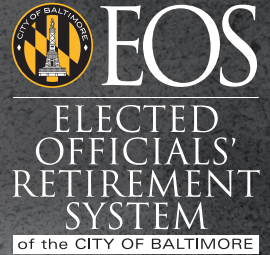


ELECTED OFFICIALS' RETIREMENT SYSTEM

City of Baltimore, Maryland



Mount Vernon Place circa 1900

Popular Annual Financial Report

Year Ended June 30, 2023

Pension Trust of the City of Baltimore

Introduction

We are pleased to present The Popular Annual Financial Report (PAFR) of EOS (Elected Officials Retirement System of the City of Baltimore). This report is a summary of fiscal year 2023 ACFR (Annual Comprehensive Financial Report). The ACFR was prepared in conformity with GAAP, but the PAFR includes only selected information from the ACFR. The PAFR has been mailed to all retirees, email blasted to all active members and available on our website at www.bcercs.org/elected-officials-retirement-system. For a detailed copy of our financials, please visit our website at www.bcercs.org/elected-officials-retirement-system.



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After a bleak year for returns in fiscal year 2022, the EOS rebounded in fiscal year 2023. The EOS return was 8.4%. The EOS outperformed its policy benchmark of 8.1%. Over the past ten years, the Fund has returned 7.4%, outperforming its peers and the benchmark. The market value funded ratio for EOS is now 141.4%. The Board continues to be dedicated to our mission to serve our members, retirees and beneficiaries and protect and grow the fund's assets.

I would like to thank the ERS staff, whose dedication has been integral to our achievements. In closing, I announce that three Board members—Rosemary H. Atkinson, Dorothy L. Bryant, and myself—will not seek reelection. It has been an honor to serve. Thank you to our members for entrusting us to execute the agency's mission and values.

Sincerely,
Deborah Moore-Carter, Chair, Board of Trustees

The EOS staff continues to serve our members, retirees, and beneficiaries as our utmost priority. As we look ahead to the future, we have launched and continue to work toward major system initiatives.

Among those initiatives, we transitioned our accounting system to a new cloud-based platform to improve usability and ensure our staff's secure access to critical data. Efforts toward fossil fuel disinvestment, in line with ordinance 21-043, resulted in a 40% divestment achievement to date. Upgrading our IT systems reduced maintenance costs and enhanced operational efficiencies. The expansion of our retirement services portal now incorporates a secure digital upload feature. Moreover, ongoing enhancements to the new ERP system integration were completed, alongside the successful conversion of members' physical files into a digital format, enriching our document imaging system.

I would like to express my gratitude to our staff for their diligent support. I also want to thank the Board of Trustees for their dedication to overseeing the EOS.

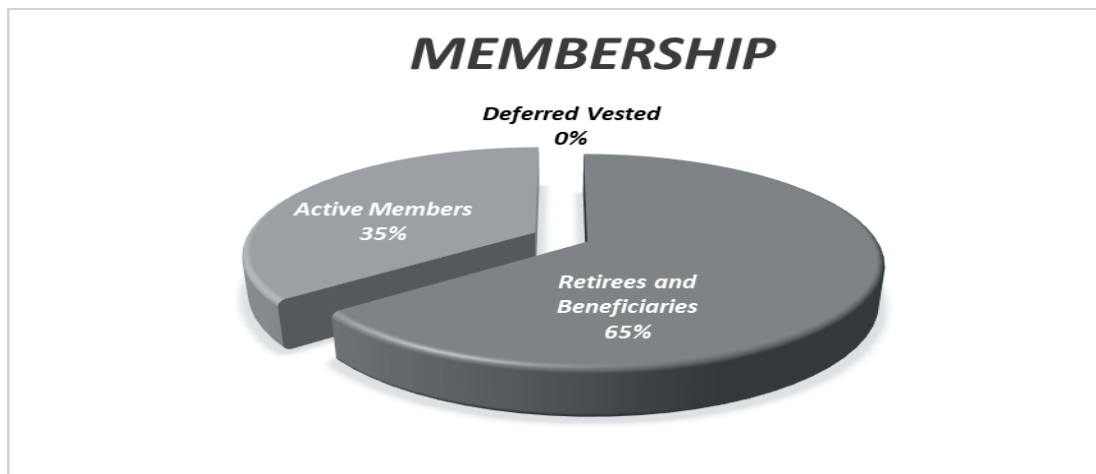
David A. Randall, Executive Director

The Plan

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). EOS plan was established effective December 5, 1983, by City Ordinance 1105. Any elected official who is not a member of the Employees' Retirement System of the City of Baltimore (ERS), upon taking the oath of office, automatically becomes a member. Any elected official who is a member of ERS has the option of electing, within 120 days of taking the oath of office, to become a member of EOS.

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, 2023, the membership consisted of 31 retirees and beneficiaries, 17 active members and no deferred vested member.



EOS members contribute 5% of their earnable compensation. However, no contribution is required after the member has attained age 60 and acquired 35 years of service. Earnable compensation is the annual salary authorized for the member not including overtime or other types of pay. In 2016, member benefits were revised per Article 22 as follows:

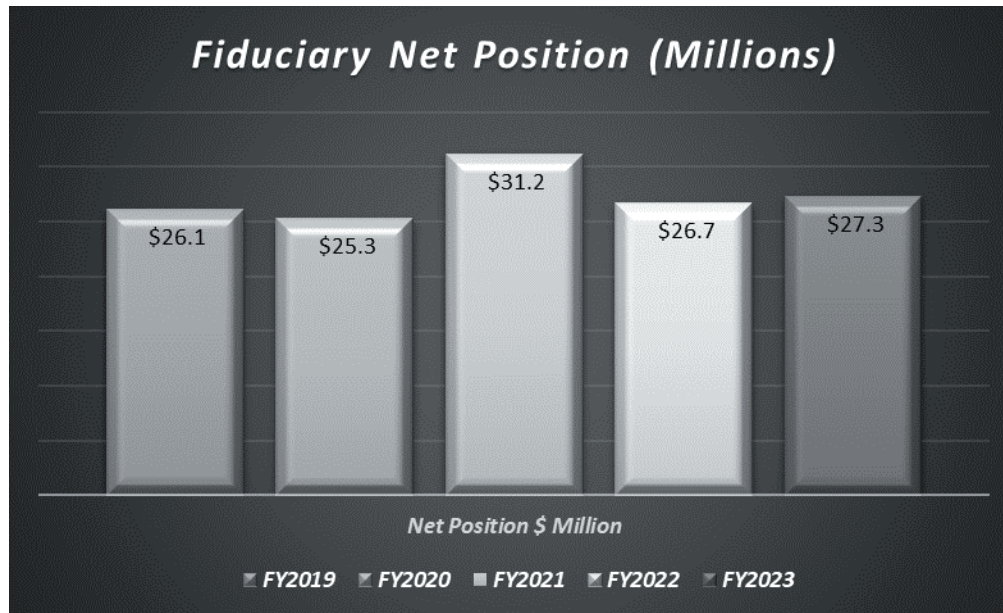
S/N	Criteria	Elected on/or before December 5, 2016	Elected after December 5, 2016
1	Retirement eligibility	Age 50	Age 55
2	Salary Increases	Indexed to compensation of the position held prior to retirement.	COLA – Higher of 1.5% and rates in effect for F&P retirement system; and waiting period of 1 year.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

Financials

The statement of fiduciary net position presents the plan's assets and liabilities and the net position restricted for pensions on June 30, 2023. 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).

On June 30, 2023, the fiduciary net position restricted for pensions was \$27.3 million. The Plan's net position restricted for pensions increased by \$0.5 million (2.0%) compared to last year's net position of \$26.7 million due to a turbulent macro environment of higher than anticipated inflation, rising geopolitical tensions, and aggressive tightening actions from the Federal Reserve.

Fiduciary Net Position	Fiscal Year 2023	Fiscal Year 2022	Increase / (Decrease)	Percentage Increase
Investments	\$ 27,048,033	\$ 26,573,310	\$ 474,723	1.8%
Other Assets	251,402	175,688	75,714	43.1%
Total assets	27,299,435	26,748,998	550,437	2.1%
Total liabilities	20,460	12,060	8,400	69.7%
Total net position	\$ 27,278,975	\$ 26,736,938	\$ 542,037	2.0%



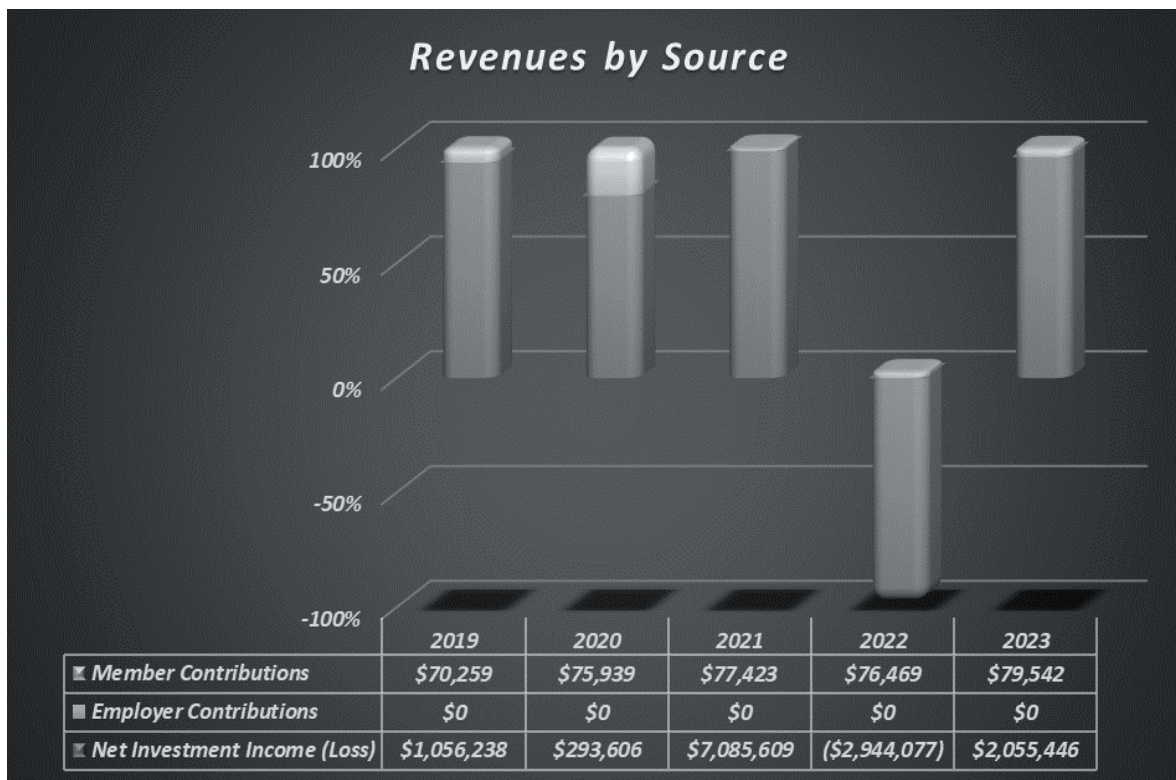
The statement of changes in fiduciary net position presents information on how the plan's net position changed during the year. In fiscal year 2023, the fiduciary net position increased by \$0.5 million. When compared with the fiscal year 2022's decrease of \$4.4 million, there was a change of approximately \$4.9 million.

Financials

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 the trade date. Both realized and unrealized gains and losses are shown in the investments. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Changes in Fiduciary Net Position	Fiscal Year 2023	Fiscal Year 2022	Increase / (Decrease)
Net Investment Income (loss)	\$ 2,055,446	\$ (2,944,077)	\$ 4,999,523
Employee contribution	79,542	76,469	3,073
Total additions	2,134,988	(2,867,608)	5,002,596
Retirement allowances	1,533,010	1,512,750	20,260
Administrative expenses	59,941	35,123	24,818
Total deductions	1,592,951	1,547,873	45,078
Net increases (decreases)	\$ 542,037	\$ (4,415,481)	\$ 4,957,518

Revenues (Additions to Fiduciary Net Position) for the year were \$2.1 million, an increase of \$5.0 million from the prior year, mainly from investment returns. Revenues include plan members' contributions of \$0.07 million and a net investment gain of \$2.06 million.

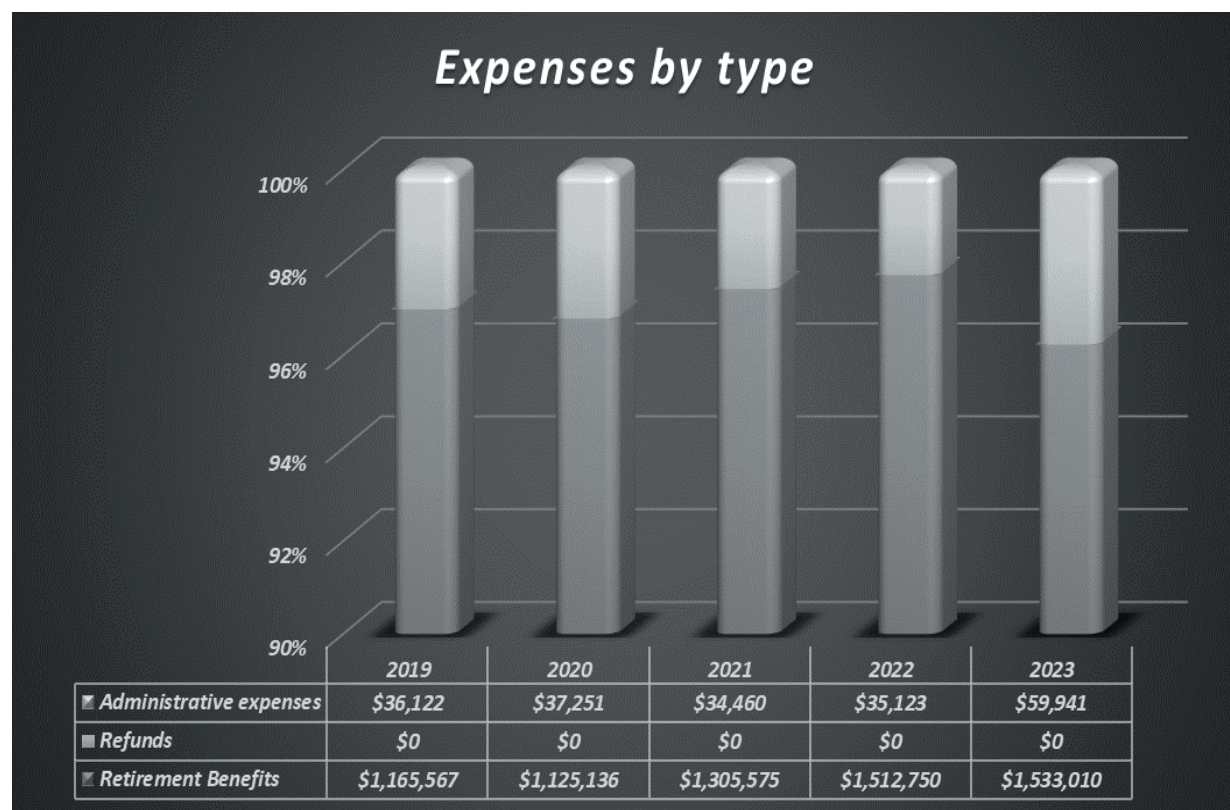


Financials

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 2023, the employer contribution remained at zero because the actuarially determined employer contribution for the fiscal year was set at \$0. Employee contributions increased by 4%; and investments produced a positive return of \$2.05 million compared to fiscal year 2022's negative return of \$2.9 million.

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 2023 was for the payment of continuing retirement benefits totaling \$1.5 million, which increased by \$0.02 million compared to fiscal year 2022. The increase was due to cost-of-living adjustments.



Investments

The primary investment objectives of EOS are to preserve the capital value of the plan assets adjusted for inflation, ensure adequate plan liquidity, and to meet and/or exceed both actuarial interest rate assumptions and investment return benchmark as determined by the Board of Trustees. It is recognized that maximizing any one objective may compromise the achievement of other objectives, for example, maximizing liquidity may reduce investment return. The objectives are thus considered and adhered to in descending order of priority.

The economy has continued to defy economist expectations of an impending recession. Interest-rate sensitive sectors (housing, autos, etc.) weighed on the economy in late 2022 and early 2023, but steadied in the last months of the fiscal year amid the stabilization in interest rates. Consumer spending, meanwhile, remained resilient, despite the Q2 slowdown as excess savings accumulated during the pandemic and a tight labor market continues to generate nominal wage growth that is well above its average level seen over the past couple of decades. In this environment, global equities rallied in 2023 on the back of stronger-than-expected economic growth and a respite from U.S. banking concerns. U.S. equities topped their international developed and emerging markets counterparts with double digit gains of 19% for the U.S. stock market and 13% for the international stocks. Fixed income markets were mixed, with investment-grade bonds in the red due to higher rates across the yield curve. Sub-investment grade debt, on the other hand, posted gains, with bank loans outperforming high-yield debt given their floating-rate characteristics. Elevated interest rates, lower transaction volume, and slowing rent growth are weighed on real estate valuations during the year, as the core real estate market posted a negative -10% return.

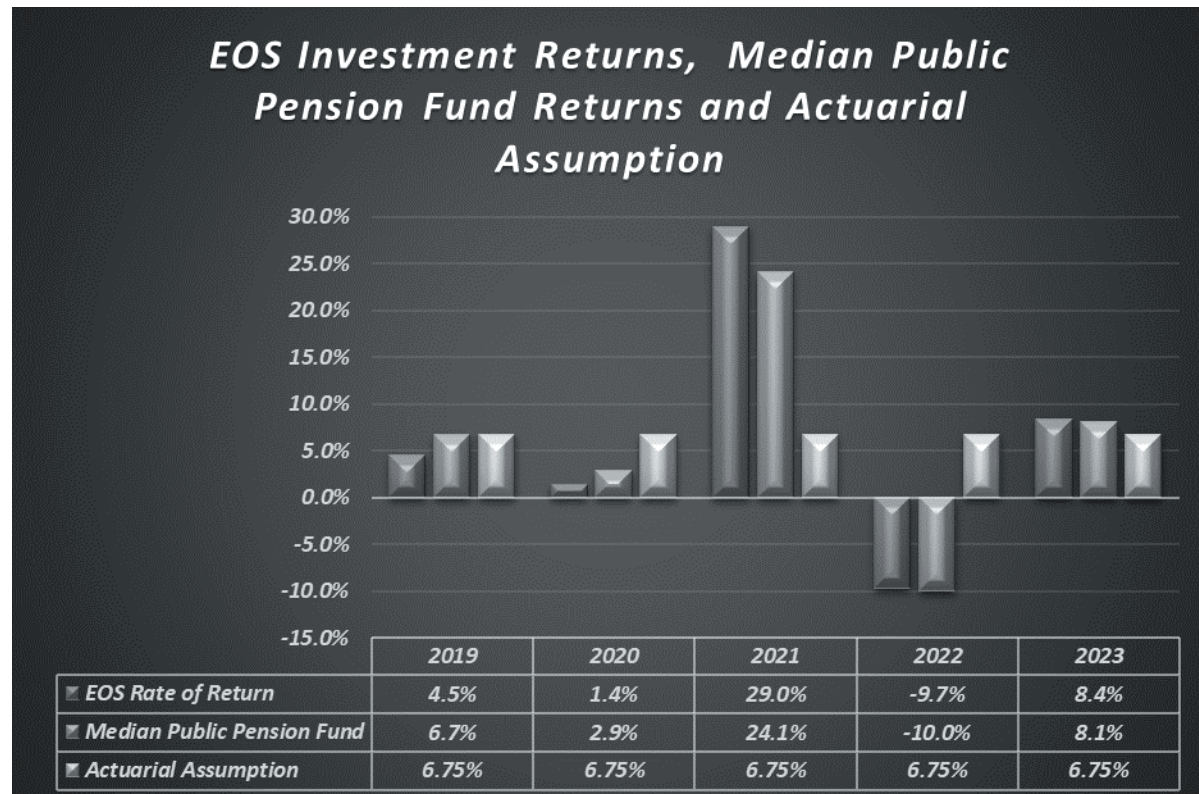
	FY 2023	3 Years	5 Years	10 Years
Total Portfolio	8.4%	8.1%	6.0%	7.4%
Median Public Pension Fund	8.1%	7.1%	6.2%	7.2%
Domestic Equities	17.6%	13.8%	9.7%	11.4%
Russell 3000	19.0%	13.9%	11.4%	12.3%
Defensive Equities	13.2%	10.6%	7.9%	-
CBOE Put Write Index	12.1%	13.6%	6.3%	7.1%
50% S&P 500/50% 91 Day T-Bill	11.9%	8.2%	7.2%	7.0%
International Equities	10.0%	5.5%	2.0%	4.9%
MSCI ACWI ex-US	13.3%	7.7%	4.0%	5.2%
Fixed Income	2.6%	-0.7%	1.9%	2.4%
Barclays Aggregate	-0.9%	-4.0%	0.8%	1.5%
Real Estate	-9.1%	8.4%	7.2%	-
NPI	-10.0%	8.0%	6.5%	8.7%

For the fiscal year ending June 30, 2023, the System posted a return of 8.4%, outperforming the policy benchmark of 8.1%. The fixed income portfolio's exposure to floating rate issues added value as the bond market was negatively impacted by rising rates.

Investments

On June 21, 2016, Ordinance 16-488 was signed into law. The Bill changed the assumed interest rate for the Plan investments from 7.25% to 7.00% for fiscal years beginning July 1, 2016, and July 1, 2017. In the fiscal year beginning on and after July 1, 2018, the assumed interest was changed 6.75%.

The EOS Plan is well positioned to achieve the investment objectives as outlined by the Board of Trustees. In the last five years, EOS outperformed both the benchmark and actuarial assumption three times (2021, 2022 and 2023) and lagged for two years (2019 and 2020).

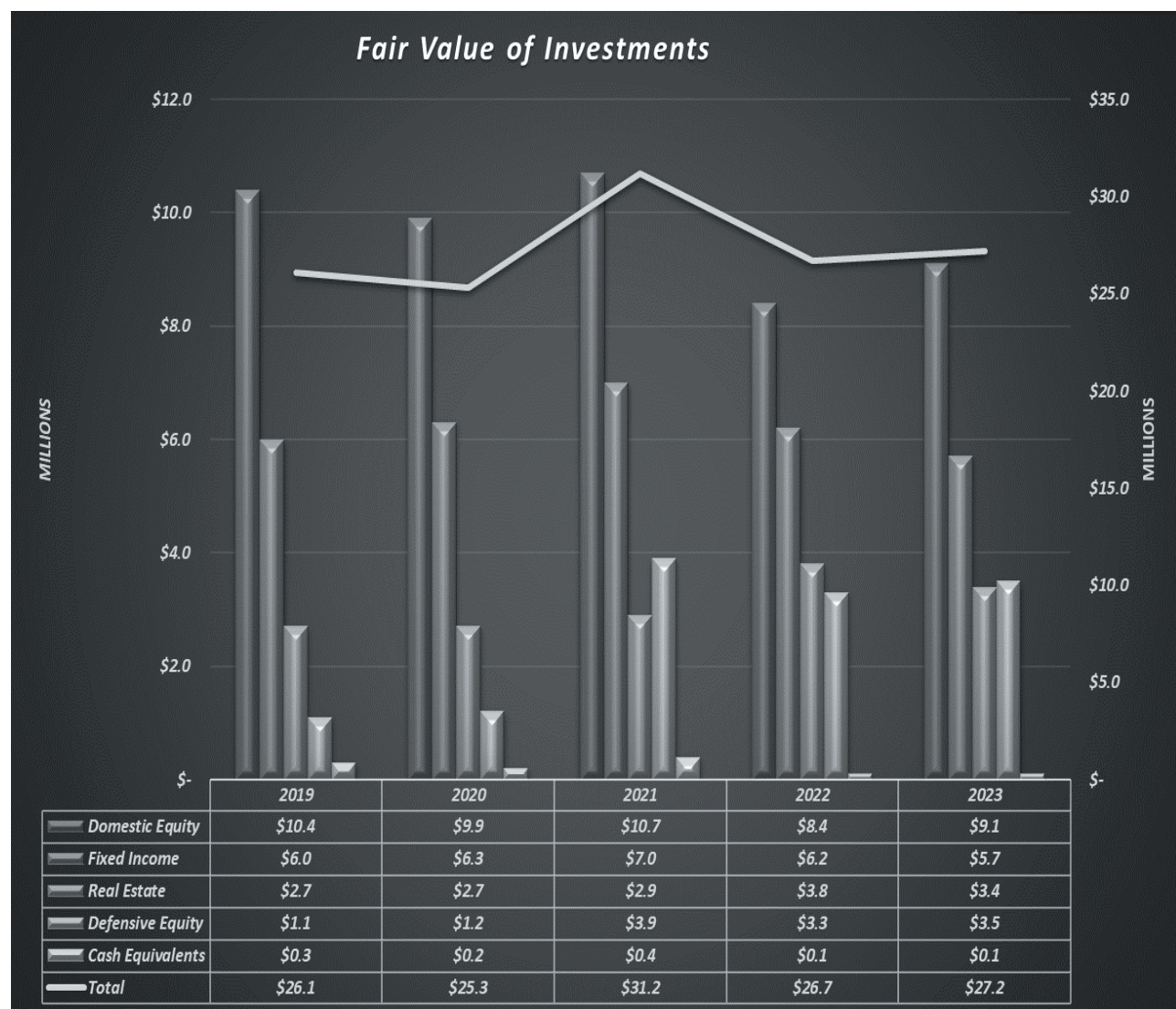
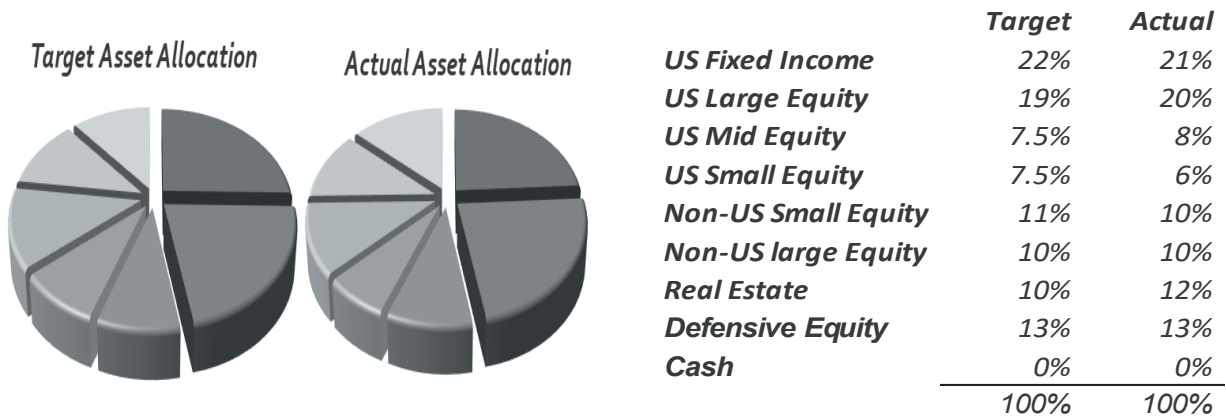


Diversification is the most important component of reaching long-range financial goals. To assist in meeting the overall objectives, the Board of Trustees approved an asset allocation guideline. The asset allocation guideline enables the plan to diversify its assets and maximize returns by investing in different areas that would each react differently to the same event.

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.

Investments

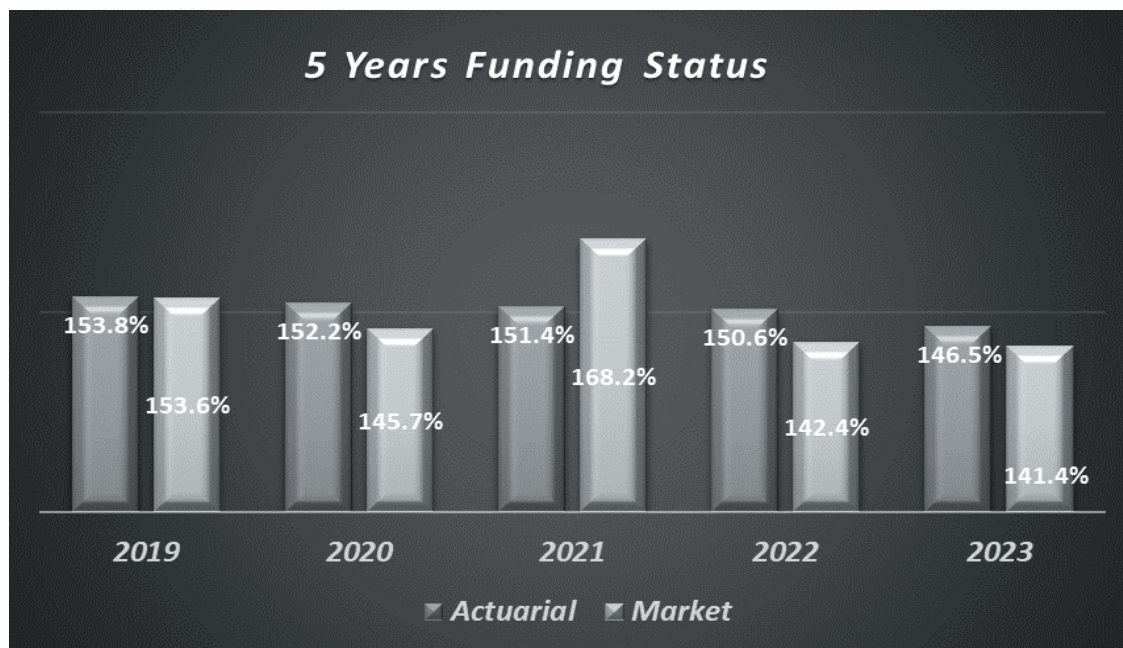
The current EOS asset allocation policy and actual allocation is as stated below.



Actuarial

The Plan's funding objective is to meet long-term benefit obligations through investment income and contributions, which spread the cost over the employees' service base. EOS' funding status is a key indicator of its financial health because it reflects the percentage of benefits due that the plan's assets can cover. Due to the relatively small membership subject to elected terms, the valuation results are expected to exhibit material volatility from year to year.

As of June 30, 2023, the funded ratio of actuarial asset value to actuarial liability decreased from 150.6% to 146.5%. There were net asset losses based on the smoothed asset value and a small experience loss in liabilities due to changes retirees living longer than expected which resulted in a decrease in funded ratio. The funded ratio based on Market Value of Assets decreased from 142.4% to 141.4%.

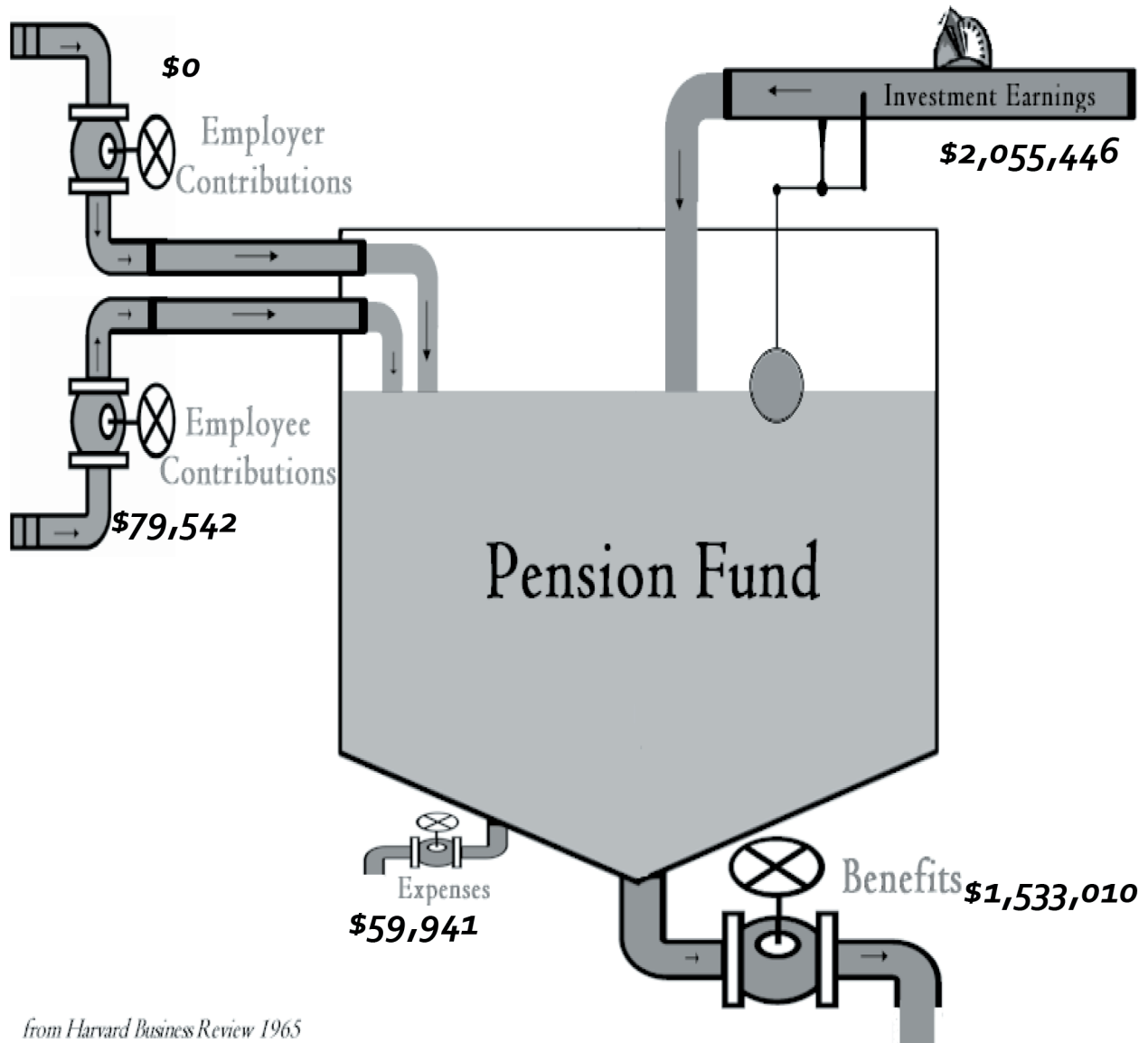


Experience study is conducted by the system every four years. The study compares actual experience to assumptions of both demographic and economic assumptions to determine whether adjustments are required. The system conducted an actuarial study at the end of fiscal year 2022, as a result, some assumptions were changed. The mortality rates assumption was changed for actives, retirees, and disabled members. The mortality assumptions remained Pub-2010(B) but the percentages were changed. The scale also changed to 2026 projection using scale MP-2021.

	2019	2020	2021	2022	2023
Total Pension Liability	\$ 17,001,212	\$ 17,382,855	\$ 18,522,088	\$ 18,780,622	\$ 19,288,125
Plan Fiduciary Net Position	26,122,264	25,329,422	31,152,419	26,736,938	27,278,975
Net Pension Assets	\$ 9,121,052	\$ 7,946,567	\$ 12,630,331	\$ 7,956,316	\$ 7,990,850

Actuarial

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Actual employer Contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,582,554	\$ 1,543,949	\$ 1,431,497	\$ 1,469,551	\$ 1,362,517
Contributions as a percentage of payroll	0.00%	0.00%	0.00%	0.00%	0.00%





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Financial Reporting

Presented to

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

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Moriel

Executive Director/CEO

CITY OF BALTIMORE
Employees' Retirement Systems

7 East Redwood Street,
11th, 12th & 13th Floor
Baltimore, MD 21202

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This Popular Annual Report (PAFR) is a summary presentation of the Elected Officials' Retirement System of the City of Baltimore's audited financial statements and other information contained in the Annual Comprehensive Financial Report (ACFR). The PAFR provides an overview of the System's financial and operating results. The complete audited financial statements and pertinent notes to the financial statements can be found in the 2023 ACFR.