

# **FISCAL YEAR 2014 ANNUAL REPORT**

AN OFFICIAL PUBLICATION OF THE GEORGIA FIREFIGHTERS' PENSION FUND



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

### **BOARD OF TRUSTEES**

***R. L. Chuck Kelley***

(770) 498-5675

[chuck.kelley@stonemountainpark.org](mailto:chuck.kelley@stonemountainpark.org)

*Chairman of the Board  
Police and Fire Chief  
Stone Mountain Park  
Governor's Designee*

***Mitchell S. Aiken***

(770) 534-3612

[trustee@gfpf.org](mailto:trustee@gfpf.org)

*Vice-Chairman of the Board  
Battalion Chief (Retired)  
Gainesville Fire Department  
Active Member  
Appointed by the Governor*

***M. Dwayne Garriss***

(404) 656-0697

[dgarriss@sfm.ga.gov](mailto:dgarriss@sfm.ga.gov)

*State Fire Marshal  
Insurance and Safety Fire  
Commissioner's Designee*

***Timothy S. Milligan***

(770) 355-3684

[tmillig2@mariettaga.gov](mailto:tmillig2@mariettaga.gov)

*Commander  
City of Marietta  
Fire Department  
Active Member  
Appointed by the Governor*

***Kerry J. Cook***

(770) 967-3219

[trustee@gfpf.org](mailto:trustee@gfpf.org)

*Decatur Fire Department (Retired)  
Retired Beneficiary  
Appointed by the Governor*

***David C. Will, Esq.***

*Special Assistant  
Attorney General  
& Board Counsel  
Founding Partner:  
ROYAL—WILL Law Firms*

The Board of Trustees and the Staff are proud to present to you the Fiscal Year 2014 Annual Report. In it you will find important membership and financial statistics, as well as the Income Statement, Balance Sheet and Portfolio Allocation Report. We hope you will read it and find it useful.

Overall Active membership continues to grow at a relatively slow pace, increasing overall by about 1%. Retiree growth continues to be much more robust, as many of our baby boomer firefighters retire from the fire service. We ended up with 5% more retirees in the Fund at the end of the year than when we started it. As a result, annual benefit payments to retirees rose from \$35.9 Million to \$37.5 Million. We do not see this retirement growth pattern ending any time soon and look for mid-to-high single digit growth in the near to mid-term future. Next year, our actuary will perform an Experience Study on the Fund. This will provide us with more up-to-date demographic information of the members and provide more details on their behavior patterns.

On July 1<sup>st</sup>, 2013 the first monthly dues increase since 1988, went into effect (it went from \$15/month to \$25/month). The Fund experienced membership dues receipts growth of 65% because of it. This extra revenue went straight into the Fund and it will help close the gap on the unfunded portion of the Fund's Annual Required Contribution (ARC). The dues increase does not appear to have had any material impact on new members joining the Fund or existing members choosing to leave the Fund. Active membership did not deviate from its recent growth patterns. Even at \$25/month, the Pension remains an incredible value for its members.

The Fund's Insurance tax receipts were over \$30 Million in 2014. This represents 6% year over year growth. During the Financial Crisis, our tax revenues went basically flat. As the economy has slowly crept back to life, the Fund has been benefitting as insurance revenue has started to perk up. We are projecting that this will continue for at least the near to mid-term. Insurance tax receipts are the single largest source of income for the Fund, even bigger than the dividend and interest income the Investment Portfolio generates each year. Continued growth in tax receipts will be needed to get us to the point where we meet our ARC and reduce the amount of our outstanding unfunded actuarial liability to get our Funding percentage to an acceptable level. These are the two determining factors that go into determining the availability of a COLA. Our actuary, Cavanaugh Macdonald, will be completing their 2014 Actuarial Valuation on the Fund this Fall.

The portfolio performed very well during the year. Outperformance in the Fixed Income area coupled with sizeable exposure to the Small-cap equity markets led the way to an overall return of 18%. Our 3-year and 5-year performance numbers compare favorably to many of the top-performing public pension funds in the nation.

The staff will continue to strive to provide the best customer service possible to our members and retirees and invest the Fund's assets in a prudent manner.

We thank all of you all for your service.

## Key Statistics

### Members

		<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Active:					
	Full-Time	9,983	9,842	9,664	9,689
	Volunteer	3,202	3,210	3,247	3,208
	Part-Time	14	21	33	43
	Total Active	<b>13,199</b>	<b>13,073</b>	<b>12,944</b>	<b>12,940</b>
	% Change from prior year	1%	1%	0%	1%
Inactive:					
	Total Inactive	<b>2,328</b>	<b>2,338</b>	<b>2,308</b>	<b>2,243</b>
	% Change from prior year	0%	1%	3%	2%
Retirees:					
	Total Retirees	<b>4,554</b>	<b>4,341</b>	<b>4,156</b>	<b>3,951</b>
	% Change from prior year	5%	4%	5%	5%
<b>Total Fund Membership</b>		<b>20,081</b>	<b>19,752</b>	<b>19,408</b>	<b>19,134</b>
	% Change from prior year	2%	2%	1%	2%
	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	700	701	702	700

### Financial

		<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Market Value of Portfolio		<b>762,035,006</b>	<b>654,414,546</b>	<b>571,029,394</b>	<b>580,140,414</b>
	% Change from Prior Year	16%	15%	-2%	21%
Portfolio Allocation:					
	Equity (Includes Private Equity)	65%	64%	60%	61%
	Fixed Income	33%	35%	38%	37%
	Cash	2%	1%	2%	2%
		100%	100%	100%	100%
Current Yr. Insurance Premium Tax Receipts		<b>30,034,219</b>	<b>28,404,265</b>	<b>27,003,042</b>	<b>25,743,023</b>
	% Change from Prior Year	6%	5%	5%	3%
Membership Receipts		<b>3,862,103</b>	<b>2,340,047</b>	<b>2,325,706</b>	<b>2,313,732</b>
	% Change from Prior Year	65%	1%	1%	0%
Total Benefits Paid		<b>37,530,118</b>	<b>35,919,081</b>	<b>34,286,808</b>	<b>32,603,451</b>
	% Change from Prior Year	4%	5%	5%	7%
Dues & Taxes Received less Benefits Paid		<b>(3,633,796)</b>	<b>(5,174,769)</b>	<b>(4,958,060)</b>	<b>(4,546,696)</b>
Increase in deficit over prior year		<b>(1,540,973)</b>	<b>216,710</b>	<b>411,364</b>	<b>1,361,168</b>

## Portfolio Allocation & Statistics

### June 30, 2014

<u>Domestic Equity Managers</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Fiscal Year Re- turn</u>	<u>Inception Date</u>
Sawgrass Capital Management	40,028,654	5.3%	24.9%	May 2008
Cooke & Bieler	54,071,100	7.1%	21.0%	May 2004
Dimensional Fund Advisors	37,707,714	5.0%	26.0%	August 2010
Burgundy Asset Management	60,172,227	7.9%	24.5%	February 2004
SSgA - Russell 1000 Large Cap Growth	28,446,290	3.7%	26.9%	August 2011
SSgA - S&P Mid Cap 400	34,879,403	4.6%	25.2%	April 2011
Energy Opportunities	40,485,466	5.3%	24.2%	September 2006
Heitman (REIT)	39,506,110	5.2%	16.1%	November 2009
<b>Total - Domestic Equity Managers</b>	<b>335,296,965</b>	<b>44.1%</b>	<b>25.0%</b>	
<b>International Equity Managers</b>				
SSgA - MSCI ACWI ex-US (replaced Artio)	149,554,748	19.7%	22.1%	September 2012
<b>Total - International Equity Manag- ers</b>	<b>149,554,748</b>	<b>19.7%</b>	<b>22.1%</b>	
<hr/>				
<b>TOTAL COMBINED EQUITY</b>	<b>484,851,713</b>	<b>63.8%</b>	<b>23.1%</b>	
<hr/>				
<b>Fixed Income Managers</b>				
DoubleLine Capital - ABS	46,781,115	6.1%	9.6%	December 2012
Voya (former ING Core Plus)	53,053,102	7.0%	5.4%	October 2003
DoubleLine Capital - MBS	44,592,657	5.9%	8.4%	March 2012
Orleans Capital	26,828,971	3.5%	6.6%	March 2009
Sage	22,818,371	3.0%	4.7%	March 2009
Victory Capital	56,277,115	7.4%	19.0%	May 2004
<b>TOTAL FIXED INCOME</b>	<b>250,351,331</b>	<b>32.9%</b>	<b>9.7%</b>	
<hr/>				
<b>Total Invested in Private Equity Fund of Funds</b>	<b>11,326,916</b>	<b>1.5%</b>	<b>8.3%</b>	June 2011
<hr/>				
<b>Cash</b> (does not include \$44,129 in Operating Cash)				
State Street Money Market	15,505,046	2.0%	N/A	N/A
<b>TOTAL CASH</b>	<b>15,505,046</b>	<b>2.0%</b>	<b>N/A</b>	
<hr/>				
<b>TOTAL PORTFOLIO</b>	<b>762,035,006</b>	<b>100%</b>	<b>17.9%</b>	

**Income Statement**  
**Fiscal Year Ending June 30, 2014**  
(Unaudited)

**Fund Income**

Membership Receipts	3,862,103
Other Member Income	251,509
Current Year Insurance Premium Tax	30,034,219
Other Income	55,239
<b>Total Fund Receipts</b>	<b>34,203,070</b>

**Member Expenses**

Benefit Payments to Members	37,530,118
Other Member Expenses*	693,549
*(consists of Member Withdrawals, Volunteer Lost Credit, Member Returns and Dues in refund-available status)	
<b>Total Member Expenses</b>	<b>38,223,667</b>

**Fund Expenses**

Personnel	815,691
Travel, Training, and Development	42,995
Supplies	17,268
Printing and Postage	38,477
Utilities	26,297
Maintenance & Repairs	35,759
Fees and Contracts	136,521
Benefit Payment Services and Actuary Fees	121,159
Miscellaneous	8,923
Depreciation	72,394
<b>Total Fund Expenses</b>	<b>1,315,484</b>
<b>Net Operating Income</b>	<b>(5,336,081)</b>

**Investment Income**

Total Realized Investment Income	50,898,466
----------------------------------	------------

**Investment Expenses**

Custodial Services	226,311
Asset Management Fees	3,189,990
Consulting Services	130,000
<b>Total Investment Expenses</b>	<b>3,546,301</b>

<b>Net Realized Investment Income</b>	<b>47,352,165</b>
---------------------------------------	-------------------

<b>NET OF OPERATIONS &amp; REALIZED INVEST-</b>	<b>42,016,084</b>
---	-------------------

**Balance Sheet****June 30, 2014**

(Unaudited)

Operating Cash	44,129	
Accounts Receivable	2,400	
Total Current Assets		<u>46,529</u>
Land	84,882	
Building & Improvements	1,534,994	
Other Gross Fixed Assets & Supplies	242,894	
less: (accumulated depreciation)	<u>(474,362)</u>	
Net Fixed Assets & Supplies		<u>1,388,408</u>
Gross Portfolio @ cost	634,672,476	
Dividend/Interest/Tax Reclaim Receivable	1,416,830	
less: (net trades payable)	<u>(16,617,572)</u>	
Net Portfolio (at cost)		<u>619,471,734</u>
Unrealized Investment Gains	142,956,850	142,956,850
<b>Total Assets</b>		<b><u>763,863,521</u></b>
Employee Payables	43,521	
Member Payables	903,479	
Operating Accounts Payable	<u>(998)</u>	
Investment/Actuary Fees Payable	<u>774,772</u>	
Total Current Liabilities		<u>1,720,774</u>
Surplus - Net Assets/Equity	654,636,463	
Change in Market Value	<u>107,506,284</u>	
Total Capital		<u>762,142,747</u>
<b>Total Net Equity</b>		<b><u>763,863,521</u></b>

### The Pension Fund Begins.....the 1955 Governor's Signing



L TO R: Roy Parker, Max Wiggins, Howard Schaefer and Governor Marvin Griffin

#### MISSION STATEMENT

The mission of the Georgia Firefighters' Pension Fund is to provide a supplemental pension benefit to Georgia's firefighters and their beneficiaries through prudent stewardship of the assets held in trust.

#### VISION STATEMENT

The vision of the Georgia Firefighters' Pension Fund is to uphold a tradition of excellence in service, fiduciary responsibility, and accountability through a dedicated and compassionate workforce that employs progressive technology and promotes professionalism.

#### CORE VALUES

**INTEGRITY** – We will always act with honesty and integrity, not compromising the truth.

**ACCOUNTABILITY** – To the firefighters of the State of Georgia, our fund members and their families for performance, dedication, and ethical practices in the administration of the Fund.

**PROFESSIONALISM** – We will always conduct ourselves in a professional manner, demonstrated by our speech, actions and compassion.

**SERVICE** – We will always ensure excellent customer service in a courteous manner.

**STEWARDSHIP** – As stewards of the Georgia Firefighters' Pension Fund, we will strive to enhance and increase the value of the fund for current members and for generations to come.

## GFPF ANNUAL REPORT

2171 East View Parkway  
Conyers, Georgia  
30013-5756

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

© 2014, GFPF



*Visit us on our  
website at  
[www.gfpf.org](http://www.gfpf.org)*

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

### 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

**C. Morgan Wurst**  
Executive Director  
[morgan@gfpf.org](mailto:morgan@gfpf.org)

**Renee Smith**  
Executive Assistant  
[renee@gfpf.org](mailto:renee@gfpf.org)

**Tracy Wells**  
Assistant Treasurer  
[tracy@gfpf.org](mailto:tracy@gfpf.org)

**David W. Luther**  
Director—Member Services  
[luther@gfpf.org](mailto:luther@gfpf.org)

**Sharon H. Drake**  
Operations Manager  
[sharon@gfpf.org](mailto:sharon@gfpf.org)

**Cindy Cannon**  
Retirement Specialist  
[cindy@gfpf.org](mailto:cindy@gfpf.org)

**Darlene McMillan**  
Accountant  
[darlene@gfpf.org](mailto:darlene@gfpf.org)

**P. Heath McGuire**  
Field Coordinator  
[heath@gfpf.org](mailto:heath@gfpf.org)

**Leanna Johnson**  
Membership Records Specialist  
[leanna@gfpf.org](mailto:leanna@gfpf.org)

**Andrea Brown**  
Receptionist  
[andrea@gfpf.org](mailto:andrea@gfpf.org)

**Pat Ciancuielli**  
Dues & Revenue Specialist  
[pat@gfpf.org](mailto:pat@gfpf.org)

[www.gfpf.org](http://www.gfpf.org)

ANNUAL REPORT



Georgia Firefighters' Pension Fund  
2171 East View Parkway  
Conyers, Georgia 30013-5756