

MACON-BIBB COUNTY, GEORGIA

**COMBINING STATEMENT OF NET POSITION
EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2016**

	General Employees' Pension Trust	Fire and Police Pension Trust	Employee Pension Trust	Other Post Employment Benefits Trust	Total
Assets					
Cash and cash equivalents	\$ 4,415,617	\$ 4,694,037	\$ 5,145,898	\$ 2,004,266	\$ 16,259,818
Investments:					
Corporate bonds	4,482,197	20,244,707	11,293,087	1,469,419	37,489,410
Common stock	47,542,113	-	55,418,856	6,578,954	109,539,923
U.S. Treasury bills and government bonds	15,810,667	23,064,250	32,568,635	2,148,898	73,592,450
Asset backed securities	2,018,024	27,390,874	3,240,537	2,605,984	35,255,419
Mutual funds	-	135,549,051	-	25,410	135,574,461
Foreign securities	1,154,975	-	1,156,068	206,380	2,517,403
Fixed rate securities	-	-	-	352,202	352,202
Accounts receivable	101,563	39,087	377,088	484,990	1,002,728
Due from brokers for unsettled trades	-	1,130,950	-	-	1,130,950
Accrued interest receivable	151,816	348,006	318,445	42,492	860,759
Prepaid expenses	11,226	25,157	-	-	36,383
Total assets	75,688,198	212,486,119	109,518,614	15,918,975	413,611,906
Liabilities					
Accounts payable	40,141	74,646	59,212	495,770	669,769
Due to brokers for unsettled trades	-	2,301,704	-	-	2,301,704
Total liabilities	40,141	2,376,350	59,212	495,770	2,971,473
Net Position					
Restricted for other postemployment benefits	-	-	-	15,423,205	15,423,205
Restricted for pension benefits	75,648,057	210,109,769	109,459,402	-	395,217,228
Total net position	\$ 75,648,057	\$ 210,109,769	\$ 109,459,402	\$ 15,423,205	\$ 410,640,433

MACON-BIBB COUNTY, GEORGIA

**COMBINING STATEMENT OF CHANGES IN FUND NET POSITION
EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Employees' Pension Trust	Fire and Police Pension Trust	Employee Pension Trust	Other Post Employment Benefits Trust	Total
Additions:					
Contributions - employer	\$ 3,305,933	\$ 1,370,415	\$ 5,828,479	\$ 1,849,708	\$ 12,354,535
Contributions - retirees	-	-	-	863,287	863,287
	<u>3,305,933</u>	<u>1,370,415</u>	<u>5,828,479</u>	<u>2,712,995</u>	<u>13,217,822</u>
Investment income:					
Net appreciation (depreciation) in fair value of plan investments	(523,563)	215,861	(534,151)	(393,650)	(1,235,503)
Interest earned on investments	707,800	2,322,075	1,474,072	294,492	4,798,439
Dividends	1,019,767	2,456,302	1,062,939	171,519	4,710,527
Other investment earnings	1,069	731	2,921	-	4,721
	<u>1,205,073</u>	<u>4,994,969</u>	<u>2,005,781</u>	<u>72,361</u>	<u>8,278,184</u>
Less investment expense	<u>510,976</u>	<u>862,483</u>	<u>740,788</u>	<u>136,729</u>	<u>2,250,976</u>
Net investment income	<u>694,097</u>	<u>4,132,486</u>	<u>1,264,993</u>	<u>(64,368)</u>	<u>6,027,208</u>
Total additions	<u>4,000,030</u>	<u>5,502,901</u>	<u>7,093,472</u>	<u>2,648,627</u>	<u>19,245,030</u>
Deductions:					
Benefits paid to retirees	6,172,291	13,767,179	11,910,622	6,468,487	38,318,579
Administrative expense	29,742	20,064	42,026	432,420	524,252
Total deductions	<u>6,202,033</u>	<u>13,787,243</u>	<u>11,952,648</u>	<u>6,900,907</u>	<u>38,842,831</u>
Change in net position	<u>(2,202,003)</u>	<u>(8,284,342)</u>	<u>(4,859,176)</u>	<u>(4,252,280)</u>	<u>(19,597,801)</u>
Net Position					
Beginning of year	<u>77,850,060</u>	<u>218,394,111</u>	<u>114,318,578</u>	<u>19,675,485</u>	<u>430,238,234</u>
End of year	<u>\$ 75,648,057</u>	<u>\$ 210,109,769</u>	<u>\$ 109,459,402</u>	<u>\$ 15,423,205</u>	<u>\$ 410,640,433</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Macon-Bibb County Other Postemployment Benefit Plan

The Plan's policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Commissioners. The Plan is authorized to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; collateralized mortgage obligations; asset and mortgage-backed securities; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia or other states; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. Additionally, the Plan is authorized to invest in common stocks, money market instruments, and corporate bonds and debentures, which are not in default as to principal and interest.

The Plan investment policy adopts the following asset allocation mix to achieve the lowest level of risk for the Plan: Domestic equity securities 50%, international equity securities 14%, fixed income investments 35%, and cash equivalents and other assets up to 1% of total asset mix.

At June 30, 2016, the Plan had the following investments (in thousands):

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	6 - 10	11 - 15
Mutual funds	NA	\$ 25	\$ 25	\$ -	\$ -	\$ -
Common stock & ETF's	NA	6,579	6,579	-	-	-
Corporate bonds	A1	105	-	-	105	-
Corporate bonds	A2	259	-	125	134	-
Corporate bonds	A3	441	125	316	-	-
Corporate bonds	AA1	171	-	-	171	-
Corporate bonds	AA2	127	-	-	127	-
Corporate bonds	AAA	225	-	-	171	-
Corporate bonds	BAA1	239	-	139	100	-
Corporate bonds	NR	307	44	147	116	-
Foreign Bonds	AAA	102	-	102	-	-
Foreign Bonds	AA2	105	-	105	-	-
Government bonds	A1	417	127	134	156	-
Government bonds	A2	146	-	-	146	-
Government bonds	A3	122	-	-	122	-
Government bonds	AA1	134	-	134	-	-
Government bonds	AA2	565	-	431	134	-
Government bonds	AA3	182	-	182	-	-
Government bonds	AAA	583	-	457	-	126
Asset backed securities	NR	2,553	-	506	1,259	593
Total Fair Value		\$ 13,387	\$ 6,900	\$ 2,778	\$ 2,741	\$ 719

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Macon-Bibb County Other Postemployment Benefit Plan (Continued)

<u>Investment Type</u>	<u>21 - 25</u>	<u>31 - 35</u>
Mutual funds	\$ -	\$ -
Common stock & ETF's	-	-
Corporate bonds	-	-
Corporate bonds	-	-
Corporate bonds	-	-
Corporate bonds	-	-
Corporate bonds	-	54
Corporate bonds	-	-
Corporate bonds	-	-
Foreign Bonds	-	-
Foreign Bonds	-	-
Government bonds	-	-
Government bonds	-	-
Government bonds	-	-
Government bonds	-	-
Government bonds	-	-
Government bonds	-	-
Government bonds	-	-
Asset backed securities	195	-
Total Fair Value	<u>\$ 195</u>	<u>\$ 54</u>

Credit Risk. It is the Plan's policy to limit investments to either mutual fund equities or fixed income bonds. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P or Fitch. U.S. Government Treasuries and Agency bonds are not classified by credit quality. Mutual funds invested in equities are also not classified by credit quality.

Concentration. On June 30, 2016, the Plan did not have any debt or equity investments in any on organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

Fair Value Measurements. The Plan has the following recurring fair value measurements, broken into the fair value hierarchy, as of June 30, 2016:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Asset backed securities	\$ -	\$ 2,553	\$ -	\$ 2,553
Common stock and ETF's	6,579	-	-	6,579
Corporate bonds	358	1,516	-	1,874
Foreign bonds	-	207	-	207
Government bonds	-	2,149	-	2,149
Mutual funds	25	-	-	25
Total investments measured at fair value	<u>\$ 6,962</u>	<u>\$ 6,425</u>	<u>\$ -</u>	<u>\$ 13,387</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Macon-Bibb County Other Postemployment Benefit Plan (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Rate of Return. For the year ended June 30, 2016, the annual money-weighted rate of return on Plan investments, net of Plan expenses, was approximately 2.00 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Plan may not be able to recover its deposits.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. FUND EQUITY

Fund Balance

Restricted fund balance represents amounts subject to externally enforceable limitations on use. The most significant amounts reported include the following:

- Amounts legally restricted for debt service by the terms of the original debt instruments.
- Amounts restricted for capital outlay by state law and by debt instruments.

Committed fund balance represents amounts that can be used only for the specific purposes determined by the Macon-Bibb County Board of Commissioners.

- The budget resolution commits the resources of the Law Enforcement Commissary Fund to Macon-Bibb County Law Enforcement.

NOTE 11. POST EMPLOYMENT HEALTH CARE BENEFITS

As of June 30, 2016, Macon-Bibb County administers a single-employer, defined benefit, other post employment benefit plans (OPEB). The single plan for the County is the Macon-Bibb County Government Health Care Plan. The plan does not issue a separate stand-alone report and is not included in the report of another entity. Plan assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

A. Plan Description

In accordance with a resolution, Macon-Bibb County provides certain post employment benefits for retired employees. Substantially all full-time employees, of the former Bibb County, Georgia, employed prior to May 1, 2011, become eligible for the benefits if they reach normal retirement age while working for the County. Substantially all full-time employees, of the former City of Macon, Georgia, employed prior to January 1, 2014, become eligible for the benefits if they reach normal retirement age while working for the County. The Plan provides health care and life insurance benefits to plan members and their beneficiaries. Life insurance is provided at the rate of two times the employee's ending salary up to a maximum death benefit of \$100,000. The benefit is reduced to 65% upon reaching age 65, to 45% upon reaching age of 70, to 30% upon reaching age of 75, and to 20% upon reaching age of 80. The Macon-Bibb County Board of Commissioners is authorized to establish and amend all Plan provisions.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

B. Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

C. Method Used to Value Investment

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 or international exchange are valued at the 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.

	Fair Value
Cash and cash equivalents	\$ 2,004,266
Common stock	6,578,954
Corporate bonds	1,469,419
Government bonds	2,148,898
Mutual funds	25,410
Asset backed securities	2,605,984
Foreign securities	352,202
Fixed rate securities	206,360
Total investments	\$ 15,391,493

D. Membership

Membership data as of June 30, 2015, the date of the latest actuarial valuation:

Active participants	1,182
Retired participants and beneficiaries currently receiving benefits	663
Total	1,845

NOTES TO FINANCIAL STATEMENTS

NOTE 11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

E. Funding Policies

The contribution requirements of plan members and the County are established and may be amended by the Board. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts toward the cost of insurance premiums. Plan member contributions are based upon coverage elections. Retiree health coverage is \$167-\$199 per month; dependent coverage is an additional \$266-\$325 per month. Retiree life insurance premiums for the fiscal year ending June 30, 2016, were paid from the OPEB Trust Fund.

The County may contribute additional amounts to prefund benefits as determined annually by the Board of Commissioners. Such amounts are contributed to the OPEB Trust. Administrative costs of the plan are financed through investment earnings.

As of the most recent valuation date, June 30, 2015, the funded status of the Plan was as follows (dollars are in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	AAL as a Percentage of Covered Payroll
6/30/2015	\$ 19,675	\$ 103,660	\$ 83,985	19.0%	\$ 47,008	178.7%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

F. Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 9,529,161
Annual OPEB cost	9,529,161
Employer contributions	(2,711,995)
Increase/decrease in postemployment benefit obligation	6,817,166
Net other postemployment benefit obligation beginning	41,889,935
Net other postemployment benefit obligation ending	\$ 48,707,101

The schedule of employer contributions presents trend information about the amounts contributed to the plan by the County in comparison to the ARC. Information is presented beginning with the year of transition.

Period Ending	Annual OPEB Cost	Total Contributions	Percentage Contributed	Net OPEB Obligation
6/30/2015	\$ 5,764,397	\$ 1,110,399	19%	\$ 41,889,935
6/30/2016	9,529,161	2,711,995	28%	48,707,101

The annual required contribution (ARC) was determined as part of the June 30, 2015, actuarial valuation using the Projected Unit Credit Cost Method. The actuarial assumptions included (a) 6.0% investment rate of return (including inflation at 4.0%); and (b) healthcare cost trend rate of 5 - 7.50% (initial) and 5% (ultimate) per year. The actuarial value of assets was determined using market value of assets. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar method on a closed basis. The remaining amortization period was 26 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

G. Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits. The Plan held no individual investments whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

H. Financial Statement

Statement of Net Position		Statement of Changes in Plan Net Position	
Assets		Additions	
Cash and cash equivalents	\$ 2,004,266	Net decrease in fair value of investments	\$ (393,650)
Investments	13,387,227	Interest, dividends, and other	466,011
Accounts receivable	484,990	Total investment earnings	72,361
Accrued interest receivable	42,492	Less investment expense	(136,729)
Total Assets	15,918,975	Net investment earnings	(64,368)
		Contributions	2,712,994
		Total Additions	2,648,626
Liabilities		Deductions	
Accounts payable	495,770	Benefits paid to retirees	6,468,487
Total Liabilities	495,770	Administrative expenses	432,419
		Total Deductions	6,900,906
Net Position			
Restricted for other postemployment benefits	15,423,205	Change in Net Position	(4,252,280)
Total Net Position	\$ 15,423,205	Net Position, Beginning	19,675,485
		Net Position, Ending	\$ 15,423,205