



JUNE 30, 2011 ANNUAL REPORT

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND



BOARD OF TRUSTEEStrustee@gfpf.org**Captain Rita D. Smith-Cain***Chair of the Board*

Governor's Designee

Rome Fire Department

M. Dwayne Garriss

Insurance and Safety Fire

Commissioner's Designee/

State Fire Marshal

Allen A. Conger, Sr.

Ben Hill County

Volunteer Fire Department

Chief S. Chipper Gardner

Spalding County Fire

Department (Retired)

Kerry J. Cook

Decatur Fire Department

(Retired)

David C. Will

Special Assistant

Attorney General

& Board Counsel

Founding Partner:

Royal Will

James R. Meynard, CFA

Executive Director

www.gfpf.org**To the Members of the Georgia Firefighters' Pension Fund**

The Board and the staff are proud to present to you the 2011 Fiscal Year Annual Report. There were some challenges along the way, but overall, we are very pleased with the total performance of the Fund in FY 2011. The next few paragraphs will highlight some important milestones, accomplishments, issues, etc. that we observed during the year.

The Board, itself, underwent some major changes. Long-time Board members Chiefs Michael Buice and Alan Shuman, were replaced by Messrs. Kerry Cook and M. Dwayne Garriss. We should all give thanks to Chiefs Buice and Shuman for their hard work here at the Fund. And although change can sometimes be unsettling, the new Board members have hit the ground running. Mr. Cook brings valuable past pension board experience to our Fund and Mr. Garriss brings a wealth of Fire Service and Insurance knowledge to the table.

Total pension membership passed the 19,000 mark in February. We experienced slow growth in active membership (less than 1%), while the retirees receiving benefits continued to grow at a quick pace, over 5% for the year. With the aging of the Baby Boomer generation, we expect this trend to continue for quite some time.

During the year, we re-bid our Actuarial Services, and ended up choosing a new service provider. Cavanaugh Macdonald was selected because they have a large office presence here in the State of Georgia and they are focused only on Public Retirement Plans. Their service also comes at a much reduced price compared

to what we were paying, previously. We are very excited about the opportunity to work with the firm.

One serious issue that came to light during the year was that we were falling behind the curve in regards to Information Technology, both in the hardware and software areas. We will be making upgrades to our IT equipment and processes during FY 2012. This IT work will result in a more dependable and streamlined data backup process, offer a more robust and flexible reporting system for the office, as well as allow us to make some changes and enhancements to the website.

As for the Investment Portfolio, FY 2011 proved to be a success. With a 23.3% return, the Fund was able to benefit from a September to April rally in the stock market. Additionally, we are proud to announce that our Private Equity program has begun investing in Fund of Fund partnerships.

What does the future hold? The economic climate has changed quite a bit since our FY 2011 year-end. The market is ripe with uncertainties (high volatility, US debt downgrades, debt crisis in Europe, all-time low interest rates, etc.), but equity markets appear to be undervalued by historical norms. We will continue to keep the Fund well-diversified to avoid over-exposure in any one investing area (i.e. the S&P 500 and Barclay's Aggregate Fixed Income Index) and spread out some of the return risk.

It has been our honor and privilege to serve you during this past year. May God continue to bless you and keep each of you safe as you serve the people in your communities.

*Sincerely,**Board of Trustees*

Key Statistics
Members

		<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
Active:					
	Full-Time	9,689	9,569	9,544	9,124
	Volunteer	3,208	3,240	3,103	3,115
	Part-Time	43	33	26	23
	Total Active	12,940	12,842	12,673	12,262
	% Change from prior year	1%	1%	3%	2%
Inactive:					
	Total Inactive	2,243	2,204	2,053	2,051
	% Change from prior year	2%	7%	0%	10%
Retirees:					
	Total Retirees	3,951	3,750	3,507	3,298
	% Change from prior year	5%	7%	6%	7%

Total Fund Membership	19,134	18,796	18,233	17,611
% Change from prior year	2%	3%	4%	4%

Full Benefit (No Options - Age 55, 25 years service)	882	882	882	875
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Early Retirement (No Options - Age 50, 15 years service)	370	370	370	368
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Average Benefit Payment	700	699	699	690
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Financial

		<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
Market Value of Portfolio		580,140,414	479,792,257	428,044,443	607,589,675
	% Change from Prior Year	21%	12%	-30%	-7%
Portfolio Allocation:					
	Equity	61%	48%	27%	58%
	Fixed Income	37%	51%	55%	40%
	Cash	2%	1%	18%	2%
		100%	100%	100%	100%

Current Yr. Insurance Premium Tax Receipts	25,743,023	24,991,047	24,544,127	23,764,652	
	% Change from Prior Year	3%	2%	3%	5%

Member Revenues	2,589,018	2,677,434	2,470,375	2,523,676	
	% Change from Prior Year	-3%	8%	-2%	11%

Total Benefits Paid	32,603,451	30,578,723	28,699,853	26,378,357	
	% Change from Prior Year	7%	7%	9%	10%

Income Statement
Fiscal Year Ending June 30, 2011

Operating Receipts

Member Revenues	2,589,018
Current Year Insurance Premium Tax	25,743,023
Other Income	212,657
Total Operating Receipts	28,544,698

Disbursements

Benefits	32,603,451
Other Member Expenses	518,086
Total Member-Related Disbursements	33,121,537

Operating Expenses

Personnel	746,956
Travel, Training, and Development	81,081
Supplies	19,915
Printing and Postage	37,748
Utilities	24,955
Maintenance & Repairs	44,813
Fees and Contracts	85,344
Benefit Payment and Actuary Fees	86,709
Depreciation	110,223
Miscellaneous	4,564
Total Operating Expenses	1,242,308

Net Operating Income	(5,819,146)
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Investment Income

Total Realized Investment Income	32,606,827
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Investment Expenses

Custodial Services	233,003
Asset Management Fees	3,040,237
Consulting Services	112,669
Total Investment Expenses	3,385,909

Net Realized Investment Income	29,220,918
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NET OF OPERATIONS &	
REALIZED INVESTMENTS	23,401,772

Balance Sheet**June 30, 2011**

Operating Cash	162,200	
Accounts Receivable	1,999	
		<hr/>
Total Current Assets		164,200
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	549,233	
less: (accumulated depreciation)	(489,273)	
		<hr/>
Net Fixed Assets & Supplies		1,679,835
Gross Portfolio @ cost	551,038,642	
Dividend/Interest Receivable	1,616,907	
less: (net trades payable)	(12,112,830)	
		<hr/>
Net Portfolio (at cost)		540,542,720
Unrealized Investment Gains	39,071,084	39,071,084
		<hr/>
Total Assets		581,457,839
Employee Payables	33,907	
Member Payables	772,264	
Operating Accounts Payable	2,528	
Investment Payable	828,456	
		<hr/>
Total Current Liabilities		1,637,155
Surplus - Net Assets/Equity	480,757,570	
Change in Market Value	99,063,115	
		<hr/>
Total Capital		579,820,685
		<hr/>
Total Equities		581,457,839

Portfolio Allocation & Statistics

June 30, 2011

<u>Domestic Equity Managers</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Fiscal Year Return</u>	<u>Inception Date</u>
Atalanta Sosnoff	29,438,819	5.1%	20.3%	May 2008
Sawgrass Capital Management	30,153,847	5.2%	29.7%	May 2008
Cooke & Bieler	42,548,507	7.3%	30.0%	May 2004
Scott & Stringfellow	27,936,887	4.8%	29.1%	April 2010
Dimensional Fund Advisors	30,226,694	5.2%	41.0%	August 2011
Burgundy Asset Management	49,192,549	8.5%	38.9%	February 2004
SSGA	29,324,603	5.0%	-2.5%	April 2011
Energy Opportunities	34,422,354	5.9%	66.4%	September 2006
Heitman	26,735,303	4.6%	37.8%	December 2009
Total - Domestic Equity Managers	299,979,563	51.6%	35.2%	
International Equity Managers				
Artio Global	56,138,237	9.7%	25.5%	September 2009
Total - International Equity Managers	56,138,237	9.7%	25.5%	
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TOTAL COMBINED EQUITY	356,117,800	61.3%	33.7%	
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Fixed Income Managers				
Commonwealth Advisors	31,429,799	5.4%	13.5%	December 2007
ING Core Plus	46,348,103	8.0%	5.5%	October 2003
Brookfield Asset Management	40,376,569	7.1%	25.6%	May 2004
Orleans Capital	23,016,652	4.0%	5.6%	March 2009
Sage	20,078,898	3.5%	4.0%	March 2009
Victory Capital	52,170,831	9.0%	16.1%	May 2004
TOTAL FIXED INCOME	213,420,852	36.9%	12.1%	
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Total Invested in Private Equity Fund of Funds	265,000	0.0%		June 2011
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Cash (does not include \$160,069 in Operating Cash)				
State Street Money Market	10,336,763	1.8%	N/A	N/A
TOTAL CASH	10,336,763	1.8%	N/A	
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TOTAL PORTFOLIO	580,140,415	100.0%	23.3%	



GFPF MISSION STATEMENT

As a supplementary pension benefit, it is the mission of the Georgia Firefighters' Pension Fund to supplement the welfare and well being of Georgia firefighters and their surviving beneficiaries when they, the firefighters, retire from the fire service and provide prudent stewardship to the assets held in trust that support this mission.

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2171 East View Parkway
Conyers, Georgia
30013-5756

770-388-5757
678-413-4227 Fax
866-374-0788 Toll Free

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GFPF CONTACTS

Georgia Firefighters' Pension Fund

2171 East View Parkway, Conyers, GA 30013-5756

Phone: 770-388-5757 Toll Free: 866-374-0788 Fax: 678-413-4227

Office Hours: 8:00 a.m.— 5:00 p.m., Monday — Friday

James R. Meynard, CFA

Executive Director

execdir@gfpf.org

C. Morgan Wurst

Assistant Treasurer

finance@gfpf.org

Juanita Whetzel

Executive Assistant

exec.assistant@gfpf.org

Sharon Drake

Operations Manager

operations@gfpf.org

David Luther

Field Coordinator

field.coordinator@gfpf.org

Cindy Cannon

Retirement Specialist

retirement@gfpf.org

Darlene McMillan

Accountant

accounting@gfpf.org

Leanna Johnson

Membership Records Specialist

membership@gfpf.org

Paula Manning

Receptionist

pensions@gfpf.org

Andrea Brown

Administrative Assistant

admin.assistant@gfpf.org

Pat Ciancuielli

Dues & Revenue Specialist

dues@gfpf.org

www.gfpf.org

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Conyers, Georgia 30013-5756

