Georgia Firefighters' Pension Fund

1955

# JUNE 30, 2009 ANNUAL REPORT

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND

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

Your Board of Trustees and Staff are pleased to present to you this Annual Report for Fiscal Year 2009. You will note, as reflected in the following pages and the appearance of this report, that we continue to grow in size and stature. Notwithstanding the condition of the capital markets and the economy, the staff continued to work hard providing good and improved service, transparency of information and the best benefits allowable with the tools and assets we have to work with. This report is reflective of that effort, summarized for the year.

It has been a successful year, by many measures. We broke through a milestone in total membership, including active, inactive and retired members, totaling over 18,000. We now have almost 13,000 active participants and over 3,500 retirees. We are pleased that the membership is growing. This is an important benefit for firefighters and the newer members of the Fire Service should be made aware of this and encouraged to join and remain members at all costs. The membership growth, though, has not been without its cost and we converted a part-time position to full-time to accommodate that growth and some of the added service.

We completed the issuance of membership ID cards and are now in the ongoing maintenance mode with this service. We feel this has been successful. Errors in reporting of administrative changes are significantly lower as are inquiries regarding member information.

Speaking of successful programs, our Field Coordinator program, coupled with the Volunteer Reporting System on the infamous "thumb drives" is truly successful. We are really getting a lot of help out to departments in the area of information relative to membership in the Pension Fund, Pension Fund requirements, record keeping and available benefits. We hosted a Symposium for Volunteer Chiefs last year and will host another to explore issues and clarify expectations. From these sessions, we have and will issue revisions to the Rules and Regulations as well as clarifying correspondence to assist departments with their individual situations regarding volunteer reporting.

We have made extensive changes to the Rules and Regulations. As of this writing, the new Rules are effective and will be available on our web site for downloading. We were slow to get these out, as we continued to find things we needed to change. We now know the protocol. With some significant legislative changes being proposed for next year, we will try to keep the Rules much more current than in the past. The legislation we have in process, (please refer to HB 546 in the Spring Newsletter for proposed legislation,) is an omnibus bill that contains several improvements to the fund "on the margin." While there are no major changes included, it is reflective of the continuing effort of the staff to look for ways to bring value to membership and that the staff is listening to the issues brought forth by the members. These will be important changes.

Financially, the Fund has weathered this year of economic malaise with results similar to other funds of like characteristics. We are and will continue to be both aggressive when appropriate and cautious when appropriate, as we best see it. Early in this crisis, we were aggressive and then became cautious. We are still cautious.

*Continued on Page 7…*TO THE MEMBERS…

# KEY STATISTICS

## MEMBERS

| | 06/30/09 | | | 06/30/08 | | | 06/30/07 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | % of Total | % Chg | Actual | % of Total | % Chg | Actual | % of Total | % Chg |
| Active | | | | | | | | | |
| Full-Time | 9,544 | 52% | 5% | 9,124 | 52% | 2% | 8,943 | 53% | 3% |
| Volunteer | 3,103 | 17% | 0% | 3,115 | 18% | 3% | 3,027 | 18% | 13% |
| Part-Time | 26 | 0% | 13% | 23 | 0% | 15% | 20 | 0% | na |
| Total Active | 12,673 | 70% | 3% | 12,262 | 70% | 2% | 11,990 | 71% | 6% |
| Inactive | 2,053 | 11% | 0% | 2,051 | 12% | 10% | 1,857 | 11% | 19% |
| Retirees | 3,507 | 19% | 6% | 3,298 | 19% | 7% | 3,085 | 18% | 7% |
| **Total Fund Membership** | **18,233** | 100% | 4% | **17,611** | 100% | 4% | **16,932** | 100% | 7% |
| **Full Benefit (No Options)** (Age 55, 25 yrs svc) | $882 | | 1% | $875 | | 3% | $849 | | na |
| **Early Retirement (No Options)** (Age 50, 15 yrs svc) | $370 | | 1% | $368 | | 3% | $357 | | na |
| **Average Benefit Payment** | **$699** | | 1% | **$690** | | 3% | **$670** | | 3% |

## FINANCIAL

| | 06/30/09 Class 1-9 | 06/30/08 Class 1-9 | 06/30/07 Class 1-9 |
|---|---|---|---|
| Market Value of Portfolio | 428,044,443 | 607,589,675 | 651,354,555 |
| % Change | -30% | -7% | 17% |
| Portfolio Allocation | | | |
| Equity | 27% | 58% | 65% |
| Convertibles | 17% | 15% | 14% |
| Fixed Income | 37% | 25% | 21% |
| Cash | 18% | 2% | 1% |
| Total | 100% | 100% | 100% |
| Curr Yr Ins Premium Tax Receipts | 24,544,127 | 23,764,652 | 22,537,822 |
| % Change | 3% | 5% | 10% |
| Member Revenues | 2,470,375 | 2,523,676 | 2,268,841 |
| % Change | -2% | 11% | 9% |
| Total Benefits Paid | 28,699,853 | 26,378,357 | 23,949,940 |
| % Change | 9% | 10% | 11% |

# INCOME STATEMENT

## FISCAL YEAR ENDING JUNE 30, 2009

| | Actual | % of Total | % Chg |
|---|---|---|---|
| **OPERATING RECEIPTS** | | | |
| Member Revenues | 2,470,375 | 9% | -2% |
| Curr Yr Ins Premium Tax | 24,544,127 | 85% | 3% |
| Other Income | 1,908,521 | 7% | 14% |
| Total Operating Receipts | 28,923,024 | 100% | 3% |
| **DISBURSEMENTS** | | | |
| Benefits | 28,699,853 | 99% | 9% |
| Other Member Expenses | 398,788 | 1% | -21% |
| Total Disbursements | 29,098,642 | 101% | 8% |
| **OPERATING EXPENSES** | | | |
| Personnel | 708,051 | 2% | 16% |
| Travel, Training, & Development | 71,668 | 0% | -1% |
| Supplies | 21,967 | 0% | 35% |
| Fees & Contracts | 70,260 | 0% | -56% |
| Printing & Postage | 57,525 | 0% | -10% |
| Prior Yr Insurance Tax Refunds | 785 | 0% | -50% |
| Benefit Payment Fees | 67,755 | 0% | 26% |
| Utilities | 29,032 | 0% | 0% |
| Maintenance & Repairs | 31,154 | 0% | 6% |
| Depreciation | 108,672 | 0% | 9% |
| Miscellaneous | 17,800 | 0% | 84% |
| Total Operating Expense | 1,184,670 | 4% | 3% |
| **NET OPERATING INCOME** | **(1,360,288)** | -5% | 1832% |
| **INVESTMENT INCOME** | | | |
| Total Realized Investment Income | (104,630,041) | -362% | -271% |
| **INVESTMENT EXPENSES** | | | |
| Custodial Services | 329,047 | 1% | 30% |
| Asset Management Fees | 2,128,931 | 7% | -38% |
| Consulting Services | 125,000 | 0% | 25% |
| Total Investment Expense | 2,582,977 | 9% | -32% |
| **NET REALIZED INVESTMENT INCOME** | **(107,213,018)** | -371% | -287% |
| **NET OF OPERATIONS & REALIZED INVESTMENTS** | **(108,573,306)** | -375%% | -289% |

# BALANCE SHEET

## JUNE 30, 2009

| | Actual | % of Total | % Chg |
|---|---|---|---|
| Operating Cash | 496,324 | 0.1% | -4% |
| Accounts Receivable | 3,959 | 0.0% | na |
| **Total Current Assets** | **500,283** | **0.1%** | **-4%** |
| Land | 84,882 | 0.0% | 0% |
| Building & Improvements | 1,669,956 | 0.3% | 5% |
| Other Gross Fixed Assets & Supplies | 370,347 | 0.1% | 12% |
| (less Accumulated Depreciation) | (325,873) | -0.1% | 45% |
| Net Fixed Assets & Supplies | 1,799,312 | 0.4% | 1% |
| Gross Portfolio (@ cost) | 514,860,047 | 101.9% | -17% |
| (less Trades Payable) | (11,840,718) | -2.3% | 57% |
| Net Portfolio (@ cost) | 503,019,329 | 99.5% | -18% |
| **Total Long-Term Assets** | **504,818,640** | **99.9%** | **-18%** |
| **TOTAL ASSETS** | **505,318,923** | **100.0%** | **-18%** |
| Employee Payables | 35,934 | 0.0% | 7% |
| Member Payables | 745,817 | 0.1% | 0% |
| Operating Accounts Payable | 1,503 | 0.0% | 2% |
| Investment Payables | 553,233 | 0.1% | -54% |
| **Total Current Liabilities** | **1,336,486** | **0.3%** | **-33%** |
| Surplus - Prior Years | 612,555,743 | 121.2% | 10% |
| Surplus - Current Year | (108,573,306) | -21.5% | -289% |
| **Total Capital** | **503,982,437** | **99.7%** | **-18%** |
| **TOTAL EQUITIES** | **505,318,923** | **100.0%** | **-18%** |

# Portfolio Allocation & Statistics

**June 30, 2009**

| Domestic Equity Managers | Market Value | % Total | Fiscal Year ROI | Incpt. Date |
|---|---|---|---|---|
| Atalanta Sosnoff | 13,330,859 | 3% | -18.9% | 5/08 |
| Sawgrass Capital Mgmt | 12,275,379 | 3% | -24.9% | 5/08 |
| Cooke & Bieler | 28,327,010 | 7% | -18.6% | 5/04 |
| Sector Capital | 20,515,964 | 5% | -31.2% | 11/05 |
| Burgundy Asset Management | 15,468,470 | 4% | -10.5% | 2/04 |
| Energy Opportunities | 25,371,281 | 6% | -53.6% | 9/06 |
| **Total Domestic Equity Managers** | **115,288,963** | **27%** | **-32.2%** | **na** |
| **Total Combined Equity** | **115,288,963** | **27%** | **-8.2%** | **na** |
| **Fixed Income Managers** | | | | |
| ING Core Plus | 59,370,738 | 14% | -7.8% | 10/03 |
| Commonwealth Advisors | 32,853,470 | 8% | -22.6% | 12/07 |
| Hyperion Capital | 25,834,349 | 6% | -39.7% | 5/04 |
| Orleans Capital | 21,296,930 | 5% | na | 3/09 |
| Sage Advisory | 20,393,811 | 5% | na | 3/09 |
| **Total Fixed Income** | **159,749,298** | **37%** | **-20.6%** | **na** |
| **Alternative Managers** | | | | |
| Victory Capital | 36,732,737 | 9% | -18.9% | 5/04 |
| Lord Abbett & Co. | 37,892,206 | 9% | -14.0% | 6/04 |
| **Total Alternatives** | **74,624,943** | **17%** | **-16.5%** | **na** |
| **Cash *** | | | | |
| State Street Money Market | 78,381,239 | 18% | na | 7/02 |
| **Total Cash** | **78,381,239** | **18%** | na | na |
| **Total Portfolio (net)** | **428,044,443** | **100%** | **-29.1%** | **7/02+** |

** does not include $496,324 in operating cash @ FYE*


## 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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We remain very well diversified and quite defensive in posture with a cache of "dry powder" (cash) for opportunistic deployment when warranted. We believe there remain serious pitfalls and uncertainty on the horizon and in the near future. We are expecting a softening of tax revenues, which are based on real estate values, which in conjunction with the diminished asset values jeopardizes our ability to grant COLA's. We do feel that the markets, both capital markets and real estate markets, will recover in time and a return to normalcy will prevail.

On a final note, our Pension Fund is all about service to firefighters. And this summer, we put the final touches on our building with a modest set of bronzes honoring the firefighters of Georgia. This was a part of the original plan to have a facility that represents the Fire Service in all respects, inside and out, and serves you, the participants.

We, the Trustees, feel very blessed to have the staff we do and for the job they have done for you in Fiscal Year 2009. We are constantly amazed at the hard work and dedication of your Pension Fund Staff, and we would encourage each of you to let them know how much you appreciate the job they do when you have the opportunity. It continues to be our honor and privilege to work with such a fine staff, and of course, to serve you during this past year. May God continue to bless and keep each of you safe as you serve the people in your communities.

**Sincerely,**
**Board of Trustees**

## 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.

# GFPF CONTACTS


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