

ELECTED OFFICIALS' RETIREMENT SYSTEM

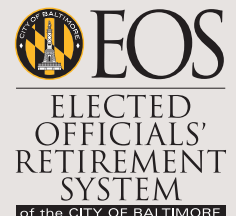
CITY OF BALTIMORE, MARYLAND



ANNUAL COMPREHENSIVE FINANCIAL REPORT

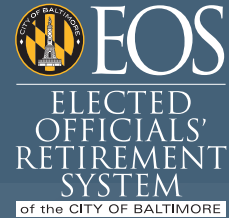
YEAR ENDED JUNE 30, 2021

PENSION TRUST OF THE CITY OF BALTIMORE



ELECTED OFFICIALS' RETIREMENT SYSTEM

CITY OF BALTIMORE, MARYLAND



PREPARED BY

DAVID A. RANDALL
EXECUTIVE DIRECTOR

NICHELLE LASHLEY
DEPUTY EXECUTIVE DIRECTOR

ADETUTU TALABI
ACCOUNTING MANAGER

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021
PENSION TRUST OF THE CITY OF BALTIMORE

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Elected Officials' Retirement System

Mission Statement

The System is committed to protecting and prudently investing member assets and providing accurate and timely retirement benefits with quality service to members and beneficiaries. EOS will continually apply the principles of responsible investing and strive to balance social responsibility with its fiduciary duty to provide strong long-term investment results to the System.

Standards of Conduct

As Trustees and Staff, we are committed to:

Safeguard the members' assets.

Strive for continuous improvement.

Maintain confidentiality as appropriate.

Effectively communicate accurate information.

Provide accountable and proactive leadership.

Conduct all business in a fair and respectful manner.

Foster an atmosphere of cooperation and teamwork.

Value members as clients and advocate on their behalf.

Comply with the System's plan provisions, policies and guidelines.

Work efficiently, simplify procedures, and minimize bureaucratic hurdles.

Form alliances and partnerships to benefit the membership and the System.

Balance Environmental, Social and Governance (ESG) investing with fiduciary duty to obtain strong long-term investment results.

We expect all who interact with us to adhere to these standards of conduct.

TABLE OF CONTENTS

	<u>Pages</u>
Title Page.....	1
Mission Statement.....	3
Table of Contents	4
INTRODUCTORY SECTION	5
Certificate of Achievement	6
Letter of Transmittal.....	7-10
Chair's Report.....	11
Board of Trustees	12
Legal Counsel, Actuary and Independent Auditor.....	13
Organization Chart	14
FINANCIAL SECTION	15
Independent Auditors' Report	16-17
Management's Discussion and Analysis	18-21
BASIC FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position.....	22
Statement of Changes in Fiduciary Net Position	23
Notes to Basic Financial Statements	24-30
REQUIRED SUPPLEMENTARY INFORMATION	31
Schedule of Changes in Net Pension Assets and Related Ratios.....	32
Schedule of Employer Contributions and Investment Returns.....	33
Notes to Required Supplementary Information	34-35
SUPPORTING SCHEDULES	
Schedules of Administrative Expenses, Investment Expenses and Payments to Consultants	36
INVESTMENT SECTION	37
Investment Consultant's Report.....	38-39
Outline of Investment Objectives and Policies.....	40-41
Portfolio Composition - Fair Value of Investments	42
Investment Results - Time Weighted Rate of Return, Current Value Basis	43
Asset Allocation – Actively Managed Accounts.....	44
Investment Summary.....	45
Top Holdings.....	45
Summary Schedule of Fees and Commissions.....	45
Investment Professionals	46
ACTUARIAL SECTION	47
Actuary's Disclosure Certification.....	48-49
Actuarial Funding Method and Actuarial Assumptions.....	50-52
Schedule of Active Member Valuation Data	53
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls.....	54
Solvency Test	55
Analysis of Financial Experience	56
Summary of Plan Provisions	57-60
STATISTICAL SECTION	61
Statistical Section Summary.....	62
Changes in Fiduciary Net Position for the Last Ten Fiscal Years.....	63-64
Revenues by Source	65
Expenses by Type	66
Schedule of Benefit Recipients by Attained Age and Type of Retirement.....	67
Schedule of Active Members by Years of Service	67
Benefit Expenses by Type.....	68
Average Monthly Benefit Payments	69

INTRODUCTORY SECTION





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Elected Officials' Retirement System
City of Baltimore, Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Executive Director/CEO

CITY OF BALTIMORE

BRANDON M. SCOTT, Mayor



EMPLOYEE'S RETIREMENT SYSTEM, ELECTED OFFICIALS' RETIREMENT SYSTEM and RETIREMENT SAVINGS PLAN

DAVID A. RANDALL, Executive Director
7 E. Redwood Street
11th, 12th and 13th Floors
Baltimore, Maryland 21202

November 24, 2021

The Board of Trustees and
Members of the Elected Officials' Retirement System
Baltimore, Maryland

It is with great pleasure that we present the Comprehensive Annual Financial Report of the Elected Officials' Retirement System of the City of Baltimore, Maryland (EOS), a pension trust of the City of Baltimore, Maryland (City) for the fiscal year ended June 30, 2021. The System's administration is responsible for the accuracy of the data and the completeness of the presentation, including all disclosures. We believe 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 the EOS' operations.

According to accounting principles generally accepted in the United States, management is required to provide a narrative introduction, overview and analysis of the financial statements of the System in the form of a Management Discussion and Analysis (MD&A). The System applies all applicable pronouncements of the Governmental Accounting Standards Board (GASB). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report in the Financial Section starting on page 18.

Profile of the Plan

The EOS is a single employer defined benefit local government retirement plan. It was established on December 5, 1983, by legislation to cover the Baltimore City Mayor, the Comptroller, and the President and members of the City Council. 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. By law, the same Board of Trustees that administers the Employees' Retirement System also administers the EOS. A summary of plan provisions is presented on pages 57 through 60. The number of active, retired, and deferred members, as well as beneficiaries of the plan, can be found in the Notes to Basic Financial Statements starting on page 24.

Major Initiatives

Fossil Fuel Divestment: Ordinance 21-043 was signed into law on October 1, 2021. The ordinance requires divestment of all separately managed accounts as well as prohibition of new investments in fossil fuel companies. The divestment of existing investments will be over five years with at least 20% divested by July 1 each year starting July 1, 2022. The ordinance also requires that periodic reviews be made at least every six months with an annual report to the Mayor and City Council every June 30.

Softphone: Due to the ongoing teleworking fueled by Covid-19 pandemic, the system introduced softphone which is a software-based phone that allows making of phone calls over an internet connection without needing designated physical hardware. It was installed on all employees' laptop and linked to the office extension. This would enable employees receive phone calls as if they are in their offices.

Call Center: This is an inbound call center to administer incoming service support or information inquiries



from members. The call center was introduced to distribute work in a systematic manner, screen call agents' performance levels, identify and address service inefficiencies, improve complaint resolution ability, spot trends and deal with potential issues as they occur.

Health screening App: This is a mobile health program introduced by the city to make screening a self-service responsibility to help reduce the need for a stationary screener each day, reduce the use of paper forms, improve accuracy of data collection and compliance; and improve contact tracing opportunities in case of exposure.

Information Technology: The agency introduced some IT initiatives to strengthen and provide additional security to our servers and systems. These include multifactor authentication that provides complete identity and access management, security awareness training for all employees and cybersecurity monitoring solutions. These initiatives are at different stages of implementation.

Teleworking: the agency continued teleworking arrangement that started at the onset of Covid-19 pandemic. There have been various schedules of teleworking and onsite working but now, all employees are teleworking 2 days and onsite 3 days a week. This schedule is expected to continue into the foreseeable future.

www.bcercs.org: The agency's website that was revamped continues to be improved. The new improvements include an agency intranet which is expected to improve internal communication amongst staff (communication hub), help staff find information and encourage knowledge sharing. The intranet is also expected to enhance human resource management as new employees will have online access to onboarding documents and existing employees will have access to the various human resources policies.

ERP System (Workday): The City of Baltimore continued the implementation of cloud a based system that supports multiple functions used by different business units. ERS is involved in the project to incorporate the different integrations between our custodian bank (BNY Mellon), Benefit Administration System as well as in-house processes with the City's Finance (including payroll) and Human Capital Management departments.

Document Management System: The Retirement System's document management system enhancement continued during the year. The new system is web-based, provides off-site back up, easier disaster recovery system and user-friendly interface. The document management system was extended to all the departments of the agency and is expected to substantially reduce storage space, provide easier retrieval of document and "peace of mind" for all stakeholders.

Investment Summary

The Board of Trustees (Board) is responsible for investment of the System's assets in accordance with the approved asset allocation comprised of 22% fixed income, 34% US equity, 21% non-US equity, 13% defensive equity, and 10% real estate. Other duties of the Board include establishing reasonable investment objectives and policy guidelines, selecting investment managers and evaluating performance results to ensure adherence to guidelines, and achievement of the System's objectives. The Board has a fiduciary duty to exercise its investment authority prudently and solely in the interest of the System's participants and beneficiaries.

The System's investment objective is to earn or exceed the actuarial assumption rate of 6.75%, or to outperform its policy benchmark. For fiscal year 2021, the System posted an overall return of 29.0%, outperforming both its policy benchmark return of 24.1% and actuarial assumption rate of 6.75% for the fiscal year by 4.9% and 22.25% respectively. Current investment performance for the three-, five- and ten-year periods are strong with annualized returns of 11.0%, 11.4% and 9.1% respectively. For investment of the System's assets, the Board utilizes external portfolio managers in active and passive strategies. The managers are monitored and evaluated by the Board and its investment consultants, who provides the Board with monthly, quarterly, and annual evaluation reports. A summary of their annual analysis and the target

asset allocation can be found on pages 37-46 in the investment section of this report. Please refer to the MD&A for more investment and financial analysis.

Actuarial and Funding Results

An actuarial valuation report is prepared annually by the Board's Actuary to apply appropriate assumptions and determine funding requirements. As of June 30, 2021, the System's market value of assets increased from \$25.3 million to \$31.2 million or a 23.0% increase over the 2020 value of assets. The assets were greater than the Total Pension Liability (TPL) of \$18.5 million as of June 30, 2021, resulting in surplus of \$12.6 million as provided on page 29.

The Net Pension Liability (NPL) is the difference between the Total Pension Liabilities (TPL) and the Plan Fiduciary Net Position (FNP). The FNP is greater than the TPL resulting in a net asset of the employer. All data related to GASB 67 is provided in the required supplemental section and in the financial notes. The Schedule of Changes in Net Pension Asset and Related Ratios found on page 32 provide eight years of information as of June 30, 2021. It is expected to continue adding information until ten years of information is provided.

For funding purposes, the actuarial liability was \$18.52 million based on a discount rate assumption of 6.75%. The actuarial value of assets which is a smoothed asset value used for funding purposes was \$28.04 million as of June 30, 2021. When compared to the actuarial liability, there is a surplus of \$9.52 million. The system's funded ratio which is the ratio of actuarial assets to actuarial liability decreased from 152.2% to 151.4%.

The normal cost, which is the cost of earning an additional year of pension service increased from 20.26% to 20.43%.

The required employer contribution is determined actuarially, based on the normal cost of accrual of benefits and amortization of the unfunded actuarial liability offset by employee contributions. Because the System is in a surplus position, and the amortization of the surplus is greater than the annual cost of accrual of benefits, there was no required employer contribution for fiscal year 2021.

Accounting Systems and Internal Control

This report has been prepared in accordance with the principles of governmental accounting and reporting promulgated by GASB. The accrual basis of accounting is used to record assets and liabilities, and revenues and expenses. Revenues for the EOS are recorded when earned regardless of the date of collection, and expenses are recorded when liabilities are incurred regardless of when payment is made. The System's administration assumes full responsibility for establishing and maintaining adequate internal controls and for the financial information contained in this report. Proper internal accounting and control exists to provide reasonable, but not absolute, assurance regarding the security of assets and the fair presentation of the financial statements and supporting schedules. Documented procedures, use of control cycles of work duties and other internal control policies are available for major job functions and operating processes. They are implemented thoughtfully and consistently. Management also understands that in executing reasonable assurance of an internal control framework, the cost of control should not exceed the anticipated benefits, and that the reasonable cost benefit framework requires management to make some estimates and or justifications.

Other Information

Independent Auditor: The Baltimore City Code requires that the City's Board of Estimates select an independent auditor for the Retirement System, and that the auditor report 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 as to the fairness of the System's financial statements. The auditor's report is contained in the Financial Section of this report.

Professional Services: The Board appoints consultants and investment managers, subject to approval by the City's Board of Estimates. These professionals are chosen based on their ability to provide services that are essential to the effective and efficient operation of the System. Trustees are also required to monitor and terminate investment managers as necessary for underperformance, or for other material reasons as determined by the Board. All of the professionals that provide services to the Board are listed on pages 13 and 46 of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded EOS a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the 35th consecutive year (fiscal years 1986-2020) that the EOS has received this prestigious award. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

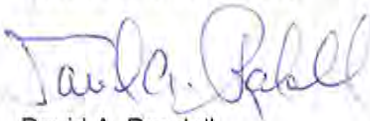
This ACFR is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the members and the City of Baltimore.

This report is a product of the combined effort of the System's staff with contributions from the investment consultant Marquette Associates, Inc., and actuary, Cheiron, Inc. We truly appreciate their constant assistance.

This report is made available to the Elected City Officials and other interested parties. Copies are also filed with the Baltimore City Office of Legislative Reference. Other interested parties may obtain the report through the ERS website located at www.bcers.org.

In closing, we would like to express our appreciation to the staff, actuary and consultant for their support and contributions in preparing this report. In addition, our thanks go to the Board of Trustees for their dedication to overseeing the administration of the EOS.

Respectfully submitted,



David A. Randall
Executive Director

CITY OF BALTIMORE

BRANDON M. SCOTT, Mayor



EMPLOYEE'S RETIREMENT SYSTEM, ELECTED OFFICIALS' RETIREMENT SYSTEM and RETIREMENT SAVINGS PLAN

DAVID A. RANDALL, Executive Director
7 E. Redwood Street
11th, 12th and 13th Floors
Baltimore, Maryland 21202

December 31, 2021

To: All Members, Retirees and Beneficiaries of the

City of Baltimore Elected Officials' Retirement System (EOS)

Fiscal year 2021 was a comeback year for EOS as the world continues to recover from the economic impact of the Covid-19 pandemic. We saw historic returns with investments for the fiscal year ending June 30, 2021, returning 29.0%, exceeding the median return of 24.1%. The market value funded ratio for EOS is now 168.2%.

All eligible EOS retirees received their customary annual COLA of 2.5% for members and beneficiaries which was applied on January 1, 2021.

As we approach two years since Covid-19 began to make its way around the globe, markets are recovering, and many industries are returning to some form of normalcy. While we remain optimistic in our outlook, we are also cautious that the current financial environment includes a great deal of uncertainty. We are heartened by the robust gains over this fiscal year, while acknowledging that volatility risk remains high. As always, our managers continue to work diligently to help provide the best future outcomes possible.

The Board continues to be dedicated to our mission to serve our members, retirees and beneficiaries and protect and grow the fund's assets as we continue to navigate the economic recovery and impact of the virus.

I would also like to extend my gratitude to the Retirement system staff who have not wavered in their commitment to providing exceptional service. Their dedication has been vital in supporting the system through various challenges.

In closing, I would like to add that this will be my last letter on behalf of EOS as my term as Chair expires with the date of this letter. It has been my great pleasure to serve as Chair, and I am incredibly grateful to have had the opportunity to lead the system's board and staff. I leave with full confidence that the next Chair will provide EOS with the necessary leadership to continue to guide the system.

Sincerely,

Henry J. Raymond
Chair, Board of Trustees



Elected Officials' Retirement System
City of Baltimore, Maryland
BOARD OF TRUSTEES

Henry Raymond

Board Chair Term as board chair expires on December 31, 2021
Finance Director of the City of Baltimore and serves as an Ex-Officio Member.

Deborah F. Moore-Carter

Board Vice-Chair Term as board vice-chair expires on December 31, 2023
Chair, Personnel Committee Term expires December 31, 2023
Labor Commissioner, City of Baltimore She was elected by the active membership to serve a four-year term.

Bill Henry

Comptroller of the City of Baltimore and serves as an Ex-Officio Member.

Rosemary H. Atkinson

Chair, Investment Committee Term expires December 31, 2023
Mrs. Atkinson is a retired Neighborhood Service Center Director of the City of Baltimore. She was elected by the retired membership to serve a four-year term

Helen Holton

Vice-Chair, Investment Committee Term expires December 31, 2020**
Retired, City Council member for the City of Baltimore. She is also a former financial advisor and has more than 30 years financial experience. Appointed by Mayor, subject to City Council confirmation.

Dorothy L. Bryant

Term expires December 31, 2023
Ms. Bryant is a Phlebotomist with the City of Baltimore Health Department. She was elected by the active membership to serve a four-year term.

John Beasley

Term expires December 31, 2020**
Mr. Beasley has 20 years of experience supporting financial analysis for worldwide US Government operations, specializing in anti-money-laundering and anti-fraud. Appointed by Mayor, subject to City Council confirmation.

Patricia Roberts

Term expires December 31, 2020**
Ms. Roberts retired with 42 years of service at the Municipal Employees Credit Union, Inc. in various leadership roles and in overseeing the operation of multiple branches. Appointed by Mayor, subject to City Council confirmation.

**** Holdover position pending reappointment by the Mayor**

Elected Officials' Retirement System

City of Baltimore, Maryland

LEGAL COUNSEL, GENERAL COUNSEL, ACTUARY, AND INDEPENDENT AUDITOR

LEGAL COUNSEL

City of Baltimore
Law Department
James L. Shea, Esq.

GENERAL COUNSEL

City of Baltimore
Employees' Retirement System
Ellen Williams, Esq.

ACTUARY

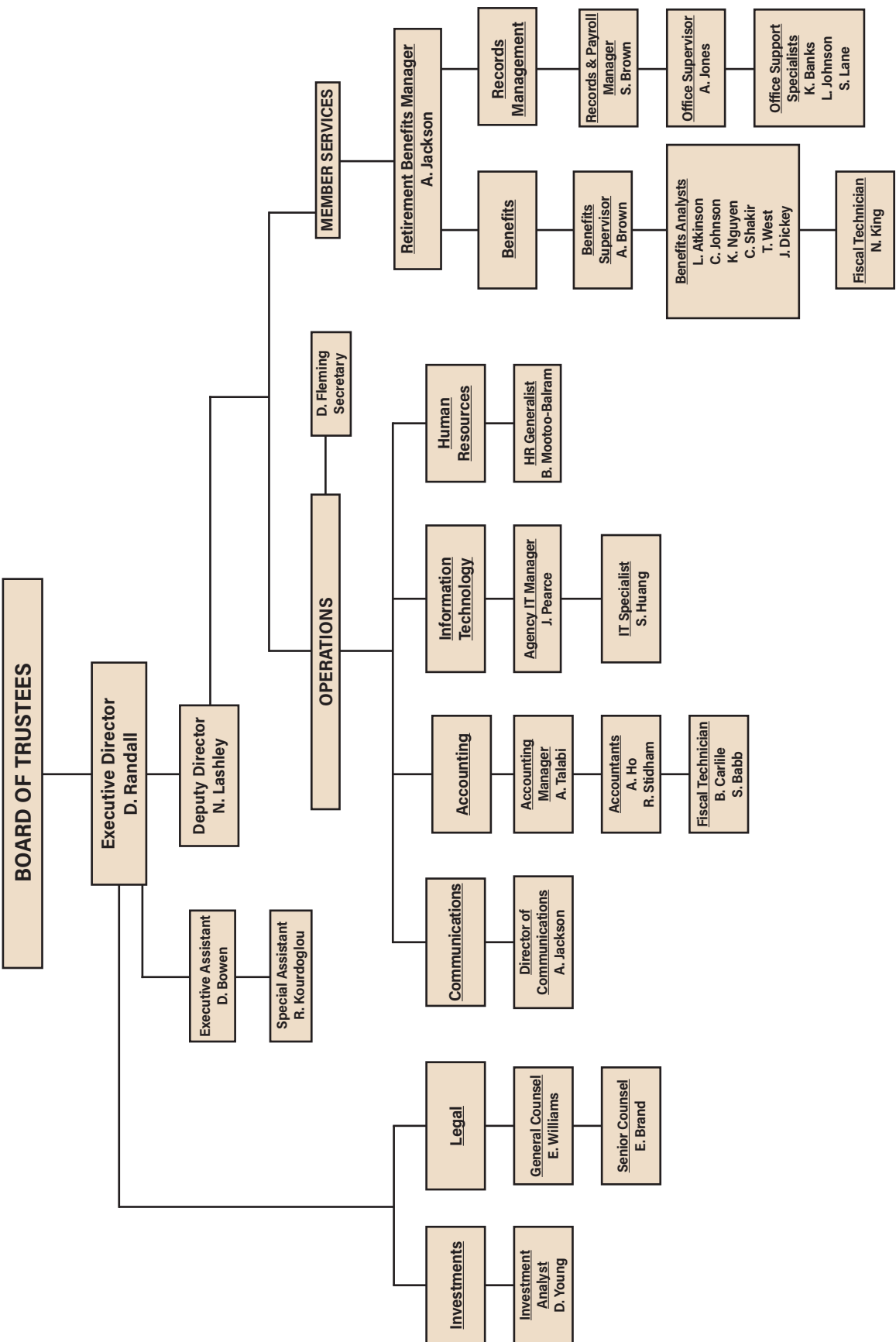
Cheiron, Inc.
Anu Patel, FSA, MAAA, EA
Matt Deveney, FSA, MAAA, EA
McLean, Virginia

INDEPENDENT AUDITOR

CliftonLarsonAllen, LLP
Jason Ostroski, CPA

See pages 56 to 57 in the Investment Section for a list of investment professionals.

**Elected Officials' Retirement Systems
City of Baltimore, Maryland
Organizational Chart**



FINANCIAL SECTION





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 Elected Official's Retirement System
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Elected Officials' Retirement System of the City of Baltimore (the System), which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2021, 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.

The Honorable Bill Henry, Comptroller,
Other Members of the Board of Estimates of the City of Baltimore and the
Board of Trustees of the Elected Official's Retirement System

Other Matters

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 assets and related ratios, employer contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

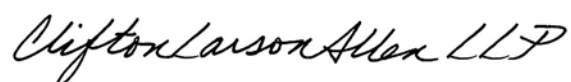
Our audit was conducted for the purpose of forming an opinion on the System's financial statements. The schedules of administrative expenses, investment expenses and payments to consultants and the introductory, investment, actuarial and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of administrative expenses, investment expenses and payments to consultants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 financial statements as a whole.

The introductory, investment, actuarial and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 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 the System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

We are pleased to provide this overview and analysis of the financial activities of the Elected Officials' Retirement System (EOS) for the fiscal years ended June 30, 2021, and 2020. EOS is the administrator of a single employer defined benefit local government retirement plan (the Plan). The Plan is administered by the same staff that administers the Employees' Retirement System. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Transmittal Letter, which begins on page 7 of this report.

Financial Highlights

- The net position restricted for pensions of the Plan at the close of the fiscal year 2021 was \$31.1 million. The net position is available to meet the Plan's ongoing obligations to plan participants and their beneficiaries.
- The Plan's net position restricted for pensions increased by \$5.8 million or 23.0%, compared to last year's position of \$25.3 million due to the stock market rebound driven primarily by strong earnings.
- Revenues (Additions to Fiduciary Net Position) for the year were \$7,163,032, an increase of \$6,793,487 from the prior year due to higher investment returns. Revenues include plan members' contributions of \$77,423 and a net investment gain of \$7,085,609.
- Expenses (Deductions from Fiduciary Net Position) increased by \$177,648 to \$1,340,035 from the prior year expenses of \$1,162,387 due to an increase in retirement benefit allowances (new retirees). Expenses include retirement benefit allowances and administrative expenses of the System.
- The time weighted investment rate of return, gross of fees, for the fiscal year ended June 30, 2021, was 29.0%. All funds performed higher than fiscal year 2020 except fixed income. The higher performance of funds was due to stock market rebound driven primarily by strong earnings growth, continued fiscal and monetary surplus, and progress towards addressing the global health pandemic.
- The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2021, the actuarial funded ratio is 151.4% while the market value of assets funded ratio is 168.2%. The Plan's net position as percentage of total pension liability of 168.2% indicates that the EOS has sufficient funds to cover every dollar of benefits due.

Overview of Financial Statements

The following discussion and analysis are intended to serve as an introduction to the EOS financial statements and the Financial Section of this report.

The **Statement of Fiduciary Net Position** presents the Plan's assets and liabilities, as well as the net position restricted for pensions at June 30, 2021. The assets comprise cash and cash equivalents, receivables, mainly from investments sold and fair value of investments while liabilities comprise payables (mainly management fees and administrative expenses).

The **Statement of Changes in Fiduciary Net Position** presents information showing how the Plan's net position changed during the year. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when a formal commitment has been made by the City of Baltimore to provide the contributions. All investment gains and losses are shown at trade date. Both realized and unrealized gains and losses are shown on the investments. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 statements and the notes are in conformity with the accounting principles generally accepted in the United States. These principles require certain financial statement presentations and disclosures including the use of the full accrual basis of accounting to record assets, liabilities, revenues, and expenses.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position can be found on pages 22 and 23 of this report.

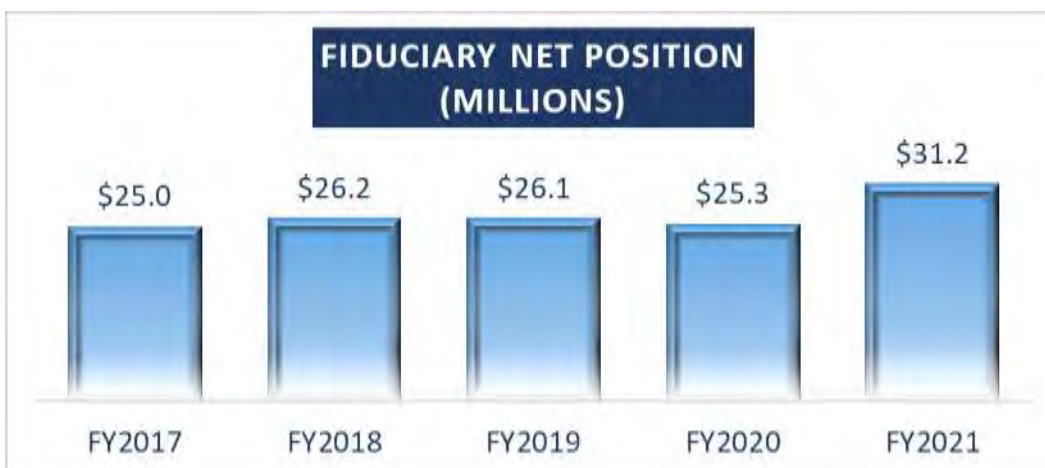
The **Required Supplementary Information** that follows immediately after the notes to the basic financial statements include the Schedules of Changes in Net Pension Asset and Related Ratios, Employer Contributions and Investment Returns and the Notes to Required Supplementary Information. See the Required Supplementary Information beginning on page 31 of this report.

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

Financial Analysis

Net position may serve over time as a useful indicator of the Plan's financial position. On June 30, 2021, assets exceeded liabilities by \$31,152,419. All the net position is available to meet the Plan's ongoing obligation to Plan participants and their beneficiaries. As of June 30, 2021, net position increased by 23.0% compared to the prior year.

Fiduciary Net Position	Fiscal Year 2021	Fiscal Year 2020	Increase / (Decrease)	Percentage Change
Investments	\$ 30,736,416	\$ 25,116,902	\$ 5,619,514	22.4%
Other assets	423,966	225,601	198,365	87.9%
Total assets	31,160,382	25,342,503	5,817,879	23.0%
Total liabilities	7,963	13,081	(5,118)	-39.1%
Total net position	\$ 31,152,419	\$ 25,329,422	\$ 5,822,997	23.0%



Elected Officials' Retirement System
City of Baltimore, Maryland
MANAGEMENT'S DISCUSSION AND ANALYSIS

Investments

EOS is a long-term investor and manages the Plan's assets with long-term objectives in mind. A primary element of the Plan's investment philosophy is to employ a diversification of assets as the best possible way to achieve its goals. Investment managers, who employ active and passive management strategies to take advantage of imbalances in the markets, currently manage the assets of the Plan. The target asset allocation consists of 34% invested in a domestic equity index, 21% in non- US equity, 22% in fixed income, 13% in defensive equity and 10% in real estate.

The Plan's investment performance for fiscal year 2021 was 29.0%, outperforming the policy benchmark of 24.1% by 4.9%. All the asset classes outperformed their respective benchmark returns except for defensive equity which returned 26.8% compared to the benchmark return of 29.6%.

Investments in this report are stated at fair value and include the recognition of unrealized gains and losses in the current period. The annualized rate of return for the three-, five- and ten-year periods ending June 30, 2021, were 11.0%, 11.4% and 9.1%, respectively. The Plan's long-term actuarial investment return assumption is 6.75%.

The Investment Section beginning on page 37 provides detailed information on the Plan's investment policies. See page 44 of this report for charts showing the asset allocation targets established by the Board of Trustees and the actual asset allocation of Plan assets on June 30, 2021.

Liabilities

The liabilities are payables due to retirement benefit expenses, investment management fees and administrative expenses of the EOS office.

Changes in Fiduciary Net Position	Fiscal Year 2021	Fiscal Year 2020	Increase / (Decrease)
Additions			
Net investment income	\$ 7,085,609	\$ 293,606	\$ 6,792,003
Employee contribution	77,423	75,939	1,484
Total additions	7,163,032	369,545	6,793,487
Deductions			
Retirement allowances	1,305,575	1,125,136	180,439
Administrative expenses	34,460	37,251	(2,791)
Total deductions	1,340,035	1,162,387	177,648
Net increases (decreases)	\$ 5,822,997	\$ (792,842)	\$ 6,615,839

Contributions and Investment Income

The employer contribution is determined by an actuarial valuation, it can be zero when the actuarial value of assets is greater than the accrued liabilities and the amortization of the surplus is greater than the annual cost of the Plan. In fiscal year 2021, the employer contribution remained at zero because the actuarially determined employer contribution for fiscal year 2021 was set at \$0. Employee contributions increased by 2%; and investments also produced a positive return of \$7,085,609 compared to fiscal year 2020 return of \$293,606.

Elected Officials' Retirement System
City of Baltimore, Maryland
MANAGEMENT'S DISCUSSION AND ANALYSIS

Retirement Benefits and Administrative Expenses

The Plan was created to provide lifetime service retirement benefits, survivor benefits and permanent disability benefits to eligible Plan members and their beneficiaries. The cost of such programs includes recurring benefit payments, lump sum death benefits, payments to terminated members, and the administrative expenses of the Plan.

The primary source of expense during fiscal year 2021 was for the payment of continuing retirement benefits totaling \$1,305,575, which increased by \$180,439 compared to fiscal year 2020. The increase was due to new retirees that started receiving benefits as well as cost of living adjustments.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

David A. Randall
Executive Director
Employees' Retirement System
7 E. Redwood Street, 12th Floor
Baltimore, Maryland 21202.

Elected Officials' Retirement System
City of Baltimore, Maryland
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

Assets

Cash and cash equivalents		\$	421,194
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Receivables:

Member Contributions & Other receivables			2,772
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Investments:

Domestic equity	\$ 10,648,646		
Domestic fixed income	6,960,979		
International equity	6,325,241		
Defensive equity	3,894,593		
Real Estate	2,906,957		
Total investments			30,736,416

Total assets			31,160,382
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Liabilities

Investment management fees payable	6,589
Other accounts payable	942
Administrative expenses payable	432

Total liabilities		7,963
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Net position restricted for pensions		\$ 31,152,419
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The notes to the basic financial statements are an integral part of this statement.

Elected Officials' Retirement System
City of Baltimore, Maryland
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

Additions

Contributions:

Plan members		\$	77,423
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Investment income:

Net appreciation in the fair value of investments	\$	6,600,763	
Defensive equity income		432,801	
Interest and dividend income		112,741	
Less: Investment expenses		(60,696)	
Net investment income			<u>7,085,609</u>

Total additions			<u>7,163,032</u>
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Deductions

Retirement allowances		1,305,575	
Administrative expenses		<u>34,460</u>	
Total deductions			<u>1,340,035</u>

Net increase			<u>5,822,997</u>
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Net position restricted for pensions

Beginning of year			<u>25,329,422</u>
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End of year		\$	<u><u>31,152,419</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

1. Plan Description:

The Elected Officials' Retirement System of the City of Baltimore (EOS) is the administrator of a single employer defined benefit local government retirement plan (the Plan). Established December 5, 1983, the plan covers the Mayor, the Comptroller, and the President and all members of the City Council. Based on criteria established by the Governmental Accounting Standards Board, the EOS is a Pension Trust of the City of Baltimore and is included in the City's financial report as a Public Employee's Retirement System (PERS).

On June 30, 2021, the EOS membership consisted of:

Retirees and beneficiaries currently receiving benefits	31
Active plan members	16
Terminated vested member	<u>0</u>
Total	<u>47</u>

The Plan provides retirement benefits as well as death and disability benefits in accordance with Article 22 of the Baltimore City Code and may be amended by the Mayor and City Council of Baltimore. However, the reduction of benefits is precluded by the City Code. Membership in the Plan is mandatory upon taking the oath of office unless the elected official is already a member of the Employees' Retirement System of the City of Baltimore.

In 2016, the benefits of members per Article 22 was amended as follows:

S/N	Criteria	Elected on/or before December 5, 2016	Elected after December 5, 2016
1	Retirement eligibility	Age 50	Age 55
2	Salary Increases	Indexed to compensation of the position held prior to retirement.	COLA – Higher of 1.5% and rates in effect for F&P retirement system; and waiting period of 1 year.
3	Cap	N/A	60% of compensation at retirement.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The accounting and financial reporting policies of the EOS included in this report conform to the accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board, which designates accounting and financial reporting standards applicable to PERS. This report includes solely the accounts of the EOS, a Pension Trust of the City of Baltimore. There are no component units of the EOS based on the nature of operational or financial relationships.

Basis of Accounting:

These financial statements have been prepared using the economic resources measurement focus and 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

NOTES TO BASIC FINANCIAL STATEMENTS

with the terms of the Plan.

Method Used to Value Investments:

Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. 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. Interest income is recognized when earned.

Tax Status:

The System is a tax-exempt governmental plan qualified under Section 401 and exempt under Section 501(a) of the Internal Revenue Code. IRS qualification letters have been received.

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 held in trust 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.

3. Contributions:

Plan members are required to contribute 5% of their regular compensation through payroll deduction. The City's annual employer contribution is determined through an actuarial valuation. The employer contribution may decrease or even be zero when actuarial assets are greater than the actuarial liabilities and the amortization of the surplus is greater than the annual cost of the Plan. According to the Plan provisions, Article 22 of the Baltimore City Code established the contribution requirements of the Plan members and may be amended by the Mayor and City Council. Administrative costs of the Plan are paid from investment earnings.

4. Cash and Investments:

The Plan's cash deposits are always covered up to statutory limits by the federal depository insurance. Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the systems' deposits may not be returned. The deposits are held in one financial institution with an insured balance of \$250,000. Deposits in the bank more than \$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 maturity date is three months or less from the date of acquisition.

The Board of Trustees (the Board) 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 Plan's investments through an external investment advisor who acts as a fiduciary for the Plan and through external investment managers. The Board invests the assets of the Plan 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.

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

The investments of the Plan on June 30, 2021, are categorized, as indicated in the following schedule:

<u>Investment Type</u>	<u>Fair value</u>
Domestic equities	\$ 10,648,646
Domestic fixed income	6,960,979
International equities	6,325,241
Real estate	3,894,593
Defensive equities	2,906,957
	<u>\$ 30,736,416</u>

Investments of the Plan are made by outside investment managers and are held under a custodial agreement with BNY Mellon Financial Corporation.

Foreign Currency Exposure Risk

On June 30, 2021, EOS did not hold any foreign currency or hedging foreign investment positions. EOS does not have a formal policy to limit foreign currency exposure.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investments. The Plan does not have a formal policy to limit interest rate risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration (in years)</u>
Debt Securities:		
Aggregate Bond Index Fund	\$ 3,782,687	6.58
US Senior Loan Fund	1,956,358	0.34
Core Plus Bond Fund	1,221,934	6.36
Total Debt Securities	<u>\$ 6,960,979</u>	

Credit Risk by Quality

The Plan's investments are not rated for credit risk. The Plan does not have a formal policy to limit credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2021, the EOS has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in commingled funds, external investment pools, and other pooled investments are excluded.

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

Target Allocation

The pension plan's policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	34%
Domestic fixed income	22%
Non- US equity	21%
Real Estate	10%
Defensive equity	13%
Total	<u>100%</u>

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
International Equity	7.90%
Domestic Equity	7.30%
Defensive Equity	6.60%
Real Estate	6.10%
Domestic Fixed Income	1.70%

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return of the Plan, was 28.6%. The money-weighted rate of return expresses the Plan's investment performance, net of investment expense, adjusted for the changing amounts invested.

5. Fair Value Measurements

The Plan 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of inputs to these fair value measurements requires judgment and considers factors specific to each asset. The table on the following page shows the fair value leveling on the investments for the Plan.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 1, Level 2 and Level 3 are valued using either a bid evaluation, mid evaluation, last trade or official close. Bid evaluations are an estimated price at which a dealer would pay for a security. Mid evaluations are when a bid and ask evaluation are both present. Last trade is the most recent trade price of a security at market close time. Official close is the closing price as defined by the exchange.

The EOS invested assets measured at fair value on June 30, 2021, are presented below:

<u>Investments by fair value level</u>	Base Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Domestic Fixed Income	\$ -			

Investments measured at the net asset value (NAV)

Domestic equities	\$ 10,648,646
Domestic fixed income	6,960,979
International equities	6,325,241
Real estate	2,906,957
Defensive equities	3,894,593
Total investments measured at the NAV	<u>\$ 30,736,416</u>
Total investments	<u>\$ 30,736,416</u>

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

<u>Investments at NAV</u>	<u>June 30, 2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Domestic equities	\$ 10,648,646	-	Daily, weekly & monthly	0 - 30 days
Domestic fixed income	6,960,979	-	Daily, weekly & monthly	0 - 30 days
International equities	6,325,241	-	Daily, weekly & monthly	0 - 30 days
Real estate funds	2,906,957	-	Quarterly	90-100 days
Defensive equities	3,894,593	-	Quarterly	90-100 days
Total investments at NAV	<u>\$ 30,736,416</u>	<u>-</u>		

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

(1). Domestic equity investments include funds that are actively managed. The funds invest in stocks of small, mid, and large capitalizations. The funds seek to outperform the S&P 500 Index while maintaining a similar level of market risk over the long term.

(2). International equity investments also include actively managed funds. About half of the investment is in securities where rigorous dividend discount analysis is used to identify value in terms of the long-term flow of income. The other half of this investment are in funds, which employ a strategy that seeks to outperform the MSCI World Index (half-hedged) while maintaining a similar level of market risk over the long term.

(3). Domestic fixed income investments are in high quality corporate bond securities with long durations in line with the profile of invested funds. A fundamentals-based, quantitative credit modeling process is used to screen out riskier securities and determine credit quality.

(4). Real estate investment is a core real estate fund with an emphasis on long-term stabilized cash flow and market appreciation potential. The funds are liquid, and the redemption frequency is quarterly. Eligible for redemption with a 90-100 days' notice period.

(5) Defensive equity investment is in a fund that seeks long-term growth of capital. The fund employs a strategy of writing collateralized put options on the S&P 500 Index. The collateral generally consists of short duration, high quality fixed income positions with a focus on U.S. Treasuries.

6. Net Pension Asset

The following schedules are the Net Pension Asset (NPA) as of June 30, 2021, and the sensitivity of the NPA to the discount rate.

The components of the Net Pension Asset of the Plan on June 30, 2021, were as follows:

Total Pension Liability	\$ 18,522,088
Less: Plan Fiduciary Net Position	31,152,419
Net Pension Asset	<u>\$ (12,630,331)</u>

Plan Fiduciary Net Position as a percentage of Total Pension Liability	168.2%
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The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the pension liability schedule presents the net pension asset of the Plan calculated using the discount rate 6.75 percent as well as what the Plan's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate.

Elected Officials' Retirement System
City of Baltimore, Maryland
NOTES TO BASIC FINANCIAL STATEMENTS

Sensitivity of the pension liability to changes in the discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate - Active Participants	5.75%	6.75%	7.75%
Plan's Net Pension Asset	\$10,770,035	\$12,630,331	\$14,207,315
Plan Fiduciary Net Position as a Percentage of Total Pension Asset	152.8%	168.2%	183.8%

The last actuarial experience study covered the period July 1, 2014, through June 30, 2018. Generally, an experience study is conducted every four years, unless requested by the EOS Board of Trustees.

The amortization method and the actuarial assumptions presented on the following page were used in actuarial valuation dated June 30, 2021. The information presented below is in the required supplementary schedules of this report on page 31.

Actuarial methods and assumptions:

Actuarial cost method:	Entry age normal method
Investment rate of return:	6.75%
Salary scale (effective 6/30/15):	2.5% compounded annually.
Post retirements increase	2.5% compounded annually for members who joined on or prior to December 5, 2016, and 1.5% until age 65 and 2.0% thereafter, compounded for all others.
Pre-retirement Mortality:	None
Post-retirement Mortality:	Pub-2010 General Retiree Below-Median Weighted mortality tables adjusted by 115% for males and 125% for females with future mortality improvement through 2022 using SOA's Scale MP-2018

REQUIRED SUPPLEMENTARY INFORMATION AND SUPPORTING SCHEDULES



Elected Officials' Retirement System
City of Baltimore, Maryland
SCHEDULE OF CHANGES IN NET PENSION ASSETS AND RELATED RATIOS
For the year ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost (MOY)	\$ 290,053	\$ 296,918	\$ 242,812	\$ 220,744	\$ 250,272	\$ 260,210	\$ 409,788	\$ 398,617
Interest (includes interest on service cost)	1,139,628	1,130,270	1,045,161	1,023,495	965,558	983,528	1,219,029	1,176,509
Changes of benefit terms	-	-	-	(63,844)	-	-	-	-
Difference between expected and actual experience	1,015,127	79,591	776,605	244,529	661,872	(474,228)	(440,458)	(255,687)
Changes of assumptions	-	-	841,216	-	-	315,330	(3,523,408)	-
Benefit payments, including refund of members contributions	(1,305,575)	(1,125,136)	(1,165,567)	(1,110,338)	(933,650)	(763,018)	(764,278)	(724,679)
Net change in pension liability	1,139,233	381,643	1,740,227	314,586	944,052	321,822	(3,099,327)	594,760
Total pension liability - beginning	17,382,855	17,001,212	15,260,985	14,946,399	14,002,347	13,680,525	16,779,852	16,185,092
Total pension liability - ending	18,522,088	17,382,855	17,001,212	15,260,985	14,946,399	14,002,347	13,680,525	16,779,852
Plan fiduciary net position								
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,986	\$ 306,606
Contributions - members	77,423	75,939	70,259	69,079	89,620	62,485	60,667	56,903
Net investment income	7,085,609	293,606	1,056,238	2,309,415	3,115,997	45,430	629,349	3,508,186
Benefit payments, including refund of member contributions	(1,305,575)	(1,125,136)	(1,165,567)	(1,110,338)	(933,650)	(763,018)	(764,278)	(724,679)
Administrative expense	(34,460)	(37,251)	(36,122)	(36,921)	(55,028)	(35,576)	(33,366)	(32,996)
Net change in plan fiduciary net position	5,822,997	(792,842)	(75,192)	1,231,235	2,216,939	(690,679)	(22,642)	3,114,020
Plan fiduciary net position - beginning	25,329,422	26,122,264	26,197,456	24,966,221	22,749,282	23,439,961	23,462,603	20,348,583
Plan fiduciary net position - ending	31,152,419	25,329,422	26,122,264	26,197,456	24,966,221	22,749,282	23,439,961	23,462,603
Net pension liability / (assets) - ending	(12,630,331)	(7,946,567)	(9,121,052)	(10,936,471)	(10,019,822)	(8,746,935)	(9,759,436)	(6,682,751)
Plan fiduciary net position as a percentage of the total pension liability	168.2%	145.7%	153.7%	171.7%	167.0%	162.5%	171.3%	139.8%
Covered payroll	\$ 1,431,497	\$ 1,469,551	\$ 1,362,517	\$ 1,398,738	\$ 1,296,866	\$ 1,333,907	\$ 1,298,865	\$ 1,267,185
Net pension asset as a percentage of covered payroll	-882.30%	-540.75%	-669.43%	-781.88%	-772.62%	-655.74%	-751.38%	-527.37%

This schedule is intended to present information for 10 years. However, until a full 10-year trend is compiled, the system will present information for those years for which information is available.

Elected Officials' Retirement System
City of Baltimore, Maryland
Required Supplementary Information
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
For the year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,986	\$ 419,459	\$ 997,685
Contributions in relations to actuarially determined contribution	-	-	-	-	-	-	-	84,986	419,459	997,685
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,431,497	\$ 1,469,551	\$ 1,362,517	\$ 1,398,738	\$ 1,296,866	\$ 1,333,907	\$ 1,298,865	\$ 1,267,185	\$ 1,236,273	\$ 1,236,273
Contributions as a percentage of payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.54%	24.20%	33.93%	80.70%
Annual money-weighted rate of return, net of investment expense	28.6%	1.3%	4.3%	9.4%	14.1%	0.4%	2.9%	17.2%	12.8%	1.3%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The June 30, 2012, funding position improved from a surplus of \$899,798 as of June 30, 2011 to a surplus of \$1,551,750 as of June 30, 2012. The employer's contribution decreased from \$419,459 to \$306,606 primarily due to gains in actuarial liability resulting from demographic experience and lower than expected salary increases.

2. The recommended total employer's contribution decreased from \$306,606 for fiscal year 2014 to \$84,986 for fiscal year 2015 primarily due to gains in actuarial liability resulting from demographic experience, zero salary increases and better than expected investment performance.

The investment return for 2015 on an actuarial valuation basis was 16.86%, outperforming the Plan's expected return 7.25% by 9.6%. Investments earned 17.23% on a market value basis.

3. The recommended employer contribution for 2016 was \$0 and remains the same for 2017 as the plan is fully funded primarily due to the asset gain based on the smoothed asset and decrease in actuarial liability driven by assumption changes in response to the 2014 Experience Study

4. The actuarial liability for 2015 decreased by \$3,523,408 due to the following actuarial assumption changes

- Salary and post retirement increase assumption was decreased from 5.0% to 2.5%
- Post retirement mortality tables were updated to the RP 2000 table with projections for improvement

5. Regular interest rate as defined in the code was reduced from 7.25% to 7.00% effective June 30, 2016. This change resulted in an increase in actuarial liability of \$315,330.

6. The following plan changes came into effect for members elected on or after December 6, 2016

- Eligibility for service retirement was updated from age 50 with 12 years of service or any age with 16 years of service to age 55 with 12 years of service.
- Eligibility for deferred vested benefits payable at age 50 changed to payable at age 55.
- Post-retirement benefit increases were updated from the salary index of active council members to the greater of 1.5% and the rates in effect for the Fire and Police Employees Retirement System.
- Annual service retirement benefit is limited to 60% of salary at retirement.

7. The recommended total lump sum contribution continues to remain at \$0 for FYE 2019 and FYE2020 as the plan remains in a surplus position. The actuarial asset value was greater than the actuarial liability by \$10.5 million, and the amortization of the surplus is greater than the annual cost of the plan resulting in a contribution of \$0.

8. The recommended total lump sum contribution continues to remain at \$0 for FYE 2020 and FYE 2021 as the plan remains in a surplus position. The actuarial asset value was greater than the actuarial liability by \$9.1 million, and the amortization of the surplus is greater than the normal cost of the plan resulting in a contribution of \$0.

9. The recommended total lumpsum contribution continues to remain \$0 for FYE 2021 and FYE 2022 as the plan remains in a surplus position. The actuarial asset value was greater than the actuarial liability by 9.1 million, and the amortization of the surplus is greater than the normal cost of the plan resulting in a contribution of \$0.

10. The recommended total lumpsum contribution continues to remain \$0 for FYE 2022 and FYE 2023 as the plan remains in a surplus position. The actuarial asset value was greater than the actuarial liability by 9.5 million, and the amortization of the surplus is greater than the normal cost of the plan resulting in a contribution of \$0.
11. The notes below summarize the key methods and assumptions used to determine the actuarially determined contributions for fiscal year end 2021.

Valuation Date	June 30, 2019
Timing	Actuarial determined contribution rates are calculated based on the actuarial valuation two years prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	Fair value plus accrued contributions minus/plus the unrecognized gain/loss.
Amortization method	Level percent of pay closed period with 9 years remaining as of July 1, 2019
Discount rate	6.75%
Investment return	7.00%, which is net of all expenses. While this is the same rate used for funding purposes, which includes administrative expenses, for consistency in measurement, we have used the same rate for the expected future asset return.
Salary increases	2.50%
Mortality	RP 2000 Combined Mortality Table set forward 2 years with projections using 50% of the AA scale projected 15 years for healthy lives. RP 2000 Combined Mortality Table set forward 4 years with projections using 50% of the AA scale projected 15 years for disabled lives.

A complete description of the method and assumptions used to determine contribution rates for the fiscal year ending June 30, 2021, can be found on June 30, 2019, actuarial valuation report.

Elected Officials' Retirement System

City of Baltimore, Maryland

SCHEDULE OF ADMINISTRATIVE EXPENSES

SCHEDULE OF INVESTMENT EXPENSES

SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Year Ended June 30, 2021

Schedule of Administrative Expenses

Administrative expenses	<u>Fees</u>
Actuarial fees	\$ 22,000
Audit fees	5,760
Printing	4,544
Dues and membership fees	1,170
Retirement payroll processing	986
Total administrative expenses	<u>\$ 34,460</u>

Schedule of Investment Expenses

Investment expenses	<u>Fees</u>
Investment management fees	\$ 53,438
Investment advisor fees	5,810
Custodial fees	1,448
Total investment expenses	<u>\$ 60,696</u>

Schedule of Payments to Consultants

<u>Firm</u>	<u>Nature of Service</u>	<u>Fees</u>
Cherion	Actuarial Services	\$ 22,000
CliftonLarsonAllen	Financial Audit	5,760
Total payments to consultants		<u>\$ 27,760</u>

INVESTMENT SECTION



INVESTMENT CONSULTANT'S REPORT

Introduction

This report, prepared for the City of Baltimore Elected Officials' Retirement System (EOS) by Marquette Associates, Inc. is based on information supplied by the System's custodian, Mellon Bank, N.A (Mellon). Mellon provides Marquette Associates, Inc. with beginning and ending market values, cash flows, transactions, and positions for the EOS as well as each manager, where applicable. Mellon audits the information contained in its accounting reports monthly. The rates of return are calculated using a time-weighted rate of return methodology based upon market values. The returns are reported on both net of fees and gross of fees to provide comparisons with the appropriate benchmarks. Investment information is reported to the greatest degree possible in conformance with the presentation standards of Global Performance Investment Standards (GIPS) formerly known as AIMR.

Distinction of Responsibilities

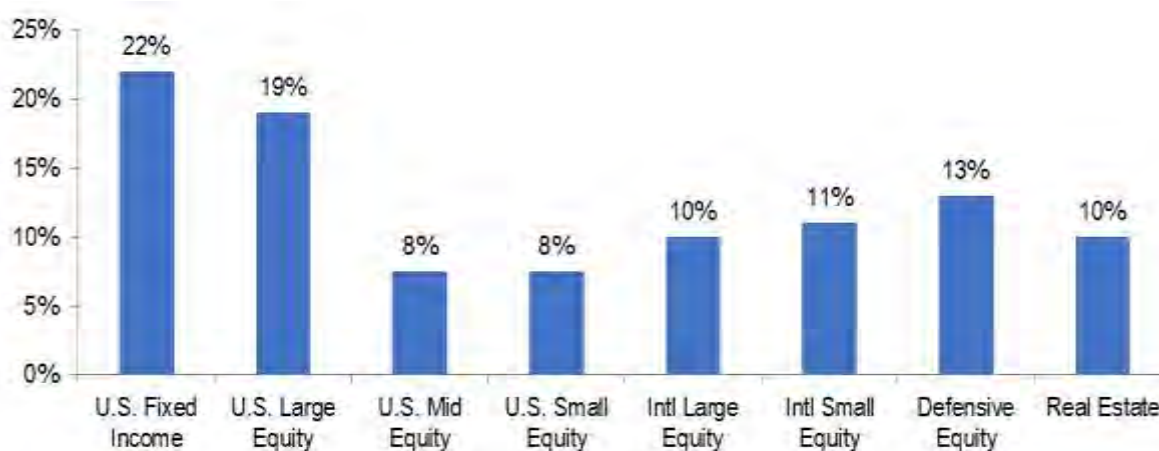
In recognition of the importance of prudent investment of System assets to both the City and the System's members, the Board, as primary fiduciary of the System, shall periodically review the asset management and actuarial characteristics of the System to ensure that investments are managed in a manner that is consistent with the retirement objectives of the System's members. These responsibilities are detailed in the Investment Guidelines.

The primary investment objectives of the System are to preserve the capital value of the System assets adjusted for inflation, to ensure adequate liquidity to meet benefit liabilities as they fall due, to meet the actuarial interest rate assumptions, and without unduly jeopardizing the above objectives, to exceed the investment return objective by the astute management of System assets.

The investment managers appointed to execute the policy will invest EOS assets in accordance with the policy guidelines and with their judgment concerning relative investment values. In particular, the investment managers are accorded full discretion to: (1) select individual securities, (2) make periodic strategic adjustments to the mix of the common stock and fixed income securities, where applicable, and (3) diversify their portfolios.

Investment Asset Allocation Structure

The goal of the asset allocation structure is to provide a favorable rate of return coupled with a prudent level of risk. The System has implemented asset allocation initiatives over recent periods to increase diversification in the fixed income, defensive equity, and real estate programs. The following table outlines the EOS's investment policy targets:



The asset allocation structure is diversified along domestic and international equity asset classes. In domestic equity, the asset allocation has exposure to large, mid and small-cap equity. In international equity, the asset allocation has exposure to large and small equity and emerging markets. In fixed income, the asset allocation has exposure to investment grade core bonds and bank loans. The

Trustees have employed both active and passive investment strategies to obtain the desired asset allocation mix in the most cost effective and efficient manner.

Investment Objective

The investment return is evaluated against a policy benchmark consisting a pro rata representation of the asset allocation utilizing indices outlined in the Investment Policy. The EOS's investment objective is to outperform the return of a policy portfolio. In addition, the EOS's performance is evaluated relative to the Investment Metrics Public Fund Universe, a universe representing the performance of 360 Public Funds. Marquette utilizes the InvestorForce Performance Reporting network, an advanced and comprehensive analysis and performance management platform, comprised of over 100 different investment consulting firms located throughout the United States.

Market Overview

The overall stock market rebounded significantly over the past fiscal year driven primarily by strong earnings growth, continued fiscal and monetary stimulus, and progress towards addressing the global health pandemic. The U.S. stock market, as proxied by the Russell 3000 Index, posted a return of 44.2%. In a reversal from the prior year, small cap stocks and value oriented investment styles fared best. International stocks posted a return of 36.3%, as proxied by the MSCI ACWI ex U.S. Index, as markets rebounded. However as bond yields rose sharply earlier in the year, the bond market posted a slightly negative return of -0.3%. Real estate returned 7.4% as both income and appreciation returns were positive.

Investment Performance

For the fiscal year ending June 30, 2021, the System posted a return of 29.0%, outperforming the policy benchmark of 24.5%. The fixed income portfolio's exposure to floating rate issues added value as the bond market was negatively impacted by rising rates. Within the domestic equity portfolio, an overweight position in small cap issues also positively impacted returns as small company stocks outpaced their larger counterparts. The international equity portfolio also outpaced its benchmark due to exposure to small-cap international stocks.

The market value of the EOS assets increased from the prior year, ending with \$31.2 million in total assets. At the end of fiscal year 2021, the System's assets were allocated as follows:

	Fair Value (in millions)	Percent of Total	Fiscal Year Rate of Return	
			EOS	Benchmark
U.S. Equity	\$10.7	34.3%	48.8%	44.2%
International Equity	\$6.3	20.3%	38.6%	36.3%
U.S. Fixed Income	\$7.0	22.3%	4.0%	-0.3%
Defensive Equity	\$3.9	12.5%	26.8%	29.6%
Real Estate	\$2.9	9.3%	7.3%	7.4%
Cash Equivalents	\$0.4	1.3%	---	---
Total Fund	\$31.2	100.0%	29.0%	24.5%



Nichole Roman-Bhatti
Managing Partner
Marquette Associates, Inc.

Elected Officials' Retirement System
City of Baltimore, Maryland
OUTLINE OF INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives

The primary investment objectives of the Elected Officials' Retirement System (the Plan) 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 Plan adjusted for inflation.
2. To ensure adequate Plan liquidity to meet benefit liabilities as they fall due.
3. To meet the actuarial interest rate assumptions; and
4. Without unduly jeopardizing the above objectives, to exceed the investment return objective by the astute management of funds.

General Investment Policy

The Elected Officials' Retirement System 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. The Plan investment managers are expected to familiarize themselves with these laws.

Investment policy for the Plan relates to the portfolio of all assets which comprise the total holdings of the Plan. The Board of Trustees (Board) recognizes that the objective of a sound and prudent policy is to produce investment results that will preserve the assets of the Plan, as well as, to maximize earnings of the Plan 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 Plan and its projected benefit payments. Should the projected finances of the Plan change significantly, the applicable Federal or State statutes be amended, or changes in the Plan'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.

In general, the Board recognizes that large pools of assets must be diversified over 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 Plan:

<u>Asset Category</u>	<u>Target</u>
U.S. Equity	34%
U.S. Fixed Income	22%
Non- US Equity	21%
Real Estate	10%
Defensive Equity	13%
Total	<u>100%</u>

OUTLINE OF INVESTMENT OBJECTIVES AND POLICIES

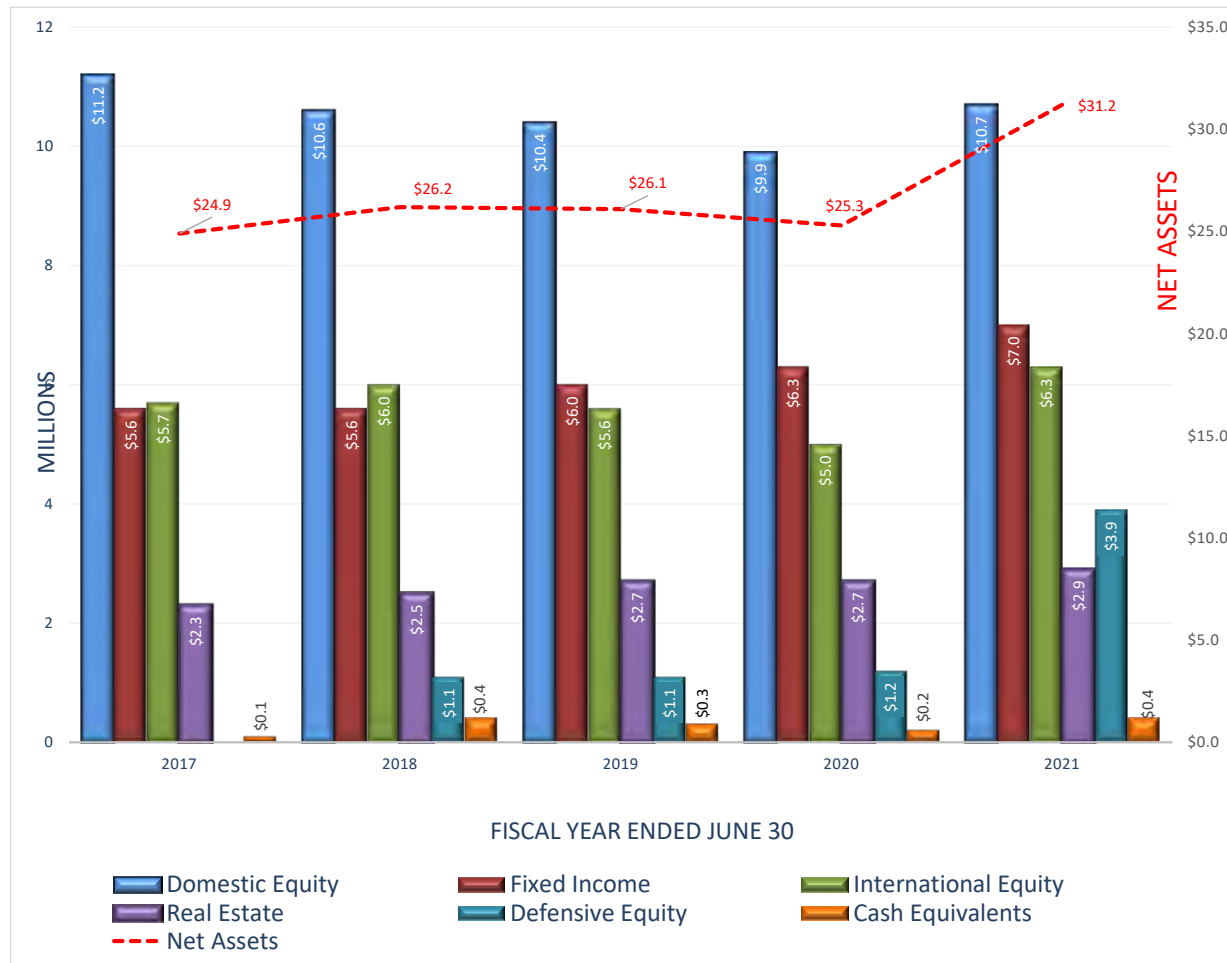
Within each major security classification, investments should be diversified and excessive concentration in any particular security, company or industry is to be avoided. Detailed guidelines in this regard have been supplied to the Plan's investment managers. Subject to these objectives and guidelines, and the Plan's laws referenced herein, the investment managers shall 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 and are encouraged to suggest changes in these guidelines at any time.

Proxy Voting

Pursuant to a U.S. Department of Labor directive, the Board of Trustees have 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 Plan 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.

Elected Officials' Retirement System 2021
City of Baltimore, Maryland
PORTFOLIO COMPOSITION
FAIR VALUE OF INVESTMENTS



(amounts expressed in millions)

	2017		2018		2019		2020		2021	
Domestic Equity	\$11.2	45.0%	\$10.6	40.5%	\$10.4	39.8%	\$9.9	39.0%	\$10.7	34.3%
Fixed Income	\$5.6	22.5%	\$5.6	21.4%	\$6.0	23.0%	\$6.3	24.9%	\$7.0	22.3%
International Equity	\$5.7	22.9%	\$6.0	22.9%	\$5.6	21.5%	\$5.0	19.8%	\$6.3	20.3%
Real Estate	\$2.3	9.2%	\$2.5	9.5%	\$2.7	10.3%	\$2.7	10.8%	\$2.9	9.3%
Defensive Equity			\$1.1	4.2%	\$1.1	4.2%	\$1.2	4.6%	\$3.9	12.5%
Cash Equivalents	\$0.1	0.4%	\$0.4	1.5%	\$0.3	1.1%	\$0.2	0.9%	\$0.4	1.3%
Total	\$24.9	100.0%	\$26.2	100.0%	\$26.1	100.0%	\$25.3	100.0%	\$31.2	100.0%

Elected Officials' Retirement System

City of Baltimore, Maryland

INVESTMENT RESULTS

TIME WEIGHTED RATE OF RETURN, CURRENT VALUE BASIS

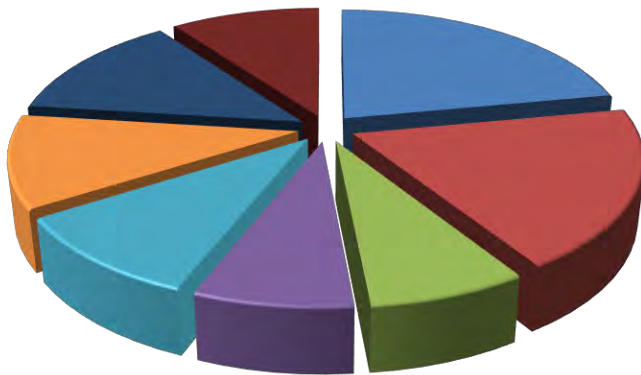
	<u>FY 2021</u>	<u>Annualized 3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
TOTAL PORTFOLIO	29.0 %	11.0 %	11.4 %	9.1 %
Median Public PensionFund	24.1	10.9	10.8	8.7
DOMESTIC EQUITIES	48.8	17.1	17.3	14.0
Russell 3000	44.2	18.7	17.9	14.7
FIXED INCOME	4.0	5.2	3.8	3.7
BBgBarc US Aggregate TR	-0.3	5.3	3.0	3.4
INTERNATIONAL EQUITIES	38.6	9.3	11.7	7.0
MSCI ACWI ex-USA Gross	36.3	9.9	11.6	5.9
DEFENSIVE EQUITY*	26.8	11.1	---	---
CBOE Put Write Index	29.6	6.5	7.5	7.5
50% S&P 500/50% 91 Day T-Bill	19.1	10.1	9.4	7.7
REAL ESTATE*	7.3	6.0	6.7	---
NPI	3.7	4.3	5.4	8.4

*Real Estate was funded on July 1, 2016

*Defensive Equity was funded on February 1, 2017

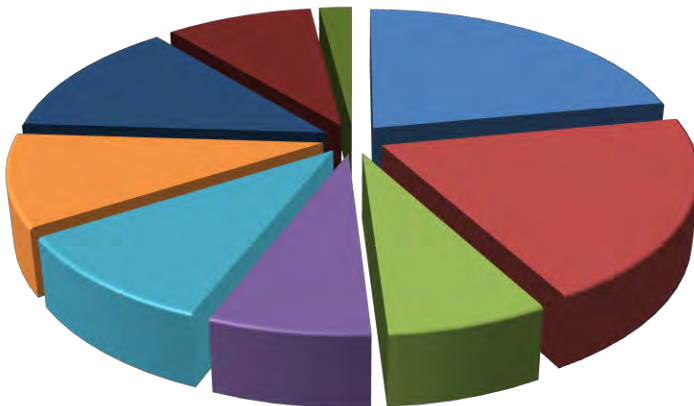
Elected Officials' Retirement System
City of Baltimore, Maryland
ASSET ALLOCATION - ACTIVELY MANAGED ACCOUNTS
June 30, 2021

TARGET ASSET ALLOCATION



U.S. Fixed Income	22%
U.S. Large Equity	29%
U.S. Mid Equity	7.5%
U.S. Small Equity	7.5%
Non-US Large Equity	10%
Non-US Small Equity	11%
Defensive Equity	13%
Real Estate	10%

ACTUAL ASSET ALLOCATION



U.S. Fixed Income	22%
U.S. Large Equity	20%
U.S. Mid Equity	7%
U.S. Small Equity	7%
Non-US Large Equity	10%
Non-US Small Equity	10%
Defensive Equity	13%
Real Estate	9%
Cash & Cash Equivalents	2%

Note: For asset allocation purposes, only actively managed accounts are included. Assets in the mutual funds are allocated between domestic equity and domestic fixed income based on the percentage held by the investment managers at June 30, 2020. Assets in the cash reserve are also excluded from this illustration. These assets are for the purpose of providing cash for the payment of benefit and administrative expenses.

Elected Officials' Retirement System
City of Baltimore, Maryland

INVESTMENT SUMMARY

TOP HOLDINGS

SUMMARY SCHEDULE OF FEES AND COMMISSIONS

For the Year Ended June 30, 2021

Investment Summary

Investments:	<u>Fair Value</u>	<u>Percent of Fair Value</u>
Domestic equity	\$ 10,648,646	35
Domestic fixed income	6,960,979	22
International equity	6,325,241	21
Defensive equity	3,894,593	13
Real Estate	2,906,957	9
Total Investments	<u>\$ 30,736,416</u>	<u>100</u>

Top Holdings

Investment:	<u>Shares</u>	<u>Fair Value</u>
Mondrian International Small Cap Equity	73,260	\$ 3,232,102
American Core Realty Fund	23	2,906,957
Baird Core Plus Bond	102,856	1,221,935

Summary Schedule of Fees and Commissions

	<u>Assets Under Management</u>	<u>Fees</u>
Investment manager fees:	<u>\$ 31,152,419</u>	\$ 53,438
Other investment service fees:		
Investment advisor fees		5,810
Custodial fees		1,448
Total investment service fees		<u>\$ 60,696</u>

Brokerage Commissions

Because of the highly visible nature of the Elected Officials' Retirement System, it is important that the investment managers have as a primary objective to obtain the best execution in all investment transactions. 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 first preference whenever possible to brokerage firms with offices located in the Baltimore City 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.

Notes:

A complete list of portfolio holdings is available upon request.

No broker fees are reported due to the nature of the investments of the EOS.

Elected Officials' Retirement System
City of Baltimore, Maryland
INVESTMENT PROFESSIONALS

U.S. EQUITY

Mellon Capital Management Corp.
Brian Hock
Pittsburgh, Pennsylvania

INTERNATIONAL EQUITY

Mondrian Investment Group, Inc.
Laura Conlon
Philadelphia, Pennsylvania

DEFENSIVE EQUITY

Neuberger Berman
Carter Reynolds
New York, New York

FIXED INCOME

Invesco
Ben Utt
New York, New York

Baird Advisors
Sharon deGuzman
Milwaukee, Wisconsin

REAL ESTATE

American Realty Advisors
Stanley Iezman
Glendale, California

CUSTODIAN BANK

BNY Mellon Asset Servicing
Sarah Baulch
Pittsburgh, Pennsylvania

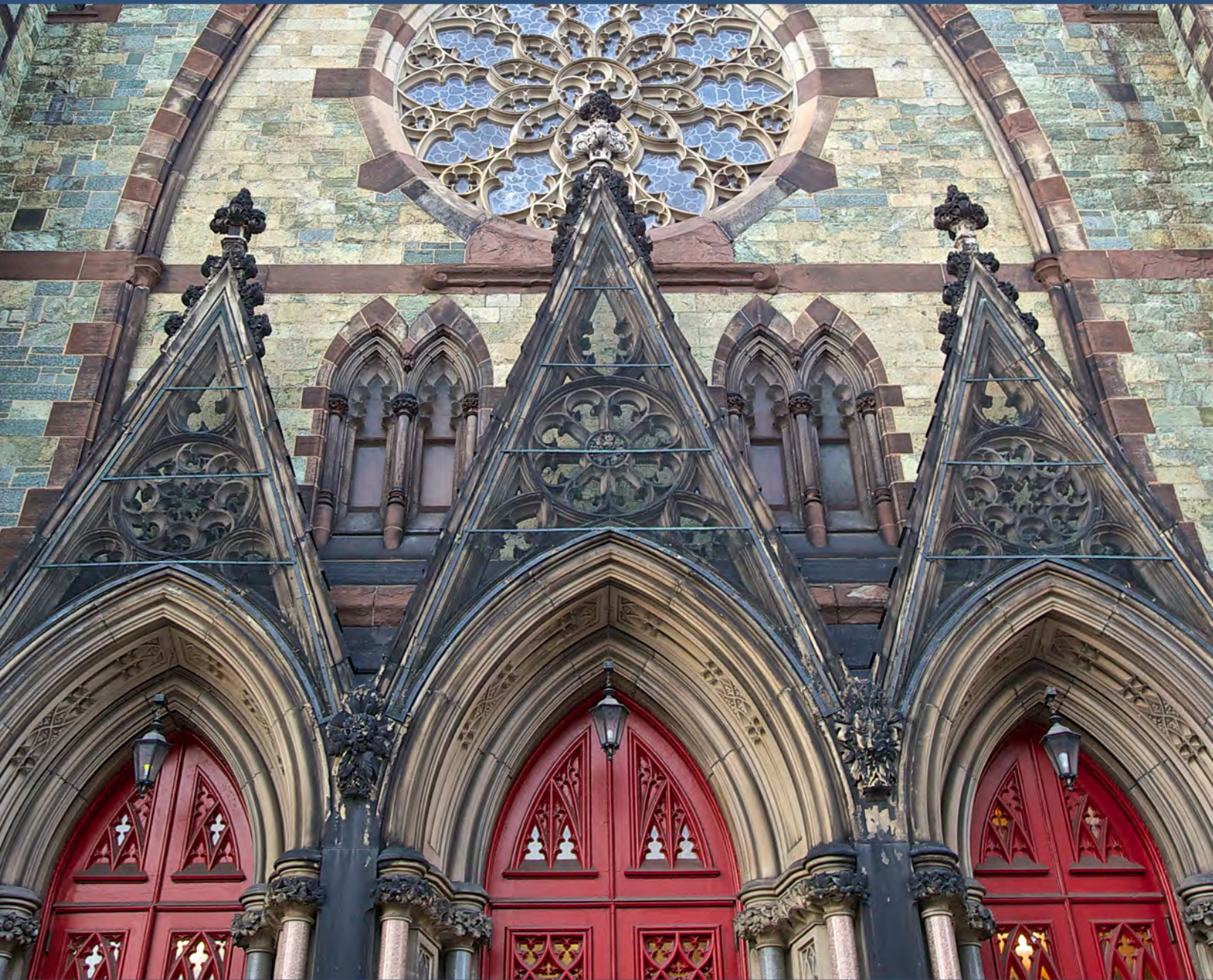
PASSIVE MANAGEMENT

Mellon Capital Management Corp.
Brian Hock
Pittsburgh, Pennsylvania

INVESTMENT ADVISORS

Marquette Associates, Inc.
Nichole Roman-Bhatty
Chicago, Illinois

ACTUARIAL SECTION



November 3, 2021

Board of Trustees
Elected Officials' Retirement System
of the City of Baltimore
7 East Redwood Street, 12th Floor
Baltimore, Maryland 21202-3470

***Re: 2021 Annual Comprehensive Financial Report
The Elected Officials' Retirement System of the City of Baltimore***

Honorable Members of the Board of Trustees:

Cheiron, Inc. performs an actuarial valuation of the System at the end of each fiscal year. The most recent valuation was as of June 30, 2021, and it determined the employer's contribution for the plan year beginning July 1, 2022. The contribution is determined for the following year and therefore it is our understanding the contribution plus interest will be made during the fiscal year ending 2023.

The funding method used in the annual valuation is the Entry Age Normal Cost method. This method tends to produce a level normal cost (portion of the contribution) as a percentage of covered payroll as long as the average age of active members does not change significantly. The employer's contribution is increased or decreased to amortize the difference between the actuarial value of assets and the actuarial accrued liability as a level dollar amount over a fixed period targeting 100% funding by the fiscal year ending 2028. The plan was fully funded as of June 30, 2021.

Contributions have not consistently reflected level percent of pay because of:

- Volatility in the investment returns of the System
- Differences between actual and assumed pay increases; and,
- Sensitivity to elected officials terms of office.

The annual recommended contributions have varied from 0% to 83% of covered payroll.

The valuation is based on a closed group of members; no new hires are assumed. The actuarial value of assets equals the market value, adjusted for investment performance above or below the assumed rate of return. Such gains or losses are recognized over a five-year period. The unrecognized gain or loss is limited to 10% of the market value of assets. In preparing our report, we relied on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standards of Practice No. 23.

The valuation is based on actuarial assumptions recommended by the actuary and approved by the Board of Trustees. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement No. 67 and the Actuarial Standards of Practice. The spread between the interest rate and the salary scale recommended by the actuary has been incorporated into Article 22 of the Baltimore City Code. A review of the actuarial assumptions was completed in 2019 by Cheiron with changes incorporated in the June 30, 2019 valuation.

The assumptions and methods used in determining the assets, liabilities, and the annual required contributions of the employer as defined by the Governmental Accounting Standards Board meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*. The supporting schedules that were prepared by Cheiron and reviewed by the System include Actuarial Funding Methods and Actuarial Assumptions, Schedule of Active Member Valuation Data, Schedule of Retirees and Beneficiaries Removed from Rolls, Solvency Test, Analysis of Financial Experience in the Actuarial Section and the Schedule of Employer Contributions and the Schedule of Funding Progress in the Financial Section.

These results were prepared exclusively for the Elected Officials' Retirement System of the City of Baltimore for the purpose described herein. Other users of these results are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

The exhibits that make up the actuarial section of this report and its contents, including the methods and assumptions used for funding purposes, when taken in context with our full valuation report as of June 30, 2021 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.

Sincerely,
Cheiron



Anu Patel, FSA, MAAA, EA
Principal Consulting Actuary



Matt Deveney, FSA, MAAA, EA
Consulting Actuary

Attachments

ACTUARIAL FUNDING METHODS AND ACTUARIAL ASSUMPTIONS

Method of Funding:
(Effective 6/30/2013)

Liabilities and contributions shown in this report are computed using the Entry Age Normal Cost Method.

The current Unfunded Actuarial Liability is amortized as a level dollar over 16 years beginning June 30, 2011. The 16-year period is decreased each year. As of June 30, 2021 the unfunded liability/(surplus) is amortized over 6 years.

Asset Valuation:
(Effective 1996)

The actuarial value of assets is equal to market value plus accrued contributions minus/plus the unrecognized gain/loss as of the valuation date. Each year's gain/loss is recognized over 5 years. Investment gains/losses are defined as earnings in excess of 6.75% of the value of the Pension Accumulation Fund at the beginning of the year.

The absolute value of the total unrecognized gain/loss is limited to not more or less than 10% of the market value of assets.

Valuation Software:

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Actuarial Assumptions

Interest:
(Effective 6/30/2019)

6.75% compounded annually.

Expenses:
(Effective 1984)

Administrative and investment expenses are assumed to be covered by the investment earnings. It is assumed that the fund will have sufficient earnings to pay these expenses and meet the interest assumption.

Salary Scale:
(Effective 6/30/2015)

2.5% compounded annually.

ACTUARIAL FUNDING METHODS AND ACTUARIAL ASSUMPTIONS

Additional Assumptions:

(Effective 1984, Revised 6/30/2019)

Post Retirement Increase: 2.5% compounded annually for members who joined on or prior to December 5, 2016 and 1.5% until age 65 and 2.0% thereafter, compounded for all others.

Members who retire on or after March 1, 2017 must be in payment for at least twelve months before COLA increases apply.

Pre-retirement Mortality: None

Withdrawal: None

Percentage Married: Males: 80%;
Females: 80%

Spouse Age: A husband is assumed to be 4 years older than his wife.

New Entrants: No future entrants are assumed.

Election Year: The next election year is assumed to occur in 2024. Elections are then assumed to be held every four years thereafter.

ACTUARIAL FUNDING METHODS AND ACTUARIAL ASSUMPTIONS

<u>Age</u>	<u>Withdrawal</u>	<u>Non-Line-of</u>		
		<u>Duty</u>	<u>Line of Duty</u>	<u>Service</u>
		<u>Disability</u>	<u>Disability</u>	<u>Retirement</u>
25	0	0.0008	0.0002	*
30	0	0.0008	0.0002	*
35	0	0.0012	0.0002	*
40	0	0.0023	0.0003	*
45	0	0.0035	0.0005	*
50	0	0.0057	0.0005	*
55	0	0.0080	0.0008	*
60	0	0.0013	0.0012	*
65	0	0.0014	0.0014	*
69	0	0.0015	0.0015	*

* Retirement eligibility is based on age and service. Members hired before December 6, 2016 are assumed to retire on the later of: (i) completion of current term; or (ii) end of term when first eligible for retirement (16 years of service credit or age 50 with 12 years of service credit). Members hired on or after December 6, 2016 are assumed to retire on the later of: (i) completion of current term; or (ii) end of term when first eligible for retirement (55 with 12 years of service credit)

Mortality Rates for Retired and Disabled Members and Beneficiaries

<u>Age</u>	<u>Retirees and Beneficiaries</u>		<u>Disabled Members</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	0.010045	0.005765	0.033406	0.024785
60	0.012233	0.006648	0.040073	0.028299
65	0.014949	0.008659	0.049310	0.032604
70	0.023702	0.014508	0.062827	0.040508
75	0.038893	0.025035	0.082293	0.055942
80	0.065591	0.044199	0.115647	0.084194

Pub-2010 General Retiree Below-Median Weighted mortality tables adjusted by 115% for males and 125% for females with future mortality improvement through 2022 using SOA's Scale MP-2018

Pub-2010 General Disabled Annuitant mortality tables adjusted by 163% for males and 145% for females with future mortality improvement through 2022 using SOA's Scale MP-2018

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase/ (Decrease) in Average Pay</u>
6/30/2010	17	\$ 1,206,122	\$ 70,948	2.0%
6/30/2011	17	1,206,122	70,948	0.0
6/30/2012	17	1,236,273	72,722	2.5
6/30/2013	17	1,236,273	72,722	0.0
6/30/2014	17	1,267,185	74,540	2.5
6/30/2015	17	1,298,865	76,404	2.5
6/30/2016	17	1,333,907	78,465	2.7
6/30/2017	16	1,296,866	81,054	3.3
6/30/2018	17	1,398,738	82,279	1.5
6/30/2019	16	1,362,517	85,157	3.5
6/30/2020	17	1,469,551	86,444	1.5
6/30/2021	16	1,431,497	89,469	3.5

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in		Average	
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances*	Annual Allowances	Annual Allowances	Annual Allowances	Annual Allowances
6/30/2010	1	\$ 120,069			22	\$ 814,299	17.3%	\$	37,014	
6/30/2011	1	40,419	1	\$ 106,833	22	747,885	(8.2)		33,995	
6/30/2012	1	57,166			23	805,051	7.6		35,002	
6/30/2013			2	52,748	21	752,303	(6.6)		35,824	
6/30/2014					21	770,689	2.4		36,699	
6/30/2015					21	790,409	2.6		37,639	
6/30/2016					21	809,262	2.4		38,536	
6/30/2017	7	277,391			28	1,086,653	34.3		38,809	
6/30/2018	2	87,896	1	34,256	29	1,140,293	4.9		39,320	
6/30/2019			1	54,412	28	1,120,170	(1.8)		40,006	
6/30/2020			1	27,942	27	1,120,595	0.0		41,504	
6/30/2021	4	374,691			31	1,495,286	33.4		48,235	

* Includes post-retirement adjustments.

SCHEDULE OF FUNDED LIABILITIES BY TYPE

The Elected Officials' 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; 3) the liabilities for future benefits to terminated vested members; and 4) 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 future active member contributions on deposit (liability 1), the liabilities for future benefits to present retired lives (liability 2), and the liabilities for future benefits to terminated vested members (liability 3) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 4) will be partially covered by the remainder of the present assets. Generally, the funded portion of liability will increase over time. Liability 4 being fully funded is rare.

The schedule below illustrates the System's history of liabilities 1 through 4.

Aggregate Accrued Liabilities For												
		(1)	(2)		(3)		(4)					
Valuation Date	Active Member Contributions	Retirees and Beneficiaries	Terminated Vested Members	Active Members (Employer Financed Portion)		Valuation Assets	Portion of Accrued Liabilities Covered by Report Assets					
							(1)	(2)	(3)	(4)		
6/30/2010	\$ 733,536	\$ 11,658,750	\$ 317,461	\$	5,926,106	\$ 15,614,728	100%	100%	100%	100%	49.0%	
6/30/2011	789,516	10,336,701	277,246		5,839,836	18,143,097	100	100	100	100	115.4	
6/30/2012	760,599	11,010,110	283,545		4,896,801	18,502,805	100	100	100	100	131.7	
6/30/2013	861,865	9,624,888	1,007,160		4,691,179	19,136,283	100	100	100	100	162.9	
6/30/2014	969,373	9,535,771	995,637		5,279,071	21,230,077	100	100	100	100	184.3	
6/30/2015	1,061,413	7,711,397	753,887		4,153,828	22,922,554	100	100	100	100	322.5	
6/30/2016	1,176,425	7,821,820	774,704		4,229,398	23,724,767	100	100	100	100	329.9	
6/30/2017	585,462	11,621,255	773,812		1,965,870	24,797,581	100	100	100	100	601.1	
6/30/2018	684,987	12,334,030	0		2,241,968	25,732,812	100	100	100	100	567.1	
6/30/2019	742,069	12,751,513	0		3,507,630	26,140,561	100	100	100	100	360.6	
6/30/2020	842,676	12,543,123	0		3,997,056	26,448,900	100	100	100	100	326.8	
6/30/2021	331,082	16,192,366	0		1,998,640	28,037,177	100	100	100	100	576.1	

ANALYSIS OF FINANCIAL EXPERIENCE

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

Type of Activity	Gain/(Loss) for Year 2020	Gain/(Loss) for Year 2021
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.	\$ 0	\$ (259,985)
Disability Retirements If disability claims are less than assumed, there is a gain. If more claims, a loss.	1,492	2,543
Death-in-Service Benefits If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	0	0
Withdrawal from Employment If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	0	149,835
Pay Increases and Retiree COLAs If there are smaller pay increases or retiree COLAs than assumed, there is a gain. If greater increases, a loss.	(17,329)	(360,496)
Investment Income If there is greater investment income than assumed, there is a gain. If less, a loss.	(1,472,066)	5,382,186
Death After Retirement If retirees live longer than assumed, there is a loss. If not as long, a gain.	(61,885)	(255,716)
New Entrants New entrants create a loss because they were not assumed in the previous valuation.	0	(200,580)
Assumption and Method Changes Changes due to assumption changes and/or changes in accounting and liability.	0	0
Other Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, valuation methods, etc.	(24,954)	(72,547)
Gain or (Loss) During Year from Financial Experience	\$ (1,574,742)	\$ 4,385,240

Elected Officials' Retirement System
City of Baltimore, Maryland
SUMMARY OF PLAN PROVISIONS
June 30, 2021

1. **EFFECTIVE DATE:**

The Elected Officials' Retirement System (EOS) was established by City Ordinance effective December 5, 1983 and has been amended periodically.

2. **MEMBERSHIP AND SERVICE CREDIT:**

- (A) An elected official automatically becomes a member of the EOS upon taking the oath of office.
- (B) A member may be eligible to receive credit for all previous service as an elected official of Baltimore City, as a member of a Maryland State retirement system, or as a member of a Baltimore City retirement system.

3. **MEMBER CONTRIBUTIONS:**

Members are required to contribute 5% of their salary. However, no contributions shall be made after the member has attained age 60 and has acquired 35 years of service credit in the EOS.

If a member transfers prior City service or State service, he or she may be required to pay for such service.

4. **MILITARY SERVICE CREDIT:**

- (A) **Military Service Prior to Employment:** A maximum of three years service credit is granted provided:
 - (1) the member retires; and
 - (2) benefits due to such military service have not been or will not be received from any other retirement system, except social security benefits and certain military benefits.
- (B) **Military Service Within Employment:** Upon retirement or death, any member who had a break in employment due to military duty, shall receive service for the period of absence as provided by the Uniformed Services Employment and Reemployment Rights Act of 1994.

5. **SERVICE RETIREMENT:**

- (A) **Eligibility Requirements for Elected Officials Who First Became Members on or Before December 5, 2016:**
 - (1) Acquired 12 or more years of service and attained age 50; or
 - (2) Acquired 16 years of service, regardless of age.

Eligibility Requirements for Elected Officials Who First Became Members on or After December 6, 2016:

Acquired 12 or more years of service and attained age 55.

- (B) **Benefit Amount:** An annual maximum service allowance equaling 2.5% of the current annual earnable compensation of the position held by the member multiplied by the number of years of the member's service credit. For an elected official who first becomes a member on or after December 6, 2016, the annual maximum service allowance may not exceed 60% of the member's annual earnable compensation. The allowance will consist of:
 - (1) an annuity equal to the actuarial equivalent of the member's accumulated contributions at the time of retirement; and
 - (2) a pension, equal to the maximum allowance less the annuity described in (1) above.

6. NON-LINE-OF-DUTY DISABILITY RETIREMENT BENEFIT:

- (A) **Eligibility Requirements:** Five years of service, and determination by a hearing examiner to be mentally or physically incapacitated for the performance of duties as an elected official, and that such incapacity is likely to be permanent.
- (B) **Benefit Amount:** An annual maximum retirement allowance equal to the greater of:
 - (1) the member's annual maximum service retirement allowance; or
 - (2) a retirement allowance totaling 25% of the member's current annual earnable compensation.
- (C) **Offset to Retirement Allowance:** This benefit is offset by workers' compensation received on account of the same disability.

7. LINE-OF-DUTY DISABILITY BENEFIT:

- (A) **Eligibility Requirements:** Immediate eligibility upon membership in the System and determination by a hearing examiner to be totally and permanently incapacitated for the further performance of duty, and the incapacity resulted from an accident occurring while in the actual performance of such duty at definite time and place without willful negligence.
- (B) **Benefit Amount:** An annual maximum retirement allowance consisting of:
 - (1) an annuity equal to the actuarial equivalent of the member's accumulated contributions; plus
 - (2) a pension equaling 66.667% of the member's current annual earnable compensation.
- (C) **Offset to Retirement Allowance:** This benefit is offset by workers' compensation received on account of the same disability.

8. DEFERRED VESTED RETIREMENT BENEFIT:

- (A) **Eligibility Requirements for Elected Officials Who First Became Members On or Before December 5, 2016:** A member who has:
 - (1) Acquired 12 or more years of service, but less than 16 years of service, and
 - (2) Left office and has not attained age 50; and
 - (3) Elected to leave his or her accumulated contributions with the System.
- Eligibility Requirements for Elected Officials Who First Became Members On or After December 6, 2016:** A member who has:
 - (1) Acquired 12 or more years of service, and
 - (2) Left office and has not attained age 55; and
 - (3) Elected to leave his or her accumulated contributions with the System.
- (B) **Benefit Amount:** Upon attaining age 50, the member is entitled to receive an annual maximum service allowance equaling 2.5% of the member's current annual earnable compensation multiplied by the number of years of the member's service credit. For an elected official who first becomes a member on or after December 6, 2016, the annual maximum service allowance may not exceed 60% of the member's annual earnable compensation. The allowance will consist of:
 - (1) an annuity equal to the actuarial equivalent of the member's accumulated contributions at the time of retirement; and
 - (2) a pension, equal to the maximum service allowance less the annuity described in (1) above.

9. MAXIMUM ALLOWANCE AND OPTIONAL METHODS OF RECEIVING BENEFIT PAYMENTS:

Elected Officials' Retirement System
City of Baltimore, Maryland
SUMMARY OF PLAN PROVISIONS
June 30, 2021

- (A) **Maximum Allowance:** Upon retiree's death, 40% of retiree's maximum allowance to unremarried spouse or dependent children until the last dies or attains age 18 (age 22 if full time student). All other options result in a lesser amount paid.
- (B) **Reserve Guarantee Option:** Upon retiree's death, 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 member's allowance to continue to be designated beneficiary.
- (D) **50% Joint and Survivor Option:** Upon retiree's death, 50% of member's allowance to continue to be designated beneficiary.
- (E) **100% Joint and Survivor "Pop-Up" Option:** Upon retiree's death, 100% of member's allowance continues to the designated beneficiary. However, should the designated beneficiary predecease the retired member, the retiree immediately begins to receive the maximum retirement allowance; the retiree may not designate another beneficiary and no survivorship benefits are paid on the death of the retiree.
- (F) **50% Joint and Survivor "Pop-Up" Option:** Upon retiree's death, 50% of member's allowance continues to the designated beneficiary. However, should the designated beneficiary predecease the retired member, the retiree immediately begins to receive the maximum retirement allowance; the retiree may not designate another beneficiary and no survivorship benefits are paid on the death of the retiree.
- (G) **Specific Benefit Option:** Upon the retiree's death and subject to the approval of the Board of Trustees, the member's designated beneficiary will receive:
 - (1) a specific lump sum amount; or
 - (2) a specific periodic allowance.

These options are available for service, non-line of duty disability, and line-of-duty disability retirement. Within 30 days after retirement, the retired member may change any option and/or the designated beneficiary.

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

- (A) **Eligibility Requirements:**
 - (1) Member dies while serving as an elected official for Baltimore City; or
 - (2) Retiree dies within 30 days after retiring on account of service, non-line-of-duty disability, or line-of-duty disability; or
 - (3) Retiree who postpones receipt of a retirement allowance until reaching age 50 and dies within 30 days after reaching age 50.
- (B) **Benefit Amount:**
 - (1) 100% Joint and Survivor benefit:
Provided the member was eligible for a service retirement at the time of death, the 100% Joint and Survivor Option shall be paid to:
 - (a) The member's designated beneficiary spouse to whom the member was married for at least one year immediately prior to the date of death; or
 - (b) The member's parent(s).
 - (2) Lump Sum Benefit:
If not eligible under (1) above, a lump sum benefit consisting of the member's accumulated contributions, and if the member has acquired more than one year of service, 50% of the member's current annual earnable compensation, payable to:
 - (a) the member's designated beneficiary; or
 - (b) a beneficiary as specified by the plan provisions.
- (C) **Offset to Retirement Allowance:** This benefit is offset by:
 - (1) workers' compensation received on account of the same disability or death; and
 - (2) any allowance paid by this System and received by the retired member or former member before the date of death.

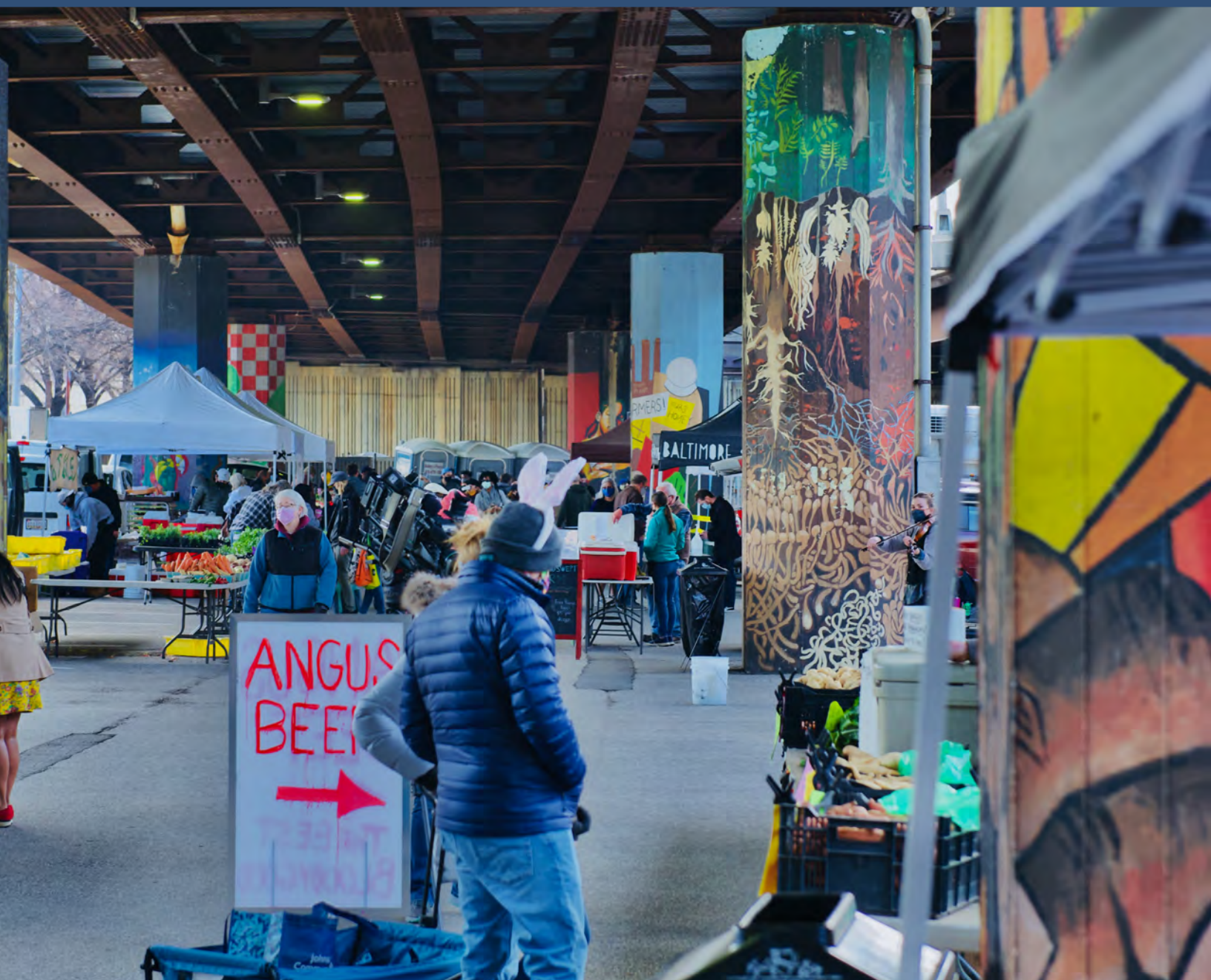
11. **LINE-OF-DUTY DEATH BENEFIT:**

- (A) **Eligibility Requirements:**
 - (1) A determination by a hearing examiner, that the member's death occurred from the natural and proximate result of the actual performance of duty and without willful negligence on the part of the

Elected Officials' Retirement System
City of Baltimore, Maryland
SUMMARY OF PLAN PROVISIONS
June 30, 2021

- member; or
 - (2) A member has been granted a line-of-duty disability and dies from injuries that caused or contributed to the member being awarded the line-of-duty disability.
- (B) **Benefit Amount:** The benefit consists of:
- (1) a refund of the member's accumulated contributions and interest payable to the member's designated beneficiary or the beneficiary specified by the plan provisions; and
 - (2) an annual pension of 100% of the member's current annual earnable compensation payable to:
 - (a) the member's surviving spouse, to continue for life or remarriage.
 - (b) if there is no surviving spouse, or if the spouse dies or remarries, then to the member's child or children, equally, until age 18 (age 22 if a full-time student); or
 - (c) if there is no surviving spouse or minor child surviving, then to the member's dependent father and mother, who are designated beneficiaries, to continue for life, in the percentages designated by the member.
- (C) **Offset to Retirement Allowance:** This benefit is offset by workers' compensation received on account of the same disability or death.
12. **POST-RETIREMENT BENEFIT INCREASES:**
- (A) **Amount:**
- (1) For Elected Officials Who First Became Members On or Before December 5, 2016: The post-retirement benefit increase equals the percentage increase in the current annual earnable compensation authorized for the highest-paying elected position held by the retiree while a member.
 - (2) For Elected Officials Who First Became Members On or After December 6, 2016: The post-retirement benefit increase equals 1.5% for retirees under age 65 and 2.0% for retirees age 65 and older.
- (B) **Eligibility:**
- (1) For Elected Officials Who First Began Receiving Benefits On or Before February 1, 2017: The post-retirement benefit increase begins in January after retirement benefits begin.
 - (2) For Elected Officials Who First Began Receiving Benefits On or After March 1, 2017: The post-retirement benefit increase begins in January after the first June 30th by which at least 12 months of retirement benefits have been paid.
13. **REFUND OF MEMBER CONTRIBUTIONS:**
The member upon leaving office for any reason is entitled to a refund of the member's accumulated contributions and interest, if not eligible for any other benefits.
14. **FORFEITURE OF BENEFITS:**
If a member should be convicted of a job-related offense committed in the performance of his duties as an elected official of the City of Baltimore and committed against the City of Baltimore, no benefits provided by the EOS shall be paid to the member or his beneficiary. If the member or his beneficiary is receiving any benefits at the time of conviction, all benefit payments will cease. The member or his beneficiary shall only be entitled to the return of the member's accumulated contributions and interest less any benefit payments made.

STATISTICAL SECTION



Elected Officials' Retirement System
City of Baltimore, Maryland
STATISTICAL SECTION SUMMARY

The statistical section of the Elected Officials' Retirement System's (System) comprehensive annual financial report presents detailed information as a context for helping the readers understand the information in the financial statements, notes disclosures, required supplementary information and the System's overall financial health for the last ten fiscal years. The information presented in this section is listed below.

Financial Trends

Changes of Plan Net Position schedules detail the System's financial performance from year to year.

Revenue Capacity

The Revenue by Source schedule lists the different income streams of the System.

Expenses Capacity

The Expense by Type schedule contains information about the major costs of the System.

Demographic Information

The demographic schedules consist of various membership information used by the Actuary to determine or monitor the demographic assumptions. The tables which are used to compare current assumptions with actual experience to determine recommended assumption changes include:

- The Schedule of Active Members by Years of Service, which provides active membership information including the average service credit and member's age for each fiscal year.
- The Schedule of Retirees by Attained Age and Type of Retirement, provides the number of retirees by age and the type of retirement, and
- The Schedule of Beneficiaries By attained Age and Type of Retirement provides membership information on beneficiaries by age and type of the member's retirement.

Benefit Expenses by Type is a report of benefit related expenses by the type of retirement and payment for each year of service.

Average Monthly Benefit Payments: is a schedule of monthly benefit payments based on years of credited service. For each year, the schedule provides the average monthly benefit payment, average final compensation and number of retirees grouped in years of credited service.

Elected Officials' Retirement System
City of Baltimore, Maryland
Statement of Changes in Fiduciary Net Position

	2012	2013	2014	2015	2016
Additions					
Contributions					
Employer	\$ 997,685	\$ 419,459	\$ 306,606	\$ 84,986	\$ -
Plan members	63,234	61,033	56,903	60,667	62,485
Total contributions	<u>1,060,919</u>	<u>480,492</u>	<u>363,509</u>	<u>145,653</u>	<u>62,485</u>
Investment Income					
Net appreciation in fair value of investments	225,022	2,384,186	2,993,149	(223,320)	(895,444)
Interest, dividends, and real estate income	301	216	541,457	883,837	974,122
Less: investment expenses	(20,217)	(22,948)	(26,419)	(31,168)	(33,248)
Net investment income	<u>205,106</u>	<u>2,361,454</u>	<u>3,508,187</u>	<u>629,349</u>	<u>45,430</u>
Total additions	<u>1,266,025</u>	<u>2,841,946</u>	<u>3,871,696</u>	<u>775,002</u>	<u>107,915</u>
Deductions					
Retirement allowances	775,678	763,865	724,679	744,046	763,018
Administrative expenses	28,242	39,609	32,996	33,366	35,576
Refund of Contributions	23,020			20,232	-
Total deductions	<u>826,940</u>	<u>803,474</u>	<u>757,675</u>	<u>797,644</u>	<u>798,594</u>
Net increase (decrease)	439,085	2,038,472	3,114,021	(22,642)	(690,679)
Net position held in trust for pension benefits					
Beginning Balance	<u>17,871,026</u>	<u>18,310,111</u>	<u>20,348,583</u>	<u>23,462,603</u>	<u>23,439,961</u>
Ending Balance	<u>\$ 18,310,111</u>	<u>\$ 20,348,583</u>	<u>\$ 23,462,603</u>	<u>\$ 23,439,961</u>	<u>\$ 22,749,282</u>

Elected Officials' Retirement System
City of Baltimore, Maryland
Statement of Changes in Fiduciary Net Position
(Continued)

	2017	2018	2019	2020	2021
Additions					
Contributions					
Employer	\$ -	\$ -	\$ -	\$ -	\$ -
Plan members	89,620	69,079	70,259	75,939	77,423
Total contributions	<u>89,620</u>	<u>69,079</u>	<u>70,259</u>	<u>75,939</u>	<u>77,423</u>
Investment Income					
Net appreciation in fair value of investments	1,801,078	1,313,790	911,245	174,642	6,600,763
Interest, dividends, and real estate income	1,362,935	1,054,526	205,241	176,087	545,542
Less: investment expenses	<u>(48,016)</u>	<u>(58,901)</u>	<u>(60,248)</u>	<u>(57,123)</u>	<u>(60,696)</u>
Net investment income	<u>3,115,997</u>	<u>2,309,415</u>	<u>1,056,238</u>	<u>293,606</u>	<u>7,085,609</u>
Total additions	<u>3,205,617</u>	<u>2,378,494</u>	<u>1,126,497</u>	<u>369,545</u>	<u>7,163,032</u>
Deductions					
Retirement allowances	915,552	1,110,338	1,165,567	1,125,136	1,305,575
Administrative expenses	55,028	36,921	36,122	37,251	34,460
Refund of Contributions	18,098	-	-	-	-
Total deductions	<u>988,678</u>	<u>1,147,259</u>	<u>1,201,689</u>	<u>1,162,387</u>	<u>1,340,035</u>
Net increase (decrease)	2,216,939	1,231,235	(75,192)	(792,842)	5,822,997
Net position held in trust for pension benefits					
Beginning Balance	22,749,282	24,966,221	26,197,456	26,122,264	25,329,422
Ending Balance	<u>\$ 24,966,221</u>	<u>\$ 26,197,456</u>	<u>\$ 26,122,264</u>	<u>\$ 25,329,422</u>	<u>\$ 31,152,419</u>

Elected Officials' Retirement System
City of Baltimore, Maryland
REVENUES BY SOURCE

Fiscal Year	Net Investment Income	Employer Contributions:		Member Contributions	Total
		Amount	% of Covered Payroll		
2012	\$ 205,106	\$ 997,685	\$ 81	\$ 63,234	\$ 1,266,025
2013	2,361,454	419,459	34	61,033	2,841,946
2014	3,508,187	306,606	24	56,902	3,871,695
2015	629,349	84,986	7	60,667	775,002
2016	45,430	-	-	62,485	107,915
2017	3,115,997	-	-	89,620	3,205,617
2018	2,309,415	-	-	69,079	2,378,494
2019	1,056,238	-	-	70,259	1,126,497
2020	293,606	-	-	75,939	369,545
2021	7,085,609	-	-	77,423	7,163,032

Elected Officials' Retirement System
City of Baltimore, Maryland
EXPENSES BY TYPE

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Total</u>
2012	\$ 775,678	\$ 23,020	\$ 28,242	\$ 826,940
2013	763,865	-	39,609	803,474
2014	724,679	-	32,996	757,675
2015	744,046	20,232	33,366	797,644
2016	763,018	-	35,576	798,594
2017	915,552	18,098	55,028	988,678
2018	1,110,338	-	36,921	1,147,259
2019	1,165,567	-	36,122	1,201,689
2020	1,125,136	-	37,251	1,162,387
2021	1,305,575	-	34,460	1,340,035

Elected Officials' Retirement System
City of Baltimore, Maryland
SCHEDULE OF BENEFIT RECIPIENTS BY ATTAINED AGE AND TYPE OF RETIREMENT
SCHEDULE OF ACTIVE MEMBERS BY YEARS OF SERVICE

Schedule of Benefit Recipients by Attained Age and Type of Retirement

Age	Number of Recipients	Retirees			Beneficiaries		
		0	1	3	0	5	
45-49	0	0	0	0	0	0	
50-54	2	1	1	0	0	0	
55-59	1	1	0	0	0	0	
60-64	3	2	0	1	0	0	
65-69	4	4	0	0	0	0	
70-74	13	12	0	0	1	0	
75 and up	8	7	0	0	1	0	
Totals	31	27	1	1	2	0	

Retired/Disabled Members 29 27 1 1 1

Average Annual Benefit \$50,256 \$52,455 \$22,437 \$18,697

Beneficiaries 2 2

Average Annual Benefit \$18,934 \$18,934

***Type of Retirement**

- 0 - Normal retirement for age and service
- 1 - Early retirement
- 3 - Non-line of duty disability
- 5 - Non-line of duty death, member eligible for service retirement at death

Schedule of Active Members by Years of Service

Years of Credited Service	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
0-1	2	2	0	1	1	8	9	0	1	4
2-4	5	1	3	2	2	1	1	9	8	7
5-9	1	5	5	4	4	3	1	1	2	2
10-14	1	1	0	1	1	0	2	1	1	2
15-19	6	6	6	6	2	0	0	1	1	1
20-24	0	0	1	1	5	3	2	2	2	0
25+	2	2	2	2	2	1	2	2	2	0
Total Members	17	17	17	17	17	16	17	16	17	16

Average Service Credit 11.95 12.86 13.87 14.46 15.50 7.93 8.49 10.32 10.71 5.64

Average Age 54.27 55.27 56.27 56.80 57.80 48.91 49.95 49.81 49.92 42.2

Elected Officials' Retirement System
City of Baltimore, Maryland
BENEFIT EXPENSES BY TYPE

Fiscal Year Ending	Age and Service Benefits:		Death Benefits	Termination	Total
	Retirees	Beneficiaries			
2012	\$ 589,657	\$ 186,021	\$ -	\$ -	\$ 775,678
2013	653,657	79,174	-	31,034	763,865
2014	611,717	81,152	-	31,810	724,679
2015	654,760	89,286	-	20,232	764,278
2016	644,338	85,260	-	33,420	763,018
2017	793,904	87,392	34,256	18,098	933,650
2018	1,020,762	89,576	-	-	1,110,338
2019	1,145,360	20,207	-	-	1,165,567
2020	1,088,191	36,945	-	-	1,125,136
2021	1,267,706	37,869	-	-	1,305,575

Elected Officials' Retirement System
City of Baltimore, Maryland
AVERAGE MONTHLY BENEFIT PAYMENTS

Retirement Effective Dates From July 1, 2011 to June 30, 2020	Years of Credited Service					
	<u>5-10</u>	<u>11-15</u>	<u>16-20</u>	<u>21-25</u>	<u>26-30</u>	<u>31+</u>
Period 7/1/11 to 6/30/12:						
Average Monthly Benefit				\$ 3,068		
Average Current Compensation				59,886		
Number of Active Retirees				1		
Period 7/1/12 to 6/30/13:			No retirements for this period			
Period 7/1/13 to 6/30/14:			No retirements for this period			
Period 7/1/14 to 6/30/15:			No retirements for this period			
Period 7/1/15 to 6/30/16:			No retirements for this period			
Period 7/1/16 to 6/30/17						
Average Monthly Benefit	\$ 1,381	\$ 1,658	\$ 4,020			\$ 5,454
Average Final Compensation	66,301	66,301	92,635			66,301
Number of Active Retirees	1	1	4			1
Period 7/1/17 to 6/30/18			No retirements for this period			
Period 7/1/18 to 6/30/19			No retirements for this period			
Period 7/1/19 to 6/30/20			No retirements for this period			
Period 7/1/20 to 6/30/21						
Average Monthly Benefit			\$ 7,951	\$ 4,622	\$ 8,365	
Average Final Compensation			157,450	72,966	72,966	
Number of Active Retirees			2	1	1	

ELECTED OFFICIALS' RETIREMENT SYSTEM

CITY OF BALTIMORE, MARYLAND

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