Mayor and City Council.

The Investment Section gives detailed information on the F&P investment policies. See page 60 for the comparison of the asset allocation targets established by the Board of Trustees to the actual asset allocation at June 30, 2023.

Liabilities

Reported on the Statement of Fiduciary Net Position, the current liabilities are payables incurred mainly from investment portfolio transaction activity. Liabilities at June 30, 2023, were $28.4 million, $9.1 million less than the $37.5 million in liabilities at June 30, 2022. Securities lending collateral payable decreased by $3.0 million from $15.1 million at June 30, 2022, to $12.1 million at June 30, 2023. Likewise, payables for the settlement of investment purchases decreased by $8.8 million to $8.1 million. In contrast, forward foreign contracts increased by $0.5 million to $2.2 million and served as a reason for the overall decrease in current liabilities at June 30, 2023.

Summary of the Statement of Changes in Fiduciary Net Position
For Fiscal Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)
Additions			
Net investment income (loss)	$ 223,001,741	$ (280,316,951)	$ 503,318,692
Employer contributions	154,765,619	161,379,656	(6,614,037)
Member contributions	31,306,544	30,735,509	571,035
Net securities lending income	195,299	209,518	(14,219)
Total Additions	**409,269,203**	**(87,992,268)**	**497,261,471**
Deductions			
Retirement allowances	264,546,358	255,640,964	8,905,394
Lump sum DROP payments	14,656,221	17,386,974	(2,730,753)
Administrative expenses	5,252,301	5,115,536	136,765
Refunds of member contributions	5,425,668	5,165,147	260,521
Death benefits	614,986	1,446,393	(831,407)
Total Deductions	**290,495,534**	**284,755,014**	**5,740,520**
Net Increase (Decrease)	**$ 118,773,669**	**$ (372,747,282)**	**$ 491,520,951**

Investment Income

The F&P's total composite portfolio achieved 7.2% time-weighted rate of return which ranked the F&P asset performance in the 78th percentile when compared to other public pension plans in the Investment Metrics Public Defined Benefit > $1 Billion Universe. Strong performance across the majority of the portfolio was a major contributor to the overall rate of return.

The System's U.S. equity composite returned 15.2% for fiscal year 2023, which ranked the domestic equity composite in the 90th percentile of the Investment Metrics Public Defined Benefit > $1 Billion US Equity Gross. The domestic equity composite underperformed its Russell 3000 comparative index of 19.0%.

The international equity composite posted a 16.1% rate of return which ranked in the 38th percentile of the Investment Metrics Public Defined Benefit > $1 Billion Global ex-US Equity Gross. The international equity composite outperformed its MSCI All Country World Ex-U.S. comparative index of 12.7% by 3.4%.

The fixed income composite earned 0.9% for the fiscal year which ranked in the 90th percentile of the Investment Metrics Public Defined Benefit > $1 Billion Fixed Income Gross. The fixed income portfolio outperformed its Barclays Capital Aggregate index benchmark of 0.0% by 0.9%.

The real estate composite portfolio struggled this fiscal year with performance of a negative 2.8%. The real estate portfolio outperformed the comparative NCREIF Property Index, which returned negative 6.6% this fiscal year, by 3.8%.

The System's alternative asset portfolios, direct hedge funds, and private equity fund-of-funds, had positive performance. The direct hedge funds composite earned 8.2%, and performed 4.6% above its comparative HFRI Fund-of-Funds Composite Index of 3.8% for the fiscal year ended June 30, 2023. The direct hedge funds composite portfolio is expected to provide investment returns which, over a market cycle, generally are greater than bonds and less than stocks, but with less volatility than that of stocks and more like that of fixed income investments.

The System invests in various private equity fund-of-funds. The private equity's performance was negative 7.6% for the fiscal year and underperformed the S&P 500 plus 200 bps Index performance of 21.6% for the same time period. The private equity portfolio funds are diversified by strategy and vintage year; and many of the underlying investments are still very young in their investment lifecycle. The goal of the private equity portfolio is to outperform the S&P 500 index over a market cycle. The private equity composite is reviewed over a rolling three and five-year periods and the composite performance underperformed the three-year period and outperformed the index in the five-year period.

The investment income is reduced by investment expenses which include the fees paid to firms hired by the Board to manage the System's assets, the Board's investment consulting firm, and the System's custodian bank which tracks the investment activity of the F&P's investment managers, values the System's assets, and provides accounting reports to System staff and the Board's investment consultant. Investment expenses decreased from $29.6 million in fiscal year 2022 to $15.9 million in fiscal year 2023. The decrease in investment expenses was caused by paying carried interest in fiscal year 2022.

Member and Employer Contributions

Member contributions were made at 10.0% of regular compensation during fiscal year 2023. During the current fiscal year, the member's contributions increased by $0.6 million due to the increase in the covered payroll of active members. Overtime pay is not subject to the mandatory member contribution rate and it is not included in the member's average final compensation calculation. The number of active members decreased from 3,648 at June 30, 2022, to 3,482 at June 30, 2023. Should the active member population remain stable, member contributions are expected to increase, in conjunction with increased salaries.

Employer contributions requirements are determined by the results of an actuarial valuation process which is performed following the end of each fiscal year. The valuation results determine the contribution requirements due on July 1 two fiscal years hence. The employer contribution is comprised of the contribution made by the City of Baltimore and the contribution made by the State of Maryland for a small fixed number of State employees whose F&P coverage is mandated by State law. The contribution required from the City of Baltimore for fiscal year 2023 was $154.0 million.

The City’s employer contribution requirement will increase to $154.6 million for fiscal year 2024 and increase to $164.3 million for fiscal year 2025, the latter mainly due to smoothing of the actuarial gains and losses.

Retirement Benefits and Administrative Expenses

The F&P was created to provide lifetime service retirement and permanent disability retirement benefits for eligible members and survivor benefits and death benefits to eligible beneficiaries. The cost of such programs includes recurring retirement benefit payments, post-retirement benefit increases, lump-sum payments to Deferred Retirement Option Plan (DROP and DROP 2) participants, lump sum death benefits, refunds of accumulated member contributions and interest to non-retirement eligible members who leave F&P covered employment, and the costs of administering the System.

The primary expense during fiscal year 2023 was for the payment of continuing retirement benefits totaling $264.5 million, an increase of $8.9 million over the $255.6 million in retirement allowances paid in fiscal year 2022. The increase in retirement allowances was mainly due to higher benefit levels paid to newly retired members, post-retirement increases, and minimum benefit amounts paid to certain beneficiaries.

Lump sum DROP and DROP 2 distributions decreased $2.7 million from $17.4 million in fiscal year 2022 to $14.7 million in fiscal year 2023 due to a decrease in the number of DROP and DROP 2 participant service retirements. The number of DROP participants continues to decrease as the eligibility for DROP was frozen in 2009. DROP 2 became effective January 1, 2010; the number of DROP 2 participants also decreased in FY 2023.

Administrative expenses are comprised primarily of personnel costs and other professional services costs including information technology consultants. Administrative expenses increased by $136,765 from fiscal year 2022 to fiscal year 2023. The increase in administrative expenses was mainly due to an increase in payroll and other personnel costs. The retirement system had vacant positions that are in the process of filling.

Requests for Information

This report is designed to provide a general overview of the F&P’s financial activity. Questions concerning information provided in this report or requests for additional financial information should be addressed to:

Robert Q. Holley
Executive Director
Fire and Police Employees’ Retirement System
7 East Redwood Street, 19th Floor
Baltimore, Maryland 21202

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

Assets		
Cash and cash equivalents		$ 42,000,242
Receivables		
Investments sold	$ 6,641,326	
Accrued income	6,190,302	
Forward foreign contracts	2,151,561	
Receivable - members	894,692	
Total receivables		15,877,881
Investments, at fair value		
Stocks	1,441,369,404	
Private equity funds	647,915,607	
Bonds	450,941,803	
Real estate funds	307,835,803	
Hedge funds	185,056,804	
Total investments		3,033,119,421
Capital assets, net of depreciation		
Leasehold improvements	128,145	
Computer equipment	21,676	
Office furniture	26,323	
Total capital assets, net of depreciation		176,144
Securities lending collateral		12,079,304
Total assets		3,103,252,992
Liabilities		
Securities lending collateral	12,079,304	
Investments purchased	8,149,079	
Administrative expenses payable	2,695,544	
Forward foreign contracts	2,151,791	
Investment management fees payable	1,760,962	
Lump sums payable to members	1,280,669	
Other accounts payable	277,527	
Total liabilities		28,394,876
Fiduciary Net Position Restricted for Pension Benefits		$ 3,074,858,116

The notes to the basic financial statements are an integral part of this statement.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
STATEMENT OF CHANGES IN FICUCIARY NET POSITION
For the Year Ended June 30, 2023

Additions		
Contributions		
Employer	$ 153,984,152	
Plan members	31,306,544	
State of Maryland/Airport	781,467	
Total contributions		$ 186,072,163
Investment income		
Net appreciation in fair value of investments	163,881,651	
Interest and dividends	30,852,217	
Private equity income	31,903,037	
Real estate income	12,352,557	
Hedge funds income	(95,393)	
Less: investment expenses	(15,892,328)	
Net investment income		223,001,741
Securities lending income	260,356	
Less: securities lending expenses	(65,057)	
Net securities lending income		195,299
Total additions		409,269,203
Deductions		
Retirement allowances	264,546,358	
Lump sum DROP payments	14,656,221	
Refunds of member contributions	5,425,668	
Administrative expenses	5,252,301	
Death benefits	614,986	
Total deductions		290,495,534
Net Increase (Decrease) in Fiduciary Net Position		118,773,669
Fiduciary Net Position Restricted for Pension Benefits		
June 30, 2022		2,956,084,447
June 30, 2023		$ 3,074,858,116

The notes to the basic financial statements are an integral part of this statement.

1. Plan Description:

The Fire and Police Employees' Retirement System of the City of Baltimore (F&P, Plan, System) is the administrator of a single employer defined benefit local government retirement plan. Established July 1, 1962, the Plan covers all uniformed personnel of the Baltimore City Fire and Police Departments. In addition, the Plan includes one active fire officer and 73 retirees who were employees of the State of Maryland; this contingent emanated from when the City of Baltimore owned the Baltimore/Washington International Thurgood Marshall Airport. Based on criteria established by the Governmental Accounting Standards Board, the F&P is a component unit of the City of Baltimore and is included in the City's financial report as a public employees' retirement system (PERS).

At June 30, 2023, the F&P membership consisted of:

Retirees and beneficiaries currently receiving benefits	6,487
Active plan members	3,482
Total	9,969

The F&P provides normal service retirement benefits, as well as, death and disability benefits in accordance with Article 22 of the Baltimore City Code, which may be amended only by the Mayor and City Council. Certain provisions were amended by Ordinance 11-444, as noted in the Summary of Plan Provisions in the Actuarial Section. Membership in the System is mandatory upon employment. The System does not have a vested benefit plan; however, members have vested rights to their contributions and interest.

Post-retirement benefit increases are provided to retirees and beneficiaries based on age, type of retirement and having received benefits for two or more years as of each June 30 eligibility determination date.

The F&P Board of Trustees (Board) was created by law and is responsible for the general administration and the proper operation of the F&P and the enforcement of the provisions in the Article 22 of the Baltimore City Code.

The Board has a fiduciary responsibility for the management and administration of the F&P. The Board is comprised of eleven trustees to include the City Comptroller, The Director of Finance, The Police Commissioner, the Fire Chief, an active member and a retired member of the Fire Department, an active member and a retired member of the Police Department and three citizens of the City of Baltimore appointed by the Mayor. The Comptroller, the Director of Finance, Police Commissioner and Fire Chief may designate a representative to act in his or her place. Each trustee takes an oath of office.

2. Summary of Significant Accounting Policies:

Basis of Presentation:
The accounting and financial reporting policies of the F&P included in this report conform to accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board, which designates accounting principles and financial reporting standards applicable to PERS. This report includes solely the accounts of the F&P, a component unit of the City of Baltimore.

There are no component units of the F&P based on the nature of operational or financial relationships.

Basis of Accounting:
These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recorded when they are earned, expenses are recorded when liabilities are incurred, and investment purchases and sales are recorded as of their trade date. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Use of Estimates in Preparing Financial Statements:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets, liabilities, additions and deductions to net position restricted for pension benefits and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Method Used to Value Investments:
Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. The real estate holdings are based on the most recent appraisal (either internal to the manager or third party) as then presently available. For alternative investments, which include private equity, private energy, and hedge funds where no readily ascertainable fair value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Foreign exchange contracts are marked-to-market daily based on published market prices and quotations from national securities exchanges or securities pricing services. The changes in fair value are recognized as part of net appreciation/depreciation in the fair value of investments. Initial margin requirements for such financial instruments are provided by investment securities pledged as collateral or by cash.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, and interest and dividend income earned, less investment expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis.

Adoption of New Accounting Standards:
F&P reviews the requirements of all new GASB pronouncements and assesses the potential impact to the System. There were no GASB standards that materially impacted F&P's financial statements for the fiscal year ended June 30, 2023.

3. Contributions and Reserves:

F&P members are required to contribute 10.0% of their regular compensation through payroll deduction. The employer contributions are determined through an actuarial valuation. According to the plan provisions, contribution requirements of the plan members and the City are established and may be amended by the Mayor and City Council. The valuation method is stipulated in the plan provisions. An expense load of 1.5% of covered payroll is included in the annual employer contribution requirement to cover administrative plan costs.

The plan provisions, Article 22 of the Baltimore City Code, established the following reserves:

Annuity Savings Reserve - Accumulated in this reserve are members' contributions inclusive of interest credits, less amounts distributed upon termination of employment or death, or transferred to another reserve for retirement.

Annuity Reserve - Upon retirement, the accumulated contributions of members are transferred to this reserve. From this reserve, the members' accumulated contributions are paid as a life annuity.

Pension Accumulation Reserve - Employer contributions are credited and accumulated with earnings in this reserve. DROP benefits and certain death benefits are paid from here. In addition, when a member retires, an amount equal to the member's pension reserve is transferred from this reserve to the Pension Reserve.

Pension Reserve - From this reserve is paid the pension portion of the retirement allowance. The pension represents benefits for life derived from employer contributions and investment income.

At June 30, 2023, the balances in the legally required reserves are as follows:

Reserves	Balance
Annuity savings reserve	$ 202,652,223
Annuity reserve	504,950,306
Pension accumulation reserve	(160,063,499)
Pension reserve	2,527,319,086
Total Reserves	$ 3,074,858,116

4. Securities Lending:

The Board of Trustees (the Board) entered into a Securities Lending Authorization Agreement with the System's custodian bank, BNY Mellon Asset Servicing. All individual securities which are readily marketable and which are not restricted due to an outstanding short option are eligible for loan at the discretion of the custodian bank. The investment manager may loan securities held in custody of commingled accounts if authorized in the manager's contract with the F&P.

Collateral received in exchange for securities loaned is collected in an escrow account for the F&P's benefit for the duration of the loan. At no time will the System lose custody of the loaned securities. Collateral in exchange for the principal loaned may be in the form of cash, or securities issued or guaranteed by the U.S. government, its agencies or instrumentalities. Irrevocable Letters of Credit from banks approved by the custodian may not be used as collateral. The minimum levels of collateral are set at 102% of the fair value of domestic securities loaned, including all accrued income, and 105% of the fair value of international securities loaned, including all accrued income. If the fair value of the collateral falls below 100% of the loaned securities, additional collateral will be collected to maintain the appropriate minimum level. All collateral amounts will be marked to market daily. The F&P does not have the right to sell or pledge securities received as collateral without borrower default.

At June 30, 2023, the F&P had no credit risk exposure to borrowers because the amounts the F&P owed borrowers exceeded the amounts the borrowers owed the F&P. The fair value of securities on loan at June 30, 2023, was $84,874,357 and the fair value of the collateral received for those securities on loan was $90,221,022. The securities purchased with cash collateral are reported at amortized cost. The terms of the Securities Lending Authorization Agreement require that the custodian indemnify the F&P against: (1) the failure to demand adequate and appropriate collateral from a borrower; (2) the failure to comply with the investment guidelines in connection with the investment and reinvestment of cash collateral; (3) the failure to obtain and perfect a security interest or rights equivalent thereto in and to the collateral; and (4) the failure to make a reasoned determination of the creditworthiness of any borrower.

Substantially all securities loans can be terminated on demand either by the custodian or by the borrower, although generally the average term of these loans is one week. Cash collateral is invested in the custodian's short-term investment account, specific to the F&P. The short-term investment account guidelines specify that a minimum of 20.0% of the invested cash collateral is to be available each business day and the dollar weighted average maturity of holdings should not exceed 90 days.

The custodian's lending program does not operate the collateral investments as a "matched program" where the length of the loaned assets would be specifically matched to the length of the portfolio investments. Because the System's active investments are currently engaged in the overnight investment fund, all assets in the portfolio mature within a 24 hour period.

The following represents the balances relating to the securities lending transactions as of June 30, 2023:

Types of Securities On Loan	Fair Value of Securities On Loan	Fair Value of Collateral Received	Type of Collateral
Domestic equities	$2,623,699	$2,636,162	Cash
International equities and Fixed Income	3,901,152	4,076,191	Cash
U.S. treasury notes and bonds	1,245,108	1,270,000	Cash
U.S. Government agency bonds	-	-	Cash
Corporate Bonds	3,950,908	4,096,951	Cash
Total cash collateral	11,720,867	12,079,304	
International equities and Fixed Income	$24,782,114	$26,669,887	Securities
Domestic equities	27,656,096	29,889,033	Securities
U.S. treasury notes and bonds	18,981,554	19,786,931	Securities
U.S. Government agency bonds	1,401,779	1,457,683	Securities
Corporate Bonds	331,947	338,184	Securities
Total securities collateral	73,153,490	78,141,718	
Total Securities on Loan	84,874,357	90,221,022	

5. Cash and Investments:

Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the Systems' deposits may not be returned to them. The deposits are held in one financial institution with an insured balance of $250,000. Deposits in the bank in excess of $250,000 are uninsured and uncollateralized. The System classifies cash on deposit in the custodian institution, BNY Mellon, as well as the cash management pool held by BNY Mellon as cash and cash equivalents. The System also classifies certain short-term highly liquid securities as cash equivalents if the date of maturity is three months or less from the date of acquisition. As of June 30, 2023, the carrying amount of the cash and cash equivalents was $42.0 million.

The Board of Trustees of the F&P is authorized by the Baltimore City Code to make investments in accordance with the guidelines and limitations set forth in the Code. The Board accomplishes the daily management of the System's investments through an external investment consultant who acts as a fiduciary for the System and through external investment managers. The Board invests the assets of the F&P using the "prudent person standard" which allows the Board to consider the probable safety of investments, avoid speculative investments, and invest as people of prudence, discretion, and intelligence would in a similar situation. The Board has adopted an investment policy and guidelines to formally document its investment objectives and responsibilities.

Fair Value Measurements

The System categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets (level 1) and the lowest priority to unobservable inputs (level 3). The categorization of investments within the hierarchy is based upon the pricing transparency of the instruments and should not be perceived as the particular investment risk.

The F&P invested assets measured at fair value at June 30, 2023 are presented below:

Investment by Fair Value Level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate bonds	$ 88,768,978	$ -	$ 88,768,978	$ -
U.S. treasury notes and bonds	76,147,215	76,147,215	-	-
U.S. Government agency bonds	31,020,101	-	31,020,101	-
Total debt securities	195,936,294	76,147,215	119,789,079	-
Equity securities:				
International equities	416,223,692	416,223,692	-	-
Domestic equities	393,576,187	393,576,187	-	-
Dynamic US equity fund	77,473,588	77,473,588	-	-
Total equity securities	887,273,467	887,273,467	-	-
Total Investments by Fair Value Level	1,083,209,761	$ 963,420,682	$ 119,789,079	$ -
Investments Measured at the Net Asset Value (NAV)				
Commingled equity funds	554,095,936			
Private equity funds	492,461,879			
Real estate funds	307,835,804			
Commingled debt funds	255,005,509			
Hedge funds	185,056,804			
Private energy funds	155,453,728			
Total investments measured at the net asset value	1,949,909,660			
Total investments	$ 3,033,119,421			
Invesment derivative instruments				
Foreign Currency contract receivable	$ 2,151,561	$ 2,152,700		
Foreign Currency contract payable	(2,157,981)	(2,157,981)		
Total investment derivative instruments	$ (6,420)	$ (5,281)		

Investments classified as level 1 in the above table are U.S. treasury notes and bonds and exchange traded equity securities whose values are based on published fair value prices and quotations from national security exchanges as of the appropriate market close, as of each reporting period end.

Investments classified as level 2 in the above table are primarily comprised of publicly traded debt securities. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a debt security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other corroborated inputs.

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)				
Commingled equity funds [5]	$ 554,095,936	$ -	Daily, monthly	2 - 30 days
Real estate funds [2]	492,461,879	107,847,913	Not eligible, quarterly	N/A, 45 days
Hedge funds [1]	307,835,804	-	Daily, quarterly, semi-annual, annual	3 - 90 days
Private equity funds [3]	255,005,509	319,595,032	Not eligible	N/A
Commingled debt funds [6]	185,056,804	-	Daily, bi-monthly, monthly	2 - 30 days
Private energy funds [4]	155,453,728	66,639,014	Not eligible	N/A
Total investments measured at the net asset value	$ 1,949,909,660	$ 494,081,959		

(1) The System invests in direct hedge funds utilizing 7 direct hedge fund managers. The investment strategies consist of event driven composites, relative value composites and tactical trading composites. These investments are eligible for redemption with various frequency terms ranging from daily to annual and a 3 - 90 day notice period.

(2) The System's real estate investments consist of 2 core real estate funds and 17 real estate partnerships. The real estate partnerships consist of non-core, value added and opportunistic stratgies. For the most part, the real estate investments are illiquid and redemptions are restricted, however the core funds of $158 million are liquid and the redemption frequency is quarterly, and a 45 day notice period.

(3) The System's private equity investments consist of 53 funds, invested in Diversified, Venture Capital, Distressed Debt, Buyouts, International, Growth Equity and Special Situations strategies. These investments are considered illiquid as redemptions are restricted over the life of the investment.

(4) The System's private energy investments consist of 16 funds, invested in Natural Resources and Energy Partnerships. These investments are considered illiquid as redemptions are restricted over the life of the investment.

(5) The System's commingled equity funds consist of 2 index funds and 4 emerging markets equity funds. These investments are liquid.

(6) The System's commingled debt funds consist of 1 index fund, 1 mortgage backed securities fund, 1 commingled bank loan fund, 1 TIPS fund, and 1 emerging markets debt fund. These investments are liquid.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a plan’s investment in a single issuer. As of June 30, 2023, the F&P has no position in a single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Foreign Currency Risk Exposure

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. It is the Board’s policy that external managers demonstrate sensitivity to foreign currency risk. The foreign currency exposure of the System may be hedged back to the U.S. dollar using forward foreign exchange contracts. From 0% to 100% of the foreign currency exposure of a portfolio may be hedged. Cross-hedging to currency other than the U.S. dollar may reach 25% of the total portfolio. Currency speculation is not permitted.

The F&P holds investments denominated in currency other than the U.S. Dollars. The F&P exposure to foreign currency risk is presented on the following table:

Euro Currency Unit	$ 110,067,572
British Pound Sterling	79,647,555
Japanese Yen	35,880,862
Swiss Franc	23,399,221
Canadian Dollar	17,024,838
Swedish Krona	8,274,797
Danish Krone	7,865,635
South Korean Won	4,674,919
Indonesian Rupiah	3,323,600
Hong Kong Dollar	3,284,590
New Taiwan Dollar	2,973,482
Singapore Dollar	2,808,287
Brazil Real	2,172,468
Mexican Peso	1,662,569
Thailand Baht	1,369,450
Australian Dollar	1,045,844
South African Rand	669,007
Norwegian Krone	527,664
Total Foreign Currency Exposure	$ 306,672,360
U.S. Dollars (held in International Equity)	$ 283,561,848

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. F&P uses the Option Adjusted Duration as a measure of interest rate sensitivity for bonds. Duration is a measure of the approximate sensitivity of a bond's value to interest rate changes. The Board's fixed income interest rate policy states that the effective duration of a portfolio may not exceed 120% of the effective duration of the underlying Barclay Capital Aggregate benchmark.

Asset Type	Option Adjusted Duration (in years)	Fair Value
Corporate bonds	2.49	$88,768,978
MCM TIPS	6.64	92,805,145
U.S. treasury notes and bonds	7.20	76,147,216
Barclay aggregate index	6.34	71,855,397
Emerging markets debt fund	3.15	64,160,034
NHIT agency mbs trust	6.07	23,650,223
U.S. Government agency bonds	5.56	31,020,101
Senior floating rate fund	0.09	2,534,709
Total debt securities		$450,941,803

Credit Risk by Quality

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board has not adopted a formal policy to limit credit risk. The F&P's rated debt investments as of June 30, 2023, were rated by Standard & Poor's, and for securities with no S&P rating, the Moody Quality ratings were used.

Asset Type	Quality Ratings	Fair Value
Corporate bonds	AAA	$ 10,334,393
	AA	4,143,448
	A	17,895,264
	BBB	39,160,518
	BB	4,473,084
	B	732,012
	Not Rated	12,030,259
Total corporate bonds		88,768,978
MCM TIPS	AAA	92,805,145
U.S. treasury notes and bonds	AA	75,964,990
U.S. Government agency bonds	AA	31,020,101
Barclay aggregate index	AA	71,855,397
Emerging markets debt fund	BB	64,160,034
U.S. treasury notes and bonds	Not Rated	182,226
NHIT agency mbs trust	AAA	23,650,223
Senior floating rate fund	BB	2,534,709
		362,172,825
Total debt securities		$ 450,941,803

Investment Policy

The System's investment policy is to preserve the capital value of the System adjusted for inflation; to ensure adequate liquidity to meet benefit liabilities as they fall due; to meet the actuarial interest rate assumptions over the longer term while maintaining appropriate risk levels; and to exceed the investment return by the astute management of System assets. The System's investment policy is designed to provide broad diversification among asset classes in order to maximize returns at a prudent level of risk. In addition, asset allocation ranges, target allocations and a process of periodic rebalancing are used to maintain compliance with policy. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The following is the Board's adopted target asset allocation and the best estimates of arithmetic real rates of return by asset class.

Asset Class	**Allocation Target**	**Long-Term Expected Real Rate of Return**
US Equity	23.5%	5.59%
International Equity	23.5%	7.23%
Private Equity	11.0%	10.23%
Fixed Income	12.0%	3.07%
Real Estate	11.0%	5.60%
Hedge Funds	5.0%	4.15%
Private Energy	5.0%	7.61%
Private Debt	7.0%	7.00%
Cash	2.0%	0.73%
Total Portfolio	***100.0%***	

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return of the Plan, calculated as the internal rate of return on investments, net of investment expenses, was 7.16%. The money-weighted rate of return expresses the Plan's investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

6. Deferred Retirement Option Program (DROP):

The System has two DROP programs, DROP and DROP 2. DROP became effective July 1, 1996 and DROP 2 became effective January 1, 2010. The DROP balance as of June 30, 2023, is $23,232,837. The DROP 2 balance as of June 30, 2023, is $50,997,093.

DROP

Members with more than 20 years of service on or before December 31, 2009 can elect to participate in DROP at any time. A member's DROP participation period can be for one, two or three years. During that time the member will accrue no additional service. A member who continues employment at the end of his/her DROP participation period shall begin to earn additional service credit.

If a member retires during his/her DROP participation period or immediately at the end of this period, he/she shall be entitled to a Basic DROP Retirement Benefit. This shall equal:

1) The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP participation, plus

2) A lump sum equal to the member's DROP account. This equals the accumulation of the annuity payments the member would have received had he/she retired at the time his/her DROP participation began receiving benefits, plus the member contributions paid during his/her DROP participation period, plus interest at 8.25%.

If a member retires later than the end of the three-year DROP period but less than 18 months after the conclusion of his/her DROP participation period, he/she is entitled to an Intermediate DROP Retirement Benefit. This shall equal:

1) The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP participation, plus

2) Benefit accrual of 2% plus an extra 1.5% per year (not to exceed 18 months) for service after the DROP participation period.

3) A lump sum equal to the DROP account. No additions (other than interest) are added after the conclusion of the DROP participation period.

If a member retires more than 18 months after the conclusion of his/her DROP participation period, he/she is entitled to a Full DROP Retirement Benefit. This shall equal:

1) The retirement benefit based on current average final compensation and all service excluding service while a participant is in DROP.

2) Benefit accrual includes an extra 1.5% per year (not to exceed four years) for service after the DROP participation period.

3) A lump sum equal to the DROP account. No additions (other than interest) are added after the conclusion of the DROP participation period.

DROP 2

Members with more than 20 years of service on or after January 1, 2010, but not before December 31, 2009, can elect to participate in DROP 2. Effective July 1, 2010, the 20-year requirement was moved to 25 years for non-grandfathered members. A member's DROP 2 participation period can be for one, two or three years. The participant must remain in DROP 2 for at least one year. Those participants who retire prior to the end of the first year are not entitled to receive any amounts accumulated in the DROP 2 account. No additional service is accrued during DROP 2 participation. A member who continues employment at the end of the DROP 2 participation period shall begin to earn additional service credit.

If a member retires during the DROP 2 participation period or immediately at the end of this period, the member is entitled to an Early DROP 2 Retirement Benefit. This is equal to:

1) The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP 2 participation, plus

2) A lump sum equal to the member's DROP 2 account. This equals the accumulation of the annuity payments the member would have received had he/she retired at the time his/her DROP 2 participation began plus the member contributions paid during his/her DROP 2 participation period, plus interest at 5.5% for grandfathered participants and 3.0% for non-grandfathered participants.

If a member retires later than the end of the three-year DROP 2 period but less than 3.5 years for police employees or five years for fire employees after the conclusion of his/her DROP 2 participation period, he/she is entitled to a Mid DROP 2 Retirement Benefit. This is equal to:

1) The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP 2 participation, plus

2) Benefit accrual of 2% for service after the DROP 2 participation period began.

3) An additional benefit accrual of 1.5% per year (not to exceed four years) for service after the DROP 2 participation period for fire employees only. Police employees do not receive an additional benefit accrual.

4) A lump sum equal to the DROP 2 account. No additions (other than interest) are added after the conclusion of the DROP 2 participation period.

If a member retires more than 3.5 years for police employees or five years for fire employees after the conclusion of his/her DROP 2 participation period, he/she is entitled to a Complete DROP 2 Retirement Benefit. This shall equal:

1) The retirement benefit based on current average final compensation and all service excluding service while a participant is in DROP 2.

2) Benefit accrual includes an extra 1.5% per year (not to exceed four years) for service after the DROP 2 participation period for fire employees only. Police employees do not receive an additional benefit accrual.

3) A lump sum equal to the DROP 2 account. No additions (other than interest) are added after the conclusion of the DROP 2 participation period.

7. Capital Assets:

Capital Assets consisting of furniture and equipment, computer equipment and leasehold improvements are recorded at cost. Depreciation on computer equipment is calculated on a straight-line basis over a five-year useful life; depreciation on leasehold improvements and office furniture is calculated on a straight-line basis over fifteen years, the life of the building lease.

Depreciable Capital Assets	July 1, 2022 Balance	Capital Acquisitions	Dispositions	June 30, 2023 Balance
Computer equipment	$ 1,028,285	$ -	$ -	$ 1,028,285
Office furniture / equipment	397,575	12,542	-	410,117
Leasehold improvements	1,592,763	-	-	1,592,763
Totals	3,018,623	12,542	-	3,031,165

Accumulated Depreciation	July 1, 2022 Balance	Increases	Decreases	June 30, 2023 Balance
Computer equipment	(971,370)	(35,237)	$ -	(1,006,607)
Office furniture / equipment	(380,552)	(3,243)	-	(383,795)
Leasehold improvements	(1,446,461)	(18,158)	-	(1,464,619)
Totals	(2,798,383)	(56,638)	-	(2,855,021)
Capital Assets, net	$ 220,240	$ (44,096)	$ -	$ 176,144

8. Net Pension Liability:

The following schedules show the Net Pension Liability as of June 30, 2023, and the sensitivity of the NPL to the discount rate. The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at rates equal to those based on the June 30, 2023, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, F&P's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of July 1, 2023. Therefore, the long-term expected rate of return on F&P investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Net Pension Liability

Total Pension Liability	$ 4,420,496,966
Plan Fiduciary Net Position	3,074,858,116
Net Pension Liability	$ 1,345,638,850
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.6%

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Total Pension Liability	$4,935,375,878	$4,420,496,966	$3,991,149,522
Plan Fiduciary Net Position	3,074,858,116	3,074,858,116	3,074,858,116
Net Pension Liability	$1,860,517,762	$1,345,638,850	$ 916,291,406
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.3%	69.6%	77.0%

Valuation Date 6/30/2023

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Discount rate	6.90%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee classification and years of service
Mortality	Pub-2010 Mortality Tables projected generationally using an adjusted RPEC_2014 model

The last experience study covered the period July 1, 2017 through June 30, 2020. An actuarial experience study is generally conducted every five years, however, the F&P conducts an experience study every three years.

9. Derivatives:

Derivatives are generally defined as an investment contract or security with a value that depends on, or is derived from, the value of an underlying asset, reference rate or financial index. The F&P has classified the following instruments as forward foreign contracts:

Forward Currency Contracts

Certain F&P investment managers enter into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. Those managers also enter into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase (payable) or sell (receivable) a foreign currency at a future date at a negotiated forward rate. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. Unrealized gain or loss on forward currency contracts is the difference between the contract and the closing fair value of such contract and is included in the statement of changes in fiduciary net position as net appreciation/depreciation in fair value of investments. The table below summarizes the fair value of foreign currency contracts as of June 30, 2023.

Currency	Forward Foreign Contracts Cost Receivable	Forward Foreign Contracts Cost Payable	Forward Foreign Contracts Fair Value Receivable	Forward Foreign Contracts Fair Value Payable
Canadian Dollar	$ 4,489	$ 4,489	$ 4,489	$ 4,504
Euro Currency	21,545	21,545	21,545	21,544
Euro Currency	256,819	256,819	257,698	256,819
Japanese Yen	234,573	234,573	234,573	234,590
Pound Sterling	459,907	459,907	459,907	463,513
Pound Sterling	343,496	343,496	343,749	343,496
Singapore Dollar	66,253	66,253	66,260	66,253
Swiss Franc	764,479	764,479	764,479	767,262
Totals	$ 2,151,561	$ 2,151,561	$ 2,152,700	$ 2,157,981

REQUIRED SUPPLEMENTARY INFORMATION AND SUPPORTING SCHEDULES

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SCHEDULE OF INVESTMENT RETURNS
For the Year Ended June 30

Schedule of Changes in Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019
Total Pension Liability:					
Interest (includes interest on service cost)	$ 292,789,820	$ 288,797,796	$ 290,605,684	$ 283,200,806	$ 277,539,987
Service cost	71,416,044	73,379,987	71,089,400	68,969,296	69,279,116
Changes of assumptions	23,333,548	22,540,604	45,988,331	0	0
Differences between expected and actual experience	36,587,542	(13,223,438)	(18,538,927)	13,550,622	(9,038,719)
Benefit payments, including refunds of member contributions	(285,243,232)	(279,639,477)	(268,603,585)	(262,905,274)	(255,996,204)
Net change in total pension liability	**138,883,722**	**91,855,472**	**120,540,903**	**102,815,450**	**81,784,180**
Total pension liability - beginning	**4,281,613,244**	**4,189,757,772**	**4,069,216,869**	**3,966,401,419**	**3,884,617,239**
Total pension liability - ending	**$ 4,420,496,966**	**$ 4,281,613,244**	**$ 4,189,757,772**	**$ 4,069,216,869**	**$ 3,966,401,419**
Plan fiduciary net position					
Net investment income	$ 223,197,039	$ (280,107,434)	$ 774,159,864	$ (15,074,897)	$ 148,059,369
Contributions - employer	154,765,619	161,379,656	151,088,173	146,795,520	141,325,667
Contributions - members	31,306,544	30,735,509	31,656,700	31,353,065	30,710,887
Benefit payments, including refunds of member contributions	(285,243,232)	(279,639,477)	(268,603,585)	(262,905,274)	(255,996,204)
Administrative expense	(5,252,301)	(5,115,536)	(4,927,776)	(4,967,444)	(5,144,352)
Net change in total pension liability	**118,773,669**	**(372,747,282)**	**683,373,376**	**(104,799,030)**	**58,955,367**
Plan fiduciary net position - beginning	**2,956,084,447**	**3,328,831,729**	**2,645,458,353**	**2,750,257,383**	**2,691,302,016**
Plan fiduciary net position - ending	**$ 3,074,858,116**	**$ 2,956,084,447**	**$ 3,328,831,729**	**$ 2,645,458,353**	**$ 2,750,257,383**
Net pension liability - ending	**$ 1,345,638,850**	**$ 1,325,528,797**	**$ 860,926,043**	**$ 1,423,758,516**	**$ 1,216,144,036**

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (continued)
SCHEDULE OF INVESTMENT RETURNS (continued)
For the Year Ended June 30

	2023	2022	2021	2020	2019
Plan fiduciary net position as a percentage of the total pension liability	**69.56%**	**69.04%**	**79.45%**	**65.01%**	**69.34%**
Covered payroll	**$ 318,718,660**	**$ 318,060,427**	**$ 330,599,791**	**$ 326,639,940**	**$ 322,382,165**
Net pension liability as a percentage of covered payroll	**422.20%**	**416.75%**	**260.41%**	**435.88%**	**377.24%**

Schedule of Investment Returns

	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	7.16%	-8.23%	28.82%	-0.76%	5.44%

Starting FYE 2018, the covered payroll is reported as beginning on the valuation date. In prior years, it was reported as ending on the valuation date.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (continued)
SCHEDULE OF INVESTMENT RETURNS (continued)
For the Year Ended June 30

Schedule of Changes in Net Pension Liability and Related Ratios

	2018	2017	2016	2015	2014
Total Pension Liability:					
Interest (includes interest on service cost)	$ 275,197,368	$ 269,479,447	$ 261,805,511	$ 257,871,163	$ 250,480,374
Service cost	70,244,396	70,986,959	71,220,766	66,665,615	66,034,831
Changes of assumptions	86,384,050	0	0	35,744,707	0
Differences between expected and actual experience	(20,544,752)	(17,476,659)	11,431,589	28,263,161	1,405,813
Benefit payments, including refunds of member contributions	(246,970,565)	(245,080,080)	(238,842,513)	(224,934,312)	(221,439,237)
Net change in total pension liability	**164,310,497**	**77,909,667**	**105,615,353**	**163,610,334**	**96,481,781**
Total pension liability - beginning	**3,720,306,742**	**3,642,397,075**	**3,536,781,722**	**3,373,171,388**	**3,276,689,607**
Total pension liability - ending	**$ 3,884,617,239**	**$ 3,720,306,742**	**$ 3,642,397,075**	**$ 3,536,781,722**	**$ 3,373,171,388**
Plan fiduciary net position					
Net investment income	$ 211,667,943	$ 274,387,604	$ 3,002,726	$ 53,902,299	$ 314,449,271
Contributions - employer	137,738,323	129,688,977	121,115,085	119,020,291	113,843,250
Contributions - members	31,285,881	29,901,791	30,549,801	30,341,796	28,265,556
Benefit payments, including refunds of member contributions	(246,970,565)	(245,080,080)	(238,842,513)	(224,934,310)	(221,439,237)
Administrative expense	(4,984,228)	(4,328,135)	(4,407,296)	(4,297,773)	(3,907,539)
Net change in total pension liability	**128,737,354**	**184,570,157**	**(88,582,197)**	**(25,967,697)**	**231,211,301**
Plan fiduciary net position - beginning	**2,562,564,662**	**2,377,994,505**	**2,466,576,702**	**2,492,544,399**	**2,261,333,098**
Plan fiduciary net position - ending	**$ 2,691,302,016**	**$ 2,562,564,662**	**$ 2,377,994,505**	**$ 2,466,576,702**	**$ 2,492,544,399**
Net pension liability - ending	**$ 1,193,315,223**	**$ 1,157,742,080**	**$ 1,264,402,570**	**$ 1,070,205,020**	**$ 880,626,989**

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (concluded)
SCHEDULE OF INVESTMENT RETURNS (concluded)
For the Year Ended June 30

	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	**69.28%**	**68.88%**	**65.29%**	**69.74%**	**73.89%**
Covered payroll	**$ 323,350,763**	**$ 296,356,741**	**$ 300,855,075**	**$ 298,354,900**	**$ 284,210,233**
Net pension liability as a percentage of covered payroll	**369.05%**	**390.66%**	**420.27%**	**358.70%**	**309.85%**

Schedule of Investment Returns

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.99%	11.29%	-0.10%	2.00%	13.60%

Starting FYE 2018, the covered payroll is reported as beginning on the valuation date. In prior years, it was reported as ending on the valuation date.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
Required Supplementary Information
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	City Contribution Per Actuarial Valuation	Contributions Required From State of Maryland	Total Contributions Required	Total Contributions Made	Covered Payroll	Contribution Rate of Covered Payroll
2014	$113,003,944	$839,306	$113,843,250	$113,843,250	$284,210,233	40.06
2015	118,190,306	829,985	119,020,291	119,020,291	298,354,900	39.89
2016	120,275,610	839,475	121,115,085	121,115,085	300,855,075	40.26
2017	128,806,072	882,905	129,688,977	129,688,977	296,356,741	43.76
2018	136,832,361	905,962	137,738,323	137,738,323	323,350,763	42.60
2019	140,453,144	872,523	141,325,667	141,325,667	322,382,165	43.84
2020	145,883,576	911,944	146,795,520	146,795,520	326,639,940	44.94
2021	150,170,214	917,959	151,088,173	151,088,173	330,599,791	45.70
2022	160,592,689	786,967	161,379,656	161,379,656	318,060,427	50.74
2023	153,984,152	781,467	154,765,619	154,765,619	318,718,660	48.56

Notes:

Covered payroll is defined as the pensionable wages on which contributions are based.

Starting in FYE 2018, the covered payroll is reported as beginning on the valuation date.
In prior years, it was reported as ending on the valuation date.

See notes to required supplementary information.

1. Ordinance 10-306, signed by the Mayor on June 22, 2010, provided amendments and clarifications to the plan that affect current and future members and retirees. The Ordinance, which was clarified by Ordinance 10-357 and signed by the Mayor on August 10, 2010: (1) modified the plan's variable post-retirement increase benefit provisions by changing to a guaranteed, fixed increase: 1% for eligible retirees and beneficiaries aged 55 to 64 who have been receiving periodic benefit payments for 2 or more years as of June 30, 2011, beginning in January 2012; and 2% for eligible retirees and beneficiaries aged 65 and older and for 100% line-of-duty disability retirees and their beneficiaries who have been receiving periodic benefit payments for 2 or more years as of June 30, 2010, beginning in January 2011; and no increases for retirees less than 55 years of age; (2) changed the age and service requirements for a normal service retirement benefit for all non-grandfathered members (members who, as of June 30, 2010, did not meet the eligibility requirements for a service retirement benefit or had fewer than 15 years of service) to the earlier of 25 years of service or age 55, with at least 15 years of service as an F&P member; (3) established a new early service retirement benefit for non-grandfathered members by allowing members who are not eligible for the new normal service retirement to retire at or after their former retirement eligibility date and receive a reduced early retirement benefit; (4) changed the definition of "average final compensation" for non-grandfathered members to mean a member's salary over 36 consecutive months during which pay was highest; (5) increased DROP 2 eligibility to 25 years of service as a contributing F&P member for non-grandfathered members with less than 15 years of service as of June 30, 2010; (6) increased the percentage of compensation contributable by all members to 7% effective July 1, 2010; 8% effective July 1, 2011; 9% effective July 1, 2012; and 10% effective July 1, 2013; (7) reduced interest paid by the plan on withdrawal of accumulated contributions and lump-sum death benefits from 5.5% to 3.0% for all members; (8) reduced interest paid by the plan on DROP 2 accounts from 5.5% to 3.0% for members with less than 15 years of service; (9) established a new minimum annual benefit of $16,000 payable to spousal beneficiaries of sworn members who, before August 1, 1996, retired or died in service with 20 or more years of service; (10) allowed pre-employment military service to be used to satisfy eligibility for a normal service, DROP, or DROP 2 retirement for all members; (11) lowered the plan's long-term investment earnings assumption from 8.25% to 8.0%; and (12) expanded the plan's Board of Trustees to add the City's Director of Finance and a third Mayoral appointee and established new professional qualifications for the Mayoral appointees.

   Due to the aforementioned plan changes, the June 30, 2009 actuarial valuation report was revised. The actuarial accrued liability was reduced by $88.8 million and the fiscal year 2011 employer contribution due July 1, 2010 was reduced from $101.8 million to $90.6 million

2. The June 30, 2010, unfunded actuarial liability increased $134.1 million from a revised $374.9 million at June 30, 2009, due to the above noted changes in plan provisions, to $509.0 million mainly due to the recognition of prior year investment losses.

3. Ordinance 11-444, signed by the Mayor on May 19, 2011, established a new minimum annual benefit of $16,000 payable to spousal beneficiaries of sworn members who, before August 1, 1996, retired on account of a Line-of-Duty Disability with less than 20 years of service. The unfunded actuarial liability increased $49.6 million to $558.6 million at June 30, 2011; the increase included $5.6 million due to the minimum benefit improvement which commenced in January 2012.

4. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, 2021. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule:

Valuation date	6/30/2021
Timing	Actuarially determined contribution are calculated based on the actuarial valuation one year prior to the beginning of the fiscal year.

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Asset valuation method	5-year smoothed fair value
Amortization method	Closed 20-year level dollar amortization of unfunded liability as of July 1, 2020
Discount rate	7.00%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee classification and years of service
Mortality	Pub-2010 Mortality Table projected generationally using an adjusted RPEC_2014_v2020 model.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023 can be found in the June 30, 2021 actuarial valuation report.

5. Ordinance 15-381, signed by the Mayor on June 15, 2015, authorized all retirement allowances shall be paid monthly rather than bi-weekly, effective January 1, 2016. Service retirements for all members and beneficiaries take effect on the 1st day of the calendar month and shall be paid on the 15th day of that calendar month. Death and survivorship benefits take effect on the 1st day of the calendar month following the month in which the member dies and shall be paid on the 15th day of that calendar month. For the calendar month in which the death of a retired member or beneficiary occurs, the F&P shall owe and pay the entire monthly allowance due to a retired member or beneficiary.

6. Ordinance 19-254, signed by the Mayor on June 10, 2019, decreased the assumed earnings rate from 7.5% to 7.25%. The formula changed for members entering the system on or after July 1, 2019 for calculating the cost of purchases and transfers of pension plan credited service. The ordinance changed the definition of "minor child" for purposes of being eligible to receive death benefits to include any child who has not attained age 22, with no condition of school attendance and updated the survivorship allowance language. Allowing spousal beneficiaries age 70 and over to remarry without penalty of losing certain survivorship benefits. Benefit payments initially paid after January 1, 2020, requiring that periodic benefit payments be made through direct deposit.

7. Ordinance 22-145, signed by the mayor on June 30, 2022 decreased the assumed earnings rate from 7.25% to 7.0% for FY 2021, 6.95% for FY 2022, and 6.9% for FY 2023.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended June 30, 2023

Salaries and Wages:		
Permanent full-time salaries	$1,824,336	
Total Salaries and Wages		$1,824,336
Other Personnel Costs:		
Medical insurance and health care	513,424	
Retirement	223,656	
Social security	144,859	
Other employee benefits	10,002	
Total Other Personnel Costs		891,941
Contractual Services:		
Technology systems support	816,469	
Other professional services	551,070	
Lease payments	290,904	
Printing	189,952	
Retirement payroll processing	169,251	
Actuarial services	135,615	
Postage	49,228	
Staff training	39,237	
Financial audit fees	38,980	
Equipment rental	37,325	
Equipment maintenance	22,289	
Board meeting expense	22,218	
Trustee education	19,106	
Dues and publications	15,294	
Telephone systems	13,899	
Total Contractual Services		2,410,837
Depreciation expense		56,638
Computer equipment		38,190
Office supplies		19,578
Office furniture		10,781
Total Administrative Expenses		$5,252,301

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF INVESTMENT EXPENSES
SCHEDULE OF PAYMENTS TO CONSULTANTS
For the Year Ended June 30, 2023

Schedule of Investment Expenses

Investment Expenses	Fees
Investment management fees	$15,122,485
Investment consultant fees	500,833
Custodial fees	269,010
Securities lending fees	65,057
Total Investment Expenses	**$15,957,385**

Schedule of Payments to Consultants

Firm	Fees	Nature of Service
Magothy Technology	$196,739	Technology systems support
Cheiron	135,615	Actuarial services
BITH Group	126,574	Technology systems support
CliftonLarsonAllen	38,980	Financial audit
Total Paid to Consultants	**$497,908**	

Notes:

(1) Several of the alternative investment managers provide account valuations on a net of fee basis. Manager fees are netted against investment income and because they are not separable for specific investment income, amounts are recorded and reported net of fees.

(2) A schedule of fees and commissions is also illustrated in the Investment Section on page 65.

INVESTMENT SECTION

Kevin M. Leonard
Partner & Practice Group Director, Public Funds & Taft Hartley

November 3, 2023

To the Board of Trustees of the
Fire & Police Employees' Retirement System of the City of Baltimore

Introduction

NEPC provides the City of Baltimore Fire & Policy Employees' Retirement System (the "System") with quarterly economic and investment market updates, performance reviews, investment manager monitoring and selection advice, and related investment services for traditional and non-traditional asset classes. In preparing our performance analysis for the Systems, we rely on the accuracy of financial data provided by the Systems' custodian bank and investment managers. BNY Mellon holds assets in safe-keeping for the System, regularly values the assets for the System, and provides NEPC with beginning and ending fair values, cash flows, securities transactions and positions for the System as well as each manager monthly. Third-party custodians or administrators for pooled investment vehicles such as mutual funds, collective investment trusts, hedge funds and other commingled funds provide BNY Mellon and the System with fair values. Private partnerships provide the System and NEPC capital account statements and audited financial statements for those investments. BNY Mellon audits the information contained in its monthly accounting reports. NEPC uses BNY Mellon's monthly reports to independently calculate performance returns for the System and the System's Board of Trustees (the "Trustees"). The Systems' goals are measured against stated policy objectives, appropriate benchmarks and comparative universes over multiple time periods. This review process allows the Boards to evaluate whether established goals are being achieved on an absolute, relative and risk-adjusted basis.

Distinction of Responsibilities

The Trustees are responsible for the investment and administration of the System's assets. This includes establishing the strategic asset allocation that, over time, is the primary determinant of the investment return on assets. A thorough understanding of both the System's assets and liabilities is essential for determining an appropriate asset allocation. The key drivers of this analysis are the projections of the System's liabilities and of expected future returns and risk for each asset class, as well as correlation between asset classes. The liability projections include all critical metrics of the System's pension plan including: membership, benefits structure, contributions, liquidity needs, projected asset growth and funding requirements. Every three years, an asset-liability study is conducted. Subsequent to an asset-liability study, NEPC annually reviews the target asset allocation, expected asset class returns, and relative valuation with the Trustees and modifies the target asset mix if necessary. The following page shows the target asset allocation as of fiscal year-end ("FYE") 2023.

Investment Policy and Structure

The target asset allocation adopted by the Trustees is included in the System's Statement of Investment Objectives and Policies. The System employs various investment managers to implement the asset allocation within the guidelines and limitations contained in the Statement of Investment Objectives and Policies, Asset Class Guidelines and Manager Instructions (together, the

"Investment Policy"). The System's Investment Policy is designed to provide broad diversification among asset classes and investment strategies in order to maximize return at a prudent level of risk as determined by the Trustees, and to minimize the risk of large losses to the System. Within each asset class, the Trustees employ several investment managers to further diversify the investment approach and to minimize style biases. In addition, asset allocation ranges, target allocations, and a process of periodic rebalancing are used to maintain compliance with the Investment Policy and to increase the likelihood the System will achieve its long-term risk and return objectives. The System's assets are invested using both active and passive investment managers to obtain the desired asset allocation mix in a cost effective and efficient manner. Each investment manager is delegated full investment discretion for its respective portfolio including the discretion to purchase, hold, and sell individual securities or other investment positions and control industry, economic sector, and geographic exposure subject to the Investment Policy.

The following table outlines the System's long-term target asset allocation as of FYE 2023:

US Equity	23.5%
International Equity	23.5%
Total Fixed Income	12.0%
Private Equity	11.0%
Private Debt	7.0%
Hedge Fund	5.0%
Real Estate	11.0%
Natural Resource/Private Energy	5.0%
Cash	2.0%

Investment Objectives

The System's Investment Policy contains the following objectives (in order):

1. To preserve the inflation-adjusted fair value of the System;
2. To ensure adequate liquidity is available to meet benefit payments as they fall due;
3. To meet the actuarial rate of return assumptions over time while maintaining an appropriate risk level; and
4. To exceed the investment return objective without unduly jeopardizing objectives 1-3.

The FYE 2023 investment policy return objective is based on a hypothetical portfolio that includes the following allocations: 23.5% Russell 3000 Index, 23.5% MSCI All Country World Ex-US Index; 12% Bloomberg Barclays US Universal Index; 11% Private Equity Composite; 7% Private Debt Composite; 5% HFRI Fund of Funds Composite Index; 11% NCREIF Property Index; 5% Natural Resources/Private Energy Composite and 2% 91-Day T-Bills. In addition, the System's investment performance is evaluated relative to the Investment Metrics Public Defined Benefit $1-5 Billion universe, which represents the performance of 71 public pension plans with an aggregate value of $189.2 billion as of June 30, 2023. Finally, each investment manager is compared to its relevant market index and style peer universe.

Fiscal Year 2023 Market Review

The fiscal year ended June 30, 2023, was one characterized by strong returns in risky assets such as stocks while interest sensitive fixed income, inflation-sensitive assets, commodities, and real estate declined in value. The U.S. economy demonstrated resilience in the face of rapidly rising interest rates, posting moderate GDP growth and exhibiting signs of a healthy labor market. The fiscal year ended with inflation levels increasing 3.1% on a year-over-year basis, which is a notable deceleration from last year's 9.1% increase, although it remains above the Federal Reserve's target inflation rate of 2.0%. In its efforts to combat inflation, over the past fiscal year, the Federal Reserve raised the Fed Funds rate eight times, from a range of 1.50% - 1.75% ending FY 2022 to 5.00% - 5.25% ending FY 2023. Similar actions were taken by central banks globally. With the resilient U.S. economy and decelerating inflation as the backdrop, U.S. stocks posted strong returns of 19.6% as measured by the S&P 500 Index. International developed stocks also had a strong year with a return of 18.8% as measured by the MSCI EAFE Index. Emerging markets stocks underperformed both U.S. and international-developed markets, posting an anemic 1.8% return as measured by the MSCI Emerging Markets Index. Typically considered a safe-haven asset, U.S. high quality fixed income returns posted a second consecutive negative yearly return as the pace of interest rate hikes eroded value in the Bloomberg U.S. Aggregate Bond Index which returned -0.9%.

Investment Performance

NEPC provides investment performance on a monthly basis for the Systems. The underlying information is collected directly from the custodian (BNY Mellon). This information is then compared to information received from each investment management firm. The performance measurement analyst assigned to the account then reviews all of the relevant information in our performance measurement system, checking it for accuracy and reasonableness. A preliminary version of this report is then sent to the senior analyst assigned to the relationship for review. A final review is then conducted by the assigned consultant to the System. Accordingly, all performance returns are calculated using a time-weighted methodology for all investment managers which eliminate the effect of cash flows on a monthly basis. A Weighted Average performance calculation method is used for all composite returns which. This calculation attempts to eliminate the effects of cash flows on a monthly basis and geometrically links monthly returns.

The total return for the fiscal year ending June 30, 2023, on all assets was 7.4% (gross of fees), which outperformed its Policy Index benchmark of 7.1% and ranked in the 72nd percentile of the Investment Metrics Public Defined Benefit $1-5 Billion Universe. The System's Investment Policy calls for measuring performance over rolling 3- to 5-year periods. Prior to FYE 2016 for Investment performance measurement purposes, total System assets were separated into "actively managed" accounts and "other" assets. The "actively managed" portion of the System's total assets referred to the assets diversified according to the Investment Policy. The "other" assets consisted of the cash reserve held for payment of benefits and administrative expenses, Contingency Reserve assets, and Variable Benefit assets held in an immunized portfolio dedicated solely to paying post-retirement benefit increases. This distinction has since been eliminated. Accordingly, the System's diversified assets have compounded at annual rates of return of 8.6% and 6.2% for the last 3 and 5 years, underperforming the benchmark return of 9.9% over 3 years and 7.3% over 5 years, and ranking in the 44th and 67th percentiles for those periods, respectively. Over the longer time-period of the trailing 10 years, the System's diversified portfolio returned 6.8%, underperforming the benchmark return of 7.3%, and ranking in the 76th percentile of the peer universe. The System's assets produced positive absolute returns over all trailing time periods. Peer rankings are reflective of the System's investment objectives and risk-averse positioning.

Contributive and detractive factors for FY 2023 were:

- Strong absolute returns in hedge funds, international equities, private debt, and private real assets contributed to absolute performance;
- Strong relative performance in international equities, hedge funds, real estate and real assets contributed to relative performance;
- Above-target weight to domestic equities and below-target weight to international equities, and private debt detracted from relative performance; and
- Poor relative performance in domestic equities and fixed income detracted from relative performance.

The market value of all assets increased from $2.98 billion on June 30, 2022 to $3.08 billion on June 30, 2023, net of all cash flows. Time weighted returns for the asset class composites and total fund are shown below.

			Fiscal Year Rate of Return	
	Market Value ($ in millions)	% of Portfolio	System	Benchmark
US Equity	$840.4	27.3%	15.2%	19.0%
International Equity	$628.6	20.4%	16.1%	12.7%
Total Fixed Income	$453.2	14.7%	0.9%	0.0%
Private Equity	$383.9	12.5%	-6.5%	N/A
Private Debt	$107.5	3.5%	2.5%	N/A
Hedge Fund	$185.5	6.0%	8.2%	3.7%
Real Estate	$307.8	10.0%	-2.8%	-6.6%
Real Assets	$155.5	5.0%	10.7%	N/A
Cash	$16.9	0.6%	3.3%	N/A
Total Assets	$3,079.3	100.0%	7.4%	7.1%

Sincerely,

OUTLINE OF INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives

The primary investment objectives of the Board of Trustees (Board) of the Fire and Police Employees' Retirement System (F&P, System) are set forth below. It is recognized that maximizing any one objective may compromise the achievement of other objectives. For example, maximizing liquidity may reduce investment return; seeking maximum investment return may subject capital preservation to higher risk. Accordingly, the investment objectives are given in descending order of priority:

1. To preserve the capital value of the System assets adjusted for inflation;
2. To ensure adequate System liquidity to meet benefit liabilities as they fall due;
3. To meet the actuarial interest rate assumption; and
4. Without unduly jeopardizing the above objectives, to exceed the investment return objective by the astute management of funds.

General Investment Policy

The Board must comply with investment restrictions imposed by the laws of the City of Baltimore and any other State or Federal laws dealing with investment of public retirement plan assets. System investment managers are expected to familiarize themselves with these laws.

Investment policy for the System relates to the portfolio of all assets that comprise the total holdings of the System. The Board recognizes that the objective of a sound and prudent policy is to produce investment results that will preserve the assets of the System, as well as to maximize earnings of the F&P consistent with its long-term needs. These long-term needs have been ascertained through various studies performed on behalf of the Board by its actuary and its investment advisor. Investment policy and the long-term average allocation of plan assets to which they refer are deemed to be consistent with the projected pattern of cash flows to the F&P and its projected benefit payments. Should the projected finances of the System change significantly, the applicable Federal or State statutes be amended, or changes in the System's asset valuation methods be adopted, these policies and average asset allocations will be reviewed and modified by the action of the Board, if appropriate.

The Board recognizes that its investment portfolio must be diversified over several different asset classifications in order to reduce risk. The following asset allocation has been established as an overall objective for the total holdings of the System:

Asset Category	Percentage of Total Fund at Fair Value Target
Domestic Equity	23.5%
International Equity	23.5%
Private Equity	18.0%
Real Assets	5.0%
Fixed Income	12.0%
Cash	2.0%
Real Estate	11.0%
Hedge Funds	5.0%

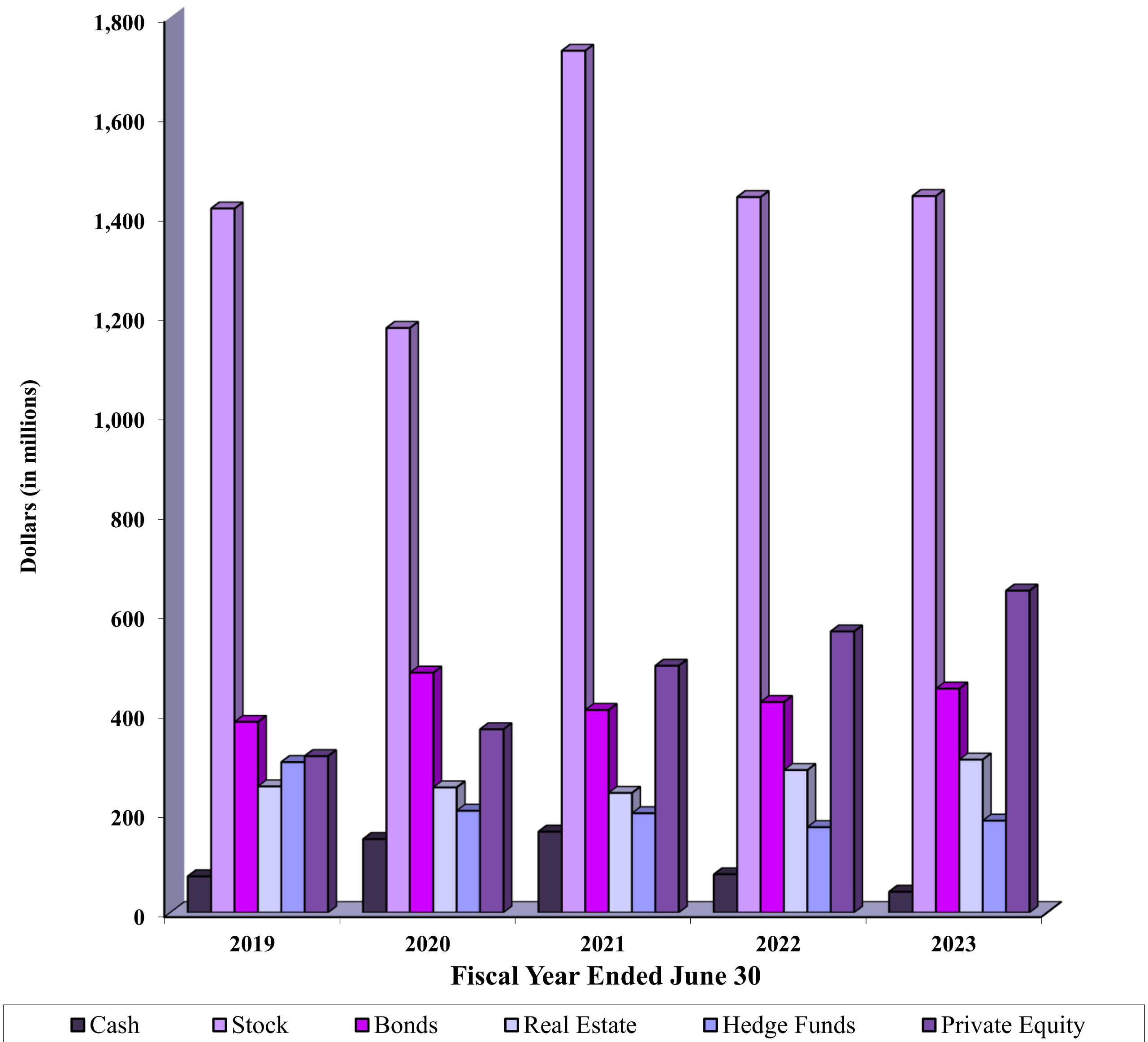
Within each major asset classification, investments are further diversified. Excessive concentration in any particular security, company or industry is to be avoided. Investment guidelines have been supplied to each of the System's investment managers. Subject to these objectives and guidelines, and the System laws, the investment managers have full discretion in investment decisions. Managers are advised to notify the Board in writing if these objectives cannot be met or if the guidelines constrict performance. The investment managers are encouraged to suggest changes to the guidelines at any time.

Proxy Voting

Pursuant to a U.S. Department of Labor directive, the Board has a long-standing policy that, when solicitations of proxies with respect to securities are received by an investment manager, the decisions as to whether and how to vote such proxies are delegated to that investment manager.

The Board also recognizes, however, that the investment manager's decisions must be made in accordance with applicable legal standards and that the Board has an obligation to ensure that those standards are being observed. Therefore, the Board requests that annually (June 30) each management firm furnish the System with a written statement of their policy and practices with respect to the voting of securities held in their employee benefit plan asset portfolios, together with their written assurance that such policies and practices are being followed. These statements and assurances will be included, and will be given appropriate weight, in the Board’s continuing evaluation of each manager's overall investment performance.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
TOTAL PORTFOLIO COMPOSITION
FAIR VALUE OF INVESTMENTS



	2019		2020		2021		2022		2023	
Cash	$ 73	3%	$ 148	6%	$ 163	5%	$ 77	3%	$ 42	1%
Stock	1,416	52	1,176	45	1,733	53	1,439	48	1,441	47
Bonds	384	14	483	18	408	13	424	14	451	15
Real Estate	254	9	252	9	241	7	287	10	308	10
Hedge Funds	303	11	205	8	200	6	172	6	185	6
Private Equity	315	11	369	14	497	16	566	19	648	21
Total	$ 2,745	100%	$ 2,633	100%	$ 3,242	100%	$ 2,965	100%	$ 3,075	100%

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
INVESTMENT RESULTS - TIME WEIGHTED RATE OF RETURN

Total Returns	FY 2023	Annualized 3 Years	5 Years	10 Years
TOTAL PORTFOLIO	7.2%	8.5%	6.2%	6.8%
Composite Benchmark	6.9	9.9	7.2	7.3
DOMESTIC EQUITIES	15.2	12.7	10.9	12.0
S&P 500 Index	19.6	14.6	12.3	12.7
Russell 1000	19.4	14.1	11.9	12.6
Russell 2000	12.3	10.8	4.2	8.3
Russell 3000	19.0	13.9	11.4	12.3
INTERNATIONAL EQUITIES	16.1	7.0	3.6	4.8
MSCI AC World ex USA (Net)	12.7	7.2	3.5	4.7
DOMESTIC FIXED INCOME	0.9	(2.0)	1.1	1.5
Bloomberg Capital US Government/Credit	(0.7)	(4.1)	1.0	1.7
Bloomberg Capital Aggregate	(0.9)	(4.0)	0.8	1.5
PRIVATE EQUITY	(7.6)	23.0	19.4	17.2
S&P 500 Index Plus 200 bps	21.6	16.6	14.3	14.7
HEDGE FUND	8.2	9.0	6.1	6.0
HFRI FOF Composite Index	3.6	5.0	3.3	3.4
REAL ESTATE	(2.8)	8.5	7.3	9.6
NCREIF Property Index	(6.6)	6.8	5.9	7.8

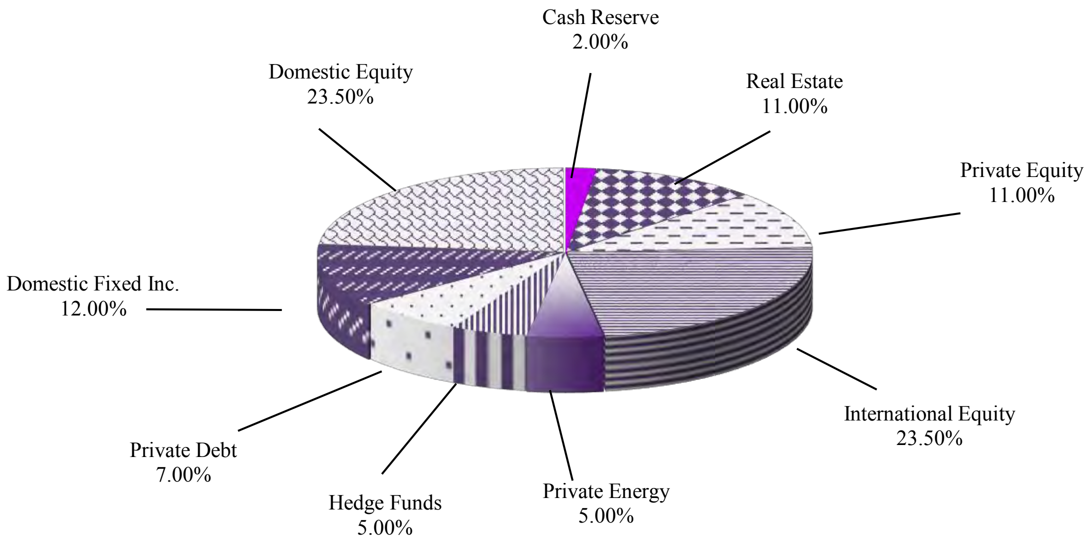
Notes:

The Composite Benchmark exhibits the overall rate of return for a sample unmanaged portfolio. At fiscal year end 2023, the Composite Benchmark is comprised of 23.5% Russell 3000 Index, 23.5% MSCI All Country World Ex-US Index; 12% Bloomberg Barclays US Universal Index; 11% Private Equity Composite; 7% Private Debt Composite; 5% HFRI Fund of Funds Composite Index; 11% NCREIF Property Index; 5% Natural Resources/Private Energy Composite and 2% 91-Day T-Bills.

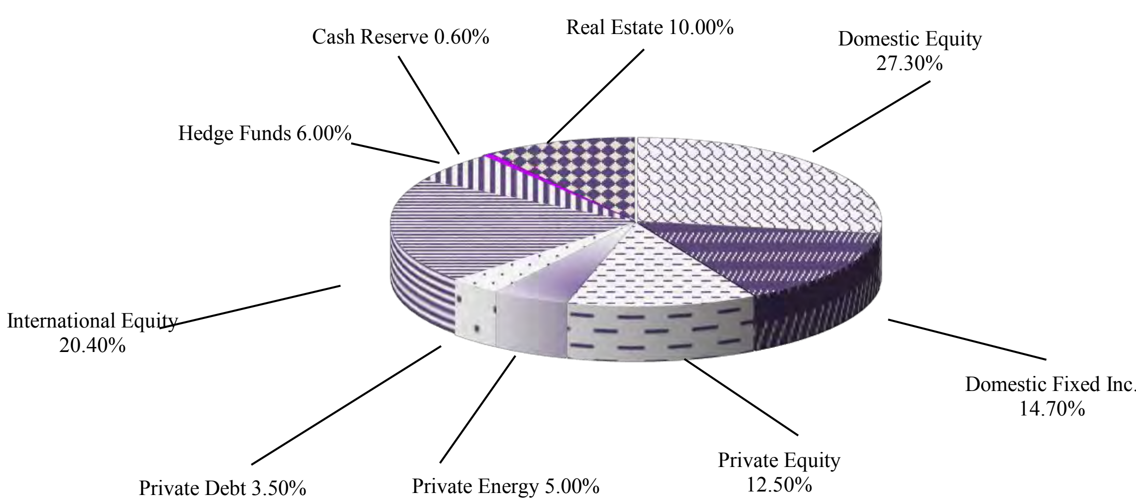
The composite returns above were calculated by the System's investment consultant, who used a time weighted rate of return based on fair value.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
ASSET ALLOCATION - ACTIVELY MANAGED ACCOUNTS
For the Period Ended June 30, 2023

TARGET ASSET ALLOCATION



ACTUAL ASSET ALLOCATION



Fire and Police Employees' Retirement System
City of Baltimore, Maryland
TOP TEN DOMESTIC AND INTERNATIONAL STOCK HOLDINGS BY FAIR VALUE
TOP TEN BOND HOLDINGS BY FAIR VALUE
June 30, 2023

Top Ten Domestic Stock Holdings

	Shares	Stock	Fair Value
1)	63,700	Fedex Corp	15,791,230
2)	226,300	Dow Inc	12,052,738
3)	312,400	Verizon Communications Inc	11,618,156
4)	46,600	General Dynamics Corp	10,025,990
5)	351,100	Walgreens Boots Alliance Inc	10,002,839
6)	192,900	Cisco Systems Inc	9,980,646
7)	58,600	Chevron Corp	9,220,710
8)	40,200	Amgen Inc	8,925,204
9)	59,900	Jpmorgan Chase & Co	8,711,856
10)	252,106	Intel Corp	8,430,425

Top Ten International Stock Holdings

	Shares	Stock	Fair Value
1)	4,483,217	Rolls-Royce Holdings Plc	8,609,454
2)	44,343	Astrazeneca Plc	6,356,898
3)	272,997	Unicredit Spa	6,333,562
4)	895,386	Enel Spa	6,025,310
5)	77,797	Amadeus It Group Sa	5,915,894
6)	206,326	Compass Group Plc	5,776,123
7)	130,165	Diageo Plc	5,591,747
8)	17,393	Roche Holding Ag	5,317,147
9)	46,556	Ryanair Holdings Plc	5,149,094
10)	37,592	Sap Se	5,132,351

Top Ten Bond Holdings

	Par	Bonds	Fair Value
1)	9,115,000	U S Treasury Note	8,935,890
2)	6,825,000	U S Treasury Note	6,970,031
3)	6,725,000	U S Treasury Note	6,161,512
4)	5,618,000	U S Treasury Note	5,469,629
5)	3,850,000	U S Treasury Bill	3,802,643
6)	3,825,000	U S Treasury Note	3,631,493
7)	3,655,000	U S Treasury Bond	3,501,965
8)	3,310,000	U S Treasury Note	3,274,451
9)	3,270,000	U S Treasury Bond	2,963,568
10)	2,895,000	U S Treasury Bill	2,819,535

A complete list of portfolio holdings is available upon request.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
INVESTMENT SUMMARY
June 30, 2023

	Fair Value	Percent of Total Investments
Stock:		
U.S. Common Stock		
Consumer durables	$ 95,225,896	3.14%
Technology	80,802,261	2.66
Financial	61,372,308	2.03
Consumer services	43,133,350	1.42
Health care	41,255,828	1.36
Energy	29,463,377	0.97
Transportation	20,472,215	0.68
Basic industries	12,925,743	0.43
Consumer nondurables	8,925,209	0.29
Total U.S. Common Stock	393,576,187	12.98
Other		
International Stock	611,211,203	20.15
Equity index funds	359,108,426	11.84
Dynamic US Equity fund	77,473,588	2.55
Total Other	1,047,793,217	34.54
Total Stock	**1,441,369,404**	**47.52**
Bonds:		
U.S. Securities and Agencies		
Treasury notes and bonds	76,147,215	2.51
U.S. Agencies	31,020,101	1.02
Total U.S. Securities and Agencies	107,167,316	3.53
Corporate		
Financial	55,794,694	1.84
Utilities	5,770,760	0.19
Industrial	20,814,576	0.69
Transportation	6,388,948	0.21
Total Corporate	88,768,978	2.93
Emerging markets debt fund	156,965,179	5.18
Barclay Aggregate Index	71,855,397	2.37
MBS trust fund	23,650,223	0.78
Senior floating rate fund	2,534,709	0.08
	255,005,508	8.41
Total Bonds	**450,941,803**	**14.87**
Other Investments:		
Private equity funds	647,915,607	21.36
Real estate funds	307,835,803	10.15
Hedge funds	185,056,804	6.10
Total Other Investments	**1,140,808,214**	**37.61**
Total Investments	**$3,033,119,421**	**100.00%**

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SUMMARY SCHEDULE OF FEES AND COMMISSIONS
For the Year Ended June 30, 2023

	Assets Under Management	Fees
Investment Managers' Fees		
Domestic equity	$995,984,915	$4,744,954
International equity	628,610,151	2,859,132
Private equity	492,461,879	3,994,950
Fixed income	453,098,508	647,857
Real estate	307,835,809	2,690,513
Hedge Funds	185,056,804	185,079
Securities lending		65,057
Total Investment Managers' Fees		**$15,187,542**
Other Investment Service Fees:		
Investment consultant fees		$500,833
Custodian bank fees		269,010
Total Other Investment Service Fees		**$769,843**

Brokerage Fees

Broker's fees on investment transactions for the year ended June 30, 2023 amounted to $403,847. Brokerage firms receiving more than $2,700 in fees are listed below.

Brokerage Firms	Fees Paid	Shares/ Units	Average Commission per Share	Brokerage Firms	Fees Paid	Shares/ Units	Average Commission per Share
Instinet Corp	$50,758	4,665,438	$0.01088	Citigroup Global Markets	$9,375	995,432	$0.00942
Merrill Lynch	34,970	2,862,709	0.01222	Credit Suisse	6,702	3,142,823	0.00213
JP Morgan	32,360	10,025,472	0.00323	RBC	5,263	539,625	0.00975
Inernational Trading	25,244	841,466	0.03000	Percival Financal Partners	3,990	133,000	0.03000
Jefferies & Company, Inc.	22,456	4,208,946	0.00534	Suntrust	3,900	111,435	0.03500
Pershing	20,492	1,028,895	0.01992	B Riley and Co	3,750	102,730	0.03650
Raymond James	19,814	660,395	0.03000	Credit Lyonnais Securities	3,614	1,921,699	0.00188
UBS	17,721	1,688,306	0.01050	Exane	3,583	612,307	0.00585
Northern Trade Services	15,225	507,500	0.03000	Macquarie Bank Limited	3,291	418,018	0.00787
Goldman Sachs	15,107	612,969	0.02465	Southwest Securities	3,135	104,500	0.03000
Morgan Stanley	14,170	985,887	0.01437	HSBC Bank PLC	3,099	176,045	0.01760
Stifel Nicolaus	12,720	644,037	0.01975	BNP Paribas	3,069	289,060	0.01061
Cowen and Co	10,935	310,587	0.03521	ISI Group, INC	2,919	83,399	0.03500
Barclays Capital	10,529	349,286	0.03015	Keefe Bruyette	2,784	79,544	0.03500
Sanford C Bernstein & Co.	9,538	1,267,948	0.00752	Mizuho Securities	2,760	121,000	0.02281

Brokerage Commissions

Because of the highly visible nature of the Fire and Police Employees' Retirement System, it is important that the investment managers have best execution as their primary objective. While the managers are permitted to direct a portion of brokerage commissions for research, it is expected that each manager will receive commission discounts which are commensurate with current discount practice. Investment managers are expected to give preference whenever possible to brokerage firms with offices located in the Baltimore Metropolitan Area. However, the managers are expected to negotiate commission rates, and local brokerage firms should be given preference only when commission rates and transaction services are competitive with those available from other firms.

DOMESTIC EQUITY MANAGERS

Large Cap

The Edgar Lomax Company
Randall Eley
Springfield, VA

Mellon Capital Management
Brian Hock
Boston, MA

Rhumbline Advisors
Julie Lind
Boston, MA

Small and Mid Cap

Pinnacle Associates, Ltd.
Peter Marron
New York, NY

Rothschild Asset Management Inc
Tina Jones
New York, NY

INTERNATIONAL EQUITY MANAGERS

William Blair & Co.
Doug Kryscio
Chicago, IL

Causeway Capital Management, LLC
Sarah Ketterer
Los Angeles, CA

UBS Asset Management
Drew Gieger
Chicago, IL

Fidelity Institutional Asset Management
Tom Turenne
Smithfield, RI

Wasatch Advisors
Dustin McCarty
Salt Lake City, UT

DIRECT HEDGE FUND

Cantab Capital Partners
Dr. Ewan Kirk
Cambridge, UK

Voya Alternative Asset Management
Peter Guan
Atlanta, GA

Waterfall Asset Management
Jack Ross
New York, NY

Capstone Investment Advisors
Margaret Lucas
New York, NY

KKR Credit Opportunities Fund
Andrew Clerico
New York, NY

Nut Tree
Ben Dominguez
New York, NY

DIRECT HEDGE FUND

400 Capital Management
Kevin McAdams
New York, NY

FIXED INCOME MANAGERS

Loomis Sayles & Company, L.P.
Clifton Rowe
Boston, MA

Mellon Capital Management
Brian Hock
Boston, MA

Blackrock
Melissa Cahill
Boston, MA

Pugh Capital Management
Mary Pugh
Seattle, WA

C. S. McKee
Brian Allen
Pittsburg, PA

PRIVATE ENERGY

Aether Investment Partners
David Rhoades
Denver, CO

Park Street Capital
Kristine Dailey
Boston, MA

Aberdeen Flag Energy & Resource Partners III
Jim Gasperoni
Boston, MA

EnCap Investments
Douglas Swanson
Houston, TX

JLC Capital Partners
Rob Keough
New York, NY

Brookfield Asset Management
Mark Weinberg
New York, NY

I Squared Capital
Sadek Wahba
Miami, FL

Grain Management
Kathlika Fontes
Washington, DC

Carlyle Group
Curtis Johnson
New York, NY

REAL ESTATE MANAGERS

Principal Global Investors
John Berg
De Moines, IA

LaSalle Investment Management, Inc.
James Hutchinson
Chicago, IL

Clarion
Jeb Belford
New York, NY

DLJ Real Estate
Andy Rifkin
New York, NY

Equus Capital Partners
Arthur Pasquarella
Philadelphia, PA

Dalfen
Keith Mposi
Dallas, TX

Big Real Estate
Tammy Jones
New York, NY

ARES Management
Julie Solomon
New York, NY

Alex Brown Realty
John M. Prugh
Baltimore, MD

Angelo Gordon Real Estate
Adam Schwartz
New York, NY

ARES Management
John Ruane
London, England

Meridian Realty Partners
Gary Block
Bethesda, MD

IPI Partners
Lee Lesley
Chicago, IL

Kayne Anderson
Orr Shepherd
Boca Raton, FL

Torchlight
Jennifer Yuen
New York, NY

PRIVATE EQUITY

Pantheon
Yokasta Segura-Baez
New York, NY

BlackRock
Leo Chenette
Princeton, New Jersey

Adams Street Partners
Scott C. Hazen
Chicago, IL

Aberdeen Squadron Asia Pacific
Jim Gasperoni
Boston, MA

PRIVATE EQUITY

Capital Dynamics
Cynthia Duda
New York, NY

LGT Capital Partners
Sasha Gruber
New York, NY

Castlelake
Evan Carruthers
Minneapolis, MN

DC Capital Partners
Thomas J. Campbell
Alexandria, VA

RLJ Partners
Jesse M. Burwell
Bethesda, MD

Lexington Capital Partners
Mark M. Andrew
Boston, MA

Varde´ Management
Kimberly Steinberg
Minneapolis, MN

Brookfield Asset Management
Mark Weinberg
New York, NY

CarVal Investors
Katie Hubbard
Minneapolis, MN

Columbia Capital
Don Doering
Alexandria, VA

Stepstone Diversity 1
Garabed Koosherian
Boston, MA

Bain Capital
Kyle Betty
Boston, MA

Siguler Guff
Ralph Jaeger
New York, NY

Stepstone Global Partners
Hunter Somerville
Owings Mills, MD

Centana Management
Eric Byunn
New York, NY

Drum Capital Management, LLC
Scott Vollmer
Stamford, CT

Stepston OPP
Kathlika Fontes
Washington, DC

Permira Debt Managers
Jennifer Collard
London, UK

Vista Equity Partners
Jessica Segal
San Francisco, CA

Nexus Capital Management
Jamie Brown
Los Angeles, CA

Vista Credit Partners
Jeff Russell
San Francisco, CA

One Rock Capital
Deepa Patil Madhani
New York, NY

AE Industrial Partners
Wayne Garrett
Boca Raton, FL

Crayhill Capital
Benjamin Stein
New York, NY

PRIVATE EQUITY

GCM Grosvenor
Aris Hatch
New York, NY

Brightwood
Sengal Selassie
New York, NY

Linden
Anthony Davis
Chicago, IL

Bernhard Capital Partners
Tim Poche
Rouge, LA

Fairview Capital Partners
Michele Chow-Tai
West Hartford, CT 06107

Backcast
Ed Cerny
New York, NY

Frontier
Richard Maclean
Charlotte, NC

Manulife
John Jarrett
Boston, MA

GLOBAL CUSTODIAN

BNY Mellon Asset Servicing
Sarah Baulch
Pittsburgh, PA

SECURITIES LENDING

BNY Mellon Asset Servicing
Mike McDermott
Pittsburgh, PA

INVESTMENT CONSULTANT

NEPC (New England Pension Consultants)
Kristin Finney-Cooke
Boston, MA

ACTUARIAL SECTION

Via Electronic Mail

November 1, 2023

Board of Trustees
Fire and Police Employees' Retirement System
of the City of Baltimore
7 East Redwood Street, 18th Floor
Baltimore, Maryland 21202-3470

Re: 2023 Annual Comprehensive Financial Report

Honorable Members of the Board of Trustees,

Cheiron has performed an actuarial valuation of the Fire and Police Employees' Retirement System (BCFPERS) as of June 30, 2023. This valuation is used to determine the City's contribution to be made in Fiscal Year 2025 for BCFPERS. The contribution actually made during Fiscal Year 2023 was developed in the 2021 actuarial valuation, and the contribution for Fiscal Year 2024 was developed in the 2022 actuarial valuation.

The funding method used in this annual valuation is the entry age normal funding method. Under this funding method, a normal cost rate is determined as a level percentage of pay for each active member, net of employee contributions. The normal cost rate multiplied by payroll at the valuation equals the total normal cost for each member. The employer's contribution is then increased or decreased from the sum of these normal cost amounts to amortize the unfunded actuarial liability (UAL), the difference between the actuarial value of assets and the actuarial accrued liability, as a level dollar amount. The initial unfunded actuarial liability is amortized as a level dollar figure over a closed 20-year period beginning on July 1, 2020. Subsequent changes in the UAL due to experience gains and losses, assumption changes, or plan changes are amortized over new closed 20-year periods.

The actuarial value of assets for the System was set equal to the fair value of assets as of June 30, 2014. Beginning with the plan year ending June 30, 2015, the actuarial value of assets is the current fair value of assets, adjusted by a five-year smoothing of investment gains and losses on a fair value basis. However, if the actuarial value of assets is less than 80% or more than 120% of the fair value, an adjustment is made to the actuarial value if necessary to bring the value within this corridor.

The results presented in this Annual Comprehensive Financial Report reflect the assumptions from the June 30, 2023 actuarial valuation. Article 22 of the Baltimore City Code specifies a number of these assumptions and requires a review of all of the assumptions by the actuary at least once every three years. The most recent such review examined experience from 2014 to 2020 and resulted in assumption changes that were first reflected in the June 30, 2021 actuarial valuation. The assumptions and methods reflected in the results of this valuation are listed in the Actuarial Assumptions and Methods section of this report. In addition, the assumptions and methods used for funding purposes meet the parameters set forth by Governmental Accounting Standards Board Statement Nos. 67 and 68.

Membership data used for the actuarial valuation was supplied by the System. An informal examination of the obvious characteristics of this data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23 was performed. Asset information was provided on an unaudited basis.

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in a public retirement plan's Annual Comprehensive Financial Report in order to receive recognition for excellence in financial reporting. All supporting schedules in the Actuarial Section and the Schedule of Funding Progress in the Financial Section have been prepared by the System and reviewed by Cheiron.

We have prepared the following exhibits:

- Actuarial Funding Method and Actuarial Assumptions
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedule of Funded Liabilities by Type
- Schedule of Funding Progress
- Analysis of Financial Experience
- Summary of Plan Provisions

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared solely for the Fire and Police Employees' Retirement System of the City of Baltimore for the purposes described herein, except that the System auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

Elizabeth Wiley, FSA, EA, MAAA, FCA	Brett Warren, FSA, EA, MAAA, CERA
Consulting Actuary	Consulting Actuary

Attachments

A. Actuarial Methods

1. Funding Method:

Liabilities and contributions shown in this report are computed using the entry age normal method of funding. Under this funding method, a normal cost rate is determined as a level percentage of pay for each active member. The normal cost rate times payroll equals the total normal cost for each member. The normal cost plus member contributions will pay for projected benefits at retirement for each active System member.

The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL).

The portion of the actuarial liability in excess of System assets, the UAL, is amortized to develop an additional cost or savings that is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability. The amortization method is described as item 3 below.

2. Asset Valuation Method:

The actuarial value of assets has been allocated in proportion to each employer's (City and State) actuarial liability.

Effective June 30, 2014, the actuarial value of assets was set to equal the fair value of assets. The deferral of investment gains and losses only applies after June 30, 2014.

The actuarial value has been calculated by taking the fair value of assets less 80% of the investment gain (loss) during the preceding year, less 60% of the investment gain (loss) during the second preceding year, less 40% of the investment gain (loss) during the third preceding year, and less 20% of the investment gain (loss) in the fourth preceding year.

The investment gain (loss) is calculated by taking the difference between the expected value of assets based on an investment return assumption and the actual value of assets. If the actuarial value of assets is less than 80% or more than 120% of the fair value, an adjustment is made to the actuarial value to bring the value within this corridor.

3. Amortization Method:

The initial unfunded actuarial liability is amortized as a level dollar figure over a closed 20-year period beginning on July 1, 2020. Subsequent changes in the UAL due to experience gains and losses, assumption changes, or plan changes are amortized over new closed 20-year periods.

4. Changes Since Last Valuation:

None.

B. Actuarial Assumptions

1. Rate of Investment Return:

6.90% compounded annually, net of investment expenses.

2. Low-Default-Risk Obligation Measure (LDROM) Interest Rate:

4.92%

3. Rates of Salary Increase:

Salary increases are split into a static inflation assumption of 2.75% and a merit scale based on department and service, shown below.

Years of Service	Police	Fire
0	0.25%	0.25%
1	0.25%	10.00%
2	1.50%	15.00%
3	18.25%	15.00%
4	6.25%	1.75%
5	5.50%	1.75%
6	1.25%	0.25%
7	4.25%	0.25%
8	1.25%	0.25%
9	2.25%	1.75%
10	1.25%	1.75%
11-13	1.25%	0.25%
14	1.25%	1.75%
15	4.00%	1.75%
16 – 18	1.25%	0.25%
19 – 20	1.25%	2.50%
20+	0.75%	0.75%

4. Disability:

Age	Rate[1]
25	0.0035
30	0.0050
35	0.0065
40	0.0075
45	0.0080
50	0.0070
55	0.0040
60	0.0040

[1] Assumes 80% of all disabilities are Line of Duty and 20% are Non-Line of Duty.

5. **Pre-Retirement Mortality:**

Actives and DROPs: 125% and 130% of the Pub-2010 Safety Employee Mortality Table for males and females, respectively, with generationally mortality improvement using the RPEC_2014_v2020 model, with an ultimate rate of 1.00% for ages 20-80, an ultimate rate of 0.05% for ages 80-95, an ultimate rate of 0.00% for ages 95-120, convergence to the ultimate rate in year 2027, and using the committee selected weighing assumption.

	Actives and DROPs[2]	
Age	Male	Female
20	0.000534	0.000229
25	0.000553	0.000322
30	0.000718	0.000485
35	0.000860	0.000640
40	0.000945	0.000741
45	0.001063	0.000848
50	0.001406	0.001114
55	0.002126	0.001647
60	0.003438	0.002309

[2] Assumes 20% of all deaths are Line of Duty and 80% are Non-Line of Duty.

6. **Post-Retirement Mortality:**

Retirees and Beneficiaries: 125% and 130% of the RP-2010 Safety Healthy Retiree Mortality Table for males and females, respectively, with generationally mortality improvement using the RPEC_2014_v2020 model (same as described in pre-retirement morality above).

Disabled members: 120% of the Pub-2010 Safety Disabled Retiree Mortality Table with generationally mortality improvement using the RPEC_2014_v2020 model (same as described in pre-retirement morality above).

	Retirees and Beneficiaries		Disabled Members	
Age	Male	Female	Male	Female
55	0.003717	0.003455	0.005598	0.005698
60	0.006615	0.006130	0.009188	0.008868
65	0.011149	0.009599	0.014408	0.012209
70	0.018284	0.015429	0.021347	0.017254
75	0.031957	0.026945	0.035184	0.026476
80	0.058303	0.048206	0.061400	0.044498
85	0.106579	0.085296	0.103189	0.078734
90	0.188062	0.148462	0.180539	0.137042
95	0.282587	0.237137	0.271284	0.218895

7. Withdrawal:

Years of Service[1]	Police	Fire
0	7.0%	14.0%
1	10.0%	5.0%
2	12.0%	4.0%
3	9.0%	2.5%
4	7.0%	2.5%
5	5.5%	2.5%
6	4.0%	2.0%
7	3.5%	2.0%
8	3.0%	2.0%
9	2.5%	2.0%
10	2.0%	2.0%
11	1.8%	1.2%
12	1.6%	1.2%
13	1.4%	1.2%
14 – 19	1.2%	1.2%
20+	0.0%	0.0%

[1]Withdrawal decrements are reduced to zero when member is eligible to retire.

8. Service Retirement:

The valuation uses retirement rates that vary according to member plan (police or firefighter) and whether a member is eligible for DROP, grandfathered DROP2, or non-grandfathered DROP2.

Members with 20 or more years of service on or before December 31, 2009 are eligible for DROP.

Members who had less than 20 years of service on December 31, 2009, but had either 15 or more years of service on June 30, 2010 or were age 50 or older as of June 30, 2010, can elect to participate in grandfathered DROP2 when they have 20 or more years of service.

Members who were not age 50 or older as of June 30, 2010, and also had less than 15 years of service on June 30, 2010, can participate in non-grandfathered DROP2 when they have 25 or more years of service.

Non-grandfathered members, who are not eligible for DROP or grandfathered DROP2, can take early retirement, with a reduced benefit. Prior to reaching normal retirement eligibility, these non-grandfathered members are assumed to take early retirement according to the following table:

Non-grandfathered Early Retirement Rate for Police and Firemen

Age	Service <10	10	11	12	13	14	15	16	17	18	19	20	21-24	25+
<45												5.00%	5.00%	
45												5.00%	5.00%	
46	Members Not Yet Eligible for Early Retirement											5.00%	5.00%	
47												5.00%	5.00%	
48												5.00%	5.00%	
49												5.00%	5.00%	
50	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
51	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
52	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
53	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
54	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
55	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%								
56	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%								
57	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%								
58	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%								
59	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%								
60	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	Members Eligible for Unreduced Benefits							
61	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%								
62	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%								
63	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%								
64	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%								
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%								

Once members reach eligibility for normal retirement, they are expected to follow one of two paths: they either enter the DROP/DROP2 program and follow the appropriate post-DROP or post-DROP2 retirement assumptions for their group, or they never enter the DROP/DROP2 program and follow the appropriate non-DROP or non-DROP2 retirement assumptions for their group. Active members who are beyond their applicable DROP or DROP2 program eligibility as of the valuation date are assumed to have already made this decision and so are valuing only with the applicable DROP/DROP2 or non-DROP/non-DROP2 retirement assumptions. Those who are not yet normal retirement eligible are valued under both options and the resulting liabilities are blended according to the following probabilities table:

	Police and Fire
DROP Members	
DROP	80%
Non-DROP	20%
Grandfathered DROP2 Members	
Grandfathered DROP2	80%
Grandfathered Non-DROP2	20%
Non-Grandfathered DROP2 Members	
Non-Grandfathered DROP2	80%
Non-Grandfathered Non-DROP2	20%

Non-DROP/Grandfathered Non-DROP2 Retirement Probabilities

Members who do not join DROP or grandfathered DROP2 are assumed to have retirement rates that vary by service until age 50. After age 50, the rates are assumed to vary solely by age.

Ages Less Than 50	
Years of Service	Probability of Retirement
20	40%
21+	20%

Ages 50 and Higher	
Age	Probability of Retirement
50	10.00%
51	8.00%
52	8.00%
53	5.00%
54	4.00%
55	4.00%
56	4.00%
57	3.00%
58	6.00%
59	12.00%
60	18.00%
61	18.00%
62	25.00%
63	25.00%
64	35.00%
65	100.00%

Non-Grandfathered Non-DROP2 Retirement Probabilities

Assumptions vary between the rate applicable in the first year of eligibility for unreduced retirement and those for subsequent years for those who do not join non-grandfathered DROP2.

	Police and Fire	
Age	First Eligible	Subsequent
Less than 65	45.0%	25.0%
65 and up	100.0%	100.0%

DROP and Grandfathered/Non-Grandfathered DROP2 Retirement Probabilities

Years After Electing DROP	DROP and DROP2 Exit Rates	
	Police	Fire
1	10.0%	5.0%
2	10.0%	5.0%
3	15.0%	10.0%
4	10.0%	5.0%
5	10.0%	5.0%
6	20.0%	5.0%
7	25.0%	5.0%
8	28.0%	20.0%
9-14	18.0%	13.0%
15+	20.0%	20.0%

NOTE: In all cases once the member reaches age 65, there is 100% probability of leaving DROP to commence benefit receipt.

9. **Line-of-Duty Disability Benefit Types:**

1% of line-of-duty disability retirements are assumed to receive a pension equal to 100% of compensation at the time of retirement. The rest are assumed to receive a pension equal to 66 2/3% of Average Final Compensation.

10. **Line Form of Payment:**

All future withdrawal benefits are assumed to be paid in the form of a lump sum refund of member contributions.

All future retirement benefits are assumed to be paid in the form of a 50% Joint and Survivor Annuity. In addition, members participating in DROP are assumed to receive their DROP account balance in the form of a lump sum upon retirement.

Future non-line-of-duty disability retirement benefits for current active members with fewer than five years of service (i.e., eligible only for the refund of member contributions) are assumed to be paid in the form of a lump sum. All other disability retirement benefits are assumed to be paid in the form of a 50% Joint and Survivor Annuity. In addition, members participating in DROP are assumed to receive their DROP account in the form of a lump sum upon disability retirement.

Future death benefits for current active members who have not reached service retirement eligibility are assumed to be paid in the form of a lump sum. Certain line of duty death benefits for refund of member contributions are assumed to be paid in the form of a lump sum. All other death benefits are assumed to be paid in the form of a single life annuity equal to the member’s accrued benefit. Beneficiaries of members participating in DROP are assumed to additionally receive the member’s DROP account in the form of a lump sum.

11. **Cost-of-Living Adjustment Assumption:**

Assumed to follow System provisions – 0%, 1%, or 2% depending on age and type of retirement.

12. **Percent Married:**

Males 70%, females 70% for actives and current retirees and disabled who elect 50% Joint & Survivor Form

13. Spouse Age:

A husband is assumed to be four years older than his wife.

14. Remarriage Rates:

None

15. Children Loads:

All benefits with Joint & Survivor Forms of Payments for retirees and disabled members and all future retirement and disability benefits for actives were increased by 0.3% to account for children's benefits.

16. Benefit Loads:

75% of Line-of-Duty death benefits assumed to have future beneficiary (additional 5% above percent married assumption) to allow for contingent beneficiaries.

Benefits payable in the form of a Joint and Survivor 100% Pop-Up or Joint and Survivor 50% Pop-Up were valued, respectively, as 100% Joint and Survivor with a 2.70% load and 50% Joint and Survivor with a 1.50% load to account for the additional value of the Pop-Up form of benefit in the absence of data on the amount to which the benefit would increase.

17. System Expenses:

All expenses are paid from the fund. Administrative expenses are added to the contribution in the amount of 1.5% of covered payroll.

18. Disclosures regarding Models Used:

In accordance with Actuarial Standard of Practice (ASOP) No. 56 Modeling, the following disclosures are made:

Valuation Software: Cheiron utilizes ProVal, an actuarial valuation software program leased from Winklevoss Technologies (WinTech), to calculate liabilities and projected benefit payments. We have reviewed the underlying workings of this model to the degree feasible and consistent with ASOP No. 56 and believe them to be appropriate for the purposes of the valuation.

Projections: This valuation report includes projections of future contributions and funded status for the purpose of assisting the Board of Trustees and the sponsors of the System with the management of the Fund.

The projections are based on the same census data and financial information as of June 30, 2021 as disclosed in this actuarial valuation. The projections assume continuation of the plan provisions and actuarial assumptions in effect as of June 30, 2021 and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after June 30, 2021.

The projections assume that all future assumptions are met except where specifically indicated. The future outcomes become increasingly uncertain over time, and therefore the general trends and not the absolute values should be considered in the review of these projections. Further, for the purpose of these projections, we have only reflected the impact of new entrants entering the plan in aggregate and have not developed individual liabilities or detailed profiles related to these potential new entrants. We feel this is appropriate for the purpose of these projections, but if they were to be used for other purposes, this may not be appropriate and alternative projections may need to be developed.

Mortality Improvement Model:

Cheiron utilized the RPEC_2014_v2020 Model Implementation Tool for the purposes of developing the customized version of MP-2020 used in this report. This tool is updated and published annually by the Society of Actuaries and their Retirement Plans Experience Committee and allows actuaries to develop customized versions of mortality improvement scales based on the parameters and data underlying the published MP-2020 scale but allowing practitioners to vary parameters from those used in the published MP-2020 scale.

We have reviewed this model and believe it is appropriate to our intended use in developing a customized mortality improvement scale for the Programs. Further, we are aware of no material inconsistencies that would limit our ability to use this model for its intended purpose.

17. Funding Policy:

The City's funding policy is to contribute the amount equal to the net normal cost, a provision for anticipated administrative expenses, plus the accrued liability contribution or less the amortization of the excess assets, as the case may be. However, the aggregate payment by the City must be sufficient, when combined with the amount in the Fund, to provide the pensions and other benefits payable out of the Fund during the then-current year.

18. Changes Since Last Valuation:

The investment return assumption decreased from 6.95% to 6.90%.

19. Rationale for Assumptions:

The actuarial assumptions were chosen by the Board of Trustees, upon the recommendation of the actuaries, based on an experience study conducted on the System's experience from the 2014-2020 valuations. The results of this study were presented in May 2021 and went into effect starting with the June 30, 2021 valuation. The investment return assumption was changed from 6.95% to 6.90% effective with the June 30, 2023 valuation based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund, and (c) investment return assumptions of other public retirement systems.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date June 30	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
2014	4,317	284,210,233	65,835	5.3
2015	4,248	298,354,900	70,234	6.7
2016	4,094	300,855,075	73,487	4.6
2017	4,012	296,356,741	73,868	0.5
2018	4,049	305,372,850	75,419	2.1
2019	3,983	308,631,746	77,487	2.7
2020	3,927	312,258,826	79,516	2.6
2021	3,839	314,488,595	81,919	3.0
2022	3,648	303,073,450	83,079	1.4
2023	3,482	304,158,804	87,352	5.1

Annual payroll is considered pensionable payroll.

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

	Added to Rolls		Removed from Rolls		Rolls - End of Year			
Year Ended June 30	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2014	258	9,180,339	196	3,095,964	6,268	207,704,903	3.0	33,137
2015	236	8,840,349	236	3,780,142	6,268	212,765,110	2.4	33,945
2016	234	9,612,277	211	3,046,582	6,291	219,330,805	3.1	34,864
2017	264	10,870,255	236	4,279,497	6,319	225,921,564	3.0	35,753
2018	220	8,784,970	243	4,794,782	6,296	229,911,753	1.8	36,517
2019	256	11,071,267	218	3,844,598	6,334	237,138,421	3.1	37,439
2020	233	10,804,933	216	3,727,576	6,351	244,215,779	3.0	38,453
2021	256	11,148,599	247	4,806,315	6,360	250,558,062	2.6	39,396
2022	312	13,821,180	247	5,283,570	6,425	259,095,672	3.4	40,326
2023	309	14,767,314	247	5,029,536	6,487	268,833,450	3.8	41,442

* Includes post-retirement adjustments.
The annual allowances were adjusted to incorporate the $16,000 minimum benefit for certain beneficiaries under Ordinances 10-306 and 11-444.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SOLVENCY TEST

The Retirement System's funding objective is to meet long-term benefit promises through contributions which spread the cost over the employees' service base. If the contributions to the System are soundly executed, the System will pay all promised benefits when due - the ultimate test of financial soundness.

A short-term solvency test is one means of examining a system's progress under its funding program. In a short-term solvency test, the plan's present assets are compared with: 1) Active member contributions on deposit; 2) The liabilities for future benefits to present retired lives; and 3) The liabilities for service already rendered by active members. In a system which has been following the discipline of allocating cost on a consistent basis to valuation years, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is rare.

The schedule below illustrates the System's history of liability 3.

	Aggregate Accrued Liabilities For				Portion of Accrued Liabilities Covered by Reported Assets		
Valuation Date June 30	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Valuation Assets	(1)	(2)	(3)
2014	283,377,044	2,266,741,330	810,330,710	2,492,544,399	100	97.5	0.0
2015	300,379,071	2,372,231,709	864,170,942	2,575,515,725	100	95.9	0.0
2016	314,005,394	2,440,488,840	887,902,841	2,602,544,409	100	93.8	0.0
2017	325,140,922	2,510,032,318	885,133,502	2,644,643,773	100	92.4	0.0
2018	341,791,801	2,567,142,559	975,682,879	2,712,246,895	100	92.3	0.0
2019	352,872,611	2,644,117,357	969,411,451	2,767,718,705	100	91.3	0.0
2020	363,557,369	2,719,431,005	986,228,495	2,811,813,190	100	90.0	0.0
2021	347,437,305	2,782,953,817	1,059,366,650	3,000,052,456	100	95.3	0.0
2022	292,795,068	2,909,983,726	1,078,834,450	3,105,850,097	100	96.7	0.0
2023	202,652,223	3,035,615,183	1,182,229,560	3,171,666,330	100	97.8	0.0

Gains and Losses in Accrued Liabilities During Fiscal Year
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	Gain or (Loss) for Fiscal Year 2022	Gain or (Loss) for Fiscal Year 2023
Age and Service Retirements If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pays, a loss.	$ (10,000)	$ (2,880,000)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, a loss.	4,850,000	1,150,000
Death-in-Service Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	10,000	(450,000)
Withdrawal From Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	8,620,000	6,800,000
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	16,490,000	(39,320,000)
Investment Income If there is greater investment income than assumed, there is a gain. If less, a loss.	(14,120,000)	(47,520,000)
Death After Retirement If retirees live longer than assumed, there is a loss. If not as long, a gain.	6,830,000	2,500,000
New Entrants New entrants create a loss because they were not assumed in the previous evaluation.	(1,410,000)	(1,210,000)
Data System Change Gains and losses from data changes in the methodology for the System	-	-
Continuing Inactives Gains and losses from continuing inactives from causes other than death.	(290,000)	(860,000)
Other Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, valuation methods, etc.	(21,870,000)	(2,320,000)
Loss During Year From Financial Experience	$ (900,000)	$ (84,100,000)

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF FUNDING PROGRESS

Valuation Date June 30	Actuarial Value of Asset	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio	Covewred Payroll	UAL as a Percentage Covewred Payroll
2014	2,492,544,399	3,360,449,084	867,904,685	74.2	284,210,233	305.4
2015	2,575,515,725	3,536,781,722	961,265,997	72.8	298,354,900	322.2
2016	2,602,544,409	3,642,397,075	103,985,266	71.5	300,855,075	345.6
2017	2,644,643,773	3,720,306,742	1,075,662,969	71.1	296,356,741	363.0
2018	2,712,246,895	3,884,617,239	1,172,370,344	69.8	323,350,763	362.6
2019	2,767,718,705	3,966,401,419	1,198,682,714	69.8	322,382,165	371.8
2020	2,811,813,190	4,069,216,869	1,257,403,679	69.1	326,639,940	385.0
2021	3,000,052,456	4,189,757,772	1,189,705,316	71.6	330,599,791	359.9
2022	3,105,850,097	4,281,613,244	1,175,763,147	72.5	318,060,427	369.7
2023	3,171,666,330	4,420,496,966	1,248,830,636	71.7	318,718,660	391.8

1. **EFFECTIVE DATE:**

The System was established July 1, 1962, and has been amended periodically.

2. **ELIGIBILITY:**

Any uniformed officer of the Police or Fire Departments shall become a member as a condition of employment.

3. **MEMBER CONTRIBUTIONS:**

Prior to July 1, 2010, members contributed at the rate of 6% of regular compensation. Effective July 1, 2010, the rate increased to 7% of regular compensation; effective July 1, 2011, the rate increased to 8% of regular compensation; effective July 1, 2012, the rate is 9% of regular compensation; and, effective July 1, 2013, the rate will be 10% of regular compensation.

Contributions are treated as made by the employer and are made to the System pre-tax according to Section 414(h)(2) of the Internal Revenue Code.

Members of the Baltimore City Employees' Retirement System who transferred to this System after July 1, 1967, and did not make up the contributions which would have been made from July 1, 1962, are to have their retirement allowance reduced by the actuarial equivalent of the deficient contributions with interest.

4. **AVERAGE FINAL COMPENSATION:**

Average Final Compensation (AFC) shall mean the average annual compensation based on eighteen consecutive months of service during which the member's compensation was highest.

Effective July 1, 2010, for members hired on or after July 1, 2010, and for members who, as of June 30, 2010, did not meet the eligibility requirements for a service retirement benefit and had fewer than 15 years of service, AFC means the average annual compensation based on 36 consecutive months of service during which the member’s compensation was highest.

5. **MILITARY SERVICE CREDIT:**

(A) **Military Service Prior to Employment:** A maximum of three years service credit is granted provided the member has acquired:

(1) 10 years of service and attained the age of 50; or

(2) 20 years of service, regardless of age; or

(3) 15 years of service, regardless of age for a member removed from his/her position.

Effective July 1, 2010, eligible military service credit prior to employment also can be used to satisfy the eligibility requirements for a normal service retirement benefit, early service, DROP, or DROP 2. To qualify to receive F&P service credit, a member may not be eligible to receive retirement benefits for the military service from any other retirement system except for a Reserve Component Retirement benefit for Reserve service and National Guard members nor be eligible for a regular military pension.

(B) **Military Service Within Employment:** Upon retirement or death, any member who had a break in employment due to military duty, shall receive service credit for the period of absence as provided by the Uniformed Services Employment and Reemployment Rights Act, provided the member leaves his/her accumulated contributions and interest on deposit with the F&P, does not take any other employment, and returns to F&P covered employment within 1 year following the military service.

6. **SERVICE RETIREMENT BENEFIT:**

(A) **Normal Retirement Eligibility Requirements:**

(1) Effective June 30, 2010, members who entered the System on or before June 30, 2003, and who had acquired 15 or more years of service as of June 30, 2010, or who met the following age or service requirements as of June 30, 2010, may retire based on the following eligibility requirements:

(a) age 50, regardless of years of service credit; or

(b) regardless of age, 20 years of service credit.

(2) Effective June 30, 2010, members who entered the System on or after July 1, 2003, and who had acquired 15 or more years of service as of June 30, 2010, or who met the following age and service requirements as of June 30, 2010, may retire based on the following eligibility requirements:

(a) age 50, with at least 10 years of service as a contributing member of this System; or

(b) regardless of age, 20 years of service with at least 10 years as a contributing member of this System.

(3) Effective July 1, 2010, members who, as of June 30, 2010, did not meet the applicable eligibility requirements in (1) or (2) above and had fewer than 15 years of service, are eligible for a normal retirement benefit upon the earlier of:

(a) age 55, with at least 15 years of service as a contributing member of this System; or

(b) regardless of age, 25 years of service with at least 15 years as a contributing member of this System.

(B) **Normal Retirement Benefit Amount:** The sum of:

(1) an annuity of the actuarial equivalent of the member's accumulated contributions and interest; and

(2) a pension, which together with the annuity, shall be equal to 2.5% of the member's average final compensation for each of the first 20 years of service; plus

(3) 2.0% of the member's average final compensation for each year of service in excess of 20 years.

(C) **Early Retirement Eligibility Requirements:**

Effective July 1, 2010, members who, as of June 30, 2010, did not meet the applicable eligibility requirements (A)(1) or (2) above and had fewer than 15 years of service, are eligible for an early retirement benefit upon attaining the applicable eligibility requirements in (A)(1) or (2) above.

(D) **Early Retirement Benefit Amount:**

(1) The amount determined under (B) above, reduced by:

(2) The applicable percentage shown below for each month (or fraction of a month) by which the member's benefit commencement date proceeds the date the member would have first met eligibility requirements for a normal retirement benefit under (A)(3) above had the member continued in employment with the City:

(a) 6.5/12% per month for the first 60 months or fraction of a month immediately preceding the member's normal service retirement date;

(b) 4.5/12% per month for the next 60 months or fraction of a month;

(c) ¼% per month for the next 60 months or fraction of a month; and

(d) 1/6% per month for any additional month or fraction of a month.

7. **NON-LINE-OF-DUTY DISABILITY RETIREMENT BENEFIT:**

(A) **Non-Line-of-Duty Disability Eligibility Requirements:** Five years of membership service and determined by a hearing examiner to be mentally or physically incapacitated for the further performance of duty and that such incapacity is likely to be permanent.

(B) **Non-Line-of-Duty Disability Benefit Amount:** The sum of:

(1) an annuity of the actuarial equivalent of the member's accumulated contributions and interest; and

(2) a pension, which together with the annuity, shall be equal to 2.5% of the member's average final compensation for each year of service up to 20 years; plus

(3) 2.0% of the member's average final compensation for each year of service in excess of 20 years.

(4) the total of this benefit shall not be less than 25% of the member's average final compensation.

(C) **Offset to Retirement Allowance:** This allowance is offset by workers' compensation, if the member entered the System after July 1, 1970.

8. **LINE-OF-DUTY DISABILITY RETIREMENT BENEFIT:**

(A) **Line-of-Duty Disability Eligibility Requirements:** Immediate eligibility upon membership in the System and determined by a hearing examiner to be incapacitated for the further performance of duty, and the incapacity resulted from an injury occurring while in the actual performance of such duty without willful negligence on the part of the member.

Should such disability further result in extensive brain damage causing total incapacity or in the loss of or the use of both hands or both arms or both feet or both legs or both eyes or any two thereof, an additional pension will be payable.

(B) **Line-of-Duty Disability Benefit Amount:**

(1) The sum of:

(a) an annuity of the actuarial equivalent of the member's accumulated contributions and interest; plus

(b) a pension equal to 66.667% of the member's average final compensation.

(2) If the member's disability results in extensive brain damage causing total incapacity or in the loss of or the use of both hands or both arms or both feet or both legs or both eyes or any two thereof, an additional pension is paid so that the retirement allowance is equal to 100% of the member's current annual

compensation at the time of retirement. The member will also receive a lump-sum refund of the member's accumulated contributions and interest.

(C) **Offset to Retirement Allowance:** This allowance is offset by workers' compensation, if the member entered the System after July 1, 1970.

9. **TERMINATION OF EMPLOYMENT:**

(A) **Eligibility Requirements:** If removed from a position without fault upon acquiring 15 years of service, the member is eligible for an immediate benefit; otherwise a refund of accumulated contributions and interest if not eligible for any other benefits.

(B) **Benefit Amount:** The sum of:

(1) an annuity of the actuarial equivalent of the member's accumulated contributions and interest; plus

(2) a pension, which together with the annuity, shall be equal to 2.5% of the member's average final compensation for each of the first 20 years of service; plus

(3) 2.0% of the member's average final compensation for each year of service in excess of 20 years.

10. **MAXIMUM ALLOWANCE AND OPTIONAL METHODS OF RECEIVING BENEFIT PAYMENTS:**

(A) **Maximum Allowance:** Upon retiree's death, 50% of the retiree's maximum allowance is paid to the spouse provided they had been married for at least one year prior to retirement or five years beginning before or after retirement. A spouse remains eligible for the maximum benefit unless she or he remarries before age 70 or until death. If there is no eligible spouse, the allowance will be paid to any minor and unmarried children until the last child marries, dies, or attains age 22. All other options will result in a lesser amount paid.

(B) **Reserve Guarantee Option:** Upon retiree's death, a cash refund to retiree's designated beneficiary based on present value of allowance at retirement less payments made.

(C) **100% Joint and Survivor Option:** Upon retiree's death, 100% of retiree's allowance to continue to designated beneficiary until death.

(D) **50% Joint and Survivor Option:** Upon retiree's death, 50% of retiree's allowance to continue to designated beneficiary until death.

(E) **100% Pop-up Joint and Survivor Option:** Upon retiree's death, 100% of retiree's allowance to continue to designated beneficiary until death. If the beneficiary predeceases member, the member's benefit "pops-up" to the maximum allowance.

(F) 5**0% Pop-up Joint and Survivor Option:** Upon retiree's death, 50% of retiree's allowance to continue to designated beneficiary until death. If the beneficiary predeceases member, the member's benefit "pops-up" to the maximum allowance.

These options are available for service, termination, non-line-of-duty disability, and line-of-duty disability retirement. The option and/or beneficiary may be changed within thirty days after retirement, or if the member's designated beneficiary predeceases the member within 30 days after the retirement date, within 30 days after the designated beneficiary's death.

11. **NON-LINE-OF-DUTY DEATH BENEFIT:**

(A) **Non-Line-of-Duty Death Benefit Eligibility Requirements:** Member who dies while actively employed but whose death does not qualify as a line-of-duty death.

(B) **Non-Line-of-Duty Death Benefit Amount:**

(1) Lump-sum benefit: The member's accumulated contributions and interest and if the member has one or more years of service, 50% of the greater of the member's current annual compensation or average final compensation shall be payable to the member's designated beneficiary or as specified by the plan provisions.

(2) 25% plus benefit: In lieu of (1) above, if the member had at least two years of continuous service, an annual sum equal to 25% of the member's current annual compensation, plus 1.5% of the member's current annual compensation for each year of service in excess of two years. This benefit is not to exceed 50% of the member's current annual compensation. This benefit shall be payable to:

(a) the member's spouse until the spouse remarries or dies; or

(b) the member's minor and unmarried children equally until the last child marries, dies, or attains age 22.

(3) 100% survivorship benefit: If the member was eligible for a service retirement and the member's designated beneficiary is his/her spouse to whom she/he was married for at least one year prior to the date of death, or surviving parent, such beneficiary may elect to receive in lieu of (1) and (2) above, an allowance equal to the amount that would have been paid under the 100% Joint and Survivor Option.

(C) **Offset to Retirement Allowance:** This allowance is offset by workers' compensation, if the member entered the System after July 1, 1970.

12. **LINE-OF-DUTY DEATH BENEFIT:**

(A) **Line-of-Duty Death Benefit Eligibility Requirements**:

(1) Immediate eligibility upon membership in the System and determined by a hearing examiner that the member's death arose out of and in the course of the actual performance of duty, without willful negligence on the part of the member; or

(2) A member had been granted a line-of-duty disability and dies within five years as a result of the last injury that resulted in a line-of-duty disability retirement.

(B) **Line-of-Duty Death Benefit Amount:** This benefit will consist of:

(1) A refund of the member's accumulated contributions and interest to the member's designated beneficiary or as specified by the plan provisions, and

(2) A pension of 100% of member's current annual compensation to be paid to:

(a) the member’s surviving spouse to continue for life; or

(b) if no surviving spouse or the spouse dies, then equally to the member's minor and unmarried children equally until the last child marries, dies, or attains age 22; or

(c) if no surviving spouse or eligible minor child or children, then to the member's surviving dependent parents to continue for life.

(C) **Offset to Retirement Allowance:** This allowance is offset by workers’ compensation, if the member entered the System after July 1, 1970.

13. **DEFERRED RETIREMENT OPTION PLAN (DROP):**

The Deferred Retirement Option Plan became effective July 1, 1996.

(A) **Eligibility: a member who did not meet the following eligibility requirements as of December 31, 2009, is not eligible for DROP participation and is not entitled to DROP benefits effective January 1, 2010. Such member may be eligible for participation in the Deferred Retirement Option Plan 2 (DROP 2) that became effective January 1, 2010.**

(1) For members who entered the System on or before June 30, 2003, a member must acquire 20 or more years of service, regardless of age on or before December 31, 2009. Eligible military service credit prior to employment also can be used to satisfy the eligibility requirements.

(2) For members who entered the System on or after July 1, 2003, a member must acquire 20 or more years of service with at least 10 years of service as a contributing member of this System, regardless of age, on or before December 31, 2009. Eligible military service credit prior to employment also can be used to satisfy the eligibility requirements.

(3) An application must be filed not less than 30 days nor more than 90 days prior to the date the DROP participation will begin.

(4) A member who terminates employment immediately becomes ineligible to participate or to continue to participate in the DROP.

(B) **Term of DROP:**

The maximum period of time that a member can participate in the DROP is a single term of three consecutive years beginning on the member's DROP start date.

(C) **No Service Credit While in DROP:**

A DROP participant remains a member of the F&P but is not credited with F&P service.

Except for Intermediate DROP Retirement Benefits, compensation during the member's DROP participation period shall be disregarded in calculating the member's AFC.

(D) **Discontinuation of DROP Participation:**

(1) If a member terminates service anytime during or at the end of the three year DROP period, participation in the DROP ends automatically.

(2) A member may elect to end participation in the DROP on either the first or second anniversary of the DROP participation start date. The election must be made by filing an application with the System not less than 30 days nor more than 90 days prior to the first or second anniversary of the member's DROP start date.

(3) A member who continues employment after terminating participation in the DROP shall resume earning service credit in the F&P.

(4) Once a member terminates participation in the DROP, the member cannot again participate in the DROP at a later date.

(5) If a member retires at the end of the DROP participation period, begins receiving DROP retirement benefits, and is then reemployed in a position covered by the F&P or any Baltimore City sponsored retirement system, all DROP retirement benefit payments will be suspended until the member's later retirement.

(E) **DROP Account:** The member's DROP account shall consist of:

(1) For each full year of a member's DROP participation, an amount equal to the maximum annual service retirement allowance the member would have received had the member retired from service and began receiving the maximum retirement allowance;

(2) For each partial year of a member's DROP participation, an amount equal to a member's pro-rated maximum annual service retirement allowance;

(3) A separate sub-account consisting of the member's regular mandatory contributions made during the member’s DROP participation period; and

(4) Interest compounded annually at 8.25% until the member terminates from service.

(F) **DROP Retirement Benefit:**

(1) BASIC DROP:

A member who terminates service during or at the conclusion of the DROP participation period will receive:

(a) the service retirement benefit the member would have received if the member had retired on the date the DROP participation began; and

(b) the balance in the member's DROP account.

(2) INTERMEDIATE DROP:

A member who continues working following the conclusion of the DROP participation period and terminates service within 18 months following the DROP participation period will receive:

(a) all benefits under the Basic DROP Benefit; plus

(b) 2.0% of the member’s AFC, calculated as of the member’s date of termination from employment covered by this System, for each year of service credit, prorated for partial years, earned by employment following the DROP participation period (taking into account the member's annual compensation while in DROP), not to exceed 18 months; plus

(c) a recovery rate of 1.5% of the member’s AFC, calculated as of the member’s date of termination from employment covered by this System, for each year of service credit, prorated for partial years, earned by employment following the DROP participation period (taking into account the member's annual compensation while in DROP), not to exceed 18 months, but limited to a "recovery" of 2.0% if the member discontinued participation in DROP after 1 year or limited to a "recovery" of less than 2.25% if the member discontinued participation in DROP after 2 years; plus

(d) 2.0% of the member's AFC, calculated as of the member's termination date from employment covered by this System, for each year of service not already included in the calculation of the member's retirement benefit under (a) and (b).

(3) FULL DROP:

A member who continues working following the conclusion of the DROP participation period and terminates service 18 or more months following the DROP participation period will receive:

(a) an annuity of the actuarial equivalent of the member's accumulated contributions and interest; plus

(b) a pension, which together with the annuity, shall be equal to 2.5% of the member's AFC, calculated as of the member's date of termination from employment covered by this System for each of the first 20 years of service; plus

(c) 2.0% of the member's AFC, calculated as of the member's date of termination from employment covered by this System for each year of service in excess of 20 years; plus

(d) a recovery rate of 1.5% of the member's AFC, calculated as of the member's date of termination from employment covered by this System, for each year of service credit, prorated for partial years, earned by employment following the DROP participation period, not to exceed 4 years, but limited to a "recovery" of 2.0% if the member discontinued participation in DROP at 1 year or limited to a "recovery" of 4.0% if the member discontinued participation in DROP at 2 years; plus

(e) the balance in the member's DROP account.

(G) **Non-Line-of-Duty Disability:**

(1) any member who retires on account of a non-line-of-duty disability during or at the end of the DROP participation period will receive the Basic DROP Retirement Benefit.

(2) any member who retires on account of a non-line-of-duty disability within 18 months following the DROP participation period will receive the Intermediate DROP Retirement Benefit.

(3) any member who retires on account of a non-line-of-duty disability 18 or more months following the DROP participation period will receive the Full DROP Retirement Benefit.

(H) **Line-of-Duty Disability**:

Any member who retires on account of a line-of-duty disability during or following the DROP participation period will receive the line-of-duty disability retirement benefit consisting of: an annuity of the member's accumulated contributions and interest, plus 66.667% of current AFC. This benefit will be paid instead of any DROP retirement benefits and the member will not receive the balance in the DROP account.

(I) **Non-Line-of-Duty Death:**

Due to the non-line-of-duty death of a member who dies during or following the DROP participation period, the beneficiary will receive the non-line-of-duty death benefit according to the DROP provisions. The member's DROP account is payable according to the form of the non-line-of-duty death benefit as follows:

(1) Lump-sum benefit: The beneficiary of a deceased DROP participant will receive the balance of the deceased member's DROP account in a lump sum payment.

(2) 25% plus benefit: The beneficiary can elect to receive the balance of the deceased member's DROP account in a lump sum payment or in periodic payments.

(3) 100% survivorship benefit: The beneficiary can elect to receive the balance of the deceased member's DROP account in a lump sum payment or in periodic payments.

(J) **Line-of-Duty Death:**

The line-of-duty death benefit payable due to the death of a member who dies during or following the DROP participation period will equal either of the following as elected by the member's beneficiary:

(1) the non-line-of-duty death benefit including DROP benefits as described above; or

(2) the line-of-duty death benefit payable as though the member had never participated in the DROP.

(K) **Benefits for Reemployed DROP Participants:**

(1) if a member receiving DROP retirement benefits is reemployed in a position covered by the F&P, the member's DROP retirement benefits shall be suspended. When the member later retires again on a service or non-line-of-duty disability retirement, the member will resume receiving the DROP benefits which had been suspended at the time of reemployment, plus, the member will receive 2.0% (prorated for partial years) of the member's current AFC for each year of service credit earned during the reemployment period.

(2) if a member receiving DROP retirement benefits is reemployed in a position covered by the F&P, and then dies during the reemployment period, beneficiary eligibility for either non-line-of-duty death benefits or line-of-duty death benefits will be determined according to the DROP provisions.

(3) if a member receiving DROP retirement benefits is reemployed in a position covered by another Baltimore City sponsored retirement system, the member's DROP retirement benefits shall be suspended. When the member later retires again, the member will resume receiving the DROP retirement benefits which had been suspended at the time of reemployment,

(L) **DROP Post-Retirement Benefit Increases:**

(1) A member who retires during or at the end of the DROP participation period will have that DROP participation period credited toward the eligibility requirement for post-retirement benefit increases.

(2) A member who continues working following the DROP participation period will not have that DROP participation period credited toward the eligibility requirement for post-retirement benefit increases.

(3) Post-retirement benefit increases for former DROP participants are applied prospectively.

(M) **Form of Payment of Benefits from DROP Account:**

A member (or a beneficiary after the death of the member in service) can choose to receive the total balance of the DROP account as:

(1) One lump sum which can be:

(a) rolled over to an IRA or similar account; or
(b) taken in pocket; or

(2) Periodic payments in the same form as the retirement benefit.

14. **DEFERRED RETIREMENT OPTION PLAN 2 (DROP 2):**

DROP 2 became effective January 1, 2010. A member who is a DROP participant or who is entitled to DROP benefits is not entitled to DROP 2 participation or DROP 2 benefits. DROP 2 provisions differ for fire department and police department personnel.

(A) **Eligibility:**

(1) For members who entered the System on or before June 30, 2003, a member must acquire 20 or more years of service regardless of age.

(2) For members who entered the System on or after July 1, 2003, and on or before December 31, 2009, a member must acquire 20 or more years of service with at least 10 years of service as a contributing member of this System, regardless of age.

(3) For members who entered the System on or after January 1, 2010, a member must acquire 20 or more consecutive years of service credit through City employment and as a contributing member of the System, regardless of age.

(4) Effective July 1, 2010, members who had 15 or more years of service as of June 30, 2010, must acquire 20 or more years of service, and members who had less than 15 years of service as of June 30, 2010, must acquire 25 or more years of service as a contributing member of this System.

(5) For members who entered the System on or after July 1, 2010, a member must acquire 25 or more years of service credit as a contributing member of the System, regardless of age.

(6) An application must be filed not less than 30 days nor more than 90 days prior to the date the DROP 2 participation will begin.

(7) A member who terminates employment immediately becomes ineligible to participate or to continue to participate in the DROP 2.

(B) **Term of DROP 2:**

The maximum period of time that a member can participate in the DROP 2 is a single term of three consecutive years beginning on the member's DROP 2 start date.

A member must remain in DROP 2 for a minimum of 1 year to be eligible for DROP 2 benefits.

(C) **No Service Credit While in DROP 2:**

A DROP 2 participant remains a member of the F&P but is not credited with F&P service.

Except for Mid DROP 2 retirement benefits, compensation during the member's DROP 2 participation period shall be disregarded in calculating the member's AFC.

(D) **Discontinuation of DROP 2 Participation:**

(1) If a member terminates service anytime during or at the end of the three year DROP 2 period, participation in the DROP 2 ends automatically.

(2) A member may elect to end participation in the DROP 2 on either the first or second anniversary of the DROP 2 participation start date. The election must be made by filing an application with the System not less than 30 days nor more than 90 days prior to the first or second anniversary of the member's DROP 2 start date.

(3) A member who continues employment after terminating participation in the DROP 2 shall resume earning service credit in the F&P.

(4) Once a member terminates participation in the DROP 2, the member cannot again participate in the DROP 2 at a later date.

(5) If a member retires at the end of the DROP 2 participation period, begins receiving DROP 2 retirement benefits, and is then reemployed in a position covered by the F&P or any Baltimore City sponsored retirement system, all DROP 2 retirement benefit payments will be suspended until the member's later retirement.

(E) **DROP 2 Account:** The member's DROP 2 account shall consist of:

(1) For each full year of a member's DROP 2 participation, an amount equal to the maximum annual service retirement allowance the member would have received had the member retired from service and began receiving the maximum retirement allowance;

(2) For each month of a member's DROP 2 participation, an amount equal to one-twelfth of a member's maximum annual service retirement allowance;

(3) For each day not included in (1) or (2), an amount equal to 1/365 of the member’s maximum annual service retirement allowance;

(4) Documentation requirements must be met prior to the member’s DROP 2 start date for inclusion of pre-employment military service credit in the DROP 2 benefit calculation.

(5) A separate sub-account consisting of the member's regular mandatory contributions made during the member’s DROP 2 participation period; and

(6) Interest compounded annually at 5.50% until the member terminates from service. Effective July 1, 2010, for members who had fewer than 15 years of service as of June 30, 2010, interest is compounded annually at 3.0% until the member terminates from service.

(F) **DROP 2 Retirement Benefit - FIRE DEPARTMENT MEMBERS:**

(1) EARLY DROP 2:

A member must complete a minimum of 1 year of DROP 2 participation to be eligible for Early DROP 2 benefits. A member who terminates service during year 2 or year 3 or at the conclusion of the DROP 2 participation period will receive:

(a) the following percentages of the member's AFC calculated as of the day before the member's DROP 2 start date:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service in excess of 20 years, prorated for partial years, prior to the member's DROP 2 start date; no service credit is earned during the member's DROP 2 participation period; plus

(b) the balance in the member's DROP 2 account.

(2) MID DROP 2:

A member who continues working, resumes earning service credit for employment covered by this System following the conclusion of the member's DROP 2 participation period, and terminates service anytime within 5 years following the member's DROP 2 participation period will receive:

(a) the following percentages of the member's AFC calculated as of the day before the member's DROP 2 start date:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service in excess of 20 years, prorated for partial years, prior to the member's DROP 2 start date, plus
(iii) 2.0% for each full year of service, prorated for partial years, purchased during or following the member's DROP 2 participation period, if any; no service credit is earned during the member's DROP 2 participation period; plus

(b) the following percentages of the member's AFC calculated as of the member's termination date from employment covered by this System:

(i) 2.0% for each full year of service, prorated for partial years, for up to 5 years of employment as a contributing member of this System following the member's DROP 2 participation period; no service credit is earned during the member's DROP 2 participation period, plus
(ii) A recovery rate of 1.5% for each of the first four years of employment covered by this System immediately following the member's DROP 2 participation period, subject to the following limitations:

1. if the member discontinued DROP 2 participation at 1 year, the recovery rate is limited to 2.0%.

2. if the member discontinued DROP 2 participation at 2 years, the recovery rate is limited to 4.0%.

plus,

(c) the balance in the member's DROP 2 account.

(3) COMPLETE DROP 2:

A member who continues working, resumes earning service credit for employment covered by this System following the conclusion of the member's DROP 2 participation period, and terminates service 5 or more years following the DROP 2 participation period will receive:

(a) the following percentages of the member's AFC calculated as of the member's termination date from employment covered by this System:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service, prorated for partial years, for service in excess of 20 years, excluding employment covered by this System during the member's DROP 2 participation period, plus
(iii) A recovery rate of 1.5% for each of the first four years of employment covered by this System immediately following the member's DROP 2 participation period, subject to the following limitations:

1. if the member discontinued DROP 2 participation at 1 year, the recovery rate is limited to 2.0%.

2. if the member discontinued DROP 2 participation at 2 years, the recovery rate is limited to 4.0%.

plus,

(b) the balance in the member's DROP 2 account.

(G) **DROP 2 Retirement Benefit – POLICE DEPARTMENT MEMBERS:**

(1) EARLY DROP 2:

A member must complete a minimum of 1 year of DROP 2 participation to be eligible for Early DROP 2 benefits. A member who terminates service during year 2 or year 3 or at the conclusion of the DROP 2 participation period will receive:

(a) the following percentages of the member's AFC as of the day before the member's DROP 2 start date:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service in excess of 20 years, prorated for partial years, prior to the member's DROP 2 start date; no service credit is earned during the member's DROP 2 participation period; plus

(b) the balance in the member's DROP 2 account.

(2) MID DROP 2:

A member who continues working, resumes earning service credit for employment covered by this System following the conclusion of the member's DROP 2 participation period, and terminates service anytime within 3½ years following the DROP 2 participation period will receive:

(a) the following percentages of the member's AFC as of the day before the member's DROP 2 start date:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service in excess of 20 years, prorated for partial years, prior to the member's DROP 2 start date, plus
(iii) 2.0% for each full year of service, prorated for partial years, purchased during or following the member's DROP 2 participation period, if any; no service credit is earned during the member's DROP 2 participation period; plus

(b) the following percentage of the member's AFC calculated as of the member's termination date from employment covered by this System:

2.0% for each full year of service, prorated for partial years, for up to 3½ years of employment as a contributing member of this System following the member's DROP 2 participation period; no service credit is earned during the member's DROP 2 participation period; and

(c) the balance in the member's DROP 2 account.

(3) COMPLETE DROP 2:

A member who continues working, resumes earning service credit for employment covered by this System following the conclusion of the member's DROP 2 participation period, and terminates service 3½ or more years following the DROP 2 participation period will receive:

(a) the following percentages of the member's AFC calculated as of the member's termination date from employment covered by this System:

(i) 2.5% for each of the first 20 years of service, plus
(ii) 2.0% for each full year of service, prorated for partial years, for service in excess of 20 years excluding employment covered by this System during the member's DROP 2 participation period; plus

(b) the balance in the member's DROP 2 account.

(H) **Non-Line-of-Duty Disability:**

(1) the member must complete a minimum of 1 year of the DROP 2 participation period to be eligible for any DROP 2 benefits.

(2) any member who retires prior to the first anniversary of the member's DROP 2 start date is not entitled to any benefits under DROP 2. The benefit will be calculated as though the member had never participated in DROP 2.

(3) any member who retires on account of a non-line-of-duty disability during or at the end of the DROP 2 participation period will receive the Early DROP 2 retirement benefit.

(4) any Fire department member who retires within 5 years following the end of the DROP 2 participation period or any Police department member who retires within 3½ years following the end of the DROP 2 participation period on account of a non-line-of-duty disability will receive the Mid DROP 2 Retirement Benefit.

(5) any Fire department member who retires with 5 or more years following the end of the DROP 2 participation period or any Police department member who retires with 3½ or more years following the end

of the DROP 2 participation period on account of a non-line-of-duty disability will receive the Complete DROP 2 Retirement Benefit.

(I) **Line-of-Duty Disability:**

Any member who retires on account of a line-of-duty disability during or following the DROP 2 participation period will receive the line-of-duty disability retirement benefit consisting of: an annuity of the member's accumulated contributions and interest, plus 66.667% of current AFC. This benefit will be paid instead of any DROP 2 retirement benefits and the member will not receive the balance in the DROP 2 account.

(J) **Non-Line-of-Duty Death:**

Due to the non-line-of-duty death of a member who dies after completing a minimum of one year of DROP 2 participation or following the DROP 2 participation period, the beneficiary will receive the non-line-of-duty death benefit according to the DROP 2 provisions. The member’s DROP 2 account is payable according to the form of the non-line-of-duty death benefit as follows:

(1) Lump-sum benefit: The beneficiary of a deceased DROP 2 participant will receive the balance of the deceased member’s DROP 2 account in a lump sum payment.

(2) 25% plus benefit: The beneficiary can elect to receive the balance of the deceased member’s DROP 2 account in a lump sum or in periodic payments.

(3) 100% survivorship benefit: The beneficiary can elect to receive the balance of the deceased member’s DROP 2 account in a lump sum payment or in periodic payments.

If the member dies within the first year of the DROP 2 participation period, the benefit will be calculated as though the member had never participated in DROP 2.

(K) **Line-of-Duty Death:**

The line-of-duty death benefit payable due to the death of a member who dies after completing a minimum of one year of DROP 2 participation or following the DROP 2 participation period will equal either of the following as elected by the member's beneficiary:

(1) the non-line-of-duty death benefit including DROP 2 benefits as described above; or

(2) the line-of-duty death benefit payable as though the member had never participated in the DROP 2.

If the member dies within the first year of the DROP 2 participation period, the benefit will be calculated as though the member had never participated in DROP 2.

(L) **Benefits for Reemployed DROP 2 Participants:**

(1) if a member receiving DROP 2 retirement benefits is reemployed in a position covered by the F&P, the member’s DROP 2 retirement benefits shall be suspended. When the member later retires again on a service or non-line-of-duty disability retirement, the member will resume receiving the DROP 2 benefits which had been suspended at the time of reemployment, plus, the member will receive 2.0% (prorated for partial years) of the member's current AFC for each year of service credit earned during the reemployment period.

(2) if a member receiving DROP 2 retirement benefits is reemployed in a position covered by the F&P, and then

dies during the reemployment period, beneficiary eligibility for either non-line-of-duty death benefits or line-of-duty death benefits will be determined according to the DROP 2 provisions.

(3) if a member receiving DROP 2 retirement benefits is reemployed in a position covered by another Baltimore City sponsored retirement system, the member's DROP 2 retirement benefits shall be suspended. When the member later retires again, the member will resume receiving the DROP 2 retirement benefits which had been suspended at the time of reemployment,

(M) **Pre-employment Military Service Credit for DROP 2 Participants:**

A member may receive up to 3 years of membership service credit for military service prior to employment with the City of Baltimore if the requirements are met according to the plan provisions. Credit for pre-employment military service may be used in the calculation of the member's maximum service retirement benefit credited to the member's DROP 2 account.

The member must apply and provide the F&P proper and complete documentation of pre-employment military service prior to the member's DROP 2 participation start date in order for the pre-employment military service to be used in the calculation of the members DROP 2 benefit credited to the DROP 2 account.

If the member fails to properly apply and provide the F&P with complete documentation of pre-employment military service prior to the member's DROP 2 participation start date, the pre-employment military service credit will not be included in the calculation of the member's maximum service retirement benefit that is credited to the member's DROP 2 account.

(N) **Form of Payment of Benefits from DROP 2 Account:**

A member (or an eligible beneficiary after the death of the member in service) can choose to receive the total balance of the DROP 2 account as:

(1) One lump sum which can be:

(a) rolled over to an IRA or similar account; or
(b) taken in pocket; or

(2) Periodic payments in the same form as the retirement benefit.

15. **POST-RETIREMENT BENEFIT INCREASES:**

Effective June 30, 2010, post-retirement benefit increases are fixed rather than based on investment performance. Retirees and beneficiaries who have been receiving periodic benefit payments for two or more years as of the June 30 determination date may be eligible for such an increase. An exception exists for DROP participants who retire during or at the end of their DROP participation period. Basic DROP retirees will have their DROP participation period credited toward the eligibility requirements for post-retirement benefit increases. The increase is payable commencing in the January following the June 30 determination date.

The amount and eligibility of the post-retirement benefit increase is as follows:

(1) Eligible retirees (or their beneficiaries) who have not attained age 55 as of the June 30 determination date will not receive an increase payable the following January.

(2) Eligible retirees (or their beneficiaries) who have attained age 55 but have not attained age 65 and have been retired

for two or more years as of the June 30 determination date will receive a 1.0% increase payable the following January. This increase was first payable in January 2012.

(3) Eligible retirees (or their beneficiaries) who have attained age 65 and have been retired for two or more years as of June 30 determination date will receive a 2.0% increase payable the following January. This increase was first payable in January 2011.

(4) Eligible retirees (or their beneficiaries) who are receiving a 100% line-of-duty disability regardless of age and have been retired for two or more years as of the June 30 determination date will receive a 2.0% increase payable the following January. This increase was first payable in January 2011.

16. **MINIMUM BENEFIT FOR CERTAIN SPOUSAL BENEFICIARIES**

Effective July 1, 2010, a minimum annual benefit of $16,000 is provided to the spousal beneficiary of a sworn member who, before August 1, 1996, retired or died in service with 20 or more years of service.

Effective January 1, 2012, a minimum annual benefit of $16,000 is provided to the spousal beneficiary of a sworn member who, prior to August 1, 1996, retired on account of line-of-duty disability with less than 20 years of service.

17. **BENEFIT PAYMENTS**

Effective January 1, 2016:

A. **Monthly Payments:** All retirement allowances or other benefits paid by this System shall be paid monthly rather than bi-weekly.

B. **Retirement Allowances:** Service retirements for all members and beneficiaries of this System take effect on the 1st day of a calendar month and shall be paid on the 15th day of that calendar month.

C. **Death and Survivorship Benefits:** `

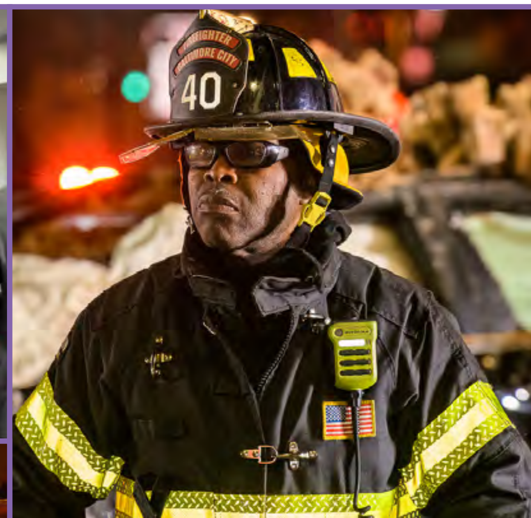
(1) Death and survivorship benefits for beneficiaries take effect on the 1st day of the calendar month following the month in which the member dies and shall be paid on the 15th day of that calendar month.

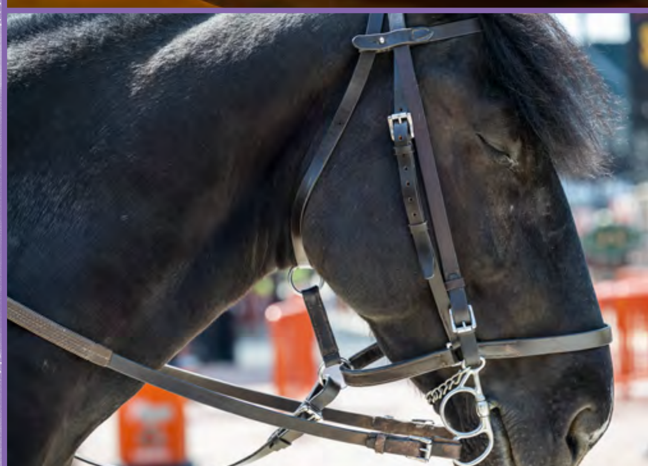
(2) For the calendar month in which the death of a retired member or beneficiary occurs, this System shall owe and pay the entire monthly allowance due to a retired member or beneficiary.

18. **ELECTRONIC PAYMENTS**

Effective January 1, 2020, all benefit payments are required to be paid electronically through direct deposit.

STATISTICAL SECTION





Fire and Police Employees' Retirement System
City of Baltimore, Maryland
STATISTICAL SECTION NARRATIVE

The Statistical Section of this Annual Comprehensive Financial Report presents information to add historical perspective, context, and detail to the financial statements, notes to financial statements, and required supplementary information presented in the preceding sections. To provide historical perspective and a sense of trends, most exhibits in this Section are presented in multiple-year formats. The information is categorized into two topical groups: Financial Trends and Demographic and Economic Information.

Financial Trends

These schedules contain trend information to help the reader understand how the F&P's financial performance has changed over time.

Statement of Changes in Fiduciary Net Position - Fiscal Years 2014 - 2023
Revenues by Source - Fiscal Years 2014 - 2023
Expenses by Type - Fiscal Years 2014 - 2023
Benefit Expenses by Type - Fiscal Years 2014 - 2023
Average Monthly Service Retirement Benefit Payments - Fiscal Years 2014 - 2023

Demographic and Economic Information

These schedules offer demographic indicators to help the reader understand trends in F&P membership.

Active Members by Years of Service - Fiscal Years 2014 – 2023
Active Members and Active DROP / DROP 2 Members by Years of Service and Department
Active DROP / DROP 2 Members by Fiscal Year of DROP / DROP 2 Entry and Department – Fiscal Years 1997 – 2023
Retirees and Beneficiaries by Attained Age and Type of Retirement
DROP / DROP 2 Retirees and DROP / DROP 2 Beneficiaries by Attained Age and Type of Retirement

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
CHANGES IN FIDUCIARY NET POSITION

	2014	2015	2016	2017	2018
Additions					
Net investment income (loss)	$ 313,953,904	$ 53,442,809	$ 2,533,389	$ 273,800,787	$ 211,182,141
Employer contributions	113,843,250	119,020,291	121,115,085	129,688,977	137,738,323
Member contributions	28,265,556	30,341,796	30,549,801	29,901,791	31,285,881
Net securities lending income	495,366	459,490	469,337	586,818	485,802
Total Additions	456,558,076	203,264,386	154,667,612	433,978,373	380,692,147
Deductions					
Retirement allowances	205,591,968	210,318,274	217,821,498	223,772,460	228,774,485
Lump sum DROP payments	12,373,388	11,477,573	17,062,244	17,790,724	14,429,983
Administrative expenses	3,907,539	4,297,773	4,407,296	4,328,135	4,984,228
Refunds of member contributions	3,129,650	2,796,110	3,094,838	3,069,464	3,542,713
Death benefits	344,230	342,353	863,933	447,433	223,384
Total Deductions	225,346,775	229,232,083	243,249,809	249,408,216	251,954,793
Net Increase (Decrease)	$ 231,211,301	$(25,967,697)	$(88,582,197)	$ 184,570,157	$ 128,737,354

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
CHANGES IN FIDUCIARY NET POSITION (Concluded)

	2019	2020	2021	2022	2023
Additions					
Net investment income (loss)	$ 147,653,214	$ (15,374,965)	$ 773,849,131	$ (280,316,951)	$ 223,001,741
Employer contributions	141,325,667	146,795,520	151,088,173	161,379,656	154,765,619
Member contributions	30,710,887	31,353,065	31,656,700	30,735,509	31,306,544
Net securities lending income	406,155	300,068	310,735	209,518	195,299
Total Additions	320,095,923	163,073,688	956,904,739	(87,992,268)	409,269,203
Deductions					
Retirement allowances	234,078,058	240,918,629	248,221,929	255,640,964	264,546,358
Lump sum DROP payments	17,853,224	18,399,435	16,749,254	17,386,974	14,656,221
Administrative expenses	5,144,352	4,967,444	4,927,777	5,115,536	5,252,301
Refunds of member contributions	3,777,811	3,291,482	3,444,357	5,165,147	5,425,668
Death benefits	287,111	295,728	188,046	1,446,393	614,986
Total Deductions	261,140,556	267,872,718	273,531,363	284,755,014	290,495,534
Net Increase (Decrease)	$ 58,955,367	$ (104,799,030)	$ 683,373,376	$ (372,747,282)	$ 118,773,669

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
REVENUES BY SOURCE

Fiscal Year	Net Investment Income	Employer Contributions Amount	Employer Contributions % of Covered Payroll	Member Contributions	Total
2014	314,449,270	113,843,250	40.1	28,265,556	456,558,076
2015	53,902,299	119,020,291	39.9	30,341,796	203,264,386
2016	3,002,726	121,115,085	40.3	30,549,801	154,667,612
2017	274,387,605	129,688,977	43.8	29,901,791	433,978,373
2018	211,667,943	137,738,323	42.6	31,285,881	380,692,147
2019	148,059,369	141,325,667	43.8	30,710,887	320,095,923
2020	(15,074,897)	146,795,520	44.9	31,353,065	163,073,688
2021	774,159,866	151,088,173	45.7	31,656,700	956,904,739
2022	(280,107,433)	161,379,656	50.7	30,735,509	(87,992,268)
2023	223,001,741	154,765,619	48.6	31,306,544	409,073,904

Notes: Employer contributions were made in accordance with actuarially determined contribution requirements.

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
EXPENSES BY TYPE

Fiscal Year	Retirement Benefits	DROP Payments	Refunds	Administrative Expenses	Total
2014	205,936,198	12,373,388	3,129,650	3,907,539	225,346,775
2015	210,660,627	11,477,573	2,796,110	4,297,773	229,232,083
2016	218,685,431	17,062,244	3,094,838	4,407,296	243,249,809
2017	224,219,893	17,790,724	3,069,464	4,328,135	249,408,216
2018	228,997,869	14,429,983	3,542,713	4,984,228	251,954,793
2019	234,365,169	17,853,224	3,777,811	5,144,352	261,140,556
2020	241,214,357	18,399,435	3,291,482	4,967,444	267,872,718
2021	248,409,975	16,749,254	3,444,357	4,927,777	273,531,363
2022	257,087,357	17,386,974	5,165,147	5,115,536	284,755,014
2023	265,161,344	14,656,221	5,425,668	5,252,301	290,495,534

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
BENEFIT EXPENSES BY TYPE

Year	Age and Service Benefits		Death Benefits			Disability Benefits			
						Retirees			
Ending	Retirees	Beneficiaries	Duty	Non-Duty	Lump Sum	Duty	Non-Duty	Beneficiaries	Total
2014	158,233,244	15,372,751	2,908,705	3,229,061	344,230	25,992,206	5,061,399	7,167,990	218,309,586
2015	160,757,738	16,006,666	2,870,887	3,289,067	342,353	26,604,387	5,025,575	7,241,527	222,138,200
2016	173,404,322	16,629,410	2,893,842	3,202,861	863,933	26,937,043	4,895,300	6,920,964	235,747,675
2017	179,232,723	17,497,593	2,880,489	3,188,438	447,433	27,142,330	4,986,095	6,635,516	242,010,617
2018	182,298,749	16,130,843	2,775,501	3,201,695	223,384	27,518,518	4,822,082	6,457,080	243,427,852
2019	192,170,222	17,130,326	2,644,852	3,078,499	287,111	27,943,706	4,717,351	4,246,327	252,218,393
2020	196,244,629	17,507,523	2,728,263	3,209,574	295,728	28,369,051	4,859,807	6,399,219	259,613,793
2021	199,414,253	20,502,773	2,631,877	3,231,586	188,046	28,144,338	4,633,006	6,413,349	265,159,229
2022	206,330,047	21,704,490	2,541,369	3,286,419	1,446,393	28,202,130	4,705,616	6,257,867	274,474,331
2023	211,189,395	23,024,319	2,576,749	3,301,061	614,986	28,319,235	4,922,347	5,869,471	279,817,565

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
AVERAGE MONTHLY SERVICE RETIREMENT BENEFIT PAYMENTS

Retirement Effective Dates	Years of Credited Service				
From July 1, 2013 to June 30, 2023	<15	16-20	21-25	26-30	31+
Period 7/1/13 to 6/30/14					
Average Monthly Benefit	2,872	3,011	3,724	4,511	5,275
Average-Average Final Compensation	58,961	70,186	74,337	74,697	76,000
Number of Active Retirees	20	46	60	19	10
Period 7/1/14 to 6/30/15					
Average Monthly Benefit	3,523	3,282	3,587	5,043	6,311
Average-Average Final Compensation	63,971	73,791	75,700	78,764	82,728
Number of Active Retirees	11	43	58	16	14
Period 7/1/15 to 6/30/16					
Average Monthly Benefit	3,284	3,169	3,918	5,180	6,689
Average-Average Final Compensation	64,087	74,099	81,477	84,253	92,377
Number of Active Retirees	7	21	66	26	23
Period 7/1/16 to 6/30/17					
Average Monthly Benefit	2,954	3,030	3,880	6,135	6,673
Average-Average Final Compensation	67,871	80,918	82,361	93,180	91,393
Number of Active Retirees	23	33	44	31	27
Period 7/1/17 to 6/30/18					
Average Monthly Benefit	3,728	4,799	4,232	4,104	4,752
Average-Average Final Compensation	78,047	88,930	84,308	86,400	90,005
Number of Active Retirees	16	20	59	30	10
Period 7/1/18 to 6/30/19					
Average Monthly Benefit	3,810	3,744	3,992	5,876	6,604
Average-Average Final Compensation	72,581	79,454	88,333	99,998	93,882
Number of Active Retirees	13	13	72	42	17
Period 7/1/19 to 6/30/20					
Average Monthly Benefit	2,504	3,828	4,478	5,716	7,254
Average-Average Final Compensation	73,875	89,317	95,596	97,611	102,508
Number of Active Retirees	12	15	68	34	21
Period 7/1/20 to 6/30/21					
Average Monthly Benefit	3,771	3,094	5,091	5,375	6,814
Average-Average Final Compensation	74,528	87,564	98,156	93,947	95,196
Number of Active Retirees	8	23	74	26	26
Period 7/1/21 to 6/30/22					
Average Monthly Benefit	2,842	3,260	4,566	5,794	6,766
Average-Average Final Compensation	78,917	87,094	98,085	101,044	93,492
Number of Active Retirees	11	27	96	38	25
Period 7/1/22 to 6/30/23					
Average Monthly Benefit	2,596	3,325	4,629	6,126	7,862
Average-Average Final Compensation	80,656	89,300	99,542	102,683	110,149
Number of Active Retirees	14	24	84	55	17
Period 7/1/13 to 6/30/23					
Average Monthly Benefit	3,134	3,346	4,196	5,528	6,669
Average-Average Final Compensation	70,770	80,332	88,761	94,004	93,914
Number of Active Retirees	135	265	681	317	190

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF ACTIVE MEMBERS BY YEARS OF SERVICE

Years of Credited Service	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
0-4	787	801	640	670	802	817	814	817	721	687
5-9	934	883	854	689	573	571	573	502	573	605
10-14	765	739	742	821	832	777	717	681	589	464
15-19	686	651	688	693	709	678	647	657	645	655
20-24	668	633	650	625	569	554	542	574	563	535
25-29	275	334	313	290	356	397	392	362	321	303
30+	202	207	207	224	208	189	242	246	236	233
Total Members	4,317	4,248	4,094	4,012	4,049	3,983	3,927	3,839	3,648	3,482
Average Service Credit	13.42	13.62	13.98	14.06	13.99	13.99	14.3	14.31	14.34	14.29
Average Age	39.94	40.24	40.69	40.95	41.02	41.14	41.26	41.38	41.49	41.55

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CURRENT ACTIVE MEMBERS BY YEARS OF SERVICE AND DEPARTMENT
SCHEDULE OF CURRENT ACTIVE DROP AND DROP 2 MEMBERS BY YEARS OF SERVICE AND DEPAR
For the Year Ended June 30, 2023

Schedule of Current Active Members By Years of Service and Department

Years of Credited Service	Police Department	Fire Department	Airport Employees	Total
0-4	451	236		687
5-9	374	231		605
10-14	292	172		464
15-19	349	306		655
20-24	306	229		535
25-29	201	102		303
30+	96	136	1	233
Total Members	2,069	1,412	1	3,482

Schedule of Current Active DROP Members By Years of Service and Department

Years of Credited Service	Police Department	Fire Department	Airport Employees	Total
25-29				0
30+	20	50	1	71
Total DROP Members	20	50	1	71

Schedule of Current Active Grandfathered DROP 2 Members By Years of Service and Dep

Years of Credited Service	Police Department	Fire Department	Total
20-24		3	3
25-29	51	20	71
30+	62	79	141
Total DROP 2 Members	113	102	215

Schedule of Current Active Non-Grandfathered DROP 2 Members By Years of Service and

Years of Credited Service	Police Department	Fire Department	Total
25-29	81	47	128
30+	9	5	14
Total DROP 2 Members	90	52	142

Fire and Police Employees' Retirement System
City of Baltimore, Maryland

SCHEDULE OF CURRENT ACTIVE DROP AND DROP 2 MEMBERS BY FISCAL YEAR OF DROP / DROP 2 ENTRY AND DEPARTMENT

Year of DROP Entry	Police Department	Fire Department	Airport Employees	Total
7/1/96 - 6/30/97	2	3		5
7/1/97 - 6/30/98				0
7/1/98 - 6/30/99		1		1
7/1/99 - 6/30/00	2			2
7/1/00 - 6/30/01		1		1
7/1/01 - 6/30/02	2	2		4
7/1/02 - 6/30/03		5		5
7/1/03 - 6/30/04	4	2		6
7/1/04 - 6/30/05	1	3		4
7/1/05 - 6/30/06	2	5		7
7/1/06 - 6/30/07	2	6		8
7/1/07 - 6/30/08	2	14		16
7/1/08 - 6/30/09	1	4	1	6
7/1/09 - 6/30/10	1	3		4
7/1/10 - 6/30/11		1		1
7/1/11 - 6/30/22	1			1
7/1/11 - 6/30/23				0
Total DROP Members	20	50	1	71

Year of Grandfathered	Police	Fire	Total
7/1/09 - 6/30/10	3	3	6
7/1/10 - 6/30/11	4	34	38
7/1/11 - 6/30/12	11	7	18
7/1/12 - 6/30/13	22	9	31
7/1/13 - 6/30/14	23	22	45
7/1/14 - 6/30/15	10	5	15
7/1/15 - 6/30/16	20	15	35
7/1/16 - 6/30/17	14		14
7/1/17 - 6/30/18	2	1	3
7/1/18 - 6/30/19	1	2	3
7/1/19 - 6/30/20		2	2
7/1/20 - 6/30/21	2	1	3
7/1/21 - 6/30/22	1		1
7/1/21 - 6/30/23		1	1
Total DROP 2 Members	113	102	215

Year of Non-	Police	Fire	Total
7/1/17 - 6/30/18	2	3	5
7/1/18 - 6/30/19	6	2	8
7/1/19 - 6/30/20	2	2	4
7/1/20 - 6/30/21	15	13	28
7/1/21 - 6/30/22	29	16	45
7/1/21 - 6/30/23	36	16	52
Total DROP 2 Members	90	52	142

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF RETIREES BY ATTAINED AGE AND TYPE OF RETIREMENT
For the Year Ended June 30, 2023

		TYPE OF RETIREMENT*					
Age	Number of Recipients	0	1	2	3	4	9
Under 25							
25-29							
30-34	4				2	2	
35-39	30			1	6	23	
40-44	67	5	10	4	15	33	
45-49	219	52	64	1	23	78	1
50-54	610	398	53	1	33	124	1
55-59	772	591	18	6	40	116	1
60-64	668	558	2	3	19	85	1
65-69	673	610	3	1	11	48	
70-74	694	625			17	52	
75-79	615	547		1	16	51	
80-84	333	280			15	38	
85-89	182	151			13	18	
90 and up	84	63			7	13	1
Totals	4,951	3,880	150	18	217	681	5
Average Annual Benefit	$47,284	$49,879	$41,496	$35,217	$23,318	$41,448	$86,002

*Type of Retirement
0 - Normal retirement for age and service
1 - Early Retirement
2 - Discontinued service
3 - Non-line-of-duty disability
4 - Line-of-duty disability
9 - Line-of-duty disability, 100% of compensation

Fire and Police Employees' Retirement System
City of Baltimore, Maryland
SCHEDULE OF BENEFICIARIES BY ATTAINED AGE AND TYPE OF RETIREMENT
For the Year Ended June 30, 2023

		TYPE OF RETIREMENT*								
Age	Number of Recipients	0	1	2	3	4	6	7	8	9
Under 20	11	2	0	0	0	2	0	4	3	0
20-24	6	0	0	0	1	3	0	2	0	0
25-29	2	1	0	0	0	0	0	1	0	0
30-34	1	0	0	0	0	0	0	0	1	0
35-39	3	0	0	0	0	1	0	0	2	0
40-44	9	2	2	0	0	3	0	2	0	0
45-49	23	3	4	0	1	1	0	12	2	0
50-54	71	50	3	0	2	5	2	3	6	0
55-59	98	76	0	1	4	8	3	4	2	0
60-64	126	101	0	0	5	10	4	4	2	0
65-69	170	127	0	0	9	19	8	4	3	0
70-74	230	166	0	0	12	21	15	8	8	0
75-79	229	170	0	0	15	26	5	5	8	0
80-84	221	148	1	0	23	34	6	5	3	1
85-89	195	117	0	0	22	42	6	5	3	0
90 and up	141	87	0	0	19	28	4	0	3	0
Totals	1,536	1,050	10	1	113	203	53	59	46	1
Average Annual Benefit	$22,038	$21,929	$13,447	$12,320	$15,244	$19,554	$35,779	$24,530	$53,835	$44,584

*Type of Retirement
0 - Normal retirement for age and service
1 - Early Retirement
2 - Discontinued service retirement
3 - Non-line-of-duty disability
4 - Line-of-duty disability
6 - Non-line-of-duty death, member eligible for service retirement at death
7 - Non-line-of-duty death with 25% of compensation
8 - Line-of-duty death
9 - Line-of-duty disability, 100% of compensation

Fire and Police Employees' Retirement System

City of Baltimore, Maryland

SCHEDULE OF DROP RETIREES BY ATTAINED AGE AND TYPE OF RETIREMENT

SCHEDULE OF DROP BENEFICIARIES BY ATTAINED AGE AND TYPE OF RETIREMENT

For the Year Ended June 30, 2023

Schedule of DROP Retirees by Attained Age and Type of Retirement

		TYPE OF RETIREMENT*	
Age	Number of Recipients	0	4
40-44			
45-49			
50-54	26	26	
55-59	255	253	2
60-64	420	408	12
65-69	485	478	7
70-74	470	458	12
75-79	319	317	2
80-84	106	105	1
85+	25	25	
Totals	2,106	2,070	36
Average Annual Benefit	$55,096	$55,167	$51,025

Schedule of DROP Beneficiaries by Attained Age and Type of Retirement

		TYPE OF RETIREMENT*				
Age	Number of Recipients	0	1	4	6	8
40-44						
45-49						
50-54	16	16				
55-59	40	38			2	
60-64	70	66		1	3	
65-69	94	90			3	1
70-74	88	73		2	10	3
75-79	69	66			2	1
80-84	41	40	1			
85+	14	14				
Totals	432	403	1	3	20	5
Average Annual Benefit	$25,150	$23,572	$29,373	$22,395	$42,324	$84,409

*Type of Retirement

0 - Normal retirement for age and service

1 - Early Retirement

4 - Line-of-duty disability: Member not eligible for DROP benefits

6 - Non-line-of-duty death, member eligible for service retirement at death

8 - Line-of-duty death: Beneficiary not eligible for DROP benefits

SCHEDULE OF DROP 2 RETIREES / BENEFICIARIES BY ATTAINED AGE AND TYPE OF RETIREMENT

For the Year Ended June 30, 2023

Schedule of DROP 2 Retirees by Attained Age and Type of Retirement

		TYPE OF RETIREMENT*			
Age	Number of Recipients	0	1	3	4
40-44					
45-49	21	21			
50-54	222	220	1		1
55-59	169	164		1	4
60-64	66	66			
65-69	35	35			
70-74	7	7			
75+	2	2			
Totals	522	515	1	1	5
Average Annual Benefit	$52,003	$52,096	$38,795	$30,774	$49,348

Schedule of DROP 2 Beneficiaries by Attained Age and Type of Retirement

		TYPE OF RETIREMENT*			
Age	Number of Recipients	0	4	6	7
< 20	1	1			
40-44	1	1			
45-49	2	1			1
50-54	18	15	1	2	
55-59	18	15		1	2
60-64	9	9			
65-69	2	2			
70-74					
75+					
Totals	51	44	1	3	3
Average Annual Benefit	$18,371	$15,141	$14,682	$44,701	$40,639

*Type of Retirement
0 - Normal retirement for age and service
1 - Early Retirment
3 - Non-line-of-duty disability
4 - Line-of-duty disability
6 - Non-line-of-duty death, member eligible for service retirement at death
7 - Non-line-of-duty death with 25% of compensation

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