



FISCAL YEAR 2013 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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Stone Mountain Park

Governor's Designee

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Active Member

Appointed by the Governor

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Fire Department

Active Member

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 2013 Annual Report of The Georgia Firefighters' Pension Fund. In it, 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, 2013. We feel it important to provide this information to you each year so 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 aimed at providing better service to you and continuing support for the fund.

The membership in the Fund continues to grow, which is a reflection of the recognition of the value of this benefit to the Fire Service for long term retirement planning. That planning is augmented by the numerous field visits to fire departments around our state by our field coordinators, making presentations and responding to questions regarding the benefits of membership in the fund. Our coordinators also spent considerable time introducing the new "Volunteer Reporting System," which will be incorporated in our Rules and Regulations and implemented state-wide effective January 1, 2014. To date, the system seems to be very well accepted. We hope our volunteers find it useful and effective. Eventually, we plan to incorporate that system into a web-based reporting scheme for further time and costs savings.

We did see an improvement in our tax revenues as our state economy begins to improve. At the same time, our retiree base continues to grow and with it, our retirement benefit expense grows faster than our revenues (see the "Key Statistics" on pg. 3). We are working on closing that gap. We sought and secured an increase in the membership dues, beginning July 1, 2013, (the effects of which will not be reflected in our report until next year.) We are continuing to invest in alternative assets, which will have long term benefits for the portfolio. Operationally, we reduced our clerical staff by one person as our receptionist retired and was not replaced. Finally, we replaced our investment consultant with one that features much stronger research capabilities to expand our capital market reach.

In FY2013, the capital markets were much kinder to us than they were last year, rewarding our efforts and that of our asset managers with outstanding portfolio performance. While one year does not make a trend, it is nice to see the portfolio growing.

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>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Active:				
Full-Time	9,842	9,664	9,689	9,569
Volunteer	3,210	3,247	3,208	3,240
Part-Time	21	33	43	33
Total Active	13,073	12,944	12,940	12,842
% Change from prior year	1%	0%	1%	1%
Inactive:				
Total Inactive	2,338	2,308	2,243	2,204
% Change from prior year	1%	3%	2%	7%
Retirees:				
Total Retirees	4,341	4,156	3,951	3,750
% Change from prior year	4%	5%	5%	7%
Total Fund Membership	19,752	19,408	19,134	18,796
% Change from prior year	2%	1%	2%	3%
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	701	702	700	699

Financial

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Market Value of Portfolio	654,414,546	571,029,394	580,140,414	479,792,257
% Change from Prior Year	15%	-2%	21%	12%
Portfolio Allocation:				
Equity (Includes Private Equity)	64%	60%	61%	48%
Fixed Income	35%	38%	37%	51%
Cash	1%	2%	2%	1%
	100%	100%	100%	100%
Current Yr. Insurance Premium Tax Receipts	28,404,265	27,003,042	25,743,023	24,991,047
% Change from Prior Year	5%	5%	3%	2%
Member Revenues	2,634,872	2,610,260	2,589,018	2,677,434
% Change from Prior Year	1%	1%	-3%	8%
Total Benefits Paid	35,919,081	34,286,808	32,603,451	30,578,723
% Change from Prior Year	5%	5%	7%	7%
Dues & Taxes Received less Benefits Paid	(4,879,944)	(4,673,506)	(4,271,410)	(2,910,242)
Increase in deficit over prior year	206,439	402,096	1,361,168	1,224,891

Portfolio Allocation & Statistics

June 30, 2013

<u>Domestic Equity Managers</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Fiscal Year Return</u>	<u>Inception Date</u>
Sawgrass Capital Management	36,752,360	5.6%	18.9%	May 2008
Cooke & Bieler	53,805,151	8.2%	24.2%	May 2004
Scott & Stringfellow (Sterling Capital) - terminated August 2013	33,001,488	5.0%	21.9%	April 2010
Dimensional Fund Advisors	38,785,287	5.9%	33.1%	August 2010
Burgundy Asset Management	65,855,275	10.1%	28.1%	February 2004
SSgA - Russell 1000 Large Cap Growth	26,958,537	4.1%	17.1%	August 2011
SSgA - S&P Mid Cap 400	35,916,828	5.5%	25.3%	April 2011
Energy Opportunities	32,595,829	5.0%	25.2%	September 2006
Heitman (REIT)	27,137,379	4.1%	6.2%	November 2009

Total - Domestic Equity Managers	350,808,135	53.6%	23.4%	
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International Equity Managers

SSgA - MSCI ACWI ex-US (replaced Artio)	61,169,197	9.3%	12.6%	September 2012
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Total - International Equity Managers	61,169,197	9.3%	12.6%	
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TOTAL COMBINED EQUITY	411,977,332	62.9%	21.3%	
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Fixed Income Managers

Commonwealth Portfolio - now run by DoubleLine Capital	42,673,804	6.5%	24.0%	December 2007
ING Core Plus	50,338,506	7.7%	-0.2%	October 2003
DoubleLine Capital	41,124,649	6.3%	15.6%	March 2012
Orleans Capital	25,162,136	3.8%	0.1%	March 2009
Sage	21,793,422	3.3%	0.1%	March 2009
Victory Capital	48,508,152	7.4%	14.2%	May 2004

TOTAL FIXED INCOME	229,600,669	35.1%	9.4%	
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Total Invested in Private Equity Fund of Funds

	7,363,275	1.1%	18.7%	June 2011
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Cash (does not include \$127,275 in Operating Cash)

State Street Money Market	5,473,270	0.8%	N/A	N/A
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TOTAL CASH	5,473,270	0.8%	N/A	
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TOTAL PORTFOLIO	654,414,546	100.0%	16.6%	
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Income Statement
Fiscal Year Ending June 30, 2013
(Unaudited)

Fund Receipts

Member Revenue	2,634,872
Current Year Insurance Premium Tax	28,404,265
Other Income	62,605
Total Fund Receipts	31,101,741

Member Expenses

Benefit Payments to Members	35,919,081
Other Member Expenses*	622,340
*(consists of Member Withdrawals, Volunteer Lost Credit, Member Returns and Dues in refund-available status)	
Total Member Expenses	36,541,421

Fund Expenses

Personnel	798,148
Travel, Training, and Development	56,515
Supplies	15,888
Printing and Postage	39,590
Utilities	23,731
Maintenance & Repairs	31,615
Fees and Contracts	96,120
Benefit Payment and Actuary Fees	103,450
Miscellaneous	7,566
Depreciation	197,120
Total Fund Expenses	1,369,744
Net Operating Income	(6,809,423)

Investment Income

Total Realized Investment Income	32,535,761
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Investment Expenses

Custodial Services	215,951
Asset Management Fees	2,995,913
Consulting Services	147,556
Total Investment Expenses	3,359,419

Net Realized Investment Income	29,176,342
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NET OF OPERATIONS & REALIZED INVESTMENTS	22,366,918
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Balance Sheet**June 30, 2013**

(Unaudited)

Operating Cash	127,275	
Accounts Receivable	15,799	
Total Current Assets		<u>143,074</u>
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	281,502	
less: (accumulated depreciation)	<u>(448,414)</u>	
Net Fixed Assets & Supplies		<u>1,452,965</u>
Gross Portfolio @ cost	590,992,698	
Dividend/Interest/Tax Reclaim Receivable	1,533,868	
less: (net trades payable)	<u>(15,138,298)</u>	
Net Portfolio (at cost)		<u>577,388,268</u>
Unrealized Investment Gains	77,348,324	77,348,324
Total Assets		<u>656,332,630</u>
Employee Payables	41,552	
Member Payables	852,091	
Operating Accounts Payable	2,833	
Investment/Actuary Fees Payable	<u>792,088</u>	
Total Current Liabilities		<u>1,688,563</u>
Surplus - Net Assets/Equity	571,604,343	
Change in Market Value	<u>83,039,724</u>	
Total Capital		<u>654,644,067</u>
Total Net Equity		<u>656,332,630</u>



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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