CITY OF MACON, GEORGIA

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2013

Megan McMahon

Director of Finance

CITY OF MACON, GEORGIA

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

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CITY OF MACON, GEORGIA

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council of Macon
Macon, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Macon, Georgia** (the "City"), as of and for the six months ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Macon, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Macon-Bibb County Transit Authority which represent 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Macon-Bibb County Transit Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2013. Our opinion is not modified with respect to this matter.

As also discussed in Note 1, the voters of the City of Macon, Georgia and Bibb County, Georgia approved Act 625 which created and incorporated a new consolidated government under the name Macon-Bibb County. The consolidation becomes effective January 1, 2014. As such, this financial report for the six months ending December 31, 2013 serves as the final financial report of the City of Macon, Georgia.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress and Schedule of Employer Contributions (on pages 72 and 73) be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

The City has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Macon, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and are also not a required part of the basic financial statements.

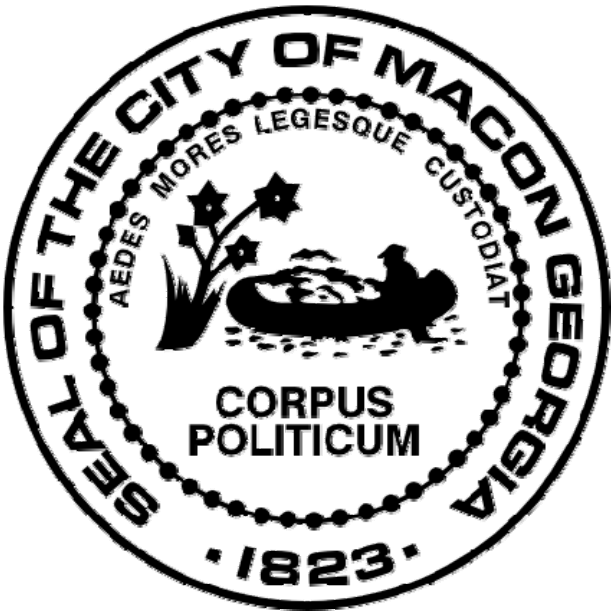
The combining and individual nonmajor fund financial statements and schedule of expenditures of special purpose local option sales tax proceeds (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the City'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 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 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 City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 20, 2014



BASIC FINANCIAL STATEMENTS

CITY OF MACON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit Macon-Bibb County Transit Authority
Cash and cash equivalents	$ 26,256,572	$ 1,549,251	$ 27,805,823	$ 155,051
Investments	3,038,884	-	3,038,884	-
Taxes receivable	3,809,151	-	3,809,151	-
Accounts receivable, net of allowances	2,150,345	3,766,348	5,916,693	-
Due from other governments	4,890,785	12,134	4,902,919	283,713
Internal balances	(8,120,688)	8,120,688	-	-
Inventories	532	-	532	232,356
Prepaid expenses	-	-	-	298,138
Investment in joint venture	3,763,895	-	3,763,895	-
Long-term loans receivable	2,410,002	-	2,410,002	-
Restricted assets:				
Cash and cash equivalents	-	-	-	320,739
Investments	2,124,255	-	2,124,255	-
Net pension asset	9,110,531	-	9,110,531	-
Fair value of interest rate swap agreement	1,123,417	-	1,123,417	-
Capital assets:				
Nondepreciable	38,848,263	9,262,090	48,110,353	-
Depreciable, net of accumulated depreciation	48,895,842	20,335,133	69,230,975	5,060,888
Total assets	138,301,786	43,045,644	181,347,430	6,350,885
LIABILITIES				
Accounts payable	4,968,721	429,170	5,397,891	538,354
Accrued liabilities	2,976,876	109,643	3,086,519	74,237
Unearned revenues	147,887	2,153	150,040	-
Capital leases due within one year	1,546,298	584,419	2,130,717	-
Capital leases due in more than one year	2,064,656	603,247	2,667,903	-
Certificates of participation due in more than one year	6,300,000	-	6,300,000	-
Line of credit due within one year	-	-	-	10,000
Notes payable due within one year	-	107,736	107,736	-
Notes payable due in more than one year	-	107,471	107,471	-
Bonds payable due within one year	4,571,173	526,963	5,098,136	-
Bonds payable due in more than one year net of unamortized premiums and discounts	32,210,172	2,395,129	34,605,301	-
Workers' compensation due within one year	3,964,033	-	3,964,033	-
Workers' compensation due in more than one year	1,321,344	-	1,321,344	-
Compensated absences due within one year	1,938,856	118,308	2,057,164	34,168
Compensated absences due in more than one year	755,368	-	755,368	-
Net other post employment benefits (OPEB) obligation	28,796,440	2,074,680	30,871,120	-
Net pension obligation	-	-	-	720,916
Claims and judgments due within one year	706,320	-	706,320	-
Pension fund notes payable due within one year	218,118	-	218,118	-
Pension fund notes payable due in more than one year	108,914	-	108,914	-
Landfill postclosure care costs due in more than one year	-	11,810,000	11,810,000	-
Total liabilities	92,595,176	18,868,919	111,464,095	1,377,675
DEFERRED INFLOW OF RESOURCES				
Accumulated increase in fair value of hedging activities	1,123,417	-	1,123,417	-
NET POSITION				
Net investment in capital assets	57,518,632	25,272,258	70,049,074	5,060,888
Restricted for:				
Capital projects	10,720,035	-	10,720,035	-
Federal and state grant programs	179,937	-	179,937	-
Law enforcement purposes	103,691	-	103,691	-
Culture and recreation purposes	249,800	-	249,800	-
Debt service	82,061	-	82,061	-
Other purposes	-	-	-	320,739
Unrestricted (deficit)	(24,270,963)	(1,095,533)	(12,624,680)	(408,417)
Total net position	$ 44,583,193	$ 24,176,725	$ 68,759,918	$ 4,973,210

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,926,019	$ 1,293,529	$ 22,962	$ 4,563,946
Judicial	482,786	-	-	-
Public safety	26,234,867	7,215,613	100,976	41,280
Public works	5,336,643	-	-	280,337
Culture and recreation	1,179,327	36,200	-	-
Housing and development	1,580,473	36,056	757,873	-
Health and welfare	-	-	93,031	-
Interest on long-term debt	747,656	-	-	-
Total governmental activities	41,487,771	8,581,398	974,842	4,885,563
Business-type activities:				
Solid waste management	4,425,268	3,576,905	-	-
Airport	849,011	492,733	-	-
Coliseum and auditorium	1,656,920	-	-	-
Bowden golf course	360,321	149,968	-	-
Mulberry street parking garage	80,449	81,621	-	-
Total business-type activities	7,371,969	4,301,227	-	-
Total primary government	$ 48,859,740	$ 12,882,625	$ 974,842	$ 4,885,563
Component unit:				
Macon-Bibb County Transit Authority	$ 7,279,733	$ 1,460,699	$ 4,631,005	$ 666,890
General revenues:				
Property taxes				
Auto tags and taxes				
Railroad equipment tax				
Recording intangible tax				
Real estate transfer tax				
Payments in lieu of taxes				
Sales taxes				
Insurance premium tax				
Alcoholic beverage taxes				
Hotel/motel taxes				
Franchise taxes				
Unrestricted investment earnings				
Transfers				
Total general revenue and transfers				
Change in net position				
Net position, beginning, as restated				
Net position, ending				

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

Net (Expenses) Revenues and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Macon-Bibb County Transit Authority
$ (45,582)	$ -	$ (45,582)	$ -
(482,786)	-	(482,786)	-
(18,876,998)	-	(18,876,998)	-
(5,056,306)	-	(5,056,306)	-
(1,143,127)	-	(1,143,127)	-
(786,544)	-	(786,544)	-
93,031	-	93,031	-
(747,656)	-	(747,656)	-
(27,045,968)	-	(27,045,968)	-
-	(848,363)	(848,363)	-
-	(356,278)	(356,278)	-
-	(1,656,920)	(1,656,920)	-
-	(210,353)	(210,353)	-
-	1,172	1,172	
-	(3,070,742)	(3,070,742)	-
(27,045,968)	(3,070,742)	(30,116,710)	-
-	-	-	(521,139)
16,843,724	-	16,843,724	-
1,384,200	-	1,384,200	-
-	-	-	-
56,783	-	56,783	-
17,358	-	17,358	-
-	-	-	-
8,970,436	-	8,970,436	-
4,712,248	-	4,712,248	-
816,799	-	816,799	-
442,671	-	442,671	-
987,034	-	987,034	-
199,158	89,883	289,041	269
(3,598,840)	3,598,840	-	-
30,831,571	3,688,723	34,520,294	269
3,785,603	617,981	4,403,584	(520,870)
40,797,590	23,558,744	64,356,334	5,494,080
$ 44,583,193	$ 24,176,725	$ 68,759,918	$ 4,973,210

CITY OF MACON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

ASSETS	General Fund	SPLOST 2012 Fund	Community & Economic Development Fund	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 12,255,615	$ 10,297,703	$ 2,925,754	$ 570,833	$ 26,049,905
Investments	3,038,884	-	-	-	3,038,884
Taxes receivable, net	3,688,835	-	-	120,316	3,809,151
Accounts receivable, net	990,466	210,359	24,696	376,077	1,601,598
Due from other governments	3,391,013	1,016,648	213,061	270,063	4,890,785
Due from other funds	663,766	9,633	-	1,336,300	2,009,699
Restricted assets	-	-	-	2,124,255	2,124,255
Long-term receivable	-	-	2,410,002	-	2,410,002
Total assets	$ 24,028,579	$ 11,534,343	$ 5,573,513	$ 4,797,844	$ 45,934,279
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,491,766	$ 1,679,248	267,973	$ 1,020,286	$ 4,459,273
Accrued liabilities	878,228	-	29,695	65,607	973,530
Unearned revenues	2,015	-	79,041	66,831	147,887
Due to other funds	4,280,524	-	-	583,214	4,863,738
Advances from other funds	8,680,679	-	-	-	8,680,679
Total liabilities	15,333,212	1,679,248	376,709	1,735,938	19,125,107
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,958,109	-	-	-	1,958,109
Unavailable revenue - franchise taxes	124,326	-	-	-	124,326
Unavailable revenue - grants	-	-	10,578	243,224	253,802
Unavailable revenue - housing and development loans	-	-	2,410,003	-	2,410,003
Unavailable revenue - confiscated funds	-	-	-	279,818	279,818
Unavailable revenue - charges for services	-	-	-	7,256	7,256
Total deferred inflows of resources	2,082,435	-	2,420,581	530,298	5,033,314
FUND BALANCES					
Nonspendable:					
Long-term receivables	-	-	2,410,002	-	2,410,002
Restricted for:					
Capital projects	-	9,855,095	-	2,357,959	12,213,054
Federal and state grant programs	-	-	-	179,937	179,937
Law enforcement purposes	-	-	-	103,691	103,691
Debt service	-	-	-	82,061	82,061
Assigned:					
Culture and recreation	249,800	-	-	-	249,800
Unassigned:					
General Fund	6,363,132	-	-	-	6,363,132
Special Revenue Funds	-	-	366,221	(192,040)	174,181
Total fund balances	6,612,932	9,855,095	2,776,223	2,531,608	21,775,858
Total liabilities, deferred inflows of resources, and fund balances	$ 24,028,579	$ 11,534,343	$ 5,573,513	$ 4,797,844	$ 45,934,279

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION DECEMBER 31, 2013

Total fund balances of governmental funds			$ 21,775,858
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Recognition of pension assets from contributions in excess of the annual required contribution are not recognized at the fund level.			9,110,531
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the respective governmental funds:			
	Cost of capital assets	$ 141,171,564	
	Accumulated depreciation	(64,386,292)	76,785,272
Investment in joint ventures			3,763,895
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			5,033,314
Internal service funds are used by management to charge the costs of automotive services activities as well as transactions related to the provision of life, accident, and medical insurance benefits through outside insurance companies for permanent employees and retirees. Amount includes $8,378,694 of capital assets. Amount also includes $104,570 of compensated absences payable and $665,652 for net other post employment benefit (OPEB) obligations.			11,902,650
Long-term liabilities, including capital leases, are not due and payable in the current period; therefore, they are not reported in governmental funds:			
	Certificates of participation and capital leases	$ (9,646,964)	
	Revenue and general obligation bonds	(36,781,345)	
	Accrued interest	(350,089)	
	Compensated absences	(2,584,222)	
	Net post employment benefit (OPEB) obligation	(28,106,978)	
	Claims and judgments payable	(706,320)	
	Pension fund note payable	(327,032)	
	Workers' compensation	(5,285,377)	(83,788,327)
Net position of governmental activities			$ 44,583,193

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	General Fund	SPLOST 2012 Fund	Community & Economic Development Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES					
Property taxes	$ 16,151,183	$ -	$ -	$ -	$ 16,151,183
Auto tags and taxes	1,384,200	-	-	-	1,384,200
Recording intangible tax	56,783	-	-	-	56,783
Real estate transfer tax	17,358	-	-	-	17,358
Sales taxes	8,970,436	-	-	-	8,970,436
Insurance premium tax	4,712,248	-	-	-	4,712,248
Alcoholic beverage taxes	816,799	-	-	-	816,799
Hotel/motel taxes	-	-	-	442,671	442,671
Franchise taxes	987,034	-	-	-	987,034
Charges for services	5,687,904	-	-	1,533,454	7,221,358
Licenses and permits	299,625	-	-	-	299,625
Intergovernmental	1,768	5,006,650	757,873	536,818	6,303,109
Fines and forfeitures	513,151	-	-	-	513,151
Interest revenue	10,182	-	29,127	159,849	199,158
Rental income	36,056	-	-	-	36,056
Other revenues	234,018	-	133,946	81,930	449,894
Total revenues	39,878,745	5,006,650	920,946	2,754,722	48,561,063
EXPENDITURES					
Current:					
General government	6,671,201	-	-	1,046,336	7,717,537
Judicial	473,702	-	-	-	473,702
Public safety	21,106,481	-	-	1,770,632	22,877,113
Public works and central services	3,620,217	-	-	-	3,620,217
Culture and recreation	842,901	-	-	241,578	1,084,479
Housing and development	-	-	1,553,581	-	1,553,581
Capital outlay	-	2,313,314	-	937,357	3,250,671
Debt service:					
Principal	454,931	721,348	-	1,117,666	2,293,945
Interest and other charges	30,965	319,088	-	641,410	991,463
Total expenditures	33,200,398	3,353,750	1,553,581	5,754,979	43,862,708
Excess (deficiency) of revenues under expenditures	6,678,347	1,652,900	(632,635)	(3,000,257)	4,698,355
OTHER FINANCING SOURCES (USES)					
Transfers in	3,236,306	-	3,720,277	4,044,695	11,001,278
Transfers out	(8,336,665)	(6,581,343)	(3,014,541)	(223,991)	(18,156,540)
Capital lease	-	-	-	435,799	435,799
Proceeds from disposition of capital assets	63,738	-	-	-	63,738
Total other financing sources (uses)	(5,036,621)	(6,581,343)	705,736	4,256,503	(6,655,725)
Net change in fund balances	1,641,726	(4,928,443)	73,101	1,256,246	(1,957,370)
Fund balances, beginning	4,971,206	14,783,538	2,703,122	1,275,362	23,733,228
Fund balances, ending	$ 6,612,932	$ 9,855,095	$ 2,776,223	$ 2,531,608	$ 21,775,858

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

Net change in fund balances of total governmental funds as noted in the Statement of Revenues, Expenditures and Changes in Fund Balances			$ (1,957,370)
Amounts reported for governmental activities in the Statement of Activities are different from the Statement of Revenues, Expenditures and Changes in Fund Balances because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay expenditures		$ 3,123,008	
Depreciation expense (excludes depreciation expense for internal service fund which is captured later in this analysis)		(1,555,241)	1,567,767
Change in investment in joint venture.			35,174
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.			249,837
The issuance of long-term debt provides current financial resources to governmetal funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.			
Payment of pension notes payable		$ 102,709	
Proceeds from capital lease obligations		(435,799)	
Payment of bond principal and capital leases			
2002A and 2002B Macon-Bibb County UDA revenue bonds and 2007 Hotel Bonds	$ 1,150,000		
Lease purchase agreements	1,143,945	$ 2,293,945	
Change in accrual of interest expense and amortization of issuance costs, premiums and discounts			
Amortization of issuance costs, premiums and discounts	$ 141,225		
Change in accrued interest	102,582	243,807	2,204,662
Internal service funds are used by management to charge the costs of automotive services activities, transactions related to the provision of life, accident, and medical insurance benefits through outside insurance companies for permanent employees and retirees, and to charge costs of IT related services. The net income of these activities are reported with governmental activities.			2,786,156
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.			
Current year change in net post employment benefit (OPEB) obligation		$ (782,774)	
Current year change in compensated absences		(129,612)	
Current year change in workers' compensation liability		(214,377)	
Current year change in net pension asset		26,140	(1,100,623)
Net change in net position of governmental activities as noted in the Statement of Activities			$ 3,785,603

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 17,400,000	$ 17,400,000	$ 16,151,183	$ (1,248,817)
Auto tags and taxes	1,500,000	1,500,000	1,384,200	(115,800)
Railroad equipment tax	130,000	130,000	-	(130,000)
Recording intangible tax	14,000	14,000	56,783	42,783
Real estate transfer tax	39,000	39,000	17,358	(21,642)
Payments in lieu of taxes	162,700	162,700	-	(162,700)
Sales taxes	20,600,000	20,600,000	8,970,436	(11,629,564)
Insurance premium tax	4,600,000	4,600,000	4,712,248	112,248
Alcoholic beverage taxes	1,659,000	1,659,000	816,799	(842,201)
Franchise taxes	8,173,200	8,173,200	987,034	(7,186,166)
Charges for services	11,106,000	11,106,000	5,687,904	(5,418,096)
Licenses and permits	1,975,000	1,975,000	299,625	(1,675,375)
Intergovernmental	-	-	1,768	1,768
Fines and forfeitures	1,615,000	1,615,000	513,151	(1,101,849)
Interest revenue	10,000	10,000	10,182	182
Rental income	35,000	35,000	36,056	1,056
Other revenues	2,118,800	2,119,500	234,018	(1,885,482)
Total revenues	71,137,700	71,138,400	39,878,745	(31,259,655)
EXPENDITURES:				
Current:				
General government				
Mayor and staff	962,700	962,700	482,943	479,757
Internal audit	201,120	201,120	100,256	100,864
City council	868,300	868,300	442,368	425,932
Personnel administration	1,053,180	1,053,180	500,919	552,261
Finance department	1,482,000	1,482,000	685,937	796,063
City attorney	914,300	914,300	358,074	556,226
City clerk	167,000	167,000	82,345	84,655
Nondepartmental-public utilities	1,122,000	1,122,000	654,007	467,993
Miscellaneous	2,078,300	2,314,800	1,987,163	327,637
Payments to other agencies	1,145,200	1,145,200	1,274,585	(129,385)
Risk management	520,000	520,000	101,395	418,605
Total general government	10,514,100	10,750,600	6,671,201	4,079,399
Judicial				
Municipal court	955,800	955,800	473,702	482,098
Public safety:				
Police:				
Youth and intervention	4,807,000	4,807,000	2,279,986	2,527,014
Administration	1,996,450	1,996,450	994,070	1,002,380
Support services	1,764,800	1,764,800	845,422	919,378
Patrol	10,466,800	10,466,800	5,138,359	5,328,441
Management services	717,700	717,700	339,930	377,770
Fire:				
Administration	710,600	710,600	317,487	393,113
Fire fighting	21,721,400	21,721,400	10,354,517	11,366,883
Prevention	690,800	690,800	345,120	345,680
Training	442,900	442,900	199,540	243,360
Emergency management	536,100	536,100	292,050	244,050
Total public safety	43,854,550	43,854,550	21,106,481	22,748,069

(Continued)

CITY OF MACON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Public works:				
Administration	$ 444,200	$ 444,200	$ 295,771	$ 148,429
Street cleaning	1,436,900	1,436,900	582,484	854,416
Street maintenance	1,467,300	1,467,300	879,524	587,776
Street drainage	443,300	443,300	184,377	258,923
Total public works	3,791,700	3,791,700	1,942,156	1,849,544
Central services:				
Administration	455,800	455,800	215,590	240,210
Signals and signs	647,900	647,900	289,161	358,739
Building custodial	644,500	644,500	316,226	328,274
HVAC	421,200	421,200	208,335	212,865
General maintenance	548,200	548,200	255,272	292,928
Electrical	469,300	469,300	229,918	239,382
Traffic operations	297,500	297,500	163,559	133,941
Total central services	3,484,400	3,484,400	1,678,061	1,806,339
Parks and recreation:				
Operations	1,781,500	1,781,500	842,901	938,599
Total parks and recreation	1,781,500	1,781,500	842,901	938,599
Debt service:				
Principal	937,600	937,600	454,931	482,669
Interest and other fees	31,200	31,200	30,965	235
Total debt service	968,800	968,800	485,896	482,904
Total expenditures	65,350,850	65,587,350	33,200,398	32,386,952
Excess revenues over expenditures	5,786,850	5,551,050	6,678,347	1,127,297
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,236,306	3,236,306
Transfers out	(5,836,850)	(5,850,850)	(8,336,665)	(2,485,815)
Proceeds from the disposition of capital assets	50,000	50,000	63,738	13,738
Total other financing sources (uses)	(5,786,850)	(5,800,850)	(5,036,621)	764,229
Net change in fund balances	-	(249,800)	1,641,726	1,891,526
Fund balances, beginning of year	4,971,206	4,971,206	4,971,206	-
Fund balances, end of year	$ 4,971,206	$ 4,721,406	$ 6,612,932	$ 1,891,526

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA
COMMUNITY & ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 1,977,695	$ 757,873	$ (1,219,822)
Interest revenue	-	29,127	29,127
Other revenue	400,000	133,946	(266,054)
Total revenues	2,377,695	920,946	(1,456,749)
EXPENDITURES			
Housing and development	4,003,245	1,553,581	2,449,664
Total expenditures	4,003,245	1,553,581	2,449,664
Deficiency of revenues over expenditures	(1,625,550)	(632,635)	992,915
Other financing sources (uses)			
Transfers in	1,662,250	3,720,277	2,058,027
Transfers out	(36,700)	(3,014,541)	(2,977,841)
Total other financing sources (uses)	1,625,550	705,736	(919,814)
Net change in fund balance	-	73,101	73,101
FUND BALANCES, beginning	2,703,122	2,703,122	-
FUND BALANCES, ending	$ 2,703,122	$ 2,776,223	$ 73,101

CITY OF MACON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Solid Waste Management Fund	Airport Enterprise Fund	Coliseum & Auditorium Fund	Other Enterprise Funds	Totals	Governmental Activities Internal Service Funds
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 1,341,309	$ 207,489	$ -	$ 453	$ 1,549,251	$ 206,667
Accounts receivable, net of allowances	3,648,387	109,895	-	8,066	3,766,348	548,747
Due from other governments	-	12,134	-	-	12,134	-
Due from other funds	-	-	246,138	257,203	503,341	2,651,151
Inventories	-	-	-	-	-	532
Total current assets	4,989,696	329,518	246,138	265,722	5,831,074	3,407,097
NONCURRENT ASSETS						
Advances to other funds	8,680,679	-	-	-	8,680,679	-
Capital assets:						
Nondepreciable	73,126	6,792,336	1,623,007	773,621	9,262,090	10,191,798
Depreciable, net of accumulated depreciation	3,669,019	12,185,840	3,827,054	653,220	20,335,133	767,035
Total noncurrent assets	12,422,824	18,978,176	5,450,061	1,426,841	38,277,902	10,958,833
Total assets	17,412,520	19,307,694	5,696,199	1,692,563	44,108,976	14,365,930
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	340,131	60,269	1,932	26,838	429,170	509,448
Accrued liabilities	67,936	-	-	8,582	76,518	1,653,257
Compensated absences, current portion	102,883	-	-	15,425	118,308	110,002
Accrued interest	2,608	30,517	-	-	33,125	-
Current portion - notes payable	107,736	-	-	-	107,736	-
Capital lease payable, current portion	553,363	-	-	31,056	584,419	64,331
Unearned revenues	-	2,043	-	110	2,153	-
Due to other funds	-	236,689	6,953	-	243,642	56,811
Revenue bonds payable, current portion	-	530,000	-	-	530,000	-
Total current liabilities	1,174,657	859,518	8,885	82,011	2,125,071	2,393,849
NONCURRENT LIABILITIES						
Capital lease payable, net of current portion	603,247	-	-	-	603,247	199,659
Revenue bonds payable, net of current portion	-	2,392,092	-	-	2,392,092	-
Notes payable, net of current portion	107,471	-	-	-	107,471	-
Net other post employment benefits (OPEB) Obligation	1,902,770	-	-	171,910	2,074,680	689,462
Landfill closure / postclosure care costs	11,810,000	-	-	-	11,810,000	-
Total long-term liabilities	14,423,488	2,392,092	-	171,910	16,987,490	889,121
Total liabilities	15,598,145	3,251,610	8,885	253,921	19,112,561	3,282,970
NET POSITION						
Net investment in capital assets	2,370,328	16,056,084	5,450,061	1,395,785	25,272,258	10,694,843
Unrestricted	(555,953)	-	237,253	42,857	(275,843)	388,117
Total net position	$ 1,814,375	$ 16,056,084	$ 5,687,314	$ 1,438,642	24,996,415	$ 11,082,960
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(819,690)	
Net position of business-type activities					$ 24,176,725	

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Solid Waste Management Fund	Airport Enterprise Fund	Coliseum & Auditorium Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 3,576,905	$ 488,417	$ -	$ 156,155	$ 4,221,477	$ 7,585,819
Rentals, admissions and concessions	-	-	-	75,315	75,315	-
Miscellaneous	-	4,316	-	119	4,435	-
Total operating revenues	3,576,905	492,733	-	231,589	4,301,227	7,585,819
OPERATING EXPENSES						
Salaries and benefits	1,653,758	-	-	239,824	1,893,582	1,108,618
Utilities	14,944	64,727	-	57,072	136,743	-
Supplies and materials	321,053	26,379	-	39,681	387,113	69,458
Repairs, maintenance and other contractual services	733,733	377,327	-	13,133	1,124,193	429,001
Closure and postclosure care costs	1,015,010	-	-	-	1,015,010	-
Miscellaneous	1,280	54,160	-	29,595	85,035	211,248
Claims expense	-	-	-	-	-	6,504,347
Management fee	-	-	1,487,505	-	1,487,505	-
Depreciation	386,283	244,952	169,415	52,787	853,437	113,133
Total operating expenses	4,126,061	767,545	1,656,920	432,092	6,982,618	8,435,805
Operating loss	(549,156)	(274,812)	(1,656,920)	(200,503)	(2,681,391)	(849,986)
NONOPERATING INCOME (EXPENSES)						
Interest income	89,883	-	-	-	89,883	-
Interest expense	(14,903)	(80,397)	-	(1,936)	(97,236)	(2,170)
Bad debt expense	(210,225)	-	-	-	(210,225)	-
Total nonoperating income (expenses)	(135,245)	(80,397)	-	(1,936)	(217,578)	(2,170)
Loss before transfers	(684,401)	(355,209)	(1,656,920)	(202,439)	(2,898,969)	(852,156)
TRANSFERS						
Transfers in	-	215,009	3,059,129	324,702	3,598,840	3,556,422
Total transfers	-	215,009	3,059,129	324,702	3,598,840	3,556,422
Change in net position	(684,401)	(140,200)	1,402,209	122,263	699,871	2,704,266
NET POSITION, beginning, as restated	2,498,776	16,196,284	4,285,105	1,316,379		8,378,694
NET POSITION, ending	$ 1,814,375	$ 16,056,084	$ 5,687,314	$ 1,438,642		$ 11,082,960
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(81,890)	
Change in net position of business-type activities					$ 617,981	

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Solid Waste Management Fund	Airport Enterprise Fund	Coliseum & Auditorium Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 3,159,092	$ 473,580	$ -	$ 208,908	$ 3,841,580	$ -
Receipts from interfund services provided	-	-	-	-	-	6,429,473
Payments to suppliers	(1,612,743)	(570,987)	(1,058,649)	(321,464)	(3,563,843)	(6,475,526)
Payments to employees	(1,600,023)	-	-	(233,401)	(1,833,424)	(1,079,376)
Net cash used in operating activities	(53,674)	(97,407)	(1,058,649)	(345,957)	(1,555,687)	(1,125,429)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances to other funds	(73,896)	-	-	-	(73,896)	-
Transfers in	-	215,009	3,059,129	324,702	3,598,840	3,556,422
Net cash provided by (used in) noncapital financing activities	(73,896)	215,009	3,059,129	324,702	3,524,944	3,556,422
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	(80,974)	(2,000,480)	(7,349)	(2,088,803)	(2,693,272)
Principal paid on notes payable and capital leases	(542,538)	-	-	(28,356)	(570,894)	(67,124)
Proceeds from intergovernmental agreement	(108,000)	-	-	-	(108,000)	-
Proceeds from capital lease financing	172,401	-	-	-	172,401	331,114
Interest paid	(35,495)	(81,570)	-	(1,936)	(119,001)	(1,711)
Net cash used in capital and related financing activities	(513,632)	(162,544)	(2,000,480)	(37,641)	(2,714,297)	(2,430,993)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	89,883	-	-	-	89,883	-
Net cash provided by investing activities	89,883	-	-	-	89,883	-
Decrease in cash and cash equivalents	(551,319)	(44,942)	-	(58,896)	(655,157)	-
Cash and cash equivalents:						
Beginning	1,892,628	252,431	-	59,349	2,204,408	206,667
Ending	$ 1,341,309	$ 207,489	$ -	$ 453	$ 1,549,251	$ 206,667
Classified as:						
Cash and cash equivalents	$ 1,341,309	$ 207,489	$ -	$ 453	$ 1,549,251	$ 206,667

(Continued)

CITY OF MACON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Solid Waste Management Fund	Airport Enterprise Fund	Coliseum & Auditorium Fund	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
Reconciliation of operating loss to net cash used in operating activities:						
Operating loss	$ (549,156)	$ (274,812)	$ (1,656,920)	$ (200,503)	$ (2,681,391)	$ (849,986)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Depreciation	386,283	244,952	169,415	52,787	853,437	113,133
Provision for landfill closure / postclosure care costs	380,000	-	-	-	380,000	-
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(207,588)	(19,153)	-	1,513	(225,228)	(444,174)
Inventories	-	-	-	-	-	40
Due from other funds	-	-	428,856	(221,457)	207,399	(712,172)
Increase (decrease) in:						
OPEB obligation	55,062	-	-	5,209	60,271	23,810
Accounts payable	82,387	(31,217)	-	12,880	64,050	(47,319)
Accrued liabilities	10,890	-	-	2,400	13,290	728,996
Compensated absences payable	(1,327)	-	-	1,214	(113)	5,432
Due to other funds	-	(17,177)	-	-	(17,177)	56,811
Net cash used in operating activities	$ (53,674)	$ (97,407)	$ (1,058,649)	$ (345,957)	$ (1,555,687)	$ (1,125,429)

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Pension Trust Funds
ASSETS	
Cash	$ 9,464,399
Investments:	
Common stock	34,980,042
Governmental funds	22,188,136
Corporate bonds	21,661,980
Asset-backed securities	24,107,466
Mutual funds	159,550,986
Collateralized mortgage obligations	11,509,402
Total investments	273,998,012
Receivables:	
Accrued interest	427,652
Accounts receivable for investment sales pending	4,345
Total receivables	431,997
Notes receivable	327,032
Total assets	284,221,440
LIABILITIES	
Accounts payable	91,118
Total liabilities	91,118
NET POSITION	
Restricted for pension benefits	$ 284,130,322

A schedule of funding progress is presented as Required Supplementary Information.

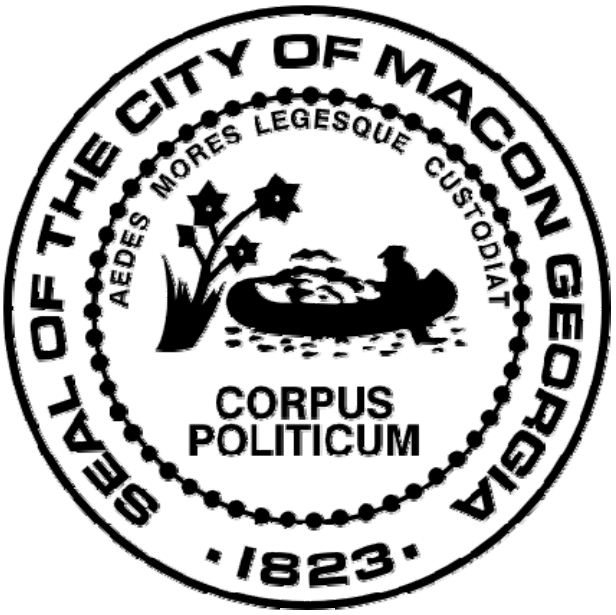
The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 4,093,917
	4,093,917
Investment income:	
Net depreciation in fair value of investments	20,960,712
Investment income	7,700,110
Less: investment expenses	(316,455)
	28,344,367
Total additions	32,438,284
Deductions	
Benefits paid	7,093,205
Administrative expenses	289,802
Total deductions	7,383,007
Change in net position	25,055,277
Net position restricted for benefits:	
Beginning	259,075,045
Ending	$ 284,130,322

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Macon, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City was incorporated on December 10, 1823, and operates under a mayor-council form of government. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; parks and recreation; housing and development; health and social services; planning and zoning; public improvements; public utilities (water, sewer, stormwater, electric, and solid waste); and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

On April 20, 2012, Act 625 was signed into law by the Governor of Georgia to create and incorporate a new consolidated government under the name of Macon-Bibb County, subject to the approval by the voters of both the City of Macon and Bibb County Georgia. The referendum was held on July 31, 2012, and the Act was approved by both the voters of the City of Macon and Bibb County. The consolidation becomes effective January 1, 2014. The new government will consolidate the governments of the City of Macon, Georgia and Bibb County, Georgia. This financial report is for the six months ended December 31, 2013 and serves as the final financial report of the City of Macon, Georgia. The new consolidated government will complete its initial financial report for the six months ended June 30, 2014. Going forward, the fiscal year end of Macon-Bibb County will be June 30.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", the City was determined to have one component unit as of December 31, 2013. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Macon-Bibb County Transit Authority - The governing board of the Macon-Bibb County Transit Authority (the Authority) consists of five members. The Mayor and City Council nominate three individuals to serve as board members and the Bibb County Board of Commissioners nominates two individuals. Initial and final approval of a board member is made by the Mayor and City Council. The City, by virtue of its appointments, controls a majority of the governing body positions. The Authority, the City of Macon, and Bibb County have entered into a Tri-Party Agreement under which the City of Macon provides an amount equal to one mill of tax in the City's current year tax digest, not to exceed 60% of the Authority's operating deficit. Bibb County is required to provide 40% of the aggregate of the contribution made by the two governments.

The Authority is required to provide the City and the County with a proposed operating budget each year and with monthly statements of revenues and expenditures.

The Authority is included in the City's reporting entity because of the significance of its operation and financial relationship with the City. The financial statements of the Authority have been included as a discretely presented component unit. The component unit column in the Statement of Net Position and Statement of Activities includes the financial data for the Authority, as reflected in their most recent audited financial statements for June 30, 2013. Complete audited financial statements of the Macon-Bibb County Transit Authority unit can be obtained directly from their administrative offices as follows:

Macon-Bibb County Transit Authority
200 Cherry Street
Macon, Georgia 31202

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Joint Ventures - A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual agreement.
2. It is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

The following agencies are joint ventures with Bibb County:

Macon-Bibb County Urban Development Authority (the "Urban Development Authority") - The Urban Development Authority is responsible for the revitalization and redevelopment of downtown areas of Macon and Bibb County. The City Council and Bibb County Board of Commissioners nominate board members. The Urban Development Authority submits annual budget requests to the City and County for approval of the appropriation. Annual audits are required to monitor performance. Equity interest in the joint venture at December 31, 2013 was $3,150,426.

The most recent audited financial statements, June 30, 2013, of the Urban Development Authority can be obtained directly from their administrative offices as follows:

Macon-Bibb County Urban Development Authority
Post Office Box 169
Macon, Georgia 31298

Macon-Bibb County Land Bank Authority, Inc. (the "Land Bank Authority") - The Land Bank Authority is a nonprofit organization, whose purpose is to allow the City of Macon and Bibb County to provide housing, new industry, and jobs for the citizens of Middle Georgia by effectively utilizing property which was previously in a non-revenue generating, non-tax producing status. The City Council and the Bibb County Board of Commissioners each appoint two members of the Land Bank Authority Board.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

The City and County equally participate in the operating costs of the Land Bank Authority. The Authority submits annual budget requests to the City and County for approval of appropriation. Annual audits must be submitted to the City and County. Equity interest in the joint venture at December 31, 2013 was $613,469.

The most recent audited financial statements, June 30, 2013, of the Land Bank Authority can be obtained directly from their administrative offices as follows:

Macon-Bibb County Land Bank Authority, Inc.
Post Office Box 4928
Macon, Georgia 31208

Under Georgia Law, the City of Macon, in conjunction with other cities and counties in the 12-county middle Georgia area, is a member of the **Middle Georgia Regional Commission** (the "RC") and is required to pay annual dues thereto. During the six months ended December 31, 2013, the City paid $39,061 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements for the Middle Georgia RDC may be obtained from:

Middle Georgia Regional Commission
175-C Emery Highway
Macon, Georgia 31217

Related Organizations

Housing Authority of the City of Macon (the Authority) - The City of Macon appoints the six-member Board of the Housing Authority to five-year terms. The City provides no financial support to the Authority and is not responsible for the debts or entitled to surplus funds of the Authority. The Authority designates its own management and has power to approve its own budget and maintain its own accounting system. Although the City appoints the governing board of the Authority, no other criteria exists for the inclusion of the Authority in the financial reports of the City of Macon. The Authority remits payments in lieu of tax to the City which are based on a specific formula.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, other taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

The ***SPLOST 2012 Fund*** is a capital projects fund which accounts for the accumulation of SPLOST proceeds in order to acquire, construct, and equip, in whole or in part, the following capital outlay projects of the City: Second Street Downtown Corridor revitalization; improvements and upgrades to the emergency communications system; storm water management and drainage improvements; renovations, improvements, additions to, and equipping of the Macon Centreplex, including the Macon Coliseum and the Macon City Auditorium; resurfacing and repairing of streets; cultural and recreational facilities; acquisition and equipping of police cars and public safety vehicles and equipment; and retirement of previously incurred debt of the City including Series 1993 and Series 2002 Macon Industrial Authority bonds and Series 2002A and Series 2002B Macon-Bibb County Urban Development Authority bonds.

The ***Community and Economic Development Fund*** accounts for transactions related to community and economic development including activities of federal grants received from the U.S. Department of Housing & Urban Development.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following proprietary funds:

The ***Solid Waste Management Fund (major)*** is used to account for the operations and activities of the City landfill and activities associated with solid waste pickup within residential areas.

The ***Airport Enterprise Fund (major)*** accounts for the activities of a municipal airport in the City of Macon.

The ***Coliseum and Auditorium Fund (major)*** accounts for the activities of the Macon Coliseum and the Macon Auditorium.

The ***Bowden Golf Course Fund (nonmajor)*** is used to account for the operations and maintenance of a municipal golf course in the City of Macon.

The ***Mulberry Street Parking Garage Fund (nonmajor)*** is used to account for the activities of the downtown parking garage.

Additionally, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis. The following activities are reported in internal service funds: self-insured health benefits, maintenance of the motor-vehicle fleet, and maintenance of the City's general information technology.

Pension trust funds are used to account for activities in which the City acts as trustee for an individual or organization. Additionally, these funds accumulate resources for pension benefit payments to qualified general employees, police, and firefighters of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government agencies, the State of Georgia, other states, prime bankers' acceptances, repurchase agreements, other political subdivisions of the State of Georgia, and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1).

The State of Georgia Local Government Investment Pool (Georgia Fund 1) is a special investment pool operated by the Georgia Department of Administrative Services for Georgia local governments. Georgia Fund 1 was created under OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value). The pool is regulated by the Georgia Office of the State Treasurer.

By statute, up to 60% of the cost basis of the investment portfolio for the pension plans may consist of U.S. corporate equity securities. Additionally, in accordance with authorized investment laws, the City, in its pension funds, can invest in mortgage-backed securities, such as collateralized mortgage obligations ("CMOs"), which represent an ownership in a pool of residential mortgage loans. The interest in which is, in most cases, issued and guaranteed by an agency or instrumentality of the U.S. government. The City may also invest in government backed mortgage securities. In all cases, these securities are reported at fair value in the balance sheet.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables have been reduced to their estimated net realizable value, and are shown net of an allowance for uncollectible accounts. Estimated uncollectible accounts are based upon historical experience rates.

"Due from other governments" represents funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

G. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

H. Inventory and Prepaid Items

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased. Inventory in the Vehicle Maintenance internal service fund consists of repair parts and oil, which are priced at cost using the first-in/first out method. Internal service fund inventories are expensed as repair parts and fuel when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

Certain assets of the Capital Improvements Fund are classified as restricted because they are maintained in separate accounts and their use is limited by applicable grant agreements and bond covenants.

J. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000. An exception to this is infrastructure, in which the City has elected to use a higher threshold of $75,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during construction is not capitalized on capital assets in the governmental activities.

Public domain ("infrastructure") capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other capital assets. In fiscal year 2007, the City retroactively reported major general infrastructure assets. In this case, the City chose to include all items exceeding the $75,000 threshold regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. During the six months ended December 31, 2013, interest expense incurred by the City's business-type activities was $97,236. Of this amount, none was applicable to construction of capital assets.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	5-50 years
Land improvements	7-30 years
Machinery and equipment	5-25 years
Vehicles	5-20 years
Furniture and fixtures	5-7 years
Infrastructure	20-60 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Unearned Revenue

The City of Macon reports unearned revenue on its combined balance sheet. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City of Macon before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Pensions

The City maintains two pension funds: 1) the Fire and Police Pension Fund and 2) the General Employees' Pension Fund. The provision for pension cost is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Chief Administrative Officer or Finance Director to assign fund balance.

- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund Balance Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position

As noted previously, equity for government-wide and proprietary fund financial statements is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

   Amounts for the Middle Georgia Coliseum Authority Revenue Bonds are not included in the determination of this amount in the Governmental Activities due to no offsetting assets, but are included in the Total Primary Government activities.

2. Restricted net position - Consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above.

3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows / Inflows of Resources

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012 and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2013. These standards established accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of these items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from five sources: taxes, grants, housing and development loans, confiscated funds, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has one type of item which arises only under the full-accrual basis of accounting and reported at the entity-wide level. An e*ffective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

An annual budget is prepared for the General and special revenue funds. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Legal provisions including the City Charter and the Georgia Fiscal Standards Act, govern the budgetary process. In addition, many administrative policies are incorporated into the budgetary process in order to assure that the budget is a management plan of action for the budget year.

A “performance budgeting” system is used by the City in order to link the work program of the City to the budgetary dollar amounts. The essence of the performance budget is the establishment of departmental objectives and statistical performance indicators.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Under the direction of the Mayor, the Chief Administrative Officer, assisted by the Finance Director, is responsible for budget preparation. Department and agency heads formally begin budget preparation in January. Administrative budget hearings are held with each department and agency head. After review by the Mayor and a public hearing, the final budget proposal package is prepared.

The City Charter requires that the budget proposal be submitted by the Mayor to the City Council in the form of a draft ordinance of appropriations at least six weeks prior to the start of the fiscal year.

The Appropriations Committee of City Council reviews the proposed budget and conducts another series of budget hearings with department and agency heads. A second public hearing on the entire budget is conducted by City Council. After review and adjustment by Council, an appropriations ordinance is approved which provides funding by department or function.

The Mayor may veto individual appropriation line items and a two-thirds vote of City Council is required to override the veto.

Cash transfers between departments or revisions that increase total expenditures of a fund must be approved by the City Council. However, management reviews the collectability of interfund receivables and payables and makes a determination as to the ability of funds to honor payable amounts. Adjustments are recorded to the interfund receivables and payables when management determines collectability to be remote.

The General Fund is subject to budgetary control on a departmental basis, while the special revenue and debt service funds are subject to budgetary control on an individual fund basis.

Supplemental appropriations approved by City Council during the current fiscal year were not material in relation to the original budget.

Budgets are prepared for the capital projects funds on a project basis, which usually covers two or more fiscal years. Proprietary fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise and internal service funds.

All appropriations, except for items encumbered at year end, lapse. Encumbrances for items not lapsing at year end are reappropriated in the ensuing year's budget.

The budget amounts included in the Schedules of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual statements are for a complete fiscal year. The City adopted a full year budget even though operations were consolidated with Bibb County, Georgia effective January 1, 2014.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Deficit Fund Equity

For the period ended December 31, 2013, the following funds had deficit fund balances or net position:

	Fund Deficit
Special Revenue Funds:	
General Grant Activity Fund	$ 191,540
Dannenburg Grant Fund	500

The deficit in the General Grant will be eliminated through recognition of unearned revenue in future periods. The deficit in the Dannenburg Grant Fund will be eliminated through a future transfer from the General Fund.

Expenditures Exceeding Budget

For the six months ended December 31, 2013, expenditures exceeded final amended budgets are as follows:

	Excess
General Fund:	
General government: Payments to other agencies	$ 129,385

NOTE 3. DEPOSITS AND INVESTMENTS

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy does identify a specific market index (The Lehman Aggregate Bond Index) as criteria against which performance of the portfolio (and managers) will be measured.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. For the General Employees' Pension Fund, the City's Investment Policy limits all investments to Georgia Statute, Corporations, or obligations of corporations, under the laws of this state or any other state or under the laws of Canada, but only if the corporation has a market capitalization equivalent to $100 million or more; provided, however, that except as provided in the Code, no fund shall invest in corporations or obligations organized in a country other than the United States or Canada; provided, further, that such obligation shall be listed as investment grade by a nationally recognized rating agency. For the Fire and Police Pension Fund, no individual security shall have a rating of less than BBB and the total portfolio shall not have an average S&P rating of less than A.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2013, the City had no uncollateralized deposits.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2013, the City had the following investments:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 - 10	11 - 15
Mutual funds	NA	$ 159,550,986	$ 159,550,986	$	$	$
Common stock	NA	34,980,042	34,980,042			
Corporate bonds	A1	1,809,990	475,372	616,228	237,538	
Corporate bonds	A2	3,603,246	608,897	1,693,846	857,259	
Corporate bonds	A3	3,233,459	543,556	763,473	665,250	270,351
Corporate bonds	AA1	68,589		68,589		
Corporate bonds	AA2	935,176		935,176		
Corporate bonds	AA3	2,236,869	545,710	411,135	542,196	408,168
Corporate bonds	NR	555,355				
Corporate bonds	BAA1	3,613,706	270,949	629,910	682,797	327,369
Corporate bonds	BAA2	4,216,855	133,868	1,075,033	827,564	1,488,890
Corporate bonds	BAA3	1,388,734			598,874	400,776
Corporate bonds	BSS1	-				
Government issues	AAA	22,901,412		4,326,769	11,481,761	3,542,898
Government issues	AA2	374,845		126,094	248,751	
Government issues	NR	436,692			436,692	
Mortgage & asset backed securities	A	2,093,762				487,021
Mortgage & asset backed securities	A-	2,092,199				
Mortgage & asset backed securities	A+	1,215,203				274,163
Mortgage & asset backed securities	A1	-				
Mortgage & asset backed securities	A2	1,343,176				
Mortgage & asset backed securities	A3	863,364				
Mortgage & asset backed securities	AA-	-				
Mortgage & asset backed securities	AA2	-				
Mortgage & asset backed securities	AA3	-				
Mortgage & asset backed securities	AAA	1,838,233		302,355		
Mortgage & asset backed securities	BA3	1,171,414				
Mortgage & asset backed securities	BAA1	1,038,895				
Mortgage & asset backed securities	BAA2	3,678,895			626,535	472,237
Mortgage & asset backed securities	BAA3	491,516				
Mortgage & asset backed securities	BBB	3,457,788				
Mortgage & asset backed securities	BBB+	321,450				
Mortgage & asset backed securities	NR	17,525,045		1,079,209	4,975,717	2,844,741
Guaranteed investment contract	AA-	2,124,255	2,124,255			
Total Fair Value		$ 279,161,151	$ 199,233,635	$ 12,027,817	$ 22,180,934	$ 10,516,614

NA = Not applicable. NR = Not rated.

Please see the following page for completion of the above analysis.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Please see the following table for completion of the previous page's analysis.

	Investment Maturities (in Years)					
Investment Type	**16 - 20**	**21 - 25**	**26 - 30**	**31 - 35**	**41 - 45**	**46 - 50**
Mutual funds	$	$	$	$	$	$
Common Stock						
Corporate bonds		103,659	377,193			
Corporate bonds			443,244			
Corporate bonds		990,829				
Corporate bonds						
Corporate bonds						
Corporate bonds		329,660				
Corporate bonds			555,355			
Corporate bonds		664,837	1,037,844			
Corporate bonds	266,404		425,096			
Corporate bonds	74,369	160,093	154,622			
Corporate bonds						
Government issues	1,549,732	2,000,252				
Government issues						
Government issues						
Mortgage & asset backed securities	1,029,873			204,738		372,130
Mortgage & asset backed securities	469,679		958,014	664,506		
Mortgage & asset backed securities				616,051	324,989	
Mortgage & asset backed securities						
Mortgage & asset backed securities	583,497		759,679			
Mortgage & asset backed securities	266,140	257,403	339,821			
Mortgage & asset backed securities						
Mortgage & asset backed securities						
Mortgage & asset backed securities						
Mortgage & asset backed securities	722,376			813,502		
Mortgage & asset backed securities		260,707	524,324	386,383		
Mortgage & asset backed securities	690,061		348,834			
Mortgage & asset backed securities			1,522,347	1,057,776		
Mortgage & asset backed securities				491,516		
Mortgage & asset backed securities	1,989,191	578,229	283,614	3	237,516	369,235
Mortgage & asset backed securities		321,450				
Mortgage & asset backed securities	317,008	210,402	5,235,778	2,437,840		424,350
Guaranteed investment contract						
Total Fair Value	$ 7,958,330	$ 5,877,521	$ 12,965,765	$ 6,672,315	$ 562,505	$ 1,165,715

NOTE 4. TAX REVENUE

Property Tax

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and personal property tax returns must be filed for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by a joint Board of Tax Assessors of Macon and Bibb County. This board has five members appointed by the Bibb County Board of Commissioners for staggered six-year terms.

Upon completion of all assessments and tax returns, the information is turned over to the Macon-Bibb County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Macon-Bibb County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. Property taxes are usually billed in September of each year. Real and personal property taxes may be paid in two installments – the first payment is due 30 days following the mailing of the bills and the final payment is due 60 days following the mailing of the bills. Tax executions are issued for delinquent taxes approximately 60 days following the due date of the second payment. The City is limited to levying 15 mills for operating purposes. The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available as current net assets. In the accompanying financial statements, the property tax levy for the year 2013 has been recognized as revenue, since payment of these taxes was due during the current period.

NOTE 4. TAX REVENUE (CONTINUED)

Property Tax (Continued)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1, 2013	January 1
Levy date	August 21, 2013	January 1
Due dates and collection dates	October 15, 2013 and November 15, 2013	Staggered
FIFA Date	April 1, 2014	N/A

Hotel/Motel Excise Tax

A summary of the hotel/motel excise tax expenditures and receipts for the six months ended December 31, 2013 is as follows:

Expenditure by Purpose	Amount	Tax Receipts	Percentage
Promote tourism	$ 442,671	$ 442,671	100 %

NOTE 5. OTHER RECEIVABLES

Receivables as of December 31, 2013 for the City's governmental, fiduciary and internal service funds in the aggregate are as follows:

	General Fund	SPLOST 2012 Fund	Community and Economic Development Fund	Nonmajor Governmental Funds	Fiduciary Funds	Internal Service Funds
Receivables:						
Taxes	$ 5,573,688	$ -	$ -	$ 120,326	$ -	$ -
Accounts	995,216	210,359	24,696	472,759	4,345	632,091
Loans	-	-	7,840,838	-	-	-
Accrued interest	-	-	-	-	427,652	-
Gross receivable	6,568,904	210,359	7,865,534	593,085	431,997	632,091
Less: allowance for uncollectibles	(1,889,603)	-	(5,430,836)	(856)	-	(83,344)
Net total receivables	$ 4,679,301	$ 210,359	$ 2,434,698	$ 592,229	$ 431,997	$ 548,747

NOTE 5. OTHER RECEIVABLES (CONTINUED)

Receivables as of December 31, 2013 for the City's enterprise funds in the aggregate are as follows:

	Solid Waste Management Fund	Airport Enterprise Fund	Nonmajor Bowden Golf Course Fund
Receivables:			
Accounts	$ 5,105,775	$ 111,609	$ 8,066
Gross Receivables	5,105,775	111,609	8,066
Less: allowance for uncollectibles	(1,457,388)	(1,714)	-
Net total receivables	$ 3,648,387	$ 109,895	$ 8,066

NOTE 6. DUE FROM OTHER GOVERNMENTS

Amounts receivable from other governments as of December 31, 2013 for the City's individual major funds, nonmajor funds, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	SPLOST 2012 Fund	Community and Economic Development Fund	Airport Enterprise Fund	Nonmajor Governmental Funds
Federal	$ -	$ -	$ 213,061	$ 10,044	$ 51,158
State	1,930,754	-	-	2,090	218,905
County	1,598,171	1,016,648	-	-	-
Gross receivables	3,528,925	1,016,648	213,061	12,134	270,063
Less: allowance for uncollectibles	(137,912)	-	-	-	-
Net total receivable	$ 3,391,013	$ 1,016,648	$ 213,061	$ 12,134	$ 270,063

The principal amounts due from the federal government are grant program reimbursements. The principal amount due from the state government is for project reimbursements and sales tax. The majority of the amount due from the county government represents reimbursements for jointly funded departments, such as fire protection.

NOTE 7. INTERFUND TRANSFERS AND BALANCES RECEIVABLE / PAYABLE

Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Further, transfers are used to settle amounts due between funds when, in management's best estimate, an interfund loan is not expected to be repaid within a reasonable period of time supported by a lack of a current ability to repay a payable balance between funds.

	Fund Transfers Out:				
Fund Transfers In:	**General**	**SPLOST 2012**	**Community & Economic Development Fund**	**Non-Major Governmental**	**Total**
General	$ -	$ 235,563	$ 2,977,845	$ 22,898	$ 3,236,306
Community & Economic Development Fund	3,720,277	-	-	-	3,720,277
Coliseum & Auditorium	857,556	2,000,480	-	201,093	3,059,129
Airport	215,009	-	-	-	215,009
Non-Major Governmental	1,636,885	2,407,810	-	-	4,044,695
Non-Major Enterprise	317,353	7,349	-	-	324,702
Internal Service	1,589,585	1,930,141	36,696	-	3,556,422
	$ 8,336,665	$ 6,581,343	$ 3,014,541	$ 223,991	$ 18,156,540

The transfers out of the 2012 SPLOST Fund are transfers for debt service payments made by other funds and transfers for approved SPLOST projects paid and accounted for in other funds.

NOTE 7. INTERFUND TRANSFERS AND BALANCES RECEIVABLE / PAYABLE (CONTINUED)

Balances Receivable / Payable

Balances receivable / payable by funds represent amounts due from funds to other funds. Any amounts payable to a governmental fund that relate to working capital loans that are deemed to be entirely collectible which are not scheduled to be collected in the subsequent year are considered to be advances.

Advances Receivable Fund	Advances Payable Fund	Amount
Solid Waste	General	$ 8,680,679

The City's interfund receivables and payables at December 31, 2013 are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Receivable Fund:						
Payable Fund:	General	2012 SPLOST	Coliseum & Auditorium	Non-Major Governmental	Non-Major Enterprise	Internal Service	Total
General	$ -	$ 9,633	$ 90,001	$ 1,279,885	$ 249,854	$ 2,651,151	$ 4,280,524
Non-Major Governmental	427,077	-	156,137	-	-	-	583,214
Coliseum & auditorium	-	-	-	6,953	-	-	6,953
Airport	236,689	-	-	-	-	-	236,689
Internal Service	-	-	-	49,462	7,349	-	56,811
	$ 663,766	$ 9,633	$ 246,138	$ 1,336,300	$ 257,203	$ 2,651,151	$ 5,164,191

NOTE 8. CAPITAL ASSETS

Capital asset activity of the City's governmental activities for the six months ended December 31, 2013 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, not being depreciated:					
Land	$ 7,690,630	$ -	$ -	$ -	$ 7,690,630
Construction in progress	26,137,953	5,019,680	-	-	31,157,633
Total capital assets, not being depreciated	33,828,583	5,019,680	-	-	38,848,263
Capital assets, being depreciated:					
Buildings	34,675,770	-	-	-	34,675,770
Machinery and equipment	8,414,546	75,651	-	-	8,490,197
Vehicles	26,491,508	742,619	(880,285)	78,688	26,432,530
Furnitures and fixtures	24,069	-	-	-	24,069
Infrastructure	35,280,070	-	-	-	35,280,070
Total capital assets, being depreciated	104,885,963	818,270	(880,285)	78,688	104,902,636
Less accumulated depreciation for:					
Buildings	(19,697,119)	(244,995)	-	-	(19,942,114)
Machinery and equipment	(6,618,826)	(309,855)	-	-	(6,928,681)
Vehicles	(19,100,516)	(828,688)	858,828	(78,688)	(19,149,064)
Furnitures and fixtures	(24,070)	-	-	-	(24,070)
Infrastructure	(9,677,816)	(285,049)	-	-	(9,962,865)
Total accumulated depreciation	(55,118,347)	(1,668,587)	858,828	(78,688)	(56,006,794)
Total capital assets, being depreciated, net	49,767,616	(850,317)	(21,457)	-	48,895,842
Governmental activities capital assets, net	$ 83,596,199	$ 4,169,363	$ (21,457)	$ -	$ 87,744,105

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At December 31, 2013, $10,958,833 of internal service fund capital assets are included in the above amounts, net of accumulated depreciation.

NOTE 8. CAPITAL ASSETS (CONTINUED)

Capital asset activity of the City's business-type activities for the six months ended December 31, 2013 was as follows:

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, not being depreciated:					
Land	$ 7,220,673	$ -	$ -	$ -	$ 7,220,673
Construction in progress	922,902	1,118,515	-	-	2,041,417
Total capital assets, not being depreciated	8,143,575	1,118,515	-	-	9,262,090
Capital assets, being depreciated:					
Land improvements	3,174,629	-	-	-	3,174,629
Buildings	20,452,588	7,349	-	-	20,459,937
Infrastructure	6,164,880	-	-	-	6,164,880
Machinery and equipment	4,033,731	23,607	-	-	4,057,338
Vehicles	8,131,226	57,367	-	(78,688)	8,109,905
Furnitures and fixtures	1,743,968	881,965	-	-	2,625,933
Total capital assets, being depreciated	43,701,022	970,288	-	(78,688)	44,592,622
Less accumulated depreciation for:					
Land improvements	(805,613)	(51,211)	-	-	(856,824)
Buildings	(11,531,031)	(151,288)	-	-	(11,682,319)
Infrastructure	(637,908)	(122,552)	-	-	(760,460)
Machinery and equipment	(3,364,815)	(79,605)	-	-	(3,444,420)
Vehicles	(5,831,417)	(344,811)	-	78,688	(6,097,540)
Furnitures and fixtures	(1,311,956)	(103,970)	-	-	(1,415,926)
Total accumulated depreciation	(23,482,740)	(853,437)	-	78,688	(24,257,489)
Total capital assets, being depreciated, net	20,218,282	116,851	-	-	20,335,133
Business-type activities capital assets, net	$ 28,361,857	$ 1,235,366	$ -	$ -	$ 29,597,223

NOTE 8. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit:				
Macon Transit Authority				
Capital assets, being depreciated:				
Buses	7,002,311	314,529	-	7,316,840
Machinery and equipment	1,229,179	308,641	-	1,537,820
Total capital assets, being depreciated	8,231,490	623,170	-	8,854,660
Less accumulated depreciation for:				
Buses	(2,151,786)	(939,664)	-	(3,091,450)
Machinery and equipment	(544,800)	(157,522)	-	(702,322)
Total accumulated depreciation	(2,696,586)	(1,097,186)	-	(3,793,772)
Total capital assets, being depreciated, net	5,534,904	(474,016)	-	5,060,888
Component unit activities capital assets, net	$ 5,534,904	$ (474,016)	$ -	$ 5,060,888

Depreciation expense, including $113,133 applicable to internal service funds, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 304,012
Public safety	858,389
Public works	504,216
Housing and development	1,970
Total depreciation expense - governmental activities	$ 1,668,587
Business-type activities:	
Airport	$ 244,952
Bowden golf	48,392
Coliseum and auditorium	169,415
Mulberry Street parking garage	4,395
Solid waste	386,283
Total depreciation expense - business-type activities	$ 853,437

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the six months ended December 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Revenue bonds:					
2002A Macon-Bibb County Urban Development Authority Revenue Bonds	$ 5,670,000	$ -	$ (360,000)	$ 5,310,000	$ 375,000
2002B Macon-Bibb County Urban Development Authority Revenue Bonds	3,335,000	-	(200,000)	3,135,000	210,000
Plus: Premium on 2002B Bonds	52,466	-	(2,914)	49,552	5,829
	9,057,466	-	(562,914)	8,494,552	590,829
2007 Hotel Revenue Bonds	10,005,000	-	(340,000)	9,665,000	350,000
Total Revenue Bonds	19,062,466	-	(902,914)	18,159,552	940,829
General Obligation Bonds:					
General Obligation Sales Tax Bonds, Series 2012	18,000,000	-	(250,000)	17,750,000	3,375,000
Plus: Premium on Series 2012 Bonds	1,010,104	-	(138,311)	871,793	255,344
Total General Obligation Bonds	19,010,104	-	(388,311)	18,621,793	3,630,344
Lease Purchase Agreements:					
Secretary of State	1,245,191	-	(454,931)	790,260	790,260
Capital Leases	2,809,919	766,913	(756,138)	2,820,694	756,038
Total Obligation	4,055,110	766,913	(1,211,069)	3,610,954	1,546,298
Georgia Municipal Association:					
1998 Certificates of Participation	6,300,000	-	-	6,300,000	-
Pension Notes	429,741	-	(102,709)	327,032	218,118
Net other post-employment benefits (OPEB) obligation	27,989,856	1,667,930	(861,346)	28,796,440	-
Compensated absences	2,559,180	847,864	(712,820)	2,694,224	1,938,856
Claims and judgements payable	706,320	-	-	706,320	706,320
Workers' compensation claims	5,071,000	2,211,534	(1,997,157)	5,285,377	3,964,033
Governmental Long-term Liabilities	$ 85,183,777	$ 5,494,241	$ (6,176,326)	$ 84,501,692	$ 12,944,798

See the following page for a summary of business-type long-term debt activity for the City for the six months ended December 31, 2013.

NOTE 9. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type Activities:					
Revenue Bonds:					
1993 Macon-Bibb County Industrial Authority Revenue Bonds	$ 1,490,000	$ -	$ -	$ 1,490,000	$ 265,000
2002 Macon-Bibb County Industrial Authority Revenue Bonds	1,445,000	-	-	1,445,000	265,000
Less: Discount on 2002 Bonds	(14,427)	-	1,519	(12,908)	(3,037)
Total Revenue Bonds	2,920,573	-	1,519	2,922,092	526,963
Capital leases	1,586,159	172,401	(570,894)	1,187,666	584,419
Notes payable	323,207	-	(108,000)	215,207	107,736
Net other post-employment benefits (OPEB) obligation	2,014,409	122,328	(62,057)	2,074,680	-
Compensated absences	118,421	56,499	(56,612)	118,308	118,308
Landfill closure/postclosure care costs	11,430,000	380,000	-	11,810,000	-
Business-type Long-term Liabilities	$ 18,392,769	$ 731,228	$ (796,044)	$ 18,327,953	$ 1,337,426

Compensated absences, workers' compensation claims payables, OPEB obligations, and claims and judgments payable are typically liquidated by the General Fund. Amounts payable for capital leases and compensated absences for the internal service funds are reported in the schedule of long-term debt as part of governmental activities.

Governmental Activities Debt

The City has elected to include revenue bonds and contractual obligations in the governmental activities as it has been accepted practice to pay these from the General Fund without reference to the adequacy or inadequacy of designated revenue sources.

Revenue Bonds

Series 2002A and 2002B Macon-Bibb County Urban Development Authority Revenue Bonds, totaling $7,860,000 and $4,165,000, respectively, are due in annual installments of $608,239 to $1,045,776 through August 1, 2024, and have an interest rate of 2.5% to 6.0%. As of December 31, 2013, the balance of this obligation (including unamortized bond premiums of $49,552) is $8,494,552. Bond proceeds were used to aid in redevelopment projects within the central business district of Macon, Georgia. As of December 31, 2013, revenue bonds debt service requirements to maturity, excluding amortization of bond issue costs, are:

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

	Principal	Interest	Total
2014	$ 585,000	$ 458,288	$ 1,043,288
2015	610,000	427,938	1,037,938
2016	645,000	395,238	1,040,238
2017	680,000	360,638	1,040,638
2018	720,000	324,138	1,044,138
2019-2023	4,215,000	994,978	5,209,978
2024-2025	990,000	54,788	1,044,788
	$ 8,445,000	$ 3,016,006	$ 11,461,006

Series 2007 Hotel Revenue Bonds totaling $9,665,000 are due in varying annual installments of $152,846 to $774,075 through October 1, 2034, and have an interest of 4.0% to 5.0%. Bond proceeds were used to aid in construction of a new hotel and convention center in the City. As of December 31, 2013, revenue bonds debt service requirements to maturity, excluding amortization of bond issuance costs, are:

	Principal	Interest	Total
2014	$ 350,000	$ 427,276	$ 777,276
2015	355,000	413,275	768,275
2016	365,000	399,075	764,075
2017	370,000	384,475	754,475
2018	380,000	369,675	749,675
2019-2023	2,070,000	1,606,488	3,676,488
2024-2028	2,425,000	1,112,031	3,537,031
2029-2033	2,770,000	523,550	3,293,550
2034-2035	580,000	26,825	606,825
	$ 9,665,000	$ 5,262,670	$ 14,927,670

NOTE 9. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

Series 2012 General Obligation Sales Tax Bonds totaling $18,000,000 were issued in fiscal year 2012 and are due in varying installments of $503,750 to $3,863,975 through December 1, 2018, and have an interest rate of 2.0% to 3.0%. As of December 31, 2013, the balance of this obligation (including unamortized bond premium of $871,793) is $18,621,793. Bond proceeds will be used to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the City. Principal of and interest on the Bonds are payable from the City's receipts of a special county one percent (1%) sales and use tax which will be collected in Bibb County. As of December 31, 2013, general obligation bonds debt service requirements to maturity, excluding amortization of bond issuance costs, are:

	Principal	Interest	Total
2014	$ 3,375,000	$ 498,750	$ 3,873,750
2015	3,485,000	431,250	3,916,250
2016	3,560,000	326,700	3,886,700
2017	3,630,000	219,900	3,849,900
2018	3,700,000	111,000	3,811,000
	$ 17,750,000	$ 1,587,600	$ 19,337,600

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various buildings and equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. Amortization of these assets is included in the depreciation expense recorded in the respective governmental activities. The following is an analysis of leased assets under capital leases as of December 31, 2013:

Buildings	$ 8,958,310
Less: Accumulated depreciation	(3,312,172)
	$ 5,646,138

A lease purchase agreement entered into in 1999 in the amount of $8,958,310 is due in varying monthly installments of $65,313 to $81,626 through October 1, 2014, and has an interest rate of 5.16%. This lease purchase agreement is serviced by rentals from the Georgia Secretary of State. The balance of this obligation at December 31, 2013 is $790,260.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for the Georgia Secretary of State lease together with the present value of net minimum lease payments as of December 31, 2013:

	Governmental Activities
2014	$ 810,056
Less amount representing interest	(19,796)
Present value of future minimum lease payments	$ 790,260

The City has obtained several leases through a local financial institution to finance the acquisition of various equipment. The leasing arrangement is structured in a way that requires the City to first expend the money for purchase of the assets. The lease proceeds are then remitted to the City by the financial institution and the lease agreement begins. The City used a portion of the fiscal year 2009 leases to pay off the 1990 Georgia Municipal Association (GMA) lease. The principal portion of the 1990 GMA master lease agreement was recorded in two different places within the City's financial statements, governmental activities and the Solid Waste Management Fund (proprietary fund). Therefore, the proceeds from capital leases received during fiscal year 2009 utilized to repay the 1990 GMA lease were also recorded in two different places in the City's financial statements. As of December 31, 2013, the principal amount outstanding related to lines of credit extended by a financial institution included the following: 1) governmental activities in the amount of $2,820,694; 2) Solid Waste Management Fund in the amount of $1,156,610; 3) and the Bowden Golf Course Fund in the amount of $31,056 for a total amount due of $4,008,360.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for the financial institution leases together with the present value of net minimum lease payments as of December 31, 2013 (governmental activities; Solid Waste Management Fund and Bowden Golf Course Fund - proprietary funds):

	Governmental Activities
2014	$ 835,950
2015	835,950
2016	565,145
2017	302,362
2018	189,504
2019-2022	336,216
Total minimum lease payments	3,065,127
Less amount representing interest	(244,433)
Present value of future minimum lease payments	$ 2,820,694

	Business-Type Activities
2014	$ 610,515
2015	378,372
2016	205,825
2017	35,826
Total minimum lease payments	1,230,538
Less amount representing interest	(42,872)
Present value of future minimum lease payments	$ 1,187,666

The following is an analysis of leased assets under capital lease purchased with lease proceeds as of December 31, 2013, and amortization of these assets is included in the depreciation expense recorded in the respective governmental and business-type activities:

	Governmental Activities	Business-type Activities
Vehicles	$ 2,921,754	$ 3,349,899
Less: Accumulated depreciation	(1,163,649)	(1,848,247)
	$ 1,758,105	$ 1,501,652
Machinery & Equipment	$ 559,463	$ -
Less: Accumulated depreciation	(321,478)	-
	$ 237,985	$ -

NOTE 9. LONG-TERM DEBT (CONTINUED)

Georgia Municipal Association Certificates of Participation

In June 1998, the City entered into a lease pool agreement with other local governments in the State of Georgia through the Georgia Municipal Association, Inc. (also known as the "GMA"). The funding of the lease pool was provided by the issuance of a $150,126,000 Certificate of Participation (COP) by the GMA. The 1998 COP immediately passed the net proceeds through to the participating municipalities with the City's participation totaling $6,300,000. The lease pool agreement with the GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the COP. The principal of $6,300,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

Annual debt service requirements to maturity for the certificates of participation are as follows:

	Principal	Interest	Total
2014	$ -	$ 299,250	$ 299,250
2015	-	299,250	299,250
2016	-	299,250	299,250
2017	-	299,250	299,250
2018	-	299,250	299,250
2019-2023	-	1,496,250	1,496,250
2024-2028	6,300,000	1,496,250	7,796,250
	$ 6,300,000	$ 4,488,750	$ 10,788,750

NOTE 9. LONG-TERM DEBT (CONTINUED)

Georgia Municipal Association Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (i) a semi-annual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semi-annual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time as the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength with the counterparty being rated Aa3 by Moody's. At December 31, 2013, the floating rate being paid by the City is 0.49% and the market value of this agreement is $1,123,417, a decrease of $351,620 from the market value at June 30, 2013. The market value of the hedge was determined using settlement prices at the end of the day on December 31, 2013 based on the derivative contract. This market value is reported as a component of assets in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as a deferred inflow of resources in the statement of net position.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Pension Plan Note Agreements

In June 2011, the City entered into agreements with the Fire and Police and General Employees' Pension Plans in order to make up required contributions that were not made in previous years. Payments were due to the Fire and Police Pension Plan in monthly installments of $73,917 through December 1, 2015, interest at 8% to 10%. The City paid in full the note due to the Fire and Police Pension fund in June 2012. Payments are due to General Employees' Pension Plan in monthly installments of $12,855, with a lump sum payment of $100,000 due on September 1, 2011, through June 1, 2015, interest at 8%. The balance of this obligation at December 31, 2013 is $327,032.

Annual debt service requirements to maturity for the pension plan agreements are as follows:

	Principal	Interest	Total
2014	$ 218,118	$ 18,282	$ 236,400
2015	108,914	2,441	111,355
	$ 327,032	$ 20,723	$ 347,755

Business-Type Activities Debt

The following notes payable are included in the Solid Waste Management Fund:

$215,207 note payable to the Macon Water Authority due in annual principal installments of $107,736 and $107,471 in calendar years 2014 and 2015, respectively. No provision for interest is considered required due to the immateriality of such amounts bearing interest at approximately .15%. These funds were obtained to assist the City in addressing certain matters at the City's landfill.

The following revenue bonds are included in the Airport Enterprise Fund:

$4,500,000 1993 Macon-Bibb County Industrial Authority Airport Improvement Revenue Bonds are due in annual installments of $257,208 to $355,435 through May 1, 2018, interest at 3.9% to 6.1%. The balance of this obligation at December 31, 2013 is $1,490,000. These Bonds were to assist in the financing of the acquisition, construction, and installation of a new maintenance hangar at the Middle Georgia Regional Airport in Bibb County, Georgia.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Business-Type Activities Debt (Continued)

$3,600,000 2002 Macon-Bibb County Industrial Authority (Airport Improvement – Atlantic Southeastern Airlines Project) due in annual installments of $325,500 to $337,250 through April 1, 2018, interest at 4% to 5%. As of December 31, 2013, the balance of this obligation (including unamortized discount of $12,908) is $1,432,098. The Bonds were used to finance the acquisition, construction, and installation of a 7,500 square foot training and storage facility and an aircraft wash facility. Both improvements are located at the Middle Georgia Regional Airport in Bibb County, Georgia.

Airport Enterprise Fund revenue bonds debt service requirements to maturity excluding amortization of bond issuance costs are as follows as of December 31, 2013:

	Principal	Interest	Total
2014	$ 530,000	$ 127,015	$ 657,015
2015	555,000	104,225	659,225
2016	585,000	102,895	687,895
2017	620,000	70,400	690,400
2018	645,000	35,935	680,935
	$ 2,935,000	$ 440,470	$ 3,375,470

Closure/Post-closure Care Costs

The City owns and operates a landfill site located in Macon, Georgia. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a prorated portion of the closure and post-closure care costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date. As of December 31, 2013, the City has determined that it has used approximately 3,131,035 cubic yards out of a total available capacity of approximately 4,700,000 cubic yards which approximates 67% capacity used. Further, estimated costs of closure and post-closure care costs as determined at December 31, 2013 amount to approximately $19,980,000. Based on the above facts and estimated amounts, the City has incurred a liability of $11,810,000 which represents the amount of costs reported to date based on 67% of landfill capacity used to date as of December 31, 2013. The estimated costs of closure and post-closure care are subject to changes such as the effects of inflation, revision of laws and other variables. The estimated remaining life of the landfill is nine years.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Macon-Bibb County Transit Authority Debt

The following is a summary of the long-term debt transactions of the Macon-Bibb County Transit Authority for the fiscal year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Line of credit	$ 70,795	$ 1,316,300	$ (1,377,095)	$ 10,000	$ 10,000
Net pension obligation	811,884	328,575	(419,543)	720,916	-
Compensated absences	36,677	22,717	(25,226)	34,168	34,168
	$ 919,356	$ 1,667,592	$ (1,821,864)	$ 765,084	$ 44,168

Line of Credit Payable

The Macon-Bibb County Transit Authority has a $1,300,000 line of credit with SunTrust Bank to be drawn upon as needed with an interest rate equal to the index minus .50% per annum. The line of credit is secured with all of the Macon-Bibb County Transit Authority's deposits and investments maintained with SunTrust Bank. As of June 30, 2013, the balance outstanding on this line of credit was $10,000.

Compensated Absences

During 2010, the Authority adopted a policy which requires employees to use accrued vacation time within 12 months of being earned and available to use. At the end of the 12 month period, unused vacation time expires.

NOTE 10. PENSION PLAN

Employee Retirement Plans

The City's primary government participates in two single-employer, noncontributory defined-benefit, and public employee retirement systems. These plans do not issue separate stand-alone reports. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

Fire and Police Pension Plan

The City of Macon Fire and Police Pension Plan provides retirement benefits for substantially all full-time sworn police and fire officers of the primary government.

General Employees' Pension Plan

The City of Macon General Employees' Pension Plan provides retirement benefits for substantially all fulltime employees of the primary government other than sworn fire and police officers.

Actuarial valuations are performed annually. There are no loans to any City officials nor are there any other "party-in-interest" or prohibited transactions. The funds are managed by independent money managers and administered by the respective boards. The City appoints all members to the General Employees' Pension Plan Board. The Pension Committee of the Fire and Police Pension Plan is partially appointed by the City and partially elected by Fire and Police employees.

Basis of Accounting

The accrual basis of accounting is used in the pension trust funds. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred. Employer contributions to the plans are recognized when due and the City has made a formal commitment to provide the contribution. Plan members make no contributions to the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment Values

Investments of the pension trust funds are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates market value. Securities traded on a national exchange are valued at last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, and the carrying amount of cash deposits reasonably estimates fair value.

NOTE 10. PENSION PLAN (CONTINUED)

CITY OF MACON, GEORGIA
PENSION TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2013

ASSETS	Fire and Police Pension Fund	General Employees' Pension Fund	Total
Cash	$ 6,487,774	$ 2,976,625	$ 9,464,399
Investments:			
Common stock	-	34,980,042	34,980,042
Government funds	12,199,233	-	12,199,233
Corporate bonds	14,295,925	-	14,295,925
Asset-backed securities	18,326,186	-	18,326,186
Fixed income	-	23,136,238	23,136,238
Mutual funds	146,725,506	12,825,480	159,550,986
Collateralized mortgage obligations	11,509,402	-	11,509,402
Total investments	203,056,252	70,941,760	273,998,012
Receivables:			
Accrued interest and dividends	320,963	106,689	427,652
Accounts receivables for investment sales pending	4,345	-	4,345
Total receivables	325,308	106,689	431,997
Notes receivable	-	327,032	327,032
Total assets	209,869,334	74,352,106	284,221,440
LIABILITIES			
Accounts payable	81,743	9,375	91,118
Total current liabilities	81,743	9,375	91,118
NET POSITION			
Net position restricted for pension benefits	$ 209,787,591	$ 74,342,731	$ 284,130,322

NOTE 10. PENSION PLAN (CONTINUED)

CITY OF MACON, GEORGIA
PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Fire and Police Pension Fund	General Employees' Pension Fund	Total
ADDITIONS			
Employer contributions	$ 2,203,508	$ 1,890,409	$ 4,093,917
Net appreciation (depreciation) in fair value of investments	15,222,312	5,738,400	20,960,712
Investment income	6,121,968	1,578,142	7,700,110
Less: investment expenses	(64,042)	(252,413)	(316,455)
Net investment income	21,280,238	7,064,129	28,344,367
Total additions	23,483,746	8,954,538	32,438,284
DEDUCTIONS			
Benefit payments	4,955,943	2,137,262	7,093,205
Administrative expenses	152,725	137,077	289,802
Total deductions	5,108,668	2,274,339	7,383,007
Net increase in net position held in trust for pension benefits	18,375,078	6,680,199	25,055,277
Net position restricted for pension benefits:			
Net position, beginning	191,412,513	67,662,532	259,075,045
Net position, ending	$ 209,787,591	$ 74,342,731	$ 284,130,322

NOTE 10. PENSION PLAN (CONTINUED)

Membership

	Fire & Police Employees' Pension	General Employees' Pension
Current active employees	681	484
Terminated plan members entitled to, but not yet receiving benefits	232	255
Retirees and beneficiaries currently receiving benefits	448	395
	1,361	1,134

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the six months ended December 31, 2013 are as follows:

	Fire & Police Employees' Pension	General Employees' Pension
Annual required contribution	$ 2,208,952	$ 1,936,704
Interest on net pension obligation (asset)	(329,320)	(12,102)
Adjustments to annual required contribution	254,313	9,230
Annual pension cost	2,133,945	1,933,832
Employer contributions	2,203,508	1,890,409
(Increase) decrease in net pension asset	(69,563)	43,423
Net pension obligation (asset), beginning of year	(8,781,847)	(302,544)
Net pension obligation (asset), end of year	$ (8,851,410)	$ (259,121)

The above net pension assets of $8,851,410 and $259,121 are reported within the other non-current assets line item on the Statement of Net Position.

NOTE 10. PENSION PLAN (CONTINUED)

SCHEDULE OF PENSION COST AND CONTRIBUTIONS

	Annual Pension Cost (APC)	Employer Contributions	Percentage of APC Contributed	Net Pension Obligation (Asset)
Fire & Police Employees' Pension				
6/30/12	$ 3,723,100	$ 4,059,025	$ 109%	$ (9,608,621)
6/30/13	4,413,611	3,586,837	81%	(8,781,847)
12/31/13	2,133,945	2,203,508	103%	(8,851,410)
General Employees' Pension				
6/30/12	$ 2,207,142	$ 2,455,897	$ 111%	$ (358,344)
6/30/13	3,046,795	2,990,995	98%	(302,544)
12/31/13	1,933,832	1,890,409	98%	(259,121)

The significant actuarial assumptions used in the current valuation are as follows:

Description	Fire & Police Employees' Pension	General Employees' Pension
Valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Aggregate cost	Aggregate cost
Amortization method	Level percent open	Level percent open
Remaining amortization period	30 years	30 years
Actuarial asset valuation method	Market value	Market value
Actuarial Assumptions		
Inflation rate	7.50% per year	8.00% per year
Rate of return on investments	8.00% per year	8.00% per year
Projected salary increases	3.00% per year	3.00% per year
Post-retirement benefit increases	1.50% per year	1.50% per year

NOTE 10. PENSION PLAN (CONTINUED)

As of the most recent valuation date, July 1, 2013, the funded status of the Fire and Police Pension Plan was follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	$ 191,412,512	$ 196,653,934	$ 5,241,422	97.3 %	$ 26,250,174	20.0 %

As of the most recent valuation date, July 1, 2013, the funded status of the General Employees Pension Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	$ 67,470,067	$ 80,012,170	$ 12,542,103	84.3 %	$ 17,377,335	72.2 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2013 for both the Fire and Police Pension Fund and the General Employees' Pension Fund.

Membership for the Fire and Police Pension Fund and the General Employees' Pension Fund is based upon actuarial valuations performed July 1, 2013. Funding policies, contribution methods, and benefit provisions are as follows:

NOTE 10. PENSION PLAN (CONTINUED)

	Fire & Police Employees' Pension	General Employees' Pension
Year established	1951	1969
Governing authority	City ordinance	City ordinance
Determination of:		
Contribution requirements		
Employer	Actuary	Actuary
Plan members	No contributions	No contributions
Funding of administrative costs	Investment earnings	Investment earnings
Period required to vest	15 years	15 years
Eligibility of distribution	Age 50 years with 25 year service; 26 years regardless of age, reduced; delayed retirement is available	Age 60; age 55, reduced
Provision for disability benefits	Yes	Yes
Provision for death benefits	Yes	Yes

Funding Policy

The City is required to contribute an actuarially determined amount annually to the Plans' trusts. A contribution amount is determined using actuarial methods and assumptions approved by the General Employees' Pension Plan Board and the Pension Committee of the Fire and Police Pension Plan and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plan held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

NOTE 10. PENSION PLAN (CONTINUED)

Due to the aggregate actuarial cost method not identifying or separately amortizing unfunded actuarial liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plans.

Decription	Fire & Police Employees' Pension	General Employees' Pension
Current year changes in actuarial assumptions	1. Assumed discount rate decreased from 8.00% to 7.50% per 2. Assumed increase in future salaries has been decreased from 4.00% per year to 3.00% per year.	None
Benefit provisions	None	None

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB 45 requirements, the City is required to attribute the cost of post-retirement benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a post-retirement benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the City for the six months ended December 31, 2013. The City has elected not to establish a separate trust fund to account for other post-employment benefits, and has not funded the plan as of December 31, 2013.

The City provides post-retirement health care benefits through its Other Post-Employment Benefits (OPEB's) plan, as per the requirements of a resolution, for certain retirees under a single employer defined benefit plan. The provisions and obligations to contribute are established and may be amended by the Mayor and City Council. Police officers and firefighters are eligible for benefits if they retire from the City after at least 25 years of service and have attained the age of 45. All other employees must have attained age 55 and have at least five years of service to the City. After reaching Medicare eligibility (age 65), the City becomes secondary payer and the premium charged for retiree coverage is reduced. Currently, 666 former employees (retirees) are eligible for post-retirement health care benefits.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Membership

The following schedule (derived from the most recent actuarial valuation report dated July 1, 2012) reflects membership for the post-retirement benefit plan as of July 1, 2012.

Active members	926
Retired members	151
	1,077

Contributions

As of the most recent valuation date, plan members are required to contribute 50% of monthly premium rates. Premium rates per month for retiree only coverage are $384 for HMO and $690 for POS/PPO. Premium rates per month for retiree plus spouse coverage are $732 for HMO and $1,317 for POS/PPO.

The City contributed $923,403 to the post-retirement benefit plan for the period July 1, 2013 to December 31, 2013. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Mayor and City Council. The Mayor and City Council established and may amend the funding policy for the post-retirement benefit plan.

Annual required contribution	$ 1,842,188
Interest on net benefit obligation	525,075
Adjustments to annual required contribution	(577,005)
Annual benefit cost	1,790,258
Employer contributions	923,403
Increase in net benefit obligation	866,855
Net OPEB obligation, beginning of year	30,004,265
Net OPEB obligation, end of year	$ 30,871,120

The above net benefit obligation of $30,871,120 is reported as a separate line item within the liability section on the Statement of Net Position.

Schedule of Employer Costs and Contributions

Fiscal Year Ending	Annual Required Contribution/ Annual OPEB Cost	Actual City Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	$ 3,847,291	$ 1,839,214	47.81 %	$ 28,164,983
6/30/13	3,470,494	1,631,212	47.00	30,004,265
12/31/13	1,790,258	923,403	51.58	30,871,120

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

As of the most recent valuation date, July 1, 2012, the funded status of the post-retirement benefit plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Acturial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
7/1/08	$ -	$ 173,529,118	$ 173,529,118	- %	$ 40,905,813	424.22 %
7/1/10	-	41,156,182	41,156,182	-	37,224,235	110.56
7/1/12	-	37,646,442	37,646,442	-	32,734,501	115.01

This schedule of funding progress presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. As provided under GASB Statement No. 45, the July 1, 2012 valuation date along with an annual rollover schedule for financial reporting purposes is used to determine the annual benefit cost for the six months ended December 31, 2013, and full valuations are required to be performed and calculated biennially.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2012. The assumptions used in the July 1, 2012 actuarial valuation are as follows:

Cost Method	Entry Age Normal Cost Method
Actuarial Asset Valuation Method	N/A
Inflation Rate	3.00%
Assumed Rate of Return on:	
Investments	3.50%
Healthcare Cost Trend Rate	8.50%
Ultimate Healthcare Trend Rate	5.00%
Year of Ultimate Trend Rate	2020
Amortization Method	Closed amortization, level percent of payroll
Remaining Amortization Period	26 years

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 12. RISK MANAGEMENT

The following schedule summarizes the claims liability for group health insurance and workers' compensation coverage:

Fiscal year ended June 30, 2013	Beginning of year	Current year claims and changes in estimates	Claim payments	End of year
Workers' Compensation	$ 4,822,000	$ 2,134,950	$ 1,885,950	$ 5,071,000
Group Health	$ 1,020,000	$ 11,925,211	$ 12,055,211	$ 890,000

Six months ended December 31, 2013	June 30, 2013	Current year claims and changes in estimates	Claim payments	December 31, 2013
Workers' Compensation	$ 5,071,000	$ 2,211,534	$ 1,997,157	$ 5,285,377
Group Health	$ 890,000	$ 6,504,347	$ 5,790,967	$ 1,603,380

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The City purchases insurance from a private carrier for coverage of general liability, property, and casualty coverage. The private insurance covers claims arising from general liability, automobile liability, errors and omissions, law enforcement liability, and property risks. Additionally, the City purchases health insurance from a private carrier. No reduction in insurance coverage has occurred since the previous year, and no settlements in excess of coverage have been paid in the past three years.

The claims liability for workers' compensation in the amount of $5,285,377 as of December 31, 2013 represents a liability for claims for which management believes it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is estimable and considered to be probable.

Incurred-But-Not-Reported claims have been accrued as claims liabilities based primarily upon the fund’s third party administrator’s claims projections and are included in current year claims estimates.

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at December 31, 2013, the City has contractual commitments on various uncompleted construction contracts of approximately $2,300,000.

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney reports numerous cases pending against the City. Based upon the facts of the cases and the damages claimed, management does not expect potential liabilities as of December 31, 2013 to impair the City's financial position.

Federal Grants

The City participates in a number of federally assisted grant programs, principal of which are Federal Emergency Management Agency Grants, Federal Aviation Administration Grants, Office of Justice Programs, Community Development Block Grants, and Economic Development Administration Programs. These programs are subject to program compliance audits by the grantors or their representatives, and the audits of these programs include the six months ended December 31, 2013.

Environmental Matters

The State of Georgia's Environmental Protection Division (EPD) has notified the City of certain regulatory matters in regards to the Storm Water Management Program. The City is still in the process of implementing corrective actions to address the noncompliance matters. The EPD has required the City to install a methane gas collection system that meets federal standards, pursuant to a consent decree. A new Landfill Gas and Collection System at the Macon Swamp Road Landfill was completed in the fall of 2005 and is compliant with the Title V Permit.

Internal Revenue Service

In FY 2003, the City of Macon and the Macon-Bibb County Urban Development Authority issued $12,025,000 of revenue bonds to provide the funds needed to (i) finance all or a portion of the costs of the acquisition, construction and equipping of various redevelopment projects in the City's central business district and the development and revitalization of other City redevelopment areas (the Projects) and (ii) pay all or a portion of the costs of issuing the Bonds. The Internal Revenue Service has conducted an examination of compliance with tax-exempt regulations and bond requirements. The City has not been notified of the completion or outcome of this examination.

NOTE 14. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Governmental Activities and the Business-type Activities to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position, Governmental Activities, previously reported	$ 41,327,910
Recognition of issuance costs incurred in prior periods	(530,320)
Beginning net position, Governmental Activities, restated	$ 40,797,590

Net position, Business-type Activities, previously reported	$ 23,584,041
Recognition of issuance costs incurred in prior periods	(25,297)
Beginning net position, Business-type Activities, restated	$ 23,558,744

Net position, Airport Enterprise Fund, previously reported	$ 16,221,581
Recognition of issuance costs incurred in prior periods	(25,297)
Beginning net position, Airport Enterprise Fund, restated	$ 16,196,284



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MACON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Value of Liabilities (B)	Unfunded / (Assets in Excess of) AAL (B) - (A)	Funded Ratio (A)/(B)	Covered Payroll (C)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll Employees {(B) - (A)}/(C)
Fire and Police Pension Fund						
07/01/2003	$ 145,616,000	$ 113,479,000	$ (32,137,000)	128.3%	$ 21,782,000	-147.5%
07/01/2004	149,809,000	132,905,000	(16,904,000)	112.7%	18,979,000	-89.1%
07/01/2006	153,640,168	132,999,900	(20,640,268)	115.5%	21,511,696	-95.9%
07/01/2007	170,787,367	150,237,492	(20,549,875)	113.7%	22,163,518	-92.7%
07/01/2009	163,500,555	166,818,505	3,317,950	98.0%	23,756,321	14.0%
07/01/2011	178,704,483	179,536,938	832,455	99.5%	26,690,076	3.1%
07/01/2012	177,556,573	185,015,880	7,459,307	96.0%	26,252,337	28.4%
07/01/2013	191,412,512	196,653,934	5,241,422	97.3%	26,250,174	20.0%
General Employees Pension Fund						
07/01/2004	$ 63,465,000	$ 59,058,000	$ (4,407,000)	107.5%	$ 19,456,000	-22.7%
07/01/2006	66,818,961	59,033,041	(7,785,920)	113.2%	19,616,155	-39.7%
07/01/2008	71,138,626	63,182,135	(7,956,491)	112.6%	17,199,935	-46.3%
07/01/2010	66,314,901	70,630,093	4,315,192	93.9%	16,627,882	26.0%
07/01/2011	66,969,366	74,561,975	7,592,609	89.8%	16,585,756	45.8%
07/01/2012	66,155,121	78,010,933	11,855,812	84.8%	17,449,139	67.9%
07/01/2013	67,470,067	80,012,170	12,542,103	84.3%	17,377,335	72.2%

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.

CITY OF MACON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2013

	Required Contribution	Actual Contribution	Percentage Contributed
Fire and Police Pension Fund			
June 30, 2007	$ 203,761	$ 1,683,419	826%
June 30, 2008	1,253,988	1,383,568	110%
June 30, 2009	1,311,772	1,363,666	104%
June 30, 2010	3,905,539	1,305,131	33%
June 30, 2011	4,061,761	6,447,175	159%
June 30, 2012	3,958,138	4,059,025	103%
June 30, 2013	4,657,164	3,586,837	77%
December 31, 2013	2,208,952	2,203,508	100%
General Employees Pension Fund			
June 30, 2007	$ 265,922	$ 260,600	98%
June 30, 2008	278,340	283,492	102%
June 30, 2009	-	407,947	100%
June 30, 2010	-	433,384	100%
June 30, 2011	2,214,834	1,275,317	58%
June 30, 2012	2,209,223	2,455,897	111%
June 30, 2013	3,053,599	2,990,995	98%
December 31, 2013	1,936,704	1,890,409	98%

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.



COMBINING STATEMENTS AND SCHEDULES

CITY OF MACON, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to tourism promoting organizations as required by agreements with these organizations.

The **Law Enforcement Confiscation Fund** accounts for amounts confiscated from criminal activity and their expenditures in compliance with State of Georgia and federal laws.

The **Law Enforcement Grant Fund** accounts for grant funds received for law enforcement programs. No annual budget is adopted for this fund due to the multi-year nature of the grant awards administered.

The **Enhanced 911 Fund** is used to account for the operations and activities of the emergency telephone system.

The **General Grant Activity Fund** accounts for revenues and expenditures of grants received by the City for which there is no specific fund.

The **Workforce Development Fund** accounts for grant proceeds received from the U.S. Department of Labor and passed through to The Macon-Bibb County Workforce Investment Board, Inc.

The **Dannenburg Grant Fund** accounts for grant proceeds received and expended for renovation and restoration of the historic Dannenburg building.

CITY OF MACON, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **UDA Fund** is a capital projects fund used to account for revenues and expenditures of the Macon-Bibb County Urban Development Authority Revenue Bonds Series 2002 A&B. No annual budget is adopted for this fund.

The **Capital Improvements Fund** accounts for the purchase or construction of major capital facilities or equipment of the City. No annual budget is adopted for this fund.

The **2007 Hotel Bond Fund** accounts for the construction of a convention center and hotel for the City.

DEBT SERVICE FUND

The **Debt Service Fund** is used to account for currently due principal and interest on general obligation bonds, revenue bonds, and leases.

CITY OF MACON, GEORGIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2013

	Special Revenue Funds						
	Hotel / Motel Tax Fund	Law Enforcement Confiscation Fund	Law Enforcement Grant Fund	Enhanced 911 Fund	General Grant Activity Fund	Workforce Development Fund	Dannenburg Grant Fund
ASSETS							
Cash and cash equivalents	$ -	$ 379,896	$ -	$ 108,107	$ -	$ -	$ 500
Taxes receivable	120,316	-	-	-	-	-	-
Accounts receivable	-	-	10	363,967	12,100	-	-
Due from other governments	-	-	4,140	-	265,923	-	-
Due from other funds	166,447	12,078	179,927	49,462	50,000	-	-
Restricted assets	-	-	-	-	-	-	-
Total assets	$ 286,763	$ 391,974	$ 184,077	$ 521,536	$ 328,023	$ -	$ 500
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 130,626	$ 8,465	$ -	$ 66,692	$ 169,052	$ -	$ 500
Accrued liabilities	-	-	-	65,607	-	-	-
Unearned revenues	-	-	-	-	66,831	-	-
Due to other funds	156,137	-	4,140	381,981	40,456	-	500
Total liabilities	286,763	8,465	4,140	514,280	276,339	-	1,000
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - grants	-	-	-	-	243,224	-	-
Unavailable revenue - confiscated funds	-	279,818	-	-	-	-	-
Unavailable revenue - charges for services	-	-	-	7,256	-	-	-
Total deferred inflows of resources	-	279,818	-	7,256	243,224	-	-
FUND BALANCES (DEFICIT)							
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Federal and State grant programs	-	-	179,937	-	-	-	-
Law enforcement purposes	-	103,691		-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(191,540)	-	(500)
Total fund balances	-	103,691	179,937	-	(191,540)	-	(500)
Total liabilities, deferred inflows of resources and fund balances	$ 286,763	$ 391,974	$ 184,077	$ 521,536	$ 328,023	$ -	$ 500

CITY OF MACON, GEORGIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2013

	Capital Project Funds				
	UDA Fund	Capital Improvements Fund	2007 Hotel Bond Fund	Debt Service Fund	Totals
	$ -	$ -	$ -	$ 82,330	$ 570,833
	-	-	-		120,316
	-	-	-	-	376,077
	-	-	-	-	270,063
	-	878,386	-	-	1,336,300
	-	2,124,255	-	-	2,124,255
	$ -	$ 3,002,641	$ -	$ 82,330	$ 4,797,844
	$ -	$ 644,682	$ -	$ 269	$ 1,020,286
	-	-	-	-	65,607
	-	-	-	-	66,831
	-	-	-	-	583,214
	-	644,682	-	269	1,735,938
	-	-	-	-	243,224
	-	-	-	-	279,818
	-	-	-	-	7,256
	-	-	-	-	530,298
	-	2,357,959	-	-	2,357,959
	-	-	-	-	179,937
	-	-	-	-	103,691
	-	-	-	82,061	82,061
	-	-	-	-	(192,040)
	-	2,357,959	-	82,061	2,531,608
	$ -	$ 3,002,641	$ -	$ 82,330	$ 4,797,844

CITY OF MACON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Special Revenue Funds						
	Hotel / Motel Tax Fund	Law Enforcement Confiscation Fund	Law Enforcement Grant Fund	Enhanced 911 Fund	General Grant Activity Fund	Workforce Development Fund	Dannenburg Grant Fund
Revenues:							
Hotel/motel taxes	$ 442,671	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	1,533,454	-	-	-
Intergovernmental	-	-	36,683	-	406,879	93,256	-
Interest revenue	-	-	-	-	-	-	-
Other revenues	-	69,830	-	-	12,100	-	-
Total revenues	442,671	69,830	36,683	1,533,454	418,979	93,256	-
Expenditures:							
General government	-	-	-	-	1,046,336	-	-
Public safety	-	11,744	24,965	1,677,705	56,218	-	-
Culture and recreation	241,578	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	217,666	-	-	-
Interest and other charges	-	-	-	14,720	-	-	-
Total expenditures	241,578	11,744	24,965	1,910,091	1,102,554	-	-
Excess (deficiency) of revenues over (under) expenditures	201,093	58,086	11,718	(376,637)	(683,575)	93,256	-
Other financing sources (uses)							
Transfers in	-	-	-	376,637	673,672	26,137	-
Transfers out	(201,093)	-	-	-	-	(22,898)	-
Capital lease	-	-	-	-	-	-	-
Total other financing sources (uses)	(201,093)	-	-	376,637	673,672	3,239	-
Net change in fund balances	-	58,086	11,718	-	(9,903)	96,495	-
Fund balances (deficit), beginning	-	45,605	168,219	-	(181,637)	(96,495)	(500)
Fund balances (deficit), ending	$ -	$ 103,691	$ 179,937	$ -	$ (191,540)	$ -	$ (500)

CITY OF MACON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Capital Project Funds				
UDA Fund	Capital Improvements Fund	2007 Hotel Bond Fund	Debt Service Fund	Totals
$ -	$ -	$ -	$ -	$ 442,671
-	-	-	-	1,533,454
-	-	-	-	536,818
-	159,849	-	-	159,849
-	-	-	-	81,930
-	159,849	-	-	2,754,722
-	-	-	-	1,046,336
-	-	-	-	1,770,632
-	-	-	-	241,578
-	937,357	-	-	937,357
560,000	-	340,000	-	1,117,666
242,844	163,408	220,438	-	641,410
802,844	1,100,765	560,438	-	5,754,979
(802,844)	(940,916)	(560,438)	-	(3,000,257)
802,844	1,604,967	560,438	-	4,044,695
-	-	-	-	(223,991)
-	435,799	-	-	435,799
802,844	2,040,766	560,438	-	4,256,503
-	1,099,850	-	-	1,256,246
-	1,258,109	-	82,061	1,275,362
$ -	$ 2,357,959	$ -	$ 82,061	$ 2,531,608

CITY OF MACON, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes - Hotel/Motel taxes	$ 800,000	$ 442,671	$ (357,329)
EXPENDITURES			
Culture and recreation	436,700	241,578	195,122
Total expenditures	436,700	241,578	195,122
Excess of revenues over expenditures	363,300	201,093	(162,207)
Other financing uses			
Transfers out	(363,300)	(201,093)	162,207
Total other financing uses	(363,300)	(201,093)	162,207
Net change in fund balance	-	-	-
FUND BALANCES, beginning	-	-	-
FUND BALANCES, ending	$ -	$ -	$ -

CITY OF MACON, GEORGIA
LAW ENFORCEMENT CONFISCATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Other revenue - Federal/state cases	$ 91,000	$ 69,830	$ (21,170)
Total revenues	91,000	69,830	(21,170)
EXPENDITURES			
Public safety	142,000	11,744	130,256
Total expenditures	142,000	11,744	130,256
Net change in fund balance	(51,000)	58,086	109,086
FUND BALANCES, beginning	45,605	45,605	-
FUND BALANCES, ending	$ (5,395)	$ 103,691	$ 109,086

CITY OF MACON, GEORGIA
LAW ENFORCEMENT GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 111,268	$ 36,683	$ (74,585)
Total revenues	111,268	36,683	(74,585)
EXPENDITURES			
Public safety	111,268	24,965	86,303
Total expenditures	111,268	24,965	86,303
Net change in fund balance	-	11,718	11,718
FUND BALANCE, beginning	168,219	168,219	-
FUND BALANCE, ending	$ 168,219	$ 179,937	$ 11,718

CITY OF MACON, GEORGIA
ENHANCED 911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Charges for services	$ 3,200,000	$ 1,533,454	$ (1,666,546)
Total revenues	3,200,100	1,533,454	(1,666,646)
EXPENDITURES			
Public safety	3,160,800	1,677,705	1,483,095
Debt service:			
Principal	164,100	217,666	(53,566)
Interest	14,300	14,720	(420)
Total expenditures	3,339,200	1,910,091	1,429,109
Deficiency of revenues over expenditures	(139,100)	(376,637)	(237,537)
Other financing sources			
Transfers in	-	376,637	376,637
Total other financing sources	-	376,637	376,637
Net change in fund balance	(139,100)	-	139,100
FUND BALANCES, beginning	-	-	-
FUND DEFICITS, ending	$ (139,100)	$ -	$ 139,100

CITY OF MACON, GEORGIA
GENERAL GRANT ACTIVITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 1,233,966	$ 406,879	$ (827,087)
Other revenues	10,233	12,100	1,867
Total revenues	1,244,199	418,979	(825,220)
EXPENDITURES			
General government	1,445,079	1,046,336	398,743
Public safety	76,619	56,218	20,401
Total expenditures	1,521,698	1,102,554	419,144
Deficiency of revenues over expenditures	(277,499)	(683,575)	(406,076)
Other financing sources			
Transfers in	277,499	673,672	396,173
Total other financing sources	277,499	673,672	396,173
Net change in fund balance	-	(9,903)	(9,903)
FUND DEFICIT, beginning	(181,637)	(181,637)	-
FUND DEFICIT, ending	$ (181,637)	$ (191,540)	$ (9,903)

CITY OF MACON, GEORGIA
WORKFORCE DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ -	$ 93,256	$ 93,256
Total revenues	-	93,256	93,256
Excess of revenues over expenditures	-	93,256	93,256
Other financing sources (uses)			
Transfers in	-	26,137	26,137
Transfers out	-	(22,898)	(22,898)
Total other financing sources (uses)	-	3,239	3,239
Net change in fund balance	-	96,495	96,495
FUND DEFICIT, beginning	(96,495)	(96,495)	-
FUND BALANCE (DEFICIT), ending	$ (96,495)	$ -	$ 96,495

CITY OF MACON, GEORGIA
DANNENBURG GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 2,500	$ -	$ (2,500)
Total revenues	2,500	-	(2,500)
EXPENDITURES			
Housing and development	2,500	-	2,500
Total expenditures	2,500	-	2,500
Net change in fund balance	-	-	-
FUND DEFICITS, beginning	(500)	(500)	-
FUND DEFICITS, ending	$ (500)	$ (500)	$ -

CITY OF MACON, GEORGIA
DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Property taxes	$ -	$ -	$ -
Total revenues	-	-	-
EXPENDITURES			
Debt service	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	-	-	-
Other financing uses			
Transfers out	-	-	-
Total other financing uses	-	-	-
Net change in fund balance	-	-	-
FUND BALANCES, beginning	82,061	82,061	-
FUND BALANCES, ending	$ 82,061	$ 82,061	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MACON, GEORGIA
NONMAJOR ENTERPRISE FUNDS

Operations of enterprise funds are designed to be self-supporting.

The **Bowden Golf Course Fund** accounts for revenues and expenses relating to the operations of the Bowden Golf Course. All activities necessary for operation are accounted for in this fund.

The **Mulberry Street Parking Garage Fund** is used to account for the activities of the downtown parking garage.

CITY OF MACON, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013

	Bowden Golf Course Fund	Mulberry Street Parking Garage Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 453	$ -	$ 453
Accounts receivable, net of allowances	8,066	-	8,066
Due from other funds	203,757	53,446	257,203
Total current assets	212,276	53,446	265,722
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	773,621	-	773,621
Depreciable, net of accumulated depreciation	525,743	127,477	653,220
Total noncurrent assets	1,299,364	127,477	1,426,841
Total assets	1,511,640	180,923	1,692,563
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	16,249	10,589	26,838
Accrued liabilities	8,582	-	8,582
Compensated absences, current portion	15,425	-	15,425
Capital lease payable, current portion	31,056	-	31,056
Unearned revenues	110	-	110
Total current liabilities	71,422	10,589	82,011
NONCURRENT LIABILITIES			
Net other post employment benefits (OPEB) Obligation	171,910	-	171,910
Total noncurrent liabilities	171,910	-	171,910
Total liabilities	243,332	10,589	253,921
NET POSITION			
Net investment in capital assets	1,268,308	127,477	1,395,785
Unrestricted	-	42,857	42,857
Total net position	$ 1,268,308	$ 170,334	$ 1,438,642

CITY OF MACON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Bowden Golf Course Fund	Mulberry Street Parking Garage Fund	Totals
OPERATING REVENUES			
Charges for services	$ 74,534	$ 81,621	$ 156,155
Rentals, admissions and concessions	75,315	-	75,315
Miscellaneous	119	-	119
Total operating revenues	149,968	81,621	231,589
OPERATING EXPENSES			
Salaries and benefits	202,320	37,504	239,824
Utilities	24,313	32,759	57,072
Supplies and materials	38,189	1,492	39,681
Repairs, maintenance and other contractual services	13,133	-	13,133
Miscellaneous	25,296	4,299	29,595
Depreciation	48,392	4,395	52,787
Total operating expenses	351,643	80,449	432,092
Operating income (loss)	(201,675)	1,172	(200,503)
NONOPERATING EXPENSES			
Interest expense	(1,936)	-	(1,936)
Total nonoperating expenses	(1,936)	-	(1,936)
Income (loss) before transfers	(203,611)	1,172	(202,439)
TRANSFERS			
Transfers in	324,702	-	324,702
Total transfers	324,702	-	324,702
Change in net position	121,091	1,172	122,263
NET POSITION, beginning	1,147,217	169,162	1,316,379
NET POSITION, ending	$ 1,268,308	$ 170,334	$ 1,438,642

CITY OF MACON, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Bowden Golf Course Fund	Mulberry Street Parking Garage Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 144,987	$ 63,921	$ 208,908
Payments to suppliers	(295,047)	(26,417)	(321,464)
Payments to employees	(195,897)	(37,504)	(233,401)
Net cash used in operating activities	(345,957)	-	(345,957)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	324,702	-	324,702
Net cash provided by noncapital financing activities	324,702	-	324,702
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(7,349)	-	(7,349)
Principal paid on notes payable and capital leases	(28,356)	-	(28,356)
Interest paid	(1,936)	-	(1,936)
Net cash used in capital and related financing activities	(37,641)	-	(37,641)
Net change in cash and cash equivalents	(58,896)	-	(58,896)
Cash and cash equivalents:			
Beginning	59,349	-	59,349
Ending	$ 453	$ -	$ 453
Classified as:			
Cash and cash equivalents	$ 453	$ -	$ 453
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	$ (201,675)	$ 1,172	$ (200,503)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	48,392	4,395	52,787
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(4,981)	6,494	1,513
Due from other funds	(203,757)	(17,700)	(221,457)
Increase (decrease) in:			
OPEB obligation	5,209	-	5,209
Accounts payable	7,241	5,639	12,880
Accrued liabilities	2,400	-	2,400
Compensated absences payable	1,214	-	1,214
Net cash used in operating activities	$ (345,957)	$ -	$ (345,957)

CITY OF MACON, GEORGIA
INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

The **Vehicle Maintenance Fund** accounts for servicing of certain personal property of the City of Macon primarily related to transportation equipment.

The **Group Insurance Fund** accounts for the healthcare services provided by the City of Macon to employees of the City of Macon and their respective dependents as applicable.

The **IT Communication Fund** accounts for all IT costs to include radio, telephones, computers, towers and networks, etc.

CITY OF MACON, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS	Vehicle Maintenance Fund	Group Insurance Fund	IT Communication Fund	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 64,620	$ 142,047	$ -	$ 206,667
Accounts receivable	2,206	505,760	40,781	548,747
Due from other funds	595,740	1,428,099	627,312	2,651,151
Inventory	532	-	-	532
Total current assets	663,098	2,075,906	668,093	3,407,097
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	80,132	-	10,111,666	10,191,798
Depreciable, net of accumulated depreciation	211,740	-	555,295	767,035
Total noncurrent assets	291,872	-	10,666,961	10,958,833
Total assets	$ 954,970	$ 2,075,906	$ 11,335,054	$ 14,365,930
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 251,428	$ 740	$ 257,280	$ 509,448
Accrued liabilities	26,573	1,603,380	23,304	1,653,257
Compensated absences	48,527	-	61,475	110,002
Due to other funds	-	-	56,811	56,811
Capital lease payable, current portion	14,459	-	49,872	64,331
Total current liabilities	340,987	1,604,120	448,742	2,393,849
NONCURRENT LIABILITIES				
Net other post employment benefits (OPEB) obligation	420,239	-	269,223	689,462
Capital lease payable, net of current portion	44,892	-	154,767	199,659
Total noncurrent liabilities	465,131	-	423,990	889,121
Total liabilities	806,118	1,604,120	872,732	3,282,970
NET POSITION				
Net investment in capital assets	232,521	-	10,462,322	10,694,843
Unrestricted (deficit)	(83,669)	471,786	-	388,117
Total net position	148,852	471,786	10,462,322	11,082,960
Total liabilities and net position	$ 954,970	$ 2,075,906	$ 11,335,054	$ 14,365,930

CITY OF MACON, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Vehicle Maintenance Fund	Group Insurance Fund	IT Communication Fund	Total
OPERATING REVENUES				
Charges for services	$ 989,771	$ 5,796,118	$ 799,930	$ 7,585,819
Total operating revenues	989,771	5,796,118	799,930	7,585,819
OPERATING EXPENSES				
Salaries and benefits	592,532	-	516,086	1,108,618
Supplies and materials	319	-	69,139	69,458
Repairs and maintenance	413,106	-	15,895	429,001
Miscellaneous	43,907	-	167,341	211,248
Claims expense	-	6,504,347	-	6,504,347
Depreciation	20,446	-	92,687	113,133
Total operating expenses	1,070,310	6,504,347	861,148	8,435,805
Operating loss	(80,539)	(708,229)	(61,218)	(849,986)
NONOPERATING EXPENSES				
Interest expense	(493)	-	(1,677)	(2,170)
Total nonoperating expenses	(493)	-	(1,677)	(2,170)
Loss before transfers	(81,032)	(708,229)	(62,895)	(852,156)
TRANSFERS				
Transfers in	15,483	894,514	2,646,425	3,556,422
Total transfers	15,483	894,514	2,646,425	3,556,422
Change in net position	(65,549)	186,285	2,583,530	2,704,266
TOTAL NET POSITION, beginning	214,401	285,501	7,878,792	8,378,694
TOTAL NET POSITION , ending	$ 148,852	$ 471,786	$ 10,462,322	$ 11,082,960

CITY OF MACON, GEORGIA
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Vehicle Maintenance Fund	Group Insurance Fund	IT Communication Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 827,739	$ 4,896,453	$ 705,281	$ 6,429,473
Payments to suppliers	(319,093)	(5,790,967)	(365,466)	(6,475,526)
Payments to employees	(577,247)	-	(502,129)	(1,079,376)
Net cash used in operating activities	(68,601)	(894,514)	(162,314)	(1,125,429)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	15,483	894,514	2,646,425	3,556,422
Net cash provided by noncapital financing activities	15,483	894,514	2,646,425	3,556,422
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,844)	-	(2,687,428)	(2,693,272)
Proceeds from capital lease financing	74,444		256,670	331,114
Principal paid on capital leases	(15,093)	-	(52,031)	(67,124)
Interest paid	(389)	-	(1,322)	(1,711)
Net cash provided by (used in) capital and related financing activities	53,118	-	(2,484,111)	(2,430,993)
Net change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning	64,620	142,047	-	206,667
Cash and cash equivalents, ending	$ 64,620	$ 142,047	$ -	$ 206,667
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (80,539)	$ (708,229)	(61,218)	$ (849,986)
Adjustments to reconcile operating income loss to net cash used in operating activities:				
Depreciation	20,446	-	92,687	113,133
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	89,867	(505,760)	(28,281)	(444,174)
Due from other funds	(251,899)	(393,905)	(66,368)	(712,172)
Inventory	40	-	-	40
Increase (decrease) in:				
OPEB obligation	12,649	-	11,161	23,810
Accounts payable	129,663	-	(176,982)	(47,319)
Accrued liabilities	8,536	713,380	7,080	728,996
Compensated absences	2,636	-	2,796	5,432
Due to other funds	-	-	56,811	56,811
Net cash used in operating activities	$ (68,601)	$ (894,514)	$ (162,314)	$ (1,125,429)

CITY OF MACON, GEORGIA
PENSION TRUST FUNDS

Pension trust funds are used to account for the providing of retirement benefits to eligible employees and retired personnel of the City of Macon. Two separate funds exist to account for these beneficiaries.

The **Fire and Police Pension Fund** accounts for the pension plan assets, liabilities, additions and deductions relative to eligible employees and retired personnel of the City of Macon serving in the public safety functions of fire and police.

The **General Employees' Pension Fund** accounts for the pension plan assets, liabilities, additions and deductions relative to eligible employees and retired personnel of the City of Macon serving outside of the public safety functions of fire and police.

CITY OF MACON, GEORGIA
PENSION TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2013

ASSETS	Fire and Police Pension Fund	General Employees' Pension Fund	Total
Cash	$ 6,487,774	$ 2,976,625	$ 9,464,399
Investments:			
Common stock	-	34,980,042	34,980,042
Governmental funds	12,199,233	9,988,903	22,188,136
Corporate bonds	14,295,925	7,366,055	21,661,980
Asset-backed securities	18,326,186	5,781,280	24,107,466
Mutual funds	146,725,506	12,825,480	159,550,986
Collateralized mortgage obligations	11,509,402	-	11,509,402
Total investments	203,056,252	70,941,760	273,998,012
Receivables:			
Accrued interest and dividends	320,963	106,689	427,652
Accounts receivables for investment sales pending	4,345	-	4,345
Total receivables	325,308	106,689	431,997
Notes receivable	-	327,032	327,032
Total assets	209,869,334	74,352,106	284,221,440
LIABILITIES			
Accounts payable	81,743	9,375	91,118
Total current liabilities	81,743	9,375	91,118
NET POSITION			
Net position restricted for pension benefits	$ 209,787,591	$ 74,342,731	$ 284,130,322

CITY OF MACON, GEORGIA
PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2013

ADDITIONS	Fire and Police Pension Fund	General Employees' Pension Fund	Total
Employer contributions	$ 2,203,508	$ 1,890,409	$ 4,093,917
Net appreciation in fair value of investments	15,222,312	5,738,400	20,960,712
Investment income	6,121,968	1,578,142	7,700,110
Less: investment expenses	(64,042)	(252,413)	(316,455)
Net investment income	21,280,238	7,064,129	28,344,367
Total additions	23,483,746	8,954,538	32,438,284
DEDUCTIONS			
Benefit payments	4,955,943	2,137,262	7,093,205
Administrative expenses	152,725	137,077	289,802
Total deductions	5,108,668	2,274,339	7,383,007
Increase in net position	18,375,078	6,680,199	25,055,277
Net position restricted for pension benefits:			
Beginning	191,412,513	67,662,532	259,075,045
Ending	$ 209,787,591	$ 74,342,731	$ 284,130,322

CITY OF MACON, GEORGIA

SCHEDULE OF EXPENDITURES OF
2012 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

Project Description	Original Estimated Cost	Revised Estimated Costs	Expenditures		
			Prior Years	Current	Total
Second Street Downtown Corridor revitalization	$ 8,000,000	$ 8,000,000	$ 520,575	$ 118,968	$ 639,543
Improvements to emergency communication	8,000,000	8,000,000	5,733,578	1,914,658	7,648,236
Improvements to storm water management system	7,000,000	7,000,000	115,126	240,951	356,077
Improvements to the Macon Centreplex, including Macon Coliseum and Macon City Auditorium	5,000,000	5,000,000	1,319,209	2,000,480	3,319,689
Resurfacing and repairing of streets	5,000,000	5,000,000	420,306	1,379,638	1,799,944
Improvements to cultural and recreational facilities, including Fort Hawkins, Rose Hill Cemetery, Bowden Golf Course, and Harriet Tubman Museum	6,150,000	4150000	3,859,050	85,964	3,945,014
Acquisition and equipping of police cars and public safety vehicles and other equipment, relocation of central services facilities and equipment, including fiber optics, information technology and various items of equipment leased through the 1998 Georgia Municipal Association lease pool	12,500,000	12,500,000	2,538,269	746,189	3,284,458
Retirement of previously incurred debt: Series 1993 and 2002 Macon Industrial Authority bonds; Series 2002A and Series 2002B Macon-Bibb UDA bonds	-	14,000,000	1,896,705	2,946,372	4,843,077
	$ 51,650,000	$ 63,650,000	$ 16,402,818	$ 9,433,220	$ 25,836,038

Note: Included in the above expenditures are transfers to other funds in the amount of $2,946,372 which were used to make approved debt payments that are accounted for in other funds. Also included are transfers out of $3,634,971 related to capital outlay expenditures accounted for in other funds. The debt payments include the Series 1993 and 2002 Macon Industrial Authority bonds, the Series 2002A and 2002B Macon-Bibb UDA bonds, and 1998 Georgia Municipal Association lease pool. In addition, $501,873 was expended for debt service on the Series 2012 General Obligation SPLOST Bonds. This amount is included as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances but not included in the schedule above.