

Georgia Firefighters' Pension Fund

Financial Statements

Fiscal Year Ended June 30, 2025

(With Independent Auditor's Report Thereon)



Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

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Introductory Section

Board of Trustees

as of June 30, 2025

Cody C. Whitlock
Chief Financial Officer,
Georgia Department of Community Health
Governor's Designee

M. Dwayne Garriss
Georgia State Fire Marshal, (Ret.)
Chairman of the Board
Insurance Commissioner's Designee

David J. Bullard
Columbia County Fire Rescue Lieutenant
Vice Chairman of the Board
Appointed by the Governor

Timothy S. Milligan
Marietta Fire Department Fire Chief
Appointed by the Governor

Don T. Floyd
Covington Fire Department Fire Chief, (Ret.)
Appointed by the Governor

Letter of Transmittal

September 8, 2025

Georgia Firefighters' Pension Fund
2171 Eastview Parkway
Conyers, GA 30013

I am pleased to present the Annual Financial Statements of the Georgia Firefighters' Pension Fund (the Pension Fund) for the fiscal year ended June 30, 2025. The management of the Pension Fund is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. It is to the best of our knowledge and belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the Pension Fund.

History and Overview

The Pension Fund was created in 1955 by an act of the Georgia Legislature (the Act) for the purpose of paying retirement benefits to firefighters of the State of Georgia who qualify under the Act. A summary of the Pension Fund's provisions is provided on pages 18-20 of this report.

The Pension Fund is governed by a five-member Board of Trustees which appoints the Executive Director who is responsible for the administration and operations of the Pension Fund, which serves 25,585 active, inactive and retired members, and a total of 432 employers.

Summary of Financial Information

The management of the Pension Fund is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the evaluation of the cost and benefits requires estimates and judgments by management.

Even though there are inherent limitations in any system of internal control, the management of the Pension Fund makes every effort to ensure that through systematic reporting and internal reviews, error or fraud will be quickly detected and corrected.

Please refer to the Management's Discussion and Analysis beginning on page 10 of this report for an overview of the financial status of the Pension Fund, including a summary of the Pension Fund's Fiduciary Net Position, Changes in Fiduciary Net Position, and Asset Allocations.

Letter of Transmittal (continued)

The Pension Fund continues to invest in a mix of high-quality bonds, stocks and private equity which allows the Pension Fund to participate in rising markets while controlling the downside risks. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time. For fiscal year 2025, the investments of the Pension Fund generated a time-weighted rate of return of 11.7%. For further information on the Pension Fund's investments, please refer to the Management's Discussion and Analysis beginning on page 10 and the Investment Program section on pages 22-28 of this report.

The Pension Fund's funding policy objectives include for employer and nonemployer contributions to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the Pension Fund will strive to maintain a stable or increasing funded ratio.

The annual actuarial valuations providing the measures to assess funding progress for the Pension Fund utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. Included in these assumptions is the Pension Fund's long-term annual investment rate of return assumption.

The Pension Fund continues its conservative view by utilizing a long-term annual investment rate of return assumption of 5.75% net of investment expenses.

The funded ratio, a relationship of actuarial value of assets to actuarial accrued liabilities, is a useful indicator of the funded status of a retirement system. The Pension Fund continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. The ratio was 86.7% for the fiscal year ended June 30, 2025.

Initiatives

Enhancements in Information Technology and Trustee/Staff education remain important Pension Fund priorities. Enhancements to the Pension Fund's member database and member portal were successfully completed during the fiscal year. The Pension Fund continues to enhance its cyber security platform, mitigating the risks associated with cyber-attacks.

The Board of Trustees and several staff members received education from the Georgia Association of Public Pension Trustees in the areas of laws applicable to public retirement systems, fiduciary duties, ethics, governance, investments, audit and actuarial principles.

Other Information

INDEPENDENT AUDIT – The Pension Fund's financial statements are audited annually by the Georgia Department of Audits and Accounts. The independent auditors' report on the statement of fiduciary net position and the related statement of changes in fiduciary net position is included in the Financial Section of this report.

ACKNOWLEDGMENTS – This report reflects the combined effort of our staff under the Board's leadership. Copies of this report, along with other plan information, may be downloaded from the Pension Fund's website.

Letter of Transmittal (continued)

I would like to express my gratitude to the Board of Trustees for their leadership and support, and to our membership for their dedication to serve their communities. My sincere thanks are also extended to the offices of the Governor, Lieutenant Governor, members of the House and Senate Retirement Committees and their staff, and to the many people who have worked so diligently to ensure the Pension Fund has accomplished its mission over the years.

Respectfully submitted,

A handwritten signature in black ink, reading "C. Morgan Wurst". The signature is written in a cursive, flowing style.

C. Morgan Wurst, Executive Director
Georgia Firefighters' Pension Fund

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.

Financial Section



Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Trustees of the Georgia Firefighters' Pension Fund
and
Mr. C. Morgan Wurst, Executive Director

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Georgia Firefighters' Pension Fund (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

June 5, 2026

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Management's Discussion and Analysis (Unaudited)

June 30, 2025

This section provides a discussion and analysis of the financial performance of the Georgia Firefighters' Pension Fund (the Pension Fund) for the year ended June 30, 2025. The discussion and analysis of the Pension Fund's financial performance is within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The following highlights are discussed in more detail later in this analysis:

- The net position of the Pension Fund increased by \$139.7 million, or 11.1%, from \$1.26 billion at June 30, 2024 to \$1.4 billion at June 30, 2025. All asset classes held in the portfolio experienced positive gains.
- Membership - Active membership increased by 4% to 14,533 members during fiscal year 2025. The total number of retirees/beneficiaries grew by 2.4% to 7,448. This growth is slightly lower than what the Pension Fund has experienced over the last 15 years. The number of inactive members decreased by 2% to 3,117. Members who are vested but not yet drawing benefits increased by 5.9% from 460 in fiscal year 2024 to 487 in fiscal year 2025.
- Benefits – In fiscal year 2025 the Pension Fund paid retirees and beneficiaries over \$71.7 million in benefits, representing a 5.4% increase over the prior year.
- Revenue – Contributions from members for dues receipts increased by 2.7% to \$4.3 million. Insurance Premium Tax Receipts (nonemployer revenue) increased by 10.4% to \$64 million. Our expectations are that insurance premium tax revenue will continue to grow, but at a lower growth rate than 2025.

Overview of the Financial Statements

The basic financial statements include (1) the statement of fiduciary net position, (2) the statement of changes in fiduciary net position, and (3) notes to the financial statements. The Pension Fund also includes in this report additional information to supplement the financial statements.

The Pension Fund prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). These statements provide information about the Pension Fund's overall financial status.

In addition, the Pension Fund presents four required supplementary schedules, which provide historical trend information. These schedules are presented from the perspective of the Pension Fund as the plan and include (1) a schedule of changes in employer's and nonemployer's net pension liability; (2) a schedule of employer's and nonemployer's net pension liability; (3) a schedule of employer and nonemployer contributions; and (4) a schedule of investment returns.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Management's Discussion and Analysis (Unaudited)

The Statement of Fiduciary Net Position

The *Statement of Fiduciary Net Position* presents information that includes the Pension Fund's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the balance reported as and representing the Net Position Restricted for Pensions. The statement is presented on page 16.

The Statement of Changes in Fiduciary Net Position

The *Statement of Changes in Fiduciary Net Position* reports how the Pension Fund's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions and investment income, which includes the net increase in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses. The statement is presented on page 17.

Notes to the Financial Statements are presented to provide the information necessary for a full understanding of the financial statements. The notes to the financial statements begin on page 18.

Required Supplementary Information

A brief explanation of the four required schedules found beginning on page 33 of this report follows:

Schedule of Employers' and Nonemployers' Net Pension Liability and Related Ratios: This schedule presents historical trend information for the last ten consecutive fiscal years about the components of the net pension liability as of the fiscal year end and the fiduciary net position as a percentage of the total pension liability as of that date.

Schedule of Changes in Employers' and Nonemployers' Net Pension Liability: This schedule presents historical trend information for the last ten consecutive fiscal years about the total net pension liability and is measured as total pension liability less the amount of the fiduciary net position.

Schedule of Employer and Nonemployer Contributions: This schedule presents historical trend information for the last ten consecutive fiscal years about the actuarially determined contributions of employer and nonemployers and the contributions made in relation to the requirement.

Schedule of Investment Returns: This schedule presents historical trend information for the last ten consecutive years about the annual money-weighted rate of return on plan investments, net of plan investment expense.

Notes to Required Supplementary Information are presented to provide the information necessary for a full understanding of the supplementary schedules. The notes to required supplementary information begin on page 38.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Pension Fund

A summary of the Pension Fund's net position at June 30, 2025 and 2024 is as follows:

Summary of Net Position	June 30, 2025	June 30, 2024	Amount Change	Percentage change
Assets				
Cash and cash equivalents	\$ 83,437,493	\$ 100,590,932	\$ (17,153,439)	-17.1%
Receivables and due from brokers	8,211,575	4,183,771	4,027,804	96.3%
Investments	1,316,532,705	1,158,988,109	157,544,596	13.6%
Capital assets, net	749,454	821,452	(71,998)	-8.8%
Other assets	113,972	113,972	-	0.0%
Total Assets	1,409,045,199	1,264,698,236	144,346,963	11.4%
Liabilities				
Accounts payable and other accruals	3,341,878	3,429,637	(87,759)	-2.6%
Due to brokers	8,862,189	4,148,056	4,714,133	113.6%
Compensated absences payable	80,719	76,919	3,800	4.9%
Total Liabilities	12,284,786	7,654,612	4,630,174	60.5%
Net Position	\$ 1,396,760,413	\$ 1,257,043,624	\$ 139,716,789	11.1%

The following table presents the investment allocation at June 30, 2025 and 2024:

Investment Allocation	2025	2024
Asset allocation at June 30 (in percentages):		
Equities:		
Domestic	27.13%	29.86%
International	1.41%	1.07%
Private Equity	8.60%	9.05%
Commingled funds - equity	31.87%	30.50%
Real estate investment trusts	0.49%	0.68%
Domestic obligations:		
U.S. Treasury obligations	4.51%	4.67%
Corporate and other bonds	21.86%	22.27%
Commingled funds - fixed income	4.09%	1.88%
Other International obligations	0.05%	0.02%
Asset allocation at June 30:		
Equities:		
Domestic	\$ 357,115,858	\$ 346,068,005
International	18,549,474	12,449,180
Private Equity	113,168,503	104,890,923
Commingled funds - equity	419,613,892	353,539,126
Real estate investment trusts	6,488,764	7,929,019
Domestic obligations:		
U.S. Treasury obligations	59,294,955	54,018,746
Corporate and other bonds	287,840,236	258,068,175
Commingled funds - fixed income	53,782,362	21,822,591
Other International obligations	678,661	202,344
Total	\$ 1,316,532,705	\$ 1,158,988,109

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Management's Discussion and Analysis (Unaudited)

The total investment portfolio at June 30, 2025 increased \$157.5 million, or 13.6%, from June 30, 2024, which is due to positive equity and bond market returns.

Investment performance is calculated using a time-weighted rate of return using the Daily Valuation Method. The time-weighted rate of return in fiscal year 2025 was 11.7%, with a 15.6% return for equities, a 3.7% return on private equity, and a 7.6% return on fixed income. The five-year annualized rate of return at June 30, 2025 was 10.1% with a 13.6% return on equities, a 15.5% return on private equity, and a 3.2% return on fixed income.

A money-weighted rate of return is weighted by the amount of dollars in the fund at the beginning and end of the performance period. A money-weighted rate of return is highly influenced by the timing of cash flows into and out of the fund and is a better measure of an entity or person who controls the cash flows into or out of the fund. The nondiscretionary cash flows for the Pension Fund, primarily contributions and benefit payments, have a considerable impact on the money-weighted returns of the portfolio. The money-weighted rate of return for the fiscal year ended June 30, 2025 was 11.8%, compared to 11.4% for the fiscal year ended June 30, 2024.

A summary of the changes in the Pension Fund's net position for the years ended June 30, 2025 and 2024 is as follows:

Changes in net position	2025	2024	Amount change	Percentage change
Additions:				
Nonemployer contributions	\$ 63,941,068	\$ 57,923,870	\$ 6,017,198	10.4%
Member contributions	4,292,174	4,181,166	111,008	2.7%
Other fees	817,875	830,530	(12,655)	-1.5%
Net investment income	145,389,089	122,605,385	22,783,704	18.6%
Total additions	214,440,206	185,540,951	28,899,255	15.6%
Deductions:				
Benefit payments	71,733,960	68,052,068	3,681,892	5.4%
Refunds of member contributions	1,167,131	1,503,861	(336,730)	-22.4%
Administrative expenses, net	1,822,326	1,822,714	(388)	0.0%
Total deductions	74,723,417	71,378,643	3,344,774	4.7%
Net (decrease) increase in net position	\$ 139,716,789	\$ 114,162,308	\$ 25,554,481	22.4%

Additions

The Pension Fund accumulates resources needed to fund benefits through contributions and investment returns. Member contributions were higher with an increase of \$111 thousand, or 2.7%, with active membership growth of 4%. Nonemployer contributions from insurance premium tax revenue increased by 10.4% to \$64 million. The nonemployer contributions are based on actual insurance coverage written in the State of Georgia. Several economic factors impact the contributions received included housing costs, new construction, and increases (decreases) in insurance cost to the consumer. The change in net investment income was primarily due to equity and bond market gains in 2025.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Management's Discussion and Analysis (Unaudited)

Deductions

Deductions increased \$3.3 million, or 4.7%, in 2025, primarily because of the \$3.7 million, or 5.4% increase in benefit payments. Pension benefit payments increased due to an increase in the number of retirees and beneficiaries receiving benefit payments from 7,273 in fiscal year 2024 to 7,448 in fiscal year 2025, and a cost of living adjustment granted in July 2024 and January 2025.

Requests for Information

This financial report is designed to provide a general overview of the Pension Fund's finances for all those with interest in the Pension Fund's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Georgia Firefighters' Pension Fund, 2171 Eastview Parkway, Conyers, GA 30013.

Basic Financial Statements

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Statement of Fiduciary Net Position
June 30, 2025

Assets:			
Cash and cash equivalents		\$	83,437,493
Receivables:			
Interest and dividends	\$	3,279,498	
Due from brokers for securities sold		<u>4,932,077</u>	
Total receivables			8,211,575
Investments - at fair value:			
Obligations:			
Municipal bond		119,492	
U.S. Treasury obligations		59,294,955	
U.S. Agency obligations:			
U. S. government explicitly guaranteed		2,069,156	
U. S. government implicitly guaranteed		40,076,801	
Corporate bonds/notes/debentures:			
Domestic		165,443,471	
Other international debt		678,661	
Commingled funds - fixed income		53,782,362	
Asset-backed securities			
Domestic		10,044,685	
Mortgage investments			
Domestic		<u>70,086,631</u>	\$ 401,596,214
Equities:			
Commingled funds - equity		419,613,892	
Stocks:			
Domestic		357,115,858	
International		18,549,474	
Real estate investment trusts		6,488,764	
Private equity		<u>113,168,503</u>	<u>914,936,491</u>
Total investments			1,316,532,705
Capital assets, net			749,454
Other assets			<u>113,972</u>
Total assets			<u>1,409,045,199</u>
Liabilities:			
Accounts payable and other accruals			3,341,878
Due to brokers for securities purchased			8,862,189
Compensated absences payable			<u>80,719</u>
Total liabilities			<u>12,284,786</u>
Net position restricted for pensions		\$	<u><u>1,396,760,413</u></u>

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Statement of Changes in Fiduciary Net Position
Year ended June 30, 2025

Additions:

Contributions:

Nonemployer	\$	63,941,068
Members		4,292,174
Other fees		817,875

Net investment income:

Net increase in fair value of investments	\$	125,961,193	
Interest, dividends, and other		23,734,528	
Miscellaneous investment income		352,327	
Less investment expense		(4,658,959)	145,389,089

Total additions		<u>214,440,206</u>
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Deductions:

Benefit payments	71,733,960
Refunds of member contributions	1,167,131
Administrative expenses, net	<u>1,822,326</u>

Total deductions		<u>74,723,417</u>
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Net change in net position		139,716,789
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Net position restricted for pensions:

Beginning of year		<u>1,257,043,624</u>
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End of year		<u><u>\$ 1,396,760,413</u></u>
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Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Notes to the Financial Statements
June 30, 2025

(1) Plan Description

The Georgia Firefighters' Pension Fund (the Pension Fund) was created in 1955 by an act of the Georgia Legislature (the Act) for the purpose of paying retirement benefits to firefighters of the State of Georgia who qualify under the Act. The Pension Fund administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The Board of Trustees of the Pension Fund is comprised of five members and consists of the Governor or his designee, the Commissioner of Insurance or his designee, two active members of the Pension Fund appointed by the Governor and one retired beneficiary of the Pension Fund appointed by the Governor. The Board of Trustees is ultimately responsible for the administration of the Pension Fund.

(a) Eligibility and Membership

Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia, or any regular employee of the Pension Fund is eligible for membership.

As of June 30, 2025, participation in the Pension Fund is as follows:

Member Type	Count
Retired members and beneficiaries currently receiving benefits including members receiving disability benefits	7,448
Terminated members not yet receiving benefits, vested	487
Inactive members, non-vested	3,117
Active plan members	14,533
Total	<u>25,585</u>

(b) Participating Employers and Other Contributing Entities

At June 30, 2025, the active members of the Pension Fund were employed by 430 employers. The Pension Fund had one nonemployer contributing entity, the State of Georgia.

(c) Retirement Benefits

The Pension Fund provides retirement as well as disability and death benefits. Benefit provisions and vesting requirements are established by statute and may be amended only by the General Assembly of Georgia. A member is eligible to receive retirement benefits at age 55 provided the member has 25 years of service. A member is eligible to receive a pro rata share of benefits, at the latter of age 55 or at the member's termination as a firefighter or volunteer firefighter, after at least 15 years of service (amount received to be the maximum benefit amount times a ratio of years of service to 25 years). At age 50, a member may elect to receive a percentage of benefits to which the member would have been eligible to receive at age 55. Members may not receive benefits while they are still an employee of a fire department or of the Pension Fund. Members may receive benefits and continue service as a volunteer firefighter as long as they receive no form of compensation for their volunteer department activity.

Georgia Firefighters' Pension Fund
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The maximum retirement benefit at June 30, 2025 is \$1,027 per month for the life of the member. The Board of Trustees is authorized to provide for ad hoc cost-of-living adjustments (COLAs) effective as of January 1 and July 1 of each year up to 1½% of the maximum retirement benefit then in effect. Members retiring after July 1, 1984 with service in excess of 25 years are entitled to an additional 1% of the maximum benefit in effect at the time of retirement for each additional full year of service. Members retiring after July 1, 2002 with service in excess of 25 years are entitled to an additional 2% of the maximum benefit in effect at the time of retirement for each additional full year of service.

Members may elect, as an alternate to the benefit described above, to receive either:

- the joint and survivor option, which is an actuarially reduced benefit payable during the joint lifetime of the member and the member's spouse, continuing after the death of the member through the lifetime of the spouse, or
- the ten years' certain and life option, which is a reduced benefit during the member's lifetime. In the event of the members' death within 10 years of retirement, the same monthly benefits continue to be paid to the member's selected beneficiary for the balance of the 10 year period.

(d) Disability Benefits

Subject to the approval of the Board of Trustees, any firefighter or volunteer firefighter, who was an active member, and became totally and permanently disabled, applied for disability benefits, and was awarded such benefits prior to July 1, 1993 is entitled to a monthly disability benefit. The disability would need to have resulted from injuries suffered while performing duties of the position to which he was regularly assigned or was rendered, by heart disease or respiratory disease, totally and permanently disabled and as a result of such physical disability, was separated from his work as a firefighter or appointment as a volunteer firefighter.

(e) Death Benefits

- In the event of the death of an active member of the Pension Fund who has not commenced receiving any benefits, the designated beneficiary of such deceased member is entitled to be paid the amount of \$10,000.
- In the event of the death of an active member of the Pension Fund who has commenced receiving benefits, but who has not received total benefits in the amount of \$10,000; the designated beneficiary of such deceased member is entitled to receive the difference between \$10,000 and the amount of benefits received by such deceased member.
- In the event of the death of a member with 15 years of service, prior to commencing benefits, the spouse or beneficiary of the member is entitled to the retirement benefit elected to have been received by the member in accordance with the terms above.

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(f) Termination

In the event a member terminates prior to receiving retirement benefits, 95% of the member's contribution will be returned. No interest is paid upon amounts so withdrawn.

(g) Contributions

The Pension Fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia.

Member Contributions: Member contribution requirements are set forth in O.C.G.A. §47-7-60 and are not actuarially determined. Each member must contribute \$25 per month, to be paid no later than the tenth day of each month.

Nonemployer Contributions: In accordance with O.C.G.A. §47-7-61, the State of Georgia has imposed an insurance premium tax of 1% on the gross premiums for fire, lightning, or extended coverage, inland marine or allied lines, and windstorm insurance policies covering property within Georgia. Insurance companies remit the insurance premium taxes due directly to the Pension Fund. These insurance premium taxes are considered to be made by the State of Georgia as the nonemployer contributing entity.

In accordance with O.C.G.A. §47-20-10, the insurance premiums tax is considered employer contributions for the purpose of determining whether the Pension Fund has met minimum funding requirements. This statute also prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of June 30, 2025, calculated the minimum employer contribution for the fiscal year ended June 30, 2025, as \$40,500,558. The insurance premium tax revenue of \$63,941,068 for the fiscal year ended June 30, 2025, meets the minimum required fund contribution.

(h) Administrative Expenses

Administrative expenses are generally paid from current member dues and insurance premium taxes. Investment earnings may be utilized to pay any expenses in excess of contributions.

(2) Summary of Significant Accounting Policies and Plan Asset Matters

(a) Basis of Accounting

The Pension Fund's financial statements are prepared on the accrual basis of accounting, except for nonemployer contributions which are recognized upon receipt. Any accrual of these nonemployer contributions would be immaterial to the Pension Fund's financial statements. Contributions from members are recognized as additions in the period in which the members provide services. Retirement benefit and refund payments are recognized as deductions when due and payable.

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(b) Reporting Entity

The Pension Fund is a component unit of the State of Georgia; however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Pension Fund has considered potential component units under GASB Statements No. 61, *The Financial Reporting Entity's Omnibus – an amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the Pension Fund.

(c) Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash on hand, cash in banks, cash on deposit with the investment custodian earning a credit to offset fees, and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

(d) Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Alternative investments are reported at net asset value, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

The Pension Fund utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Pension Fund's policy regarding the allocation of invested assets is established and may be amended by the Pension Fund's Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The Pension Fund's asset allocation policy is shown below in the following table.

Asset class	Target allocation
Domestic fixed income	19.5% - 49.5%
Domestic equities	10.5% - 40.5%
International equities	10.5% - 30.5%
Private Markets	0.0% - 15.0%
Private Real Estate	0.0% - 10.0%
Other	5% - 15%
Total	100%

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The Pension Fund has no investments in any one organization, other than those issued by the U.S. government, and its instrumentalities, that represent 5% or more of the Pension Fund's net position restricted for pensions.

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of all investment management expenses and additional plan investment related expenses, was 11.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

(f) New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to eliminate potential comparability issues between governments that offer different leave types and enhance the relevance and reliability of the liability for compensated absences. The Pension Fund evaluated its applicable compensated absences and deemed them immaterial for reporting purposes.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. There are no applicable reporting requirements for the Pension Fund related to this Statement for this fiscal year; however, annually the Pension Fund will evaluate risks due to concentrations or constraints and apply the requirements under Statement No. 102.

(3) Investment Program

The Pension Fund maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the investment policy of the Pension Fund. All investments are held by agent custodial banks in the name of the Pension Fund. State statutes and the Pension Fund's investment policy authorize the Pension Fund to invest in a variety of short-term and long-term securities.

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(a) Cash and Cash Equivalents

The Pension Fund has cash on hand of \$320 at June 30, 2025.

The carrying amount of the Pension Fund's deposits totaled \$388,770 at June 30, 2025, with actual bank balances of \$465,923. \$250,000 of the Pension Fund's cash balances are insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government with any remaining amount being insured through the Georgia Secured Deposit Program.

The carrying amount of the Pension Fund's cash balances maintained within an investment account is \$326,541, which is also the investment account's balance. This balance includes \$83,801 of various foreign currencies that are not collateralized.

Short-term highly liquid financial securities are authorized in the investment policy of the Pension Fund in a short-term investment fund. This investment is classified as a cash equivalent on the Pension Fund's Statement of Fiduciary Net Position. At June 30, 2025, the Pension Fund held \$82,721,862 in a short-term investment fund.

(b) Investments

Fixed income investments are maintained in "pooled investments, U.S. Treasury obligations, obligations issued by agencies of the U.S. Government, obligations issued by municipalities, domestic investment-grade corporate bonds, asset-backed securities, and mortgage-related securities.

Equity investments are maintained in "pooled investments", domestic equities, both developed and emerging market international equities, and real estate investment trusts.

Equity securities are also authorized by the Public Retirement System Investment Authority Law for investment as a complement to the Pension Fund's fixed income portfolio and as a long-term inflation hedge. By statute, no more than 75% of the total invested assets on a historical cost basis may be placed in equities. The equity portfolio is managed by the Pension Fund in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the investment policy of the Pension Fund. Equity trades are approved and executed by the independent advisors. Common stocks eligible for investment must meet the General Investment Policies and Guidelines of the Pension Fund's investment policy.

Alternative investments are authorized (in statute) to provide portfolio diversification and to enhance the risk-adjusted rate of return for the retirement fund that benefits the members of the Pension Fund. By statute, the allocation to alternative investments shall not, in the aggregate, exceed 20% of the Pension Fund's plan assets at any time. At June 30, 2025, the Pension Fund held private equity investments of approximately \$113 million.

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Fair Value Measurements: The Pension Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Valuations based on unadjusted quoted prices for identical instruments in active markets;

Level 2: Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Pension Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each investment.

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The following table shows the fair value leveling of the Pension Fund's investments.

Investments by fair value level	Fair Value Measures Using:			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents:				
Short-term investment fund	\$ 82,721,862	-	82,721,862	-
Debt securities:				
Municipal bonds	\$ 119,492	-	119,492	-
U.S. Treasury obligations	59,294,955	-	59,294,955	-
U.S. Agency obligations	42,145,957	-	42,145,957	-
Corporate debt				
Domestic	165,443,471	-	165,443,471	-
Other international debt	678,661	-	678,661	-
Commingled funds	53,782,362	-	53,782,362	-
Asset-backed securities				
Domestic	10,044,685	-	10,044,685	-
Mortgage-backed securities				
Domestic	70,086,631	-	70,086,631	-
Total debt securities	401,596,214	-	401,596,214	-
Equities:				
Commingled funds	419,613,892	419,613,892	-	-
Stocks				
Domestic	357,115,858	357,115,858	-	-
International	18,549,474	18,549,474	-	-
Real estate investment trusts	6,488,764	6,488,764	-	-
Total equity securities	801,767,988	801,767,988	-	-
Total investments by fair value level	1,203,364,202	801,767,988	401,596,214	-
Investments measured at NAV				
Private equity fund of funds	113,168,503			
Total investments	\$ 1,316,532,705			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a third-party pricing evaluation services.

Commingled funds classified in Level 1 are valued using prices quoted in active markets for those investment types. Commingled funds classified in Level 2 are valued using observable underlying inputs that are market corroborated.

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The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments Measured at the NAV (or its equivalent)	Fair Value		Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Notice Period
Private Equity Fund of Funds	\$	113,168,503	\$ 73,165,014	Illiquid	N/A

Private Equity Fund of Funds includes investment in private equity funds that invest in a portfolio of other private equity funds. These investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. These investments are valued by using the most recently calculated NAV provided by the General Partner, as of June 30. The values of the partnership investments provided from the general partner are reviewed by the Pension Fund to determine if adjustments are necessary. The types of partnership strategies currently held include buyout, growth equity, credit-focused, venture capital and global secondary investments. These investments are considered illiquid since the nature of these investments prohibits redemptions throughout the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds. The Pension Fund currently has no plans to sell any of the investments prior to their liquidation resulting in these assets being carried at the NAV estimated by the general partner.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pension Fund does not have a formal policy for managing interest rate risk. The following table provides information about the Pension Fund's interest rate risk:

Fixed income investment type	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Short-term investment fund	\$ 82,721,862	82,721,862	-	-	-	-
Municipal bonds	119,492	-	-	-	-	119,492
U. S. Treasury obligations	59,294,955	-	-	23,674,192	18,908,349	16,712,414
U. S. Agency obligations	42,145,957	-	194,880	2,513,863	305,327	39,131,887
Corporate						
Domestic	165,443,471	283,574	23,612,041	84,097,823	40,475,500	16,974,533
Other international debt	678,661	-	-	206,002	264,199	208,460
Commingled funds fixed income	53,782,362	-	-	53,782,362	-	-
Asset-backed securities						
Domestic	10,044,685	-	-	2,503,094	2,180,043	5,361,548
Mortgage investments						
Domestic	70,086,631	-	-	1,331,508	1,265,583	67,489,540
Total fixed income investments	\$ 484,318,076	83,005,436	23,806,921	168,108,844	63,399,001	145,997,874

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Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. At June 30, 2025, the Pension Fund did not have any debt investments in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, which represented greater than 5% of total investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Pension Fund's currency risk exposures, or exchange rate risks, primarily reside within the Pension Fund's international cash and equity investment holdings. The Pension Fund's Board-adopted foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate.

The following table provides information about the Pension Fund's foreign currency risk exposure in U.S. Dollars as of June 30, 2025:

International investment securities at fair value as of June 30, 2025

Currency		Equities		Fixed Income		Cash		Total
AUD	Australian Dollar	\$	1,137,721	\$	-	\$	6	\$ 1,137,727
GBP	British Pound		3,478,375		-		32,700	3,511,075
CAD	Canadian Dollar		5,546,982		-		15,837	5,562,819
EUR	Euro		6,807,190		-		27,284	6,834,474
JPY	Japanese Yen		770,453		-		7,969	778,422
MXN	Mexican Peso		-		-		1	1
NOK	Norwegian Krone		142,900		-		1	142,901
SEK	Swedish Krona		-		-		1	1
CHF	Swiss Franc		665,853		-		2	665,855
Total holdings subject to foreign currency risk		\$	18,549,474	\$	-	\$	83,801	\$ 18,633,275

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Pension Fund. State law limits investments to investment grade securities. The Pension Fund's investment policy requires purchases of fixed income securities to be rated **BBB** or higher at the time of purchase by a nationally recognized rating organization. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

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The following table presents the quality ratings of investments in fixed income securities at June 30, 2025, has been prepared using Standard & Poor's Corporation rating scales:

Quality Ratings of Fixed Income Investments
Held at June 30, 2025

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Unrated
Cash and cash equivalents subject to credit risk:												
Short-term investment fund	\$ 82,721,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,721,862
Debt securities subject to credit risk:												
Municipal bonds	119,492	-	-	119,492	-	-	-	-	-	-	-	-
US Agency obligations - Implicitly guaranteed	40,076,801	-	-	-	768,045	-	-	-	-	-	-	39,308,756
Corporate debt												
Domestic	165,443,471	214,632	1,808,333	42,771,950	106,212,094	7,710,704	-	-	-	-	-	6,725,758
Other international debt	678,661	-	470,201	-	208,460	-	-	-	-	-	-	-
Asset-backed securities												
Domestic	10,044,685	4,527,043	724,754	736,410	551,558	134,679	3,756	19,632	138,609	-	181,958	3,026,286
Mortgage investments												
Domestic	70,086,631	29,061,416	13,129,371	918,521	2,614,754	26,057	1,033,731	28,688	170,662	-	-	23,103,431
Total debt securities subject to credit risk	286,449,741	\$ 33,803,091	\$ 16,132,659	\$ 44,546,373	\$ 110,354,911	\$ 7,871,440	\$ 1,037,487	\$ 48,320	\$ 309,271	\$ -	\$ 181,958	\$ 72,164,231
Debt securities not subject to credit risk												
U.S. Treasury obligations	59,294,955											
U.S. Agency obligations explicitly guaranteed	2,069,156											
Commingled Fund 1-20 year TIPS Index	28,396,433											
Commingled Fund 1-10 year Intmd Gov't Index	25,385,929											
Total debt securities	\$ 401,596,214											

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Notes to the Financial Statements
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(4) Securities Lending Program

State statutes permit the Pension Fund to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The Pension Fund is presently involved in a securities lending program with major brokerage firms. The Pension Fund lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan the Pension Fund continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of cash (U.S.), securities issued or guaranteed by the United States government or its agencies or instrumentalities, and such other collateral as the parties may agree to in writing from time to time. The collateral value must be equal to at least 102% to 105% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled \$93,801,030 at June 30, 2025. The collateral value was equal to 102.16% of the loaned securities' value at June 30, 2025. The Pension Fund's lending collateral was held in the Pension Fund's name by the custodian.

Loaned securities are included in the accompanying statement of fiduciary net position since the Pension Fund maintains ownership. The related collateral securities are not recorded as assets on the Pension Fund's statement of fiduciary net position and a corresponding liability is not recorded, since the Pension Fund is deemed not to have the ability to pledge or trade the collateral securities. The Pension Fund is deemed not to have the ability to pledge or sell the collateral securities, since the Pension Fund's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the Pension Fund has not previously demonstrated that ability, and there are no indications of the Pension Fund's ability to pledge or sell the collateral securities.

(5) Net Pension Liability of Employers and Nonemployers

The components of the net pension liability of the participating employers and nonemployers at June 30, 2025, were as follows:

Component	Amount
Total pension liability	\$ 1,897,062,210
Plan fiduciary net position	<u>1,396,760,413</u>
Employers' and nonemployers' net pension liability	<u>\$ 500,301,797</u>
Plan fiduciary net position as a percentage of the total pension liability	73.63%

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Actuarial assumptions: The total pension liability was determined based on an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement date of June 30, 2025:

Inflation	2.50%
Salary increases	N/A
Investment rate of return	5.75%, net of pension plan investment expense, including inflation
Cost-of-Living Adjustment	1.50% annual increase in the monthly benefit per year of credited service for GASB reporting only

Mortality rates, projected generationally with the MP-2021 Scale, are as follows:

<u>Participant Type</u>	<u>Base Mortality Table</u>
Actives	PubS.H-2010 Employee, Below Median
Service Retirements	PubS.H-2010 Healthy Retiree, Below Median
Disability Retirements	PubS.H-2010 Disabled Retiree
Beneficiaries	PubS.H-2010 Contingent Survivor, Below Median

Eighty percent of active members are assumed to be married with the male three years older than his spouse. The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the six-year period ending June 30, 2021 dated September 7, 2022. The actuarial assumptions used in the June 30, 2025 valuation was based on the current provisions of the Fund and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund. The long-term assumed investment rate of return of 5.75% and the assumed annual rate of inflation of 2.50% were recommended by the actuary and adopted by the Board.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, and then combined by weighting them by the target asset allocation percentages.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic Fixed Income	34.50%	5.28%
Large cap equities	18.00%	7.12%
Small/mid cap equities	9.50%	7.21%
International unhedged equities	13.00%	6.68%
Emerging international equities	7.50%	9.05%
Private equity	7.50%	10.50%
Real estate investment trust	5.00%	7.08%
Real assets (liquid)	5.00%	7.45%
Total	<u>100.00%</u>	

*Rates shown are net of inflation

Discount rate: The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that nonemployer contributing entity contributions will remain at the level contributed the previous fiscal year. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected cash flows: The projection of cash flows used to determine the discount rate assumed that plan member contributions and nonemployer contributing entity contributions will be made at the current contribution rates. These rates are shown in the following table:

Calendar Year	Monthly Employee Dues	Estimated nonemployer contributing entity annual contribution
2026 and thereafter	\$25	\$63.9 million

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2128.

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Sensitivity analysis: The following table presents the net pension liability of the employers and nonemployers, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current discount rate (5.75%)	1% Increase (6.75%)
Employers' and nonemployers' net pension liability	<u>\$ 796,953,431</u>	<u>\$ 500,301,797</u>	<u>\$ 261,714,779</u>

Actuarial valuation date: The total pension liability is based on the actuarial assumptions and methods used in the June 30, 2025 actuarial valuation of the plan.

(6) Subsequent Event

During the fiscal year under review, the Board of Trustees approved a 1.5% cost-of-living adjustment to the benefit terms effective July 1, 2025.

Subsequent to the fiscal year under review, the Board of Trustees approved a 1.5% cost-of-living adjustment to the benefit terms effective January 1, 2026.

Required Supplementary Information (Unaudited)

Georgia Firefighters' Pension Fund
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Required Supplementary Information
Schedule of Employers' and Nonemployers' Net Pension Liability
For the year ended June 30
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 1,897,062,210	\$ 1,456,890,167	\$ 1,403,377,671	\$ 1,357,734,521	\$ 1,242,368,882	\$ 1,144,364,448	\$ 1,103,481,927	\$ 1,065,924,289	\$ 1,007,204,835	\$ 970,155,843
Plan fiduciary net position	1,396,760,413	1,257,043,624	1,142,881,316	1,055,714,633	1,202,263,485	924,905,112	934,350,220	894,870,607	843,413,792	766,677,306
Employers' and nonemployers' net pension liability	<u>\$ 500,301,797</u>	<u>\$ 199,846,543</u>	<u>\$ 260,496,355</u>	<u>\$ 302,019,888</u>	<u>\$ 40,105,397</u>	<u>\$ 219,459,336</u>	<u>\$ 169,131,707</u>	<u>\$ 171,053,682</u>	<u>\$ 163,791,043</u>	<u>\$ 203,478,537</u>
Plan fiduciary net position as a percentage of the total pension liability	73.63%	86.28%	81.44%	77.76%	96.77%	80.82%	84.67%	83.95%	83.74%	79.03%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to required supplementary information.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Required Supplementary Information
Schedule of Changes in Employers' and Nonemployers' Net Pension Liability
For the year ended June 30
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 23,399,951	\$ 22,515,497	\$ 22,093,927	\$ 22,816,747	\$ 20,963,485	\$ 20,559,903	\$ 20,380,511	\$ 19,713,340	\$ 19,556,923	\$ 19,397,345
Interest	81,675,278	78,694,483	76,161,259	69,639,156	66,927,299	64,564,962	62,399,872	58,986,013	56,846,696	54,163,727
Benefit changes	44,075,503	21,538,955	13,959,206	31,675,866	29,203,495	11,106,585	10,794,592	20,552,907	9,980,125	14,200,990
Differences between expected and actual experience	(1,149,576)	319,490	(189,473)	(6,085,508)	2,108,798	(550,480)	(4,164,503)	7,676,425	(3,912,946)	771,150
Changes of assumptions	365,071,978	-	-	59,825,633	36,620,279	-	-	-	-	-
Benefit payments	(71,733,960)	(68,052,068)	(65,054,493)	(61,358,353)	(56,855,974)	(53,786,095)	(50,704,288)	(47,255,725)	(44,301,102)	(41,561,617)
Refunds of member contributions	(1,167,131)	(1,503,861)	(1,327,276)	(1,147,902)	(962,948)	(1,012,354)	(1,148,546)	(953,506)	(1,120,704)	(650,679)
Net change in total pension liability	440,172,043	53,512,496	45,643,150	115,365,639	98,004,434	40,882,521	37,557,638	58,719,454	37,048,992	46,320,916
Total pension liability - beginning	1,456,890,167	1,403,377,671	1,357,734,521	1,242,368,882	1,144,364,448	1,103,481,927	1,065,924,289	1,007,204,835	970,155,843	923,834,927
Total pension liability - ending (a)	1,897,062,210	1,456,890,167	1,403,377,671	1,357,734,521	1,242,368,882	1,144,364,448	1,103,481,927	1,065,924,289	1,007,204,835	970,155,843
Plan fiduciary net position:										
Contributions - nonemployer	63,941,068	57,923,870	51,886,594	46,258,719	43,267,802	40,575,020	37,901,849	35,715,254	34,152,048	32,683,880
Contributions - member	5,104,558	5,007,073	4,838,223	4,649,725	4,534,916	4,507,929	4,453,092	4,359,344	4,288,737	4,246,631
Net investment income	145,389,089	122,605,384	98,644,560	(132,995,872)	288,941,209	2,488,601	50,486,963	61,075,718	85,058,108	5,972,056
Miscellaneous	5,491	4,624	642	1,057	1,690	209	-	-	40	16,576
Benefit payments	(71,733,960)	(68,052,068)	(65,054,493)	(61,358,353)	(56,855,974)	(53,786,095)	(50,704,288)	(47,255,725)	(44,301,102)	(41,561,617)
Administrative expense	(1,822,326)	(1,822,714)	(1,821,567)	(1,956,226)	(1,568,322)	(2,218,418)	(1,509,457)	(1,484,270)	(1,340,641)	(1,362,490)
Refunds of member contributions	(1,167,131)	(1,503,861)	(1,327,276)	(1,147,902)	(962,948)	(1,012,354)	(1,148,546)	(953,506)	(1,120,704)	(650,679)
Net change in plan fiduciary net position	139,716,789	114,162,308	87,166,683	(146,548,852)	277,358,373	(9,445,108)	39,479,613	51,456,815	76,736,486	(655,643)
Plan fiduciary net position - beginning	1,257,043,624	1,142,881,316	1,055,714,633	1,202,263,485	924,905,112	934,350,220	894,870,607	843,413,792	766,677,306	767,332,949
Plan fiduciary net position - ending (b)	1,396,760,413	1,257,043,624	1,142,881,316	1,055,714,633	1,202,263,485	924,905,112	934,350,220	894,870,607	843,413,792	766,677,306
Net pension liability (asset) - ending (a) - (b)	\$ 500,301,797	\$ 199,846,543	\$ 260,496,355	\$ 302,019,888	\$ 40,105,397	\$ 219,459,336	\$ 169,131,707	\$ 171,053,682	\$ 163,791,043	\$ 203,478,537

See accompanying notes to required supplementary information.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Required Supplementary Information
Schedule of Employer and Nonemployer Contributions
For the year ended June 30
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer and nonemployer contribution	\$ 40,500,558	\$ 40,677,853	\$ 40,342,307	\$ 33,922,653	\$ 31,677,364	\$ 29,915,586	\$ 29,732,350	\$ 28,190,699	\$ 28,987,131	\$ 28,030,287
Contributions in relation to the actuarially determined contribution	63,941,068	57,923,870	51,886,594	46,258,719	43,267,802	40,575,020	37,901,849	35,715,254	34,152,048	32,683,880
Contribution deficiency (excess)	\$ (23,440,510)	\$ (17,246,017)	\$ (11,544,287)	\$ (12,336,066)	\$ (11,590,438)	\$ (10,659,434)	\$ (8,169,499)	\$ (7,524,555)	\$ (5,164,917)	\$ (4,653,593)
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying notes to required supplementary information.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Required Supplementary Information

Schedule of Investment Returns

For the year ended June 30

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	11.80%	11.40%	9.60%	(10.84)%	32.04%	(0.20)%	5.11%	7.76%	11.10%	0.96%

See accompanying notes to required supplementary information.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Notes to the Required Supplementary Information
June 30, 2025
(Unaudited)

(1) Schedule of Employers' and Nonemployers' Net Pension Liability

The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Pension Fund.

(2) Schedule of Changes in Employers' and Nonemployers' Net Pension Liability

Net pension liability which is measured as the total pension liability less the amount of the fiduciary net position is presented in this schedule. This trend information will be accumulated to display a ten year presentation.

(3) Schedule of Employer and Nonemployer Contributions

The required employer and nonemployer contributions and percentage of those contributions actually made are presented in the schedule.

(4) Schedule of Investment Returns

The schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten year presentation.

(5) Actuarial Methods and Assumptions

Changes of benefit terms:

- In 2019, a one-time 1% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2019.
- In 2020, a one-time 1% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2020.
- In 2021, one-time 1% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective January 1, 2021 and an additional 1.5% COLA was granted effective July 1, 2021.
- In 2022, one-time 1.5% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective January 1, 2022 and an additional 1.0% COLA was granted effective July 1, 2022.
- In 2023, a one-time 1% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2023.
- In 2024, a one-time 1.5% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2024.
- In 2025, a one-time 1.5% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective January 1, 2025 and an additional 1.5% COLA was granted effective July 1, 2025.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Notes to Required Supplementary Information
June 30, 2025
(Unaudited)

Changes of assumptions: In fiscal year 2025, the following changes were made:

- An assumption for annual 1.50% increases in the monthly benefit per year of credited service for all members for GASB reporting only was implemented.

Changes of assumptions: On July 1, 2022, the following changes were made:

- The assumed rate of inflation was lowered from 2.75% to 2.50%.
- Rate of withdrawal and retirement were adjusted to reflect actual experience more closely.
- Rates of mortality were adjusted during the most recent experience study to use the Pub-2010 Public Safety mortality tables with generational projection of future mortality improvements using scale MP-2021.

Changes of assumptions: On July 1, 2021, the following changes were made:

- The assumed investment rate of return was lowered from 6.0% to 5.75%.

Changes of assumptions and methods: In 2015 the following changes were made:

- The assumed investment rate of return was lowered from 6.5% to 6.0%.
- The assumed rate of inflation was lowered from 3.0% to 2.75%.
- Rates of withdrawal and retirement were adjusted to more closely reflect actual experience.
- Rates of mortality were adjusted during the most recent experience study. Pre-retirement mortality rates were changed to the RP 2000 employee mortality table projected to 2025 with projection scale BB set forward 1 year for males and 4 years for females. Post-retirement mortality rates were changed to the RP 2000 blue collar mortality table projected to 2025 with projection scale BB set forward 5 years for males and 3 years for females, however there are no longer any disability benefits included in the plan. Post-disability mortality rates were changed to the RP 2000 disabled mortality table projected to 2025 with projection scale BB.

In 2022, a funding policy was adopted to reflect changes of methods and assumptions which were made effective July 1, 2022.

In 2013, a funding policy was adopted that changes the amortization period of the unfunded actuarial accrued liability from 15 to 30 years.

Georgia Firefighters' Pension Fund
(A Component Unit of the State of Georgia)

Notes to Required Supplementary Information
June 30, 2025
(Unaudited)

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the Schedule of Employer and Nonemployer Contributions are calculated as of the June 30th prior to the fiscal year end in which contributions are reported. The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in that schedule:

Valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21.3 years
Asset valuation method	5-year smoothed market with 15% corridor
Inflation rate	2.50%
Salary increases	N/A
Investment rate of return	5.75%, net of pension plan investment expense, and including inflation

Compliance and Internal Control Report Section



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Trustees of the Georgia Firefighters' Pension Fund
and
Mr. C. Morgan Wurst, Executive Director

We have audited the financial statements of the Georgia Firefighters' Pension Fund (Fund), a component unit of the State of Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated [Publish Date]. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

June 5, 2026