



# **FISCAL YEAR 2012 ANNUAL REPORT**

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND



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Retired Beneficiary

Appointed by the Governor

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**To the Members of the Georgia Firefighters' Pension Fund**

The Board of Trustees and Staff are proud to present to you the Fiscal Year 2012 Annual Report of The Georgia Firefighters' Pension Fund. Herein, you will find important membership and financial statistics, as well as the Income Statement, Balance Sheet, and Investment Portfolio Allocation and Performance Report for the fiscal year ending June 30, 2012. It is important that we provide this information to you each year that you may be aware of the status of the fund with respect to growth in membership, retirements, revenues and assets. In the following paragraphs, we will discuss some of the initiatives from the past year directed toward providing better service to you and continuing support for the fund.

The year was capped off with the appointment of three new board members, replacing the existing board member and Chair, Captain Rita Smith-Cain, Vice-Chair Allen Conger, and Chief Chipper Gardner (Ret.). All three of the board members leaving the board had served for seven or more years and we really appreciated their service. The new board members, Chief Chuck Kelley (Stone Mountain Park), Commander Tim Milligan (Marietta), and Battalion Chief Mitch Aiken (Gainesville), were effective at the June board meeting. They bring a wealth of new thinking and energy to the fund and the operation.

Through the year, we began the process of upgrading our computer systems, as previously discussed, both hardware and software. We made the decision to remain on the same platform for the present in the interest of cost and transparency to users, but it is a process of migration rather than a cutover. We will be in an "upgrade mode" for a while, spending modest amounts, rather than major amounts, of capital to stay current and responsive to the needs of our members and retirees. Much of the improvements are not visible to the members. Some improvements, such as the new website, are readily visible, overdue and welcome. The work we are doing will lend itself to continued improvements as time goes on.

In another area, we introduced an enhanced reporting system for volunteer creditable service. This system had a two-fold purpose: (1) to allow volunteers to earn "points" for service accomplished as individuals (training, station duty); and (2) to set minimum standards for attendance at fires and for training to meet the aggregate composite for the year for creditable service. This system of reporting has been very well-received where implemented. It seems to have helped departments manage their resources and encouraged volunteers to participate in ancillary activity.

In closing, we note the capital markets were not kind to us, or anyone else for that matter, in fiscal year 2012. We did garner a positive return for the year, which was about average for funds our size. The markets continued to be marked by extreme uncertainty, both here and abroad, especially in Europe. The Middle East is unsettled and damaging to the price and stability of the energy markets. That alone keeps these markets volatile. In some respects, we were happy to get out of FY 2012 with a positive return, and get on to FY 2013 and the post-election economy. Regardless of who wins, we expect a measure of uncertainty to be alleviated and an improvement in the economy to follow.

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>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
<b>Active:</b>				
Full-Time	9,664	9,689	9,569	9,544
Volunteer	3,247	3,208	3,240	3,103
Part-Time	33	43	33	26
<b>Total Active</b>	<b>12,944</b>	<b>12,940</b>	<b>12,842</b>	<b>12,673</b>
% Change from prior year	0%	1%	1%	3%
<b>Inactive:</b>				
<b>Total Inactive</b>	<b>2,308</b>	<b>2,243</b>	<b>2,204</b>	<b>2,053</b>
% Change from prior year	3%	2%	7%	0%
<b>Retirees:</b>				
<b>Total Retirees</b>	<b>4,156</b>	<b>3,951</b>	<b>3,750</b>	<b>3,507</b>
% Change from prior year	5%	5%	7%	6%
<b>Total Fund Membership</b>	<b>19,408</b>	<b>19,134</b>	<b>18,796</b>	<b>18,233</b>
% Change from prior year	1%	2%	3%	4%
Full Benefit (No Options - Age 55, 25 years service)	882	882	882	882
Early Retirement (No Options - Age 50, 15 years service)	370	370	370	370
Average Benefit Payment	702	700	699	699

### Financial

	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
<b>Market Value of Portfolio</b>	<b>571,029,394</b>	<b>580,140,414</b>	<b>479,792,257</b>	<b>428,044,443</b>
% Change from Prior Year	-2%	21%	12%	-30%
<b>Portfolio Allocation:</b>				
Equity	60%	61%	48%	27%
Fixed Income	38%	37%	51%	55%
Cash	2%	2%	1%	18%
	100%	100%	100%	100%
<b>Current Yr. Insurance Premium Tax Receipts</b>	<b>27,003,042</b>	<b>25,743,023</b>	<b>24,991,047</b>	<b>24,544,127</b>
% Change from Prior Year	5%	3%	2%	3%
<b>Member Revenues</b>	<b>2,610,260</b>	<b>2,589,018</b>	<b>2,677,434</b>	<b>2,470,375</b>
% Change from Prior Year	1%	-3%	8%	-2%
<b>Total Benefits Paid</b>	<b>34,286,808</b>	<b>32,603,451</b>	<b>30,578,723</b>	<b>28,699,853</b>
% Change from Prior Year	5%	7%	7%	9%

**Income Statement**  
**Fiscal Year Ending June 30, 2012**  
(Unaudited)

**Fund Receipts**

Member Revenue	2,610,260
Current Year Insurance Premium Tax	27,003,043
Other Income	87,480
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<b>Total Fund Receipts</b>	<b>29,700,783</b>

**Member Disbursements**

Benefits	34,286,808
Other Member Expenses	560,737
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<b>Total Member Disbursements</b>	<b>34,847,545</b>

**Fund Expenses**

Personnel	801,373
Travel, Training, and Development	60,638
Supplies	17,680
Printing and Postage	40,361
Utilities	23,696
Maintenance & Repairs	30,396
Fees and Contracts	117,162
Benefit Payment and Actuary Fees	106,981
Depreciation	101,304
Miscellaneous	9,470
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<b>Total Fund Expenses</b>	<b>1,309,060</b>

<b>Net Operating Income</b>	<hr/> <b>(6,455,823)</b> <hr/>
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**Investment Income**

Total Realized Investment Income	24,272,556
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**Investment Expenses**

Custodial Services	231,141
Asset Management Fees	2,872,750
Consulting Services	125,000
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<b>Total Investment Expenses</b>	<b>3,228,892</b>

<b>Net Realized Investment Income</b>	<hr/> <b>21,043,664</b> <hr/>
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<b>NET OF OPERATIONS &amp; REALIZED INVESTMENTS</b>	<hr/> <b>14,587,842</b> <hr/>
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## **Balance Sheet**

**June 30, 2012**

(Unaudited)

Operating Cash	555,780	
Accounts Receivable	<u>0</u>	
Total Current Assets		<u>555,780</u>
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	604,523	
less: (accumulated depreciation)	<u>(587,586)</u>	
Net Fixed Assets & Supplies		<u>1,636,814</u>
Gross Portfolio @ cost	563,518,643	
Dividend/Interest/Tax Reclaim Receivable	1,505,040	
less: (net trades payable)	<u>(10,361,938)</u>	
Net Portfolio (at cost)		<u>554,661,745</u>
Unrealized Investment Gains	16,448,709	16,448,709
<b>Total Assets</b>		<b><u>573,303,048</u></b>
Employee Payables	38,237	
Member Payables	810,360	
Operating Accounts Payable	<u>(3,274)</u>	
Investment/Actuary Fees Payable	<u>835,376</u>	
Total Current Liabilities		<u>1,680,700</u>
Surplus - Net Assets/Equity	579,768,749	
Change in Market Value	<u>(8,146,401)</u>	
Total Capital		<u>571,622,348</u>
<b>Total Net Equity</b>		<b><u>573,303,048</u></b>

## Portfolio Allocation & Statistics

June 30, 2012

<u>Domestic Equity Managers</u>	Market Value	% of Portfolio	Fiscal Year Return	Inception Date
Sawgrass Capital Management	32,862,439	5.8%	9.0%	May 2008
Cooke & Bieler	43,210,273	7.6%	1.6%	May 2004
Scott & Stringfellow	27,043,706	4.7%	-1.8%	April 2010
Dimensional Fund Advisors	29,150,887	5.1%	-3.6%	August 2010
Burgundy Asset Management	53,304,727	9.3%	8.4%	February 2004
SSGA - Russell 1000 Large Cap Growth	23,019,629	4.0%	13.0%	August 2011
SSGA - S&P Mid Cap 400	28,658,370	5.0%	-2.3%	April 2011
Energy Opportunities	25,997,072	4.6%	-24.5%	September 2006
Heitman	30,624,219	5.4%	14.5%	November 2009
<b>Total - Domestic Equity Managers</b>	<b>293,871,323</b>	<b>51.5%</b>	<b>0.5%</b>	
<b>International Equity Managers</b>				
Artio Global - Terminated in August 2012	45,609,481	8.0%	-18.8%	September 2009
<b>Total - International Equity Managers</b>	<b>45,609,481</b>	<b>8.0%</b>	<b>-18.8%</b>	
<b>TOTAL COMBINED EQUITY</b>	<b>339,480,804</b>	<b>59.5%</b>	<b>-2.5%</b>	
<b>Fixed Income Managers</b>				
Commonwealth Advisors	34,277,700	6.0%	9.5%	December 2007
ING Core Plus	49,745,156	8.7%	6.6%	October 2003
DoubleLine Capital	35,436,291	6.2%	4.7%	March 2012
Orleans Capital	25,133,296	4.4%	9.2%	March 2009
Sage	21,754,769	3.8%	8.3%	March 2009
Victory Capital	49,154,271	8.6%	-1.4%	May 2004
<b>TOTAL FIXED INCOME</b>	<b>215,501,483</b>	<b>37.7%</b>	<b>3.8%</b>	
<b>Total Invested in Private Equity Fund of Funds</b>	<b>3,499,023</b>	<b>0.6%</b>	<b>N/A</b>	June 2011
<b>Cash</b> (does not include \$555,780 in Operating Cash)				
State Street Money Market	12,548,084	2.2%	N/A	N/A
<b>TOTAL CASH</b>	<b>12,548,084</b>	<b>2.2%</b>	<b>N/A</b>	
<b>TOTAL PORTFOLIO</b>	<b>571,029,394</b>	<b>100.0%</b>	<b>0.7%</b>	





## 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.

## GFPF ANNUAL REPORT

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The GFPF ANNUAL REPORT is an official publication of the Georgia Firefighters' Pension Fund, published annually for GFPF participants and retirees. This publication shall accept no advertisement for commercial services or products.

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