

FISCAL YEAR 2022 ANNUAL REPORT

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND



To the Members of the Georgia Firefighters' Pension Fund

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The Board of Trustees and the Staff are pleased to present you with the Fiscal Year (FY) 2022 Annual Report. We hope you take the time to read this report. The document contains multiple years of statistical information on the membership of the Fund, the FY 2022 Financial Statements (unaudited) and a breakout of the Fund's Investment Portfolio as of June 30th.

Membership - Active membership remained kind of flat during FY 2022, shrinking slightly by 0.5% to 13,617. There were an additional 164 inactive members in FY2022 compared to FY2021, bringing the total number of inactive members to 3,072. The total number of retirees/beneficiaries grew by 4.5% to 6,706. This growth is in-line with what the Fund has experienced over the last 3-5 years. Our expectations are that the growth of retirees will remain in the 4-6% range over the foreseeable future.

Benefits - In FY2022 the Fund paid out to retirees and/or their beneficiaries, almost \$61.5 Million in benefits. This was an increase of over 8% over the prior year. For FY2023, the Fund projects benefit payments to its retired members and their beneficiaries, will exceed \$65 Million.

Revenue - Non-investment revenue was up during the year. Monthly dues receipts grew by 3% to \$4.5 Million. Insurance Premium Tax Receipts grew by over 7.5% to \$46.25 Million. While we do not expect that tax revenue to grow at this rate going forward, we are forecasting an increase of around 5% for FY23.

Portfolio - The investment portfolio returned negative 10.5% for the 2022 Fiscal year, which was far short of the Fund's targeted 5.75% annual rate of return. Nominally, the -10.5% return was the second worst return the Fund has experienced in over 30 years. Despite this, it could have been worse. The Fund met or exceeded its investment benchmarks. Georgia State law requires Public Pension Plans to invest, almost exclusively, in stocks and bonds.

The Domestic Stock markets (Russell 3000 Index) FY2022 return was about negative 14% while the International Equity markets (ACWI ex-U.S. Index) returned negative 19%. The inability to allocate as much to Alternative Investments (compared to other States) as we would have liked, hurt the Plan. The Fund has a small allocation (about 8%) to private equity (P.E.). These Alternative investments generated a positive return just over 28%. Even having a little bit exposure to this area was most beneficial to the overall Portfolio return.

In down-market years for equity, Pension Plans usually can rely on their fixed income allocations to provide some downside protection. Unfortunately, interest rates rose rapidly in FY2022 along with the expectation for more future rate hikes. As a result, the domestic Fixed Income markets (Bloomberg U.S. Aggregate index) returned negative 10.3%. The Fund's fixed income portfolio did a little better, generating a negative 7.1% return. Our exposure to short-term structured credit products, an allocation to TIPS and investment-grade convertible bonds helped the Fund beat its Fixed income benchmarks.

The Fund stayed true to its Investment Policy during 2022. The Board remains focused on exercising their fiduciary duties when it comes to making any decisions affecting the Fund.

Our goal here at the Pension Fund, as always, is to provide our members, retirees and their beneficiaries with excellent customer service and record-keeping, as well as safeguard the assets and invest in a most prudent manner. We thank you all for your service.



C. Morgan Wurst



Key Statistics (Unaudited)

Members

	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2019</u>
Active:				
Full-Time	10,682	10,721	10,655	10,520
Volunteer	2,842	2,894	2,920	2,964
Part-Time	93	76	67	62
Total Active	13,617	13,691	13,642	13,546
% Change from prior year	-0.5%	0.4%	0.7%	0.3%
Inactive:				
Total Inactive	3,072	2,908	2,774	2,756
% Change from prior year	5.6%	4.8%	0.7%	3.3%
Retirees:				
Total Retirees	6,706	6,420	6,153	5,827
% Change from prior year	4.5%	4.3%	5.6%	4.6%
Total Fund Membership	23,395	23,019	22,569	22,129
% Change from prior year	1.6%	2.0%	2.0%	1.8%
Full Benefit (No Options - Age 55, 25 years service)	977	949	940	931
Early Retirement (No Options - Age 50, 15 years service)	410	399	395	391
Average Benefit Payment	782	759	749	742

Financial

	<u>06/30/22</u>	<u>06/30/21</u>	<u>6/30/2020</u>	<u>06/30/2019</u>
Market Value of Portfolio	1,057,879,810	1,204,299,800	925,341,208	933,528,809
% Change from Prior Year	-12.2%	30.1%	-0.9%	4.0%
Portfolio Allocation:				
Equity (Includes Private Equity)	68%	70%	63%	66%
Fixed Income	29%	27%	33%	33%
Cash	3%	3%	4%	1%
	100%	100%	100%	100%
Current Yr. Insurance Premium Tax Receipts	46,258,216	42,971,860	40,389,155	37,887,961
% Change from Prior Year	7.6%	6.4%	6.6%	6.1%
Membership Receipts	4,154,253	4,064,666	4,142,928	4,065,670
% Change from Prior Year	2.2%	-1.9%	1.9%	1.7%
Total Benefits Paid	61,458,268	56,928,934	53,827,050	50,767,748
% Change from Prior Year	8.0%	5.8%	6.0%	7.4%
Dues & Taxes Received less Benefits Paid	(11,045,799)	(9,892,408)	(9,294,967)	(8,814,117)

Portfolio Allocation & Statistics

June 30, 2022

<u>Domestic Equity Managers</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Fiscal Year Return</u>	<u>Inception Date</u>
Cooke & Bieler	87,341,368	8.3%	-5.7%	May 2004
Loomis Large Cap Growth	45,536,201	4.3%	-24.9%	March 2020
T. Rowe Price Large Cap	41,776,480	3.9%	-27.8%	April 2020
SSgA—S&P Mid Cap 400	54,377,911	5.1%	-14.6%	April 2011
Burgundy Asset Management	81,757,525	7.7%	-4.0%	March 2004
Cornerstone Investment Partners	43,439,833	4.1%	-13.2%	January 2020
T. Rowe Price Global Natural Resources	41,861,308	4.0%	1.6%	January 2018
Heitman (REIT)	47,928,249	4.5%	-5.9%	December 2009
Total - Domestic Equity Managers	444,018,875	41.9%	-11.6%	
International Equity Managers				
Artisan International Growth	58,162,311	5.5%	-22.6%	October 2015
*Northern Trust EAFE Fund	70,774,616	6.7%	-7.4%	May 2022
*Fidelity Select Emerging Markets	31,774,304	3.0%	-19.6%	December 2021
*William Blair Emerging Markets	30,557,148	2.9%	-27.7%	January 2022
Total - International Equity Managers	191,268,379	18.1%	-24.4%	
*since inception return				
TOTAL COMBINED EQUITY	635,287,254	60.0%	-15.9%	
Fixed Income Managers				
DoubleLine Capital	98,934,533	9.4%	-6.7%	December 2007
Voya	43,102,989	4.1%	-10.1%	October 2003
Loomis Sayles	36,798,416	3.5%	-9.3%	March 2017
Sage	31,503,322	3.0%	-10.6%	March 2009
Victory Capital	63,312,292	6.0%	-4.8%	May 2004
Northern Trust 1-10 Yr TIPS Index	33,057,145	3.1%	-2.0%	April 2021
TOTAL FIXED INCOME	306,708,697	29.1%	-7.1%	
Total Invested in Private Equity Fund of Funds	85,661,925	8.1%	28.1%	June 2011
Cash				
Northern Trust Money Market	30,221,934	2.9%	1.2%	N/A
TOTAL CASH	30,221,934	2.9%	1.2%	
TOTAL PORTFOLIO	1,057,879,810	100%	-10.5%	



Income Statement

Fiscal Year Ending June 30, 2022

(Unaudited)

Fund Income

Membership Receipts	4,154,253
Other Member Income	495,472
Insurance Premium Tax (includes prior years recv'd. late)	46,258,719
Other Income	100,972
Total Fund Receipts	51,009,416

Member Expenses

Benefit Payments to Members	61,458,268
Other Member Expenses*	1,147,902

*(consists of Member Withdrawals, Volunteer Lost Credit, Member Returns and Dues in refund-available status)

Total Member Expenses	62,606,170
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Fund Expenses

Personnel	1,066,731
Travel, Training, and Development	58,115
Supplies	29,727
Printing and Postage	16,482
Utilities	30,604
Maintenance & Repairs	58,329
Fees and Contracts	215,385
Database Development (one time fee)	275,000
IT Equipment	6,959
Benefit Payment Services and Actuary Fees	129,480
Miscellaneous	12,329
Depreciation	57,084

Total Fund Expenses	1,956,225
Net Operating Income	(13,552,979)

Investment Income

Total Realized Investment Income	95,167,822
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Investment Expenses

Custodial Services	102,980
Asset Management Fees	4,890,584
Consulting Services	150,000
Total Investment Expenses	5,143,564

Net Realized Investment Income	90,024,258
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NET OF OPERATIONS & REALIZED INVESTMENTS	76,471,279
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Balance Sheet**June 30, 2022**

(Unaudited)

Operating Cash	525,234	
Accounts Receivable	<u>0</u>	
Total Current Assets		<u>525,234</u>
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	243,046	
less: (accumulated depreciation)	<u>(880,122)</u>	
Net Fixed Assets & Supplies		<u>982,800</u>
Gross Portfolio @ cost	993,729,251	
Dividend/Interest/Tax Reclaim Receivable	2,041,728	
less: (net trades payable)	<u>(5,743,989)</u>	
Net Portfolio (at cost)		<u>990,026,990</u>
Unrealized Investment Gains	67,387,111	67,387,111
Total Assets		<u>1,058,922,135</u>
Employee Payables	81,670	
Member Payables	1,904,156	
Operating Accounts Payable	3,919	
Investment/Actuary Fees Payable	<u>1,217,757</u>	
Total Current Liabilities		<u>3,207,502</u>
Surplus - Net Assets/Equity	1,202,263,485	
Change in Market Value	<u>(146,548,851)</u>	
Total Capital		<u>1,055,714,633</u>
Total Net Equity		<u>1,058,922,135</u>

GFPF ANNUAL REPORT

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*Visit us on our
website at
www.gfpf.org*



Reminder for Members and Retirees

- You must notify the Pension Fund Office of any address changes, contact information updates, department transfers and beneficiary changes. If your mail is being returned and we are unable to reach you; your membership or benefit payments may be suspended.
- If you are a retired Firefighter and drawing benefits under the Joint and Survivor option, and your spouse is deceased or you have become divorced; you must notify the Pension Fund Office to obtain the necessary forms to convert your benefits to Regular Retirement. Once the completed forms are received, processed, and approved by the Board; the conversion will go into effect the following month. Note: Conversions are not retroactive.
- All Direct Deposits are deposited on the **LAST** day of the month. If the last day of the month falls on a weekend or a holiday; the deposits will be posted the last business day prior to the end of the month. All checks are mailed approximately 4-5 days prior to the end of the month.

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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